



STANDING COMMITTEE ON PUBLIC ACCOUNTS

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**STANDING COMMITTEE ON PUBLIC ACCOUNTS
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[The committee met at 08:30.]

The Chair: — Good morning, ladies and gentlemen. We will call the Public Accounts Committee to order. It's good to see you all. It's been a while since we've met. It looks like we have quite a full day, so we're going to have to stick fairly closely to our agenda and try to, I guess, focus in on the issues that are the most important if we're going to get through all of the events of today.

I would point out in the agenda that at 11:30 this morning we want to review and hopefully adopt the first report of the Standing Committee on Public Accounts. I believe that has been circulated. Has everyone received the draft copy?

And also there has been the CCPAC [Canadian Council of Public Accounts Committees] conference in Niagara-on-the-Lake since we last met, and I think a couple of attendees are here today. And so I think it would be appropriate, perhaps after lunch, just to get a brief report as to how you felt the conference went and what the highlights or the lowlights of the event was. So allow some time for that before we start this afternoon's session.

For our many fans who are watching on streaming Internet video, we welcome them. And for those who are watching on television this meeting occurred in October and is being rebroadcast at this time.

We will follow the normal procedure that we have become accustomed to, asking our auditor to summarize the chapter under review and refresh our memories. And then we will ask the deputy minister or whoever is leading the delegation of witnesses to also make a brief response. And then we will open the floor to members of the committee.

There are two changes on the committee that I should bring to your attention. We have substituting for Ken Krawetz, Mike Chisholm. And we welcome you, Mike, to the committee. I understand that this might become a permanent position for you, and so we congratulate you on that. This is the trial so we'll give him a hard time today. And we have Warren McCall substituting for Glenn Hagel. And we welcome you, Warren, to the committee as well.

Public Hearing: Learning

The Chair: — Our first item on the agenda is Learning, chapter 9 of the 2005 report volume 1. And from the auditor's office we have presenting, Judy Ferguson, deputy provincial auditor. So at this point I'll give you the floor, Judy, and ask you to review the chapter for us.

Ms. Ferguson: — Thank you, Mr. Chair, members, officials. I'm pleased to present the chapter 9 of our 2005 report volume 1. This chapter contains the results of a study about school boards. The study highlights accountability relationships between legislative assemblies, ministers or departments, and school boards in six provinces. The results show not only the diversity of the accountability arrangements but commonalities. Today I'll highlight a few of our findings.

We found in all six provinces, legislators hold the minister responsible for the quality of education. All of their school boards are locally elected. In four of the six, boards are primarily accountable to the minister. Most jurisdictions are progressing to provide either legislators or the public or both with their plans for the education system. Some are starting to report results against these plans.

To look at the relationships further, our office divided the education system into five areas. These are set out on page 123. They are curriculum, teacher certification, student achievement, facilities, and who pays. The tables under each of these sections provide a quick summary of our findings.

In general we found that the minister of all six provinces is primarily responsible for curriculum, teacher certification, and student achievement. For facilities, the ministers in all six provinces have the authority to approve major projects and pay in full or in part for the facilities. School boards have the primary responsibility to maintain the facilities. However for the most part, the responsibility for determining and reporting on the condition of the facilities and for reviewing those reports was unclear.

In all six provinces teachers belong to unions. Teachers' salaries account for more than 70 per cent of boards' operating expenses. This increases the importance of who has primary responsibility to negotiate teachers' salaries and benefits. As shown in table 6, we noted that the party with primary responsibility to negotiate teachers' salaries did not always have the full responsibility to pay for the bargaining decisions. Also in general, we found in most cases the law set out the authority for the front end aspects for these areas; that is the authority to set the curriculum or to approve the plans. However the law did not assign clear responsibilities on determining and reporting results for these areas.

So why is this important? We think everyone involved in the education system should know who is accountable to whom and for what. Only with this understanding can we hold the right party accountable. We also think enshrining key aspects of the accountability relationship in law makes the arrangement more transparent and sustainable. Since 1999 our office has recommended that the Department of Learning provide legislators and the public with a clear description of the accountability relationships between the department and its key provincial educational agencies including school boards.

In common with other provinces, Saskatchewan's pre-kindergarten to grade 12 education system is in a period of change. When making changes it is valuable to gain as broad of a perspective as possible. We hope this chapter helps broaden that perspective.

We encourage all those involved to use this opportunity to ensure the accountability for education is clear and transparent. We encourage the government to ensure that Saskatchewan's legislation provides a solid foundation for the accountability of the education system.

This concludes my presentation, and we'd be pleased to respond to questions. Thank you.

The Chair: — Thank you very much, Ms. Ferguson. We'll ask Deputy Minister Durnford if she would care to respond and also if she'd like to introduce the colleagues that she's brought with her this morning.

Ms. Durnford: — Thank you and I appreciate the opportunity to be here this morning to discuss this issue of accountability in the K to 12 [kindergarten to grade 12] system. I'm joined at the table by Dr. Larry Steeves who has just joined the department about a month ago as the associate deputy minister of Learning. His primary areas of responsibility are in the K to 12 area. Behind me I have Rick Johnson who is the director of capacity building and accountability; Nelson Wagner who is the executive director of facilities; Trina Fallows who's the acting exec director of corporate services; Gerry Craswell, director of curriculum and instruction; Mr. Armand Martin, executive director of languages, culture and communications; and Diane Neill, assistant registrar at teacher services. So I'll introduce them again perhaps as they join me at the table in the event of questions.

I think that, you know, with Ms. Ferguson's remarks, I think it's absolutely fair to say that the K to 12 system over the course of the last year has been undergoing significant change through restructuring of school divisions and bringing the number of school divisions down from 81 to where we expect to end up, probably in the range of 28 school divisions. It has been a significant undertaking for the department and for the K to 12 sector and for the partners in the K to 12 sector. And I think that the relationships that exist in between the department and the K to 12 sector have served us well over this time period because we are asking people to undergo a significant change.

And as Ms. Ferguson has said, the change that we're undergoing in the K to 12 system is also being expanded in terms of some of the other things we are thinking about. And we're very clearly, in terms of the direction that my minister is asking us to take and certainly the direction that we're pursuing in the department, is to start to explore and understand these notions around accountability and to understand what forms of accountability already exist in the system and then to try and explain those more thoroughly in a more transparent fashion as the auditor has suggested to us. And then also to take the opportunity to build on some of things that we think are important in terms of building a quality and delivering a quality K to 12 education.

I'll just touch on a couple of things that we're working upon over the course of this year and will be continuing to work on. And I hope that, you know, as we go through the discussion, we'll be able to touch on them in more detail. One of the areas that we know is important from the literature and the research is ensuring that there is a local voice, if you like, at the school level that ensures the community has an ability to have input into the school and parents have an ability to have input into their schools.

One of the things that we have undertaken was what has been called a local accountability and partnerships panel was announced by the minister in the spring — or in the early spring, late winter — and was chaired by Craig Melvin who is the previous exec director of the Saskatchewan School Boards Association; Gary Shaddock was a member of . . . a previous

. . . and now a school trustee, a well-known school trustee in the province. And the last person — the name has just escaped me — Shirley, Shirley Gange, also a former director of education. They held a number of consultations over the course of the winter and into the spring to think about how best to make sure that we have community and parental involvement in our schools and to ensure a significant involvement there. They reported in the spring and they released their report at the end of September. Government is currently looking at the report and considering its response, and we expect to release a response shortly from the department.

One of the other areas that we are working through, and the report of the auditor is helpful on this front, is we are leading the development of what we are calling a pre-K to 12 continuous improvement framework. The continuous improvement framework is a piece of work undertaken this past winter and presently in development between the partners.

But what it will attempt to do I think, and it will evolve over time I think very clearly, but attempt to provide a basis for moving forward with provincial priorities and allowing flexibility within the framework to allow school divisions and schools to look at local priorities. It's very much focused on an outcome basis so trying to understand what learning outcomes we want to produce from the system and then also to understand whether in fact we are achieving those outcomes.

So it's a very important piece of work. Most provinces are exploring this notion around outcomes and outcome measurement in the K to 12 system. It's an extremely complex area but something that we are working hard to move along with.

The other area that I'll just mention and then I'll conclude my remarks, part of being able to move forward with all of the agendas that we want to pursue in the K to 12 system is to ensure that we have the appropriate engagement of the various partners. As Ms. Ferguson's comments reflect, the K to 12 system is really, as I've come to understand it over the last 15 months that I've been deputy, it really displays a matrix of responsibilities between the minister, the department, between the local school boards, onsite administrators, principals, and teachers. And there is a complex relationship that exists in order to make the system work. And it's important I think from the public's perspective that they understand what those relationships are, and I think we need to do more about explaining them.

But I think it's also . . . In order for us to be able to work through the system, we need to have good engagement models of the groups that represent the various players in the system, if you like, the various partners in the system.

So one of the things that we have been working on and will be continuing to do is to set out an engagement model that starts to build a system-wide agenda, if you like, and bring a priority and focus on some particular issues that we think exist in the system. The system, the engagement model that we're looking at right now and working through with our partners will be two-tiered in nature. We expect it will have a minister's forum that will engage chairs of school boards and probably a deputy minister's council that will also engage directors in terms of

work going forward.

So the restructuring of the school divisions is, as I've said, it's a huge undertaking, probably the most significant change in the K to 12 system, but it's also providing us an opportunity to think about some of the other pieces of work that we know that we need to explore and move forward.

So I'll conclude my remarks there, and I'd be pleased to answer any questions.

The Chair: — Thank you very much, Ms. Durnford. We appreciate those comments. The Sask Party critic for Learning is with us, and so I will respond to his request for a question. Rod Gantfoer has the floor.

Mr. Gantfoer: — Thank you very much, Mr. Chair, and welcome deputy minister and all your officials today. This section I think is ... while there aren't any specific recommendations from the auditor's department, I think the auditor has touched on some really key issues in the accountability process, particularly in light of the restructuring that's going on in the K to 12 system.

And in your opening remarks you touched on some of the perspectives from the department's standpoint that you're trying to incorporate into this reorganization. And I certainly suspect that it'll be an imperfect effort to start with, and hopefully the structure will be flexible enough and broad enough that it will be able to adapt and adjust as we experience it.

The first area I'd like to touch on is sort of the general accountability and the general structure. In the past system, in my opinion and in my experience, there has always been somewhat of a disengagement on the local level between the board of education, the unit board if you like, and the local community school advisory groups, the local boards. And I see in the new structure that this issue again is one that's being attempted to be dealt with in a meaningful way through the accountability and partnerships panel recommendations for school. I think their advisory committees is the way they're being restructured.

And I think the frustration has always come on the relationship between the local board who are advisory and the board of education who have the decision-making powers vested with them. How are you addressing that disconnect, if you like, that existed in the current system and making the relationship more meaningful under the new structure?

Ms. Durnford: — Well I'll invite Larry to make some remarks on this as well, but one of the things that I think the panel struggled with is the very nature of that, what you just described, Mr. Gantfoer. And I think there needs to be and what we will be attempting through the development of these local panels, you know, as we shape them, is to ensure that they have an ability to influence at the school level and that the planning process that occur at the school level get aggregated to the division level.

We still need to understand. In that context we still need to understand and respect the nature of the local school board, the school division board. The school division board are the elected

officials with the statutory obligations that come with that role. And as we try to balance these two things, we're going to have to make sure that the local panels have an ability to influence at the school level and to bring together planning at the school level that's going to inform and structure, if you like, or help shape planning at the school division level. But I'll maybe ask Larry to respond a little more to that.

Mr. Steeves: — Thanks, Bonnie. I'm an old social studies teacher so you'll forgive me. I think that probably it's helpful just to go back in ... When the larger school units were incorporated in 1944, there were school districts in place, and when that process of amalgamation happened, there was, in my opinion for what it's worth, a wise decision I think to keep those district boards in place and create a place for them.

I think that in rural Saskatchewan there was always a tension there, in some ways a helpful tension I think. Most of my career was spent in rural Saskatchewan, these things but ... and I think that it varied by community and by board. For example, as director of education, Prairie View, just south of Regina, we worked very hard at building a strong, as we termed it, local board relationship, borrowing from other systems that had done that. Not all boards, I think, saw the value of that local board structure to the same extent and so I think you've got a real variance there.

The second part of that I think that historically created, I think, a lack of clarity and transparency was the fact that that was true of rural Saskatchewan. It wasn't true of urban Saskatchewan. So for example in my, I'll call it my home community in some ways, of Estevan, that process wasn't there. There was provision for a local advisory model ... happened in some places, by and large didn't happen in most, so basically you were all over the map. You had some rural boards that did I think a very good job of that local voice, which for me personally was something I think that we always felt — in the systems that I worked in — we needed to encourage. Others didn't. And then you moved in the urban areas and there wasn't much opportunity frankly I think for that always.

With the new work that the LAP [local accountability and partnership] panel has done, I think what they've really done is begin to build a model that's more inclusive, that's more transparent, because there's going to be a model that will be there for all school divisions in the new structure.

The underlying tension still remains though and I think we all struggle with this — the need for local flexibility and local voice versus very clear prescribed roles and frameworks. And that's I think always an underlying tension. Do you make the rules really tight, which in some ways I might tend to personally. On the other hand you really diminish that opportunity for local decision making and local voice if you make it too tight. In my sense the dialogue we're into right now to some extent is, where do you draw the line on that continuum? But I do think that what we're going to have out of this is a much more consistent, transparent, and potentially accountable process in terms of how it works because there'll be a model that will be able to be adapted hopefully to local situations but still there will be more of a common framework to work from.

Mr. Gantfoer: — Thank you. I think you certainly are hitting on the issue, but there seems to be a disconnect between, in many instances, between those of us who have an experience in the educational system — be it trustees or directors of education or the department — and the citizens.

The linkage, in my opinion, with the citizens is quite different than these models in a way are able to adjust to. The relationship between the school and the citizen is generally at that level. If it's an urban school or a rural school, the attachment is at a school. A parent brings a child up the steps of that school on the first day of the child's education experience, and the child lets go of the parent's finger and takes the finger of a teacher. And the school then becomes the centre, and the teacher is the focus of that relationship made between the parent, the child and the system, happens at that level. And the loyalty, the empathy, if you like, that occurs is between that parent who likely is a ratepayer as well and that school.

And there is only a passing interest in what's happening at other schools in the community, if it's an urban setting or the neighbouring community, is passing interest. But there's a great deal of loyalty and concern and attachment between that parent, the child, and that school. And it's largely focused through the individual called a teacher.

Now I think that at its fundamental level that that's where the relationship dynamics happen. Anything beyond that just gets diluted more. So you'll have some of those parents motivated enough to be involved and advocate on behalf of that school and the needs of that school in the broad sense. You will have people that are willing to look at the bigger picture and be involved in division boards and provide for that relationship. And there are people that will work on the political level or the department level and be looking at a broader picture still.

But I'm wondering, does the structure that's being contemplated and set up appropriately enough deal with that fundamental relationship and nurture that fundamental relationship and have enough flexibility in it so that that relationship can be maintained between the parent, the teacher, and the student in a school setting?

Ms. Durnford: — Well absolutely. We don't want to disrupt because that is — what you've described — is the fundamental nature of the relationship in the education system, and we don't want to disrupt that. So we need to allow enough flexibility in the approach that's going to be adopted by these panels to allow that to exist, but at the same time to open it up a little bit more to broader discussions because I would also suggest that there needs to be a way for members of the public, the broader public within that school area that see the school in the neighbourhoods, they also need a voice somehow in that area. And that can include people like myself who don't have children but yet support the school in their neighbourhood. And so we need to find ways of engaging the broader community as well at the same time.

And I think there are . . . those are very difficult questions, but they're pretty fundamental to a publicly funded K to 12 system which we have in this province. So you know, as we go through the process of planning, we have to make sure that we find ways of not disrupting that relationship between the teachers,

students, and parents because that is the core of the business, if you like. But at the same time we have to find ways, you know, as we work through the panels we need to find ways that are going to encourage schools to find a way to open the doors to the broader community as well.

And Larry's point about sort of the differences or there has to be flexibility in this approach that's going to allow for a difference between an urban high school to implement this in a way that's sensible and meaningful in their school community as compared to a small rural school that may only deal with numbers of grades.

We need to have enough flexibility in the model that it actually will work in the various areas in which it's going to be implemented.

Mr. Gantfoer: — One of the comments that has occurred more often than not when you visit with local and unit board trustees is the frustration between the theoretical advisory role that occurs on the local level and the decision-making role at the unit level. And the comment is something along the likes of, why would I be involved; they may go through the motions of listening, but they don't really listen in terms of putting meaningful discussion on the issues that we're raising, when these issues move out of the local level to the school division level.

And I would submit that, as Dr. Steeves had indicated, there are a spectrum of experiences that have occurred in the past between this dilemma. Now that school boards are getting even larger, the risk of that disconnect, I would submit, perhaps increases.

How do the school advisory committees, how are they being structured to accommodate or to take into account the greater distances physically that make also the perception at least of a separation between the decision-making process?

Ms. Durnford: — Sure. I'll let Larry comment on that.

Mr. Steeves: — With respect to the existing practices that exist in rural Saskatchewan, I spent time talking with a number of local boards about this very issue. It was an advisory role by nature. And I think that I used to say to them and trustees used to say that they have a lot more impact at the division board I think, at least in the experiences that I had, than they oftentimes realized. Subdivision trustees or boards of education took those comments very seriously that were provided by district or local boards. And the problem is they did have some they could run, like the division board did. But they really did have, I think, a significant impact on the decision-making discussion that went on around the board table.

I think that, as the system's gotten bigger, that the sense of the need for that local voice was a concern that was I think very paramount in the minds of people framing the restructuring process. And in terms of that disconnect I would make two comments.

Firstly with respect to the urban areas, there's going to be a much more meaningful opportunity for local voice than there was in the past. With respect to rural Saskatchewan, I think that

the work that Mr. Melvin and his panel members did really spent a lot of time thinking and talking about how you could make that local voice meaningful. And just the fact that the potential for local committees — and the name to be determined yet — with more clearly defined roles, I think clearly defined opportunity for who will sit around that table. And I think a sense from the provincial government that these are important entities and need to be respected will be part of the terms and kinds of authorities they will have. And that's being started.

The second thing I think, just to give you a sense, the school boards right now . . . the association . . . we're in discussions with them about them offering training in a comprehensive, consistent way. That didn't always happen. It was more ad hoc where a division board wanted to do that kind of thing; school trustees were available to support it. But I think what's happening now is with support and co-operation and financial support from the department, they're really looking at a much more comprehensive training system for the local community councils that will be in place and also for division boards and directors to help them understand that clearer role that the school council will have.

So I think you're going to see a higher profile, a clearer definition of duties in rural Saskatchewan, urban Saskatchewan — I think much more meaningful opportunity for that local engagement than was there before.

Mr. Gantfoer: — As the new division boards are beginning to make decisions in terms of their organization and structure, personnel and things of that nature over the course of the summer, I think that you probably recognize that there have been some of the phenomena that have occurred in the reorganization of health districts and things of that nature, and what I would call is community rivalry and competition that, in some instances at least, I think it's fair to say superseded the educational decision-making process or at least competed with it.

How do you see those issues being dealt with in the reorganization of these larger school divisions? And secondly do you see the potential of these types of rivalries and decision-making processes having an impact on the relationship between the advisory committees and the school board?

Ms. Durnford: — Well I would hope that those things don't happen. I appreciate that the risk is there.

I think what our hope would be on numbers of fronts — and again, I'll ask Larry to comment on this — but as we move through both the development of these local committees and as we move through the development of the continuous improvement framework, we do want to try to stress in that context an outcomes focus and some high level priorities at the provincial level relative to things that we would like to see reinforced within the system, and then again allowing school divisions the flexibility to start to define local outcomes and more community-based outcomes.

And so, my hope is that in the discussion that we'll be able to all sort of keep our eye on what's the most important thing here that's around the educational outcomes that we're producing in

the system.

The reality also is that we are talking now about larger school divisions. School trustees will be asked to represent and have been asked in terms of standing for election for these new boards. They are going to be asked to represent larger areas than their own community, and I hope that they, and I believe that they will, step up to that and recognize that it isn't . . . that the job that they have in front of them is a job around education and the management of the education system in a broader geographic area than they have been asked to do in the past.

And I think that realization and discussion is working its way through the system. I don't think it's probably completely there yet, but I think as these new boards get more planning and more time under their belts . . . Essentially, you know, the elections were on June 15 and they have, over the course of the summer, they've been hiring directors of education and their key staff, and they've been making some decisions around offices, locations of offices, which haven't always sat well in terms of some of the choices that have been made. But you know, my hope is as we move through the process, we start to reinforce some of these other messages in the system and start working with the board Chairs and the directors in a little bit different way than we have in the past. My hope is that we'll be able to move to the right kind of discussion.

Mr. Gantfoer: — Communities tend to have pretty long memories unfortunately in some instances. And certainly my experience within the health framework has been that they not only have long memories; they tend to hold grudges.

And I'm wondering if the department has sort of thought this through in terms of the impact it might have on this whole accountability framework and the relationships between these advisory boards in a school, a school advisory body, which is by and large in rural Saskatchewan talking about one community. There aren't all that many communities in rural Saskatchewan, the small cities certainly. But the traditional rural communities traditionally only have one facility in their community. So it's a single school but it also represents a community.

And that relationship because decisions are being made . . . And you're right. And I think that by and large from my understanding of what is going on . . . And I suspect if we reviewed minutes that we would see that boards have made tough decisions in terms of personnel and offices and facilities and things of that nature.

But you can also see when you review those minutes that there have been some interesting dynamics occurring and coalitions between communities as you see the decision-making process work and alliances being formed and attempting to be formed — not necessarily, you know, always with the best outlook of "education" quote, in mind, but the community self interest in some instances, in many instances perhaps as they've lobbied for facilities or offices or things of that nature.

And I worry that some of those decisions-making processes may tend to lag in terms of the relationship then between the local advisory board and the school division. And I suspect that there is no choice but to continue to highlight the outcomes in

what we're trying to accomplish and achieve here, but that may take some time to overcome the hurts of decisions that are being made and have to be made.

Is the department, you know, sensitive to those kinds of realities that, you know, if you review the minutes or you have discussions with board members about how the dynamics are working and virtually right across the province, some areas are more difficult than others. But I think that dynamic, the department would have to admit, exists and is going to be an ongoing challenge at least for some time going forward in the future.

Ms. Durnford: — Yes I'll ask Larry to make a few comments. But absolutely we understand the nature of the transition that we're working through, and I don't think we'd have any sense that this is going to be a transition that's going to be over in six months. There's work to be done and there's going to be work to be done over a longer period of time, and I think what we need to do from the department perspective and from sort of the leadership that we bring to the area is to recognize that many of these issues are going to evolve over time.

But we need to, we need to come forward with a clear message about what our expectations and our sense of direction is and then try to work with people wherever they're at and try to move the agenda along in that fashion. And you know, I think the notions that have been introduced into the discussion with the Provincial Auditor relative to accountability need to be part of that discussion.

But we need to recognize that wherever, we need to find a way to work with the individual school divisions at the point that they're at at that time and then start to say okay well let's . . . as we work through moving forward how best to proceed and how quickly to proceed for . . . sort of at the school division level. But I'll let Larry make some more comments.

Mr. Steeves: — I think what you describe, sir, is a democratic process at work. And it isn't always clean and it isn't always easy, and sometimes it's hard decision making but it's working. My sense is, and I reflect on one I've had a lot of experience with, they've made some hard decisions. I think in the end those that I'm familiar with have tried to be fiscally responsible for example in how they did that. And those are difficult decisions.

I think a key part of this, though, is the point that you raised earlier. In the end the relationship that's important from the point of parents and community is the school and the relationship with teacher, child, and the community, and that's what I think the community is most concerned about. My own experience has been that people aren't quite so concerned about the board office or about that structure. They're concerned that their school and their community works well together and achieves the objectives of education for kids.

And I think that in terms of its impact, as you raised earlier, between the school council model that we're moving towards and school boards, I think that the primary issue here for parents and for the community will be, do we have a meaningful opportunity for local voice in that community? And by extension, is the division board listening to what we're trying to tell them? So I think that particularly those are the key

issues.

With respect to the decisions about where a board offices . . . you've got a couple of communities typically involved in that discussion — sometimes more than that. But what's really critical I think is more so what happens in that school, in that community with kids and parents and teachers. And that's really what the school council is intended to try to reinforce, I think.

Mr. Gantefer: — Thank you, Dr. Steeves. Your answer leads me directly to what I intended to ask next anyway. There's been a moratorium on school closures as this process has evolved. Am I correct in assuming or understanding that that moratorium either has been lifted or will be lifted with the new structure?

Ms. Durnford: — The moratorium at the time that the restructuring announcement was made by government, it was a voluntary moratorium requested of school divisions, and it was extended to December 31, 2006.

Mr. Gantefer: — Okay. In reality then that . . . And I think by and large boards have been only too happy to voluntarily avoid the decision. So by and large it was probably a pretty significant uptake in terms of saying let's defer this. And as well the decision will now need to be dealt with, with the new regional boards if you like.

And as Dr. Steeves said and as I outlined . . . is the connection by and large for the public is to a school. In rural Saskatchewan it is the only school in a community, so it becomes very much a community school.

And with the unfortunate reality in many places in this province, there is a depopulation. And while no one likes to talk about it, somewhere there is a viability number. No one would argue that you can't run a K to 12 school with 10 students in it. Most people would suggest if you have over 100 students you can. Somewhere in between there and in no absolute terms is a number that occurs that jeopardizes the long-term viability of that school. It's true.

And that engages a very difficult decision process between the community where the attachment is . . . the students, the teachers, you know, the public, even though they might not have students in the school as the deputy minister outlined. How does this local school advisory committee process? How is it going to be involved with these kinds of discussions when and if they occur in a community?

Ms. Durnford: — The decisions around school closures are difficult ones and there is a process under the current legislation for the role of local boards of trustees to be involved. And I think as we work through sort what these local advisory boards, we would see a similar kind of role being played, being played out by them at the local level relative to those decisions around school closures. But these are all the discussions that we're just working our way through now.

Mr. Gantefer: — The structure of these committees is sort of a logical, intellectual type of an exercise. The decisions or the reaction to decisions about school viability and school closures is not generally intellectual; it's much more emotional. And the

further the decision-making process is away from the community the more suspect I think it becomes.

And I think all of us here intellectually and emotionally understand how difficult this is for a community because it certainly means the future of the school, but in many instances it's the harbinger or the physical manifestation of the viability of the community. And so that's hard to grasp and deal with.

The current or the past structure for this process has been difficult for school boards who were even closer to it than what the new boards are going to be. Is there a process that's going to be, you know, perhaps even more defined in terms of what steps have to be taken in order to make sure that there is a very good involvement between the local people in this whole decision-making process, so that there is as much as possible the understanding on an intellectual level, if not emotional level, that this decision needs to be taken?

Ms. Durnford: — Well as I've said, we're just working our way through now how some of these pieces and some of these responsibilities are going to work. I mean in some of the conversations that I've had with school trustees, I mean numbers of them have reflected on the decisions around school closures. And many of them have said, they all talk about how difficult they are. But they all, numbers of them will also acknowledge that the process can be managed to try and respond to the kinds of issues that you've described. It's to try to help people work through the emotion that's attached to and the symbol that's attached to the local school.

And so I think, you know, certainly in some of the comments that I've heard from them, they have indicated that it can be done and done in such a fashion that it tries to manage all of the dynamics that are there. And people can work their way through it.

What we need to do, I think, in terms of working forward on the local accountability panels, is we need to ensure that there is a role played there at the local level for that decision-making process, that there is a place for a local voice to be heard and understood and managed in the context of school closure. And that's a fundamental piece of what's built into this system now that I don't think that we can lose as we move forward on this — because it's an important step in the process of understanding educational needs including the need for the school, because as you've indicated there are times where there are simply not enough children in order to be able to provide the kind of education that we want to be able to do.

And so you know, it's important that as we move through that process that there's a place for people to have an opportunity to speak and have their positions understood.

Mr. Gantefoer: — Thank you. Mr. Chairman, I'd like to try to stay in these general areas that the auditor laid out.

The one further area that I'd like to just touch about in general accountability is the relationship between these governance structures and the actual professional staff — the teachers and the classroom level and the principal of the school — and the relationship between the professional component of the system and the local advisory body and the school board itself. Do you

see that there is a closer relationship between the local advisory body committee and the principal, or the staff through the principal? Or how will the relationship work in terms of that dynamic between the professional staff and the local advisory body?

Ms. Durnford: — Well I'll make a few comments, and then I'll ask Larry to make probably the more practical set of comments in the conversation.

There's a significant role I think that the principal is going to have to play in order to be able to make these local advisory panels work and work well because the panels can't be separate and apart, if you like, from the school administration. There needs to be a close working relationship. And in fact I think we need to see, you know, how that . . . I don't know whether I'd call it membership or whatever but there needs to be a close relationship between the school administrator, the principal, and the panel because that's the only way that, I think, it's going to have any kind of impact or the right kind of impact at the local school level. But I'll let Larry talk a little bit about some of our thinking on that front.

Mr. Steeves: — Well I think that Bonnie has captured the issue pretty much. This is something we're working through right now. The recommendation was that, much as in the local board structure, I think the role of the principal would be key, as Bonnie indicated. These things really rely, I think, effectively to the principal to be kind of a linking pin back to the community, to staff, etc., etc. And that's the role particularly I think rural principals, good rural principals, have always done.

The issues, I think, that as we're going around and talking to people about the report that was provided is, is there a further role for teachers in that? Should there be? Frankly we're getting mixed comments as to how extensive that should be. Another issue that I think is a key one is the role of students as well. I think that, particularly at the high school level, students can really bring another perspective and another voice about the decisions that go on in schools that can be quite helpful on occasion.

So those are issues we're working out and talking to people about right now as to where the boundaries should reside. And I think that this might be another opportunity, madam, to get more feedback again in terms of where those boundaries should sit, because I think that we're very much in the process right now of kind of thinking about where that fits and what's most appropriate.

Mr. Gantefoer: — This is probably an oversimplified question, but I'll ask it anyway. Do you see as the primary function of a principal to advocate the issues of the teachers to the board or to bring the board's policy direction to the system?

Ms. Durnford: — Well I'll let Larry respond to it from again the experiential perspective, but I don't think it's an either/or choice in my sense of it. There's a responsibility that goes both directions. I mean they are the employee of the board, so they do have a responsibility to carry out the instructions of the board, but at the same time, to inform the direction of the board and provide advice to the board, sort of like a deputy's role.

Mr. Steeves: — I don't think that I have anything to add to that. That's exactly what a good principal does.

Mr. Gantfoer: — Thank you very much, Mr. Chair. In the general sense, that's my questions in the general area. I'd like to yield to my colleagues perhaps in that area and ask to get in later on some specific sections.

The Chair: — All right. I see Mr. Chisholm would like the floor. I have one question that falls on the heels of Mr. Gantfoer's questions, so I'll ask it now and then we'll defer to Mr. Chisholm. With regards to the creation of these new education districts across Saskatchewan, restructuring, I have heard some of the same concerns that I think Mr. Gantfoer has heard about some tensions that are obvious when this type of restructuring occurs.

I think the most disconcerting information I heard was from one board, not in my own constituency, who indicated that they had had their initial meeting and had made some very difficult and contentious decisions including, you know, where the office should be located in a rural area when several communities were vying for it. And they said that after this had occurred, then they were given a communication from the department providing them with guidelines and criteria and guidance as to how to make these decisions.

We were concerned and there was a lot of concern that we were hearing, that this process was moving very quickly, perhaps too quickly to be managed properly. And I guess if this, if this happened throughout the province that might underscore that in fact was the case.

Can you confirm or verify that this was a problem and in fact this process moved more quickly than the department was able to provide guidance and assistance to the boards in the restructuring process?

Ms. Durnford: — Well I think as we worked through the restructuring process and one of . . . The main vehicle that we used to try to do the planning and to structure the path forward, if you like, was a group called the restructuring coordinating committee. It had memberships from the School Boards Association, both public and separate school representatives; membership from the directors of education, LEADS [League of Educational Administrators, Directors and Superintendents]; SASBO [Saskatchewan Association of School Business Officials] through the business officials, secretary-treasurers; STF [Saskatchewan Teachers' Federation], Teachers' Federation; and CUPE [Canadian Union of Public Employees] and SEIU [Service Employees' International Union], some of the other unions connected with the education system, as well as departmental officials.

In that context we worked out sort of what the work plan would be in terms of working forward. And one of the main vehicles that we used for communication of decisions and directions if you like out of the restructuring coordinating committee was a series of restructuring bulletins essentially that came from the department. Numbers of them were endorsed by the committee itself with that membership and basically tried to provide in that context through numbers of these bulletins the kinds of things that boards should work their way through.

And one of the bulletins talked about human resource planning. Another of the bulletins talked about transitional funding that would be provided by school divisions. One of them talked about sort of the roles and responsibilities of these new transition boards. And those bulletins went out over the course of last spring.

We did have some discussions at the table, and I understand there were some discussions at the table of some of the existing boards, starting to make decisions that we would have suggested and thought would be in the bailiwick, if you like, of the new board. And so I think some of the existing boards may have got a little bit ahead of themselves in a sense in terms of what their roles and responsibilities were through the discussions. And some of that got clarified over the course of the spring and into the early summer, about what the roles would be or what the role was for this new board that was elected on June 15 to work its way through the transition.

How the transition was conceptualized is that the existing boards stay in place and are the legal entities, if you like, for the existing school operation and the existing division structure until December 31 of this year. So they actually still do everything that they did prior to restructuring. Those existing boards are in place and they do that work.

The new boards, in the way that we've constructed it, were elected on June 15 and had a package of responsibilities that they had to carry out over this transition period. So in a sense we had these parallel board structures. The new board simply for the purpose of giving . . . And the advice that we got consistently through the process from all of the parties was to leave as much time as possible for these parallel . . . the new boards, if you like, to get into place and to make some of the decisions and get themselves ready to assume their full responsibility on January 1, 2006. So we tried to do that through the restructuring process and to ensure that there were earlier rather than later elections for those new boards.

There was some, I think for some people . . . And I talked to some trustees at a meeting in Saskatoon where there wasn't, for some of the existing trustees there wasn't absolute clarity around what their roles were relative to that transition to the new structures, if you like. And so I think you know it took some time and I think through the bulletins and conversation and work through SSBA [Saskatchewan School Boards Association] and others we were able to start to clarify sort of, so what are . . . How do those two systems continue to run and ensure that the doors are open and kids are getting educated every day, but at the same time we prepare in a very thoughtful and logical way for the new boards to take up their work on January 1.

The Chair: — The concerns I heard were not regarding the old boards. They were concerns that the new boards were trying to make decisions and after they had made some of these initial decisions were given more information from the department about the criteria or the direction or the protocols that they should be using. I just want to know if you can confirm that that actually happened.

Ms. Durnford: — I'm not aware of that particular issue arising. The only concern that has come to our attention subsequent to

the elections in terms of transition, particular transition issues, the new directors and boards have raised concerns with us with regard to how the transition funding would be allocated on some of the human resource planning. And that's an issue that we're working our way through right now with them. But I'm not aware, Mr. Chair, of that particular issue.

The Chair: — Okay. Mr. Chisholm.

Mr. Chisholm: — Thank you, Mr. Chair. My question is more directed to the cost savings that may be anticipated as a result of the amalgamation or restructuring — when we might see some of those savings. Obviously in the transition there's probably, rather than savings there may be additional costs to get to the point of actually saving. I think the whole process was sold partly on the fact that there would be savings, as was the health amalgamations, which I'm not sure it turned out that we saw any actual administrative savings. But I'd just like your comments on that, please.

Ms. Durnford: — With regard to the transition and the costs associated with it, there have been additional costs associated with the transition. And one of the main areas of costs associated with the transition was with regard to the elections of the 12 restructured boards. So these elections were held off their usual cycle and so that those costs are there in the system.

In this last budget cycle, the government devoted eight and a half million dollars — four and a half million incremental and four million out of the foundation operating grant — to assist these school divisions with the costs associated with the transition.

As I've said, there were costs associated with the elections and in those cases we compensated boards for their actual costs incurred in managing and supporting the election processes.

In addition we know that there will be some human resource costs in terms of transition as we move to the larger divisions. We know that there will be some . . . In some instances there will be some costs associated either with people working through a severance package or people working through to retirement and we acknowledge that those costs are going to be in the system over the . . . probably over the next couple of years. And those are issues that we're going to have to work through as we go forward in our department's budget planning.

I think the issue around sort of what is the outcome of restructuring is a pretty fundamental question for us and I would suggest it's a fundamental question that needs to be looked at beyond just the costs and what's happened to administration or other costs in the system. And I think one of the pieces of work that we still have outstanding and would like to do more on is to actually evaluate what's happened with the transition and what some of the changes in the system are.

Certainly some of what we had reported to us, in terms of voluntary amalgamations over the course of the last five to ten years that have preceded this particular restructuring process, is we did see sort of changes in expenditures. We saw some differences relative to administration. Certainly we saw efficiencies achieved in terms of bulk purchasing and sort of managing within the context of a larger entity. We saw I think

some of the voluntarily restructured school divisions would speak to their ability to provide broader-based programming, educational programming for the children and youth in their system.

So I think it's important that we evaluate what's happened with this restructuring process but we look at it from a bit broader base as to not just sort of what happened to the money but also what happened to the quality of the programming, if you like, as well. So those are debates and questions that I think we know are in the system and I think we need to spend time thinking our way through.

Mr. Chisholm: — Well this is probably just a comment, but as a former school trustee one of the probably larger conventions every year was the SSTA convention. It will be a pretty small group now compared to what it used to be.

Ms. Durnford: — Well it depends, I think, it depends on how they craft the attendance, I think, but anyway it will be a different event.

The Chair: — Mr. Cheveldayoff, you have a question?

Mr. Cheveldayoff: — Thank you, Mr. Chair. A couple of questions. In the March 2004 budget, the province hiked the PST [provincial sales tax] from 6 to 7 per cent and that is one of the recommendations from the Boughen Commission. And a couple of the recommendations from the Boughen Commission regarded immediate school tax relief and also a long-term program to address the education portion of property taxes. There has been an immediate program, the two-year program that's been instituted by the government. I'm just interested in knowing, are you working on any proposals for Finance or for cabinet or within your department regarding a long-term program to reduce taxes in Saskatchewan for property owners?

Ms. Durnford: — Well certainly at the time that the restructuring, the education equity project was announced, it had three components. One was the governance change that we're working our way through right now and finishing, I would say. The second component of it was looking at our existing operating grant program, the foundation operating program, which we are working our way through. And then the third piece of it was the look at long-term property tax relief.

And so as I'm sure all members are aware, the government introduced in this last budget round a two-year property tax credit program — \$55 million each year for two years, on average about an 8 per cent adjustment in terms of property tax. We're just in the first year of implementing that program, and it will run again for the 2006 fiscal year. And the issue around long-term property tax relief is part of an ongoing discussion internal to the department at this time. And that's about all I can say about it at this stage.

Mr. Cheveldayoff: — So no specific proposals or several alternatives or . . .

Ms. Durnford: — Not that I can discuss at this stage, no.

Mr. Cheveldayoff: — Nothing that you can discuss with us now.

Okay, Mr. Chair, another question for the deputy, regarding student enrolments in Saskatchewan. It's a concern for everyone involved in education in this province. I understand some preliminary numbers were put in place as of October 1, and by November 1 we'll have some final numbers. Can the deputy please outline and give some indication of what enrolments will look like when those numbers come out November 1.

Ms. Durnford: — I don't know whether I've got specific numbers with me today and maybe I'll . . . But generally what we see . . . The enrolment right now is about 170,000 students in the K to 12 system. That doesn't include any attendance in the on-reserve schools. Generally what we see and what we project is about a drop of 3,000 to 3,500 per year. That's our general experience. Now I have heard it anecdotally from some of the . . . and this would be more anecdotal from some of the urban systems that they're . . . There you go. I've got the number. It's 4,100 drop expected this year, so we're seeing a little bit more . . .

Mr. Cheveldayoff: — I'm sorry — 4,100?

Ms. Durnford: — 4,100 this year. I mean, we need to ask sort of where and how that drop is occurring as well. In some of the urban schools they're starting to see a little bit of some flatlining, but . . .

Mr. Cheveldayoff: — I guess that's an interest of mine. Like we've seen several successive drops. Does the department see this bottoming out, if you like, or flattening out, or when are we actually going to reach bottom and maybe even see an increase in the student population in this province?

Ms. Durnford: — Well the decrease in the population, in the school-age population, is something that has been occurring for some time and obviously has a direct relationship to the birth rate in the province. So that what we are . . . I mean as you start to look at the demographic more largely, what we're starting to see in the demographic, the young demographic — and I think we'd all be aware of this — is within that sort of declining sort of numbers of young people is a burgeoning number of young Aboriginal people which means for the education system, not just the on-reserve education system but the off-reserve education system, a real need to focus and prioritize attempts to make the K to 12 system a successful experience for young Aboriginal people in this province.

Mr. Cheveldayoff: — Does the deputy have any statistics from other provinces to compare to — Manitoba, British Columbia, Alberta, other provinces across the country?

Ms. Durnford: — Not at hand with me but I can see if we could provide some if that would be helpful to the member.

Mr. Cheveldayoff: — Okay. Very good. Another question, Mr. Chair, for the deputy. Recently the Saskatoon and Regina school divisions provided the minister with a brief regarding the foundation operating grants, and I have as yet to see a copy of that brief but I understand we'll be getting one shortly. Could the deputy just comment on that brief in a general way?

Ms. Durnford: — Yes. I'll maybe ask Larry to speak a little bit

to the brief. But the issues that we've got, you know, as we work forward in the foundation operating grant, and we still have to sort of bring forward some advice on this one, but one of the main issues that I think is . . . I mean we all know it's there for the purposes, it helps to equalize the property tax base. And the assessment base is one of the main sort of features of this system.

But one of the other things that's in the foundation operating grant is the transparency and the understandability, if you like, of the foundation operating grant. It is an extremely complex system, and it's not easily described and it's not easily understood. And it has very much of a historical flavour to it in terms of the kinds of decisions that have been made. And I think one of the fundamental principles that we're looking at as we start to think about how it might look in the future is one that can make it more transparent and more understandable to a larger range of folks about how it works and how the funding is allocated within the funding model. So maybe I'll let Larry speak to it.

Mr. Steeves: — I'll be a social studies teacher again here — forgive me. There's an historical, as Bonnie referred to here, piece of this. Historically in a number of ways the foundation operating grant tried to reflect the increased costs faced by rural education relative to urban education. Over the decades, and I literally mean the decades, what's happened is that rural factor has been increasingly applied to more and more boards. And so that at the present time the rural factors that are in place apply to all the small urbans in our communities. And really there's only two communities that don't apply with the rural factor now, Regina and Saskatoon. Moose Jaw, Estevan, have been included, as examples, in the rural factors.

The question I think that when the boards met with the minister they raised would be, how would that work again, put briefly. And I think the issue that we're looking at in terms of that transparency factor and sorting out what is appropriate is, what are the costs that are incurred by different kinds of boards? The urban boards were suggesting that there needed to be what they call the density factor, by which they were saying that when you get special needs children, when you get a lot of ESL [English as a second language] programs, etc., etc., etc., Aboriginal youth as Bonnie referred to, more community school kinds of situations, that there needs to be an increasing recognition of those kind of costs.

Well we can keep adding factors to the foundation operating grant but that flies in the face of what I think the Provincial Auditor helpfully is telling us — that we need to become more, not less, transparent. So as we're working through that we're trying to deal with those kind of issues. The rural kinds of factors that are in place include a number of different factors, transportation being one — some very legitimate things there I think — and a number of other areas.

The question is, I think, how do you sustain the argument at the present time that two communities don't get the rural factor but everyone else does? And I think that's a matter of doing some analysis, sorting through what seems to be appropriate and what doesn't seem to be appropriate and how we deal with that within an accountability and transparency framework. So we're working away at this very issue. And the two boards were

pretty clear that they weren't sure that there weren't some additional costs of being a large urban board too that others might not incur.

Mr. Cheveldayoff: — Thank you. I have a meeting coming up with the Saskatoon school board and with the Saskatoon separate school board in the next week or so, so I look forward to hearing their arguments. And like I say, I haven't seen the brief yet but look forward to reading it.

Mr. Chair, one final question for the deputy. Are you aware of any fraud, alleged fraud, or suspected fraud within your department or with any of your contractors?

Ms. Durnford: — No, I am not. We have recently disciplined a member of one area of our department for a conflict of interest, but it wouldn't qualify into the fraud situation.

Mr. Cheveldayoff: — Okay. Can you expand upon that at all — conflict of interest? Is there . . .

Ms. Durnford: — Just in terms of treatment of a particular file and treatment with not declaring an interest relative to a family member.

Mr. Cheveldayoff: — Okay. Are you aware of any illegal activities at all, alleged illegal activities, or suspected illegal activities, within your department or with any of your contractors?

Ms. Durnford: — No, I am not.

Mr. Cheveldayoff: — Thank you, Deputy. Thank you, Mr. Chair.

The Chair: — Thank you, Mr. Cheveldayoff. I think Mr. Gantfoer wants back in but just a couple of questions and perhaps some . . . [inaudible] . . . Mr. Borgerson. But I have a couple of questions I want to touch on. Attending some conferences recently, national conferences, of course the buzzwords are performance evaluation, value for money, governance effectiveness, transparency, and that's a word that I've heard you use a couple of times this morning.

The auditor mentioned that in evaluating the Learning department of Saskatchewan against other departments, one province uses public three-year rolling plans which they publish. The Government of Saskatchewan has not yet adopted a general commitment to publishing three-year rolling plans. But I'm wondering within your department, do you have frameworks? Like do you have like a planning period of say three years where at the end of that year then you add another one on? Or it could be four years or two years. I just want to know, how does the department plan longer range?

Ms. Durnford: — One of the mechanisms that we use and I think is reflected in our annual report is we have a sector planning approach recently introduced in the department, a sector planning approach that brings together actually all of the major institutional partners in the larger education system.

I mean the majority of our funding goes out to third parties whether it's universities, SIAST [Saskatchewan Institute of

Applied Science and Technology], regional colleges, K to 12 system. So in that sense we have to, in order to be able to fully realize a strategic plan for the department, we have to have an active engagement and relationship within our sector to be able to achieve the kinds of results that we would like to do. And so we use the sector planning table as a place to have some very broad discussions about sort of what's the nature of . . . what are we trying to achieve across this broad education system.

I think that, you know, as we work our way through some of the things that are going on right now both in the K to 12 system and also in the post-secondary system, I think we need to also think about how we want to engage the sector in sort of, and pieces of the sector, in longer term planning. And I think we would see this engagement model that I spoke about initially in the K to 12 area as a way for us to start to describe provincial priorities in the system, allow some flexibility for local priorities, and start to think about, sort of, so how do you get to where you want to over the longer term?

And one of the areas that I think is pretty critical for us as we work our way through this one is around Aboriginal education. How do we achieve the kinds of outcomes that we need for young First Nations and Métis people in this province?

The Chair: — So at the current time then to pull these sectors together, do you pull them together in an overall plan? And what is the time frame of that plan?

Ms. Durnford: — Yes. It's reported annually, it's not . . .

The Chair: — So you have annual plans?

Ms. Durnford: — It's an annual plan at this stage of the game but I would say that the strategic division and the outcomes, the objectives, are longer term ones and we report on it annually.

The Chair: — Is that plan totally an in-house plan or is it a public plan?

Ms. Durnford: — It's a public plan. We report on it in our annual report every year.

The Chair: — Okay, thank you. The other question — and this is for the auditor — in comparing of provinces in table 6, the auditor noted that the negotiators for teachers' salaries are not the same entity that pays for the cost of K to 12 education, and noted that Saskatchewan is different from the other provinces, has a different relationship than any of the other provinces. But I don't see in the auditor's report any evaluations — whether that's good, bad, or neutral. Is it a positive? Is it advantageous, disadvantageous, or some combination of the two? And I wondered if the auditor could comment on that.

Ms. Ferguson: — Basically what we try to do in the report is just present the information without drawing, you know, whether it's good or bad on policy aspects. What we did try to do in this situation though is recognize that when you do have that difference between the responsibility as to who negotiates and who pays, it creates issues or challenges. And I think, you know, it's apparent that that's the main message. It does present challenges. You've got to be able to deal with those challenges. And it also makes it a bit more confusing for the members of

the public to understand how that really works.

The Chair: — Is it measurable? Can you determine whether it meets the criteria of good governance or of proper evaluation, you know, more from a technical side as to whether or not it's the right policy?

Mr. Wendel: — It just becomes harder to, Mr. Chair, harder to hold people accountable because it's not clear who's responsible.

The Chair: — Okay. My last question. This is again for the deputy minister. With the restructuring that has occurred, it impacted a number of zero grant boards which now are a part of larger boards, which provides some equity in the larger areas. But I'm wondering, beyond that, do we see a shifting in the funding of education now under this new structure that goes beyond the new larger boards? Like is there a transfer of funding for education say from rural to urban or urban to rural, south to north, east to west? Can you tell me if the burden for education is increasing? Particularly I'm thinking of the property taxpayers' portion of the funding. Is there a shifting of the funding for education on property?

Ms. Durnford: — Well perhaps if I . . . I'll respond to that question but I just want to pick up, make a comment on this, on the last question around bargaining. I think it's important to understand that government has typically, and again in this last round of bargaining, has provided for the incremental costs of the teachers' contract and provides that through the foundation operating grant. So the incremental costs that were incurred in this last round of bargaining were dealt with in the House last June through supplementary estimates and were provided into the foundation operating grant. So I just wanted to make that clear, that that has been the pattern in the past and continues to be the pattern, even with the current agreement.

With regard to the shift, it's important to understand that the foundation operating grant is an equalization grant and responds to the shift in property assessments. So what we did see in terms of the property tax reassessment in this past round, a movement around property tax and movement from one side of the province to the other.

The foundation operating grant follows suit, right? So then if the assessment goes down in a particular place, the grant tries to equalize that and if it goes up in another place, it equalizes there too. So the grant follows the property tax assessment. It is an equalization. It has an equalization role in it so . . .

The Chair: — But in the case where there were zero grant boards that had been zero grant for quite some time, that was not the case. So there is an adjustment, or a shifting now with the new boards in place. And I was wondering, because of that new structure, if there was also a shift in the burden of funding education from a property tax payer point of view.

Mr. Steeves: — Well I think just further to what Bonnie was indicating, again we're based on an equalization model and equity model, and where there are shifts — and I just develop a bit more — that shift that occurred was in part a response to, I think, a request from the municipal community, and it shifted farm land assessment from one that was price-based to more of

a productive value. So that did shift from west to east.

When we've gone away from some of the zero grant boards because of the larger systems, it does mean that in some of those cases there will be some further shifts because of that as well, you know.

The Chair: — Can you identify those shifts?

Mr. Steeves: — That would be somewhat difficult at this point. We're working through that right now.

Ms. Durnford: — Well part of the response there will be also, and that was part of why we wanted to do some of the . . . look at the redesign of the foundation operating grant because in that context we were trying to, and government is trying to, respond to the issue around zero grant boards. And so as we model changes in the foundation operating grant, it will be working through those particular issues for zero grant boards and how they respond.

The Chair: — So will there be a shift then in the 2006, 2005-2006 budget which will be coming down? Will the change in structure — the fact that we have fewer zero grant boards and there's some change — will we see a shift in the cost to the property tax payer for education that you can identify as being from one region of the province to another?

Mr. Steeves: — This becomes an enormously complex discussion because you move back into the assessment issue. One of the things that we're sorting out right now with our colleagues in Government Relations is the effects of the reassessment process. And we talked about that last night at a meeting actually.

At this point we have some tentative numbers but they're not firm numbers. So firstly we need to know what kind of shifts happened as a result of the re-evaluation process. That's one level. Then once we've got a clear idea of what happens as a result of reassessment, you then can come back in a firmer way to begin to sort of run numbers based on actual assessment values, which we don't have right now.

That stuff should be coming over or is in the process of coming over to us from Government Relations who in turn have to get it from the cities who do their own work, or SAMA [Saskatchewan Assessment Management Agency]. That's moving, as we speak, over the next coming months.

Once we've got that information, then we can sit down, look at the actual assessment values, then take a look at the foundation operating grant to see what kind of shifts have occurred and what that all means. So this process is a complex one that we're working our way through as we speak. It's hard to say, in other words, sir.

The Chair: — Well how will the Finance minister know what amount of money to apportion to Learning if that's not been determined?

Mr. Steeves: — That will be occurring, I think — I'm going to guess — by probably about January 1. Probably by about January 1 we'll have a sense because those numbers are . . . We

got tentative numbers, but that's all they are right now. They haven't been finalized.

The Chair: — Thank you. Mr. Borgerson, you had a question.

Mr. Borgerson: — Yes. In this particular chapter, the auditor I think has encouraged a fairly philosophical discussion. There aren't many specifics. So I'm going to ask a very general philosophical question that I've already asked of the Provincial Auditor previously.

But the study, the auditor's study reviewed the education system in five key areas. And as Mr. Gantfoer pointed out at the start, there is one area that is not addressed in this particular chapter and that is that fundamental level of human interaction that occurs in the classroom between the teacher and the student. And to illustrate this, I'll just give you an example.

As a teacher educator, I used to ask my students who were teacher trainees to list the qualities that they saw in the very best teacher that they'd ever had. And they would list off warmth, compassion, care, sense of humour, intelligence, enthusiasm — those kinds of things. And when we summed up the results, we found that 90 per cent of the descriptors they used were extremely qualitative, extremely difficult to measure.

So I raise this. If 90 per cent of the most important things that occur in education are in fact qualitative, at a time when the educational system and governments in general are being asked to be more and more accountable and as you pointed out to focus more and more on outcomes as opposed to process, what kind — and maybe this is an unfair question — does that create a tension within the department in the discussions and debates that you have?

And it comes down to the fundamental. And it's not just teacher, students, teacher, student, parent. It comes down to the fundamental level. What do you do when you're looking at outcomes and performance reporting? What do you do about the human endeavour? What do you do about issues such as trust, relationship, qualities such as that?

Ms. Durnford: — Well I think I'll maybe let Larry speak a little bit more about sort of the teacher supervision model that exists in the system. I think the issues that you raise around sort of those human qualities I think we know are critical and core to the system. And I think that we are trying to find a way to get at the objective measures around outcomes because I think it's important that we go there, and certainly I think the auditor is suggesting that that's where we need to go. And that certainly, as I talk to my colleagues in other parts of the country, all K to 12 systems are struggling through this one.

So I think it's important that we get to the objective measures. And I think in terms of our assessment for learning program, we're trying to find ways to get at both dimensions — the objective measures and understanding what it is that children have learned and what it is that they, how they can apply those skills. Because that's really important. I mean we need to have a good understanding.

And it was interesting. In a consultation we had a week and a half ago, we had a group of educational professionals in the

room, academics, having this very debate. The person that was most eloquent on this topic was a First Nations elder. And he was articulating the case for needing to understand what children . . . how they've learned and what they understand and needing to have a good understanding of how you would measure that and where you're starting from in order to build improvement. He made a very good case for it.

At the same time that he also made the case that you're articulating, Mr. Borgerson, that you need to have good relationships with children in order for them to be able to move forward in their learning programs.

So, you know, to me it's not an either/or proposition. We've got to find ways to do both. And I think in our assessment for learning program we are trying to find ways to do both — to understand, do our children have the necessary math, science, reading, numeracy skills that they're going to need in order to be able to not just compete in the workforce, which they're going to need to do, but also to be able to participate as a citizen in our province.

So we need to understand that but we also need to understand what children's perceptions of the system are, and the experience they get, so that we do have a chunk of our assessment for learning program that tries to interact with students and get at that more qualitative sense of what their experience is in the school system. And the local accountability panels, as we start to assume some level of student participation, I think will also help us get a better understanding of what their experience is from that qualitative perspective.

But for me it's not an either/or choice. We have to do both. We have to find a way to do both well.

Mr. Borgerson: — And of course there are, you know, many qualitative measures, including narrative and a story that we can use to tell that story as well.

My second question, regarding — and this is on page 132. "Responsibility for formally assessing the performance of teachers is not clear." And I would agree with that. Is it the feeling of the department that it's important that formal evaluations of teachers be left to the context, be left to the local, to the school divisions, you know, in terms of how it's done and who does it? Because I know from my own experience that sometimes someone is hired to do the evaluations. Sometimes the principal plays the lead role, superintendents. So there is a variation out there. Is that variation healthy or do you think there should be a template or a standard?

Ms. Durnford: — I'll maybe let Larry speak to that one since he has a far more practical set of experiences on that front than I do.

Mr. Steeves: — Well The Education Act designates the director is responsible for ensuring the supervision of teachers. And I think that within my experience you get a couple of general models. And it speaks to the kind of relationships I think that exist in the system that you've got on occasion, frankly, in-scope people working in a collegial way to do teacher supervision.

Let me be more specific. What happens in many school divisions as they make their local decision about how that should occur — and that's a dynamic that you can make it tighter or you can make it looser to allow local circumstances to occur — but what happens in many systems, it's a shared responsibility. And that is that . . . I go back to one of my experiences. The central office people — director, assistant director — did somewhat of evaluation, wrote reports on teachers; the principals did too. And that was understood and accepted, and teachers I think respected that role equally.

In another system, and this is another common framework, their . . . on writing the reports, that was the function of the board office staff. We did that. Principals were expected though to do what we called formative supervision — coach versus judge kind of discussion is one of the dynamics we used to use. And again teachers expected that to occur — sometimes got feedback if it didn't occur in the way teachers felt was happening in a timely and appropriate way — but they got feedback in terms of their own growth.

I could talk more about that, but I think the underlying dynamic there is it's been assigned to the director, i.e., the board too, to determine the model. There are different ways of slicing or dicing it and the question is, is that something that a provincial government wants to say, you shall do it a specific way? Or is that something better left to that individual board and school community, professional community to decide? The key thing is it gets done and gets done in an accountable and appropriate way. My experience says typically you get kind of like a five-year rolling model in addition to new teachers. And tied into that increasingly teachers are being asked to do what we call teacher growth plans. So it kind of . . . what is it that I need to do to improve my practice, those kind of things. That doesn't happen in all cases but those kinds of things are developing more and more.

Again same discussion. How much of that should be left to the local board and community to make those decisions versus dictated from the province? My biases might show a bit here in terms of my own background. I think there is a role for local decision making in these things. The key issue, though, it needs to get done.

Mr. Borgerson: — And I agree. Thank you, Mr. Chair.

The Chair: — Thank you, Mr. Borgerson. Mr. Gantefoer indicated he has about another hour's worth of questions. However, we don't have another hour's worth of time. So, Ms. Durnford, you may want to talk to your minister about being prepared in estimates when they occur next.

Thank you, committee members, and thank you, Ms. Durnford and your colleagues and the auditor, for dealing with a great deal of subject matter at our time this morning. We will recess for about six minutes and resume at about a quarter past 10.

[The committee recessed for a period of time.]

Public Hearing: Government Relations and Aboriginal Affairs

The Chair: — All right, committee members, we will go to the

next item on our agenda — Government Relations and Aboriginal Affairs, chapter 8 of the 2005 report, volume 1. I understand there are two components but Ms. Ferguson from the auditor's office will be presenting a summary of both. And then we will as a committee deal first of all with the Department of First Nations and Métis Relations, and then secondly we will deal with the Department of Government Relations. So, Ms. Ferguson, the floor is yours.

Ms. Ferguson: — Thank you, Chair. Members, government officials, this morning as was indicated I'm pleased to present chapter 8 of our 2005 report, volume 1, and it relates to the Department of Government Relations and Aboriginal Affairs. Cabinet just established this department effective September 30, 2004 so as such . . . Actually, this chapter covers our audit of the department for an 18-month time frame which takes us to September 30, 2004. And it also covers the audits of the Métis Development Fund, Municipal Potash Tax Sharing Administration Board, and Northern Revenue Sharing Trust Account for their years ending December 30, 2004.

On page 104 we conclude that the 2004 financial statements of the Métis Development Fund, Municipal Potash Tax Sharing Administration Board are reliable. Since the financial statements of the Northern Revenue Sharing Trust Account were not done at the date of our report, we were unable to conclude on their reliability. They are now done and we now conclude that they are reliable.

Each of these agencies and the department complied with the law and had adequate rules and procedures to safeguard and control public resources, except for the matters that we outline in the department. The chapter includes three new recommendations for your committee's consideration and provides an update on the status of six previous recommendations. Two of these relate to First Nations and Métis Relations, and four relate to the current Department of Government Relations.

On pages 107 to 112, the findings there are of continued relevance to the Department of First Nations and Métis Relations. As noted on page 108, the department provides four community development corporations with monies under the 2002 framework agreement. This agreement restricts how the trust and the community development corporations must manage and spend monies they receive. These restrictions help ensure First Nations people benefit from these monies.

In 2003-04 the department provided community development corporations with \$7.2 million and First Nations Trust was 16.2 million. Please note that after July 2003 the First Nations Trust receives the monies that were previously provided to the First Nations Fund.

In past reports our office has raised concerns that the department does not do enough to make sure community development corporations spend the money they receive from the department as required by law. We continue to find the department did not sufficiently follow its processes. It did not make sure it received the necessary information, and when it received information, it did not review it promptly and take timely corrective action to address the problems identified.

Our office notes similar concerns with monies it provides to the First Nations Trust. On page 111 we make a new recommendation. We recommend that the Department of First Nations and Métis Relations follow all of the processes to ensure that the First Nations Trust properly protects money and spends it as required by law.

The findings on pages 113 to 117 are of continued relevance to the Department of Government Relations, and they relate to problems at the Northern Revenue Sharing Trust Account. The department is responsible for the account. It uses the account to collect and administer tax revenue for northern settlements and provide money for operations, water and sewage systems, and municipal facilities. The account operates primarily in northern Saskatchewan and is located in La Ronge.

In this section we make two new recommendations for your committee's consideration and provide an update on four previous recommendations that the committee has previously dealt with. While the department has made some progress on our previous concerns, more work remains.

At the time of our report, the department did not have sufficient processes to oversee the account. It had not maintained a complete plan for the account or documented procedures necessary to make sure the account's financial records are complete and can compare accurate financial statements. It did not have a written agreement with Environment about the leases and land sales that the Department of Environment administers for the account.

In our 2004 audit we noted that the department allowed certain staff when buying supplies, when buying goods at local suppliers, to charge their purchases, that is, put them on credit. However, the department did not always tell local suppliers when it changed the authority of its staff to buy goods on credit. Lack of prompt notification increases the risk that the department might pay for goods it does not receive.

On page 117 we make a new recommendation. We recommend that the department promptly notify suppliers of officials authorized to buy goods and services using charge accounts.

The department uses IT [information technology] systems to administer the account. While the department has draft IT security policies and procedures, our 2004 audit found that staff at the account are either not aware of the policies and procedures or did not follow them. Strong information technology security is critical to prevent unauthorized access to the account's financial system. Without good security, the department risks not having accurate and reliable information to achieve its goals.

On page 117 we make a second new recommendation related to the department. We recommend that the department clearly communicate its information technology security policies to staff responsible for the account and ensure compliance.

This concludes our presentation and we'd be pleased to respond to questions. Thank you.

The Chair: — Thank you, Ms. Ferguson. I will ask Nora Sanders, deputy minister for Department of First Nations and

Métis Relations to . . . First of all I welcome you here and then I would ask if you would introduce your colleagues that you brought with you. And if you care to make a brief response to the auditor's report then we'd like to open up the floor for questions.

Ms. Sanders: — Thanks very much, Mr. Chair. And I have with me at the table Laurier Donais, who's our director, finance accountability and corporate services, and also Rob Spelliscy, who is the director of gaming and trust grants. Also in the room, Jennifer Brass, my executive assistant and senior policy adviser, and Susan Carani, director of lands and resources.

And thank you very much for the opportunity to make some brief opening comments. As you know, the Department of First Nations and Métis Relations is still relatively new. We were just created as a separate department one year ago this month and that's why you see the two departments here together now because the year that we're talking about reflects the transition process.

It's our mandate to work with First Nations and Métis and other orders of government to advance the common interests and to improve social and economic outcomes for Aboriginal people. And I think we have done quite a bit to get started on that in the past year, working within government with other departments, establishing ourselves as a department, and establishing stronger relations I think with the Aboriginal community as well.

We take our responsibilities to manage public money very carefully and very seriously, and we value the work done by the auditor and the comments there. And certainly that's been invaluable to us as we've been setting up our processes as a new department. We're committed to addressing any issues raised in a prompt manner.

And I think one of the biggest steps that we've had this year is as of the beginning of April, we've had a director of gaming who has been able to become more actively involved on behalf of our department in having the direct relations with the First Nations gaming organizations that we deal with as a result of this funding. So that's been a huge step for us. I think we're well on the way to establishing those stronger relationships and also to supporting those organizations to develop stronger accountabilities.

That's all I have to say by way of opening comments. We'll be very pleased to receive any questions. Thank you.

The Chair: — Thank you very much, Ms. Sanders. Colleagues, we have a great deal of material in two components here to go through, so I'm going to ask you to ask your most important questions first, to try to keep them reasonably concise. Obviously you'll have to make them clear. And then I would also ask that in the responses, we deal as closely as we can with the questions so that we can cover as much ground as possible. Our goal is to get through this chapter by 11:30.

Just one question to lead off. On page 106 of the auditor's report I just notice . . . I don't understand why is the Provincial Secretary listed as a . . . In the estimates I'm wondering why the Provincial Secretary does and then I'm wondering why the

cost was \$300,000 more than budgeted. If you could just briefly explain that for me, then we'll open up the floor to other members to ask questions.

Ms. Sanders: — That's actually one that falls in the other part of the department so I wonder if I could get . . .

The Chair: — Okay, very good. Mr. Brooks has taken notice. Who wants to be first to ask questions? Mr. Cheveldayoff.

Mr. Cheveldayoff: — Thank you, Mr. Chair. And we'll probably have several questions that will have to go back and forth between the two departments since they're so new.

I guess it's fair to say, as a member of the official opposition and the Finance critic, I certainly have some serious concerns regarding this chapter and the two departments that are appearing before us today. Many recommendations that the auditor has made are one or two or three years old and no changes have been made that I can see. And I can only assume that this points to a lack of direction in the department and it leads directly to the minister's office. Many basic things to safeguard taxpayers' money have not been done and this is unacceptable. Taxpayers shouldn't have to worry that their hard-earned money could go missing, be misspent, or unaccounted for because the issues were brought to the department and the minister's attention and nothing was done with them.

So we hope — and I hear the deputy's opening statement that improvements are going to be made and she's undertaking to strengthen them — and I hope through the series of questions and answers that we can work towards a better system of administration within your department than has been the case.

There's a statement from the auditor that the department — on page 107 — the department did not follow all of its processes to ensure the First Nations Trust and community development corporations spend money as required by law. It's a serious statement. The deputy just outlined what processes are in place to ensure money is spent as required by law with regards to the First Nations Trust.

Ms. Sanders: — Yes, certainly. The process is that there's a series of reports that we require to receive from each of the community development corporations and those include the annual report, their audited financial statements, the auditor's management letter and the CDC's [community development corporation] response to that management letter.

And I think that the issues identified — and they're ones that we took very seriously — have to do with the fact that in the past those documents have not typically been received on time. We're not perfect today but we're substantially ahead of where we were even in the year that is being looked at in this auditor's report.

But part of what has made a difference I think is having Mr. Spelliscy and having him attend meetings of the CDC boards, get a sense of what the issues are, and to talk to their officials. It turns out that some of the documents — we require to receive everything at the same time — some of them, it's easier for them to provide those sooner than others. They can provide the

audited statements. It takes them a little more time to prepare an annual report, for example. So we're trying to include in our discussions with them what's their realistic schedule and encourage them to work to that schedule. We're making progress and I'm pleased to report that.

But we, too, take seriously the comments from the auditor and the need to make sure that those monies are handled appropriately.

Mr. Cheveldayoff: — Deputy, can you go into a little more detail on what components of the policy were not being followed that the auditor refers to.

Ms. Sanders: — I think primarily the deadlines and then the adherence to deadlines. And I think before we had somebody dedicated to this work, it was a matter . . . the follow-up was by way of letters to say, you know, where is it. But there was little opportunity to do the personal contact and to find out if there was something holding it up, what that was. Now I think we're becoming more familiar with the work of the CDCs and what their concerns are. So I think it primarily had to do with the deadlines.

Mr. Cheveldayoff: — Okay. On page 108 it talks about breaches that have occurred, and could you just outline to me how many breaches have there been in the last year with money not being spent properly? That's the fourth paragraph on page 108.

Ms. Sanders: — Yes, I think the reference to breaches have to do with failing to meet deadlines of required documents rather than of misspending of the money. That's my understanding, is that the breach has been simply there was an obligation to provide reporting on a timely basis and it hadn't been happening. I think that's the nature of the concern as I understand it.

I believe that once the documents were received — and for the year that we are talking about here at this point they have all been — and then they were all found to be in compliance once they were received.

Mr. Cheveldayoff: — Okay. There seems to be some distinction, Deputy, between breaches, and then it goes on to say severe breaches. So can you tell me the difference between a breach and a severe breach?

Ms. Sanders: — My sense is that it's the length of the delay in receiving the material, and we certainly have had times when we've held back funding, held back interim payments until documents were received.

Mr. Cheveldayoff: — The procedures in place, it says, help decide on potential corrective actions. Has the minister received any recommendations for corrective action from your department?

Ms. Sanders: — Yes, I think there was, whether it's termed a corrective action, but there was a time when there was a concern raised about money being used as loan guarantees. And in that circumstance the action we took was to ask that particular CDC to commit to not use it for that purpose in the

future and to set aside enough revenue to ensure that there'd be money there as backup should those loan guarantees ever be called. Because it was one of those matters of a difference of legal interpretation as to whether that was a legitimate use of the funding, and our sense was that that wasn't. We didn't have any sense of impropriety, simply an honest difference in how the money would be used. And we established a process for ensuring that that wouldn't occur again because it wasn't consistent with our interpretation of how the funds should be used.

Mr. Cheveldayoff: — Can you enlighten us on the level of compliance in response to the corrective action taken by the minister or asked for by the minister? Has there been compliance? Has there been resistance? Can you outline that for us.

Ms. Sanders: — In the situation I've just used, which is the only one that I can recall of that nature, there has been compliance.

Mr. Cheveldayoff: — Direct compliance. No resistance whatsoever? Is that . . .

Ms. Sanders: — It didn't happen immediately. I think there was a period of time of discussion but there was compliance with exactly what we had suggested as a way of resolving it.

Mr. Cheveldayoff: — Do you have an idea of how much money was involved in this particular case? Or, you know, the reference to breaches, I guess we can broaden it. How much money was involved in these?

Ms. Sanders: — I don't think that would be relating to the reference to breaches. I think the breaches referred to are simply the delays.

Mr. Cheveldayoff: — Okay. The auditor says when one or more breaches of a similar nature have taken place there has not been a consistent response from this department. I guess I just have a little trouble squaring what you're saying here and then that there hasn't been consistent responses. Can you give me a couple of examples of different responses and why there hasn't been a uniform response.

Ms. Sanders: — My understanding is that's in reference to the delays and to the steps taken by the department as follow-up. And that's what I think at this point — and it doesn't relate to the fiscal year that we're talking about in this auditor's report — but at this point I think we have resolved that by dedicating a full-time staff member to this. So that it's not a matter of when we send out a letter or something. It's a matter of making sure there is more direct follow-up and communication to try to get a sense also of what it is that may be causing the delay — what it is at their end, what it is that they're waiting for, or what the issue is. So I think that at this point we're well on the way to having that resolved.

But during the fiscal year that you're reviewing, I understand that it was a transitional time between the two departments and the follow-up was primarily by correspondence. And I think there may have been different lengths of time in how that was proceeded. There's also always a decision to be made about

whether interim payments are held back or not depending on . . . to wait until the documentation is in. And there may in the past have been a lack of consistency there. I think now it's something that we monitor quite closely.

Mr. Cheveldayoff: — The auditor throughout this chapter talks about the department being slow to monitor CDC and the First Nations Trust agreement. The auditor has recommended tightening up and monitoring these organizations more closely. It's indicated that the department to this point — the information that we received — has failed to do that. Can you outline in detail what's going to change, what's going to happen now that hasn't happened in the past?

Ms. Sanders: — Well I think the primary change . . . Well a couple. One is having a separate department to do with First Nations and Métis relations. So this is a bigger deal within our department.

But the bigger thing that's been done is the establishment of a new position to be dedicated to this — the director of gaming. His role is to get out there, make sure he knows what's going on in each of the CDCs before an issue comes up, to attend the board meetings and hear what the issues are. And as soon as, if there's a time when documents aren't received on time, to immediately follow up with them. And I'm satisfied he's been doing that.

He's been with us now about six months. I believe that there are closer relations and closer understanding already. Part of what it means is by that human contact, there's a closer understanding at their end of what it is we expect and why it's expected and so on rather than simply words in a document.

And I have also I think over the year as we have developed as a department established closer relations with the FSIN [Federation of Saskatchewan Indian Nations] so that if there are issues of a broader nature, there's an opportunity to have discussion more generally as to these matters. CDCs are organizations that are established under the FSIN, and so it's important that we make sure we're all communicating. And we're trying to do that a lot better than in the past.

And we also, by having a dedicated gaming person, it's someone with the expertise who when the documents come in, can immediately review them because that's his primary purpose and if there are issues identified, could get back to the CDC or the First Nations Trust in a very timely basis.

Mr. Cheveldayoff: — Okay. You mentioned the director of gaming position. I see there's an increase in a few full-time equivalents. Are there other people hired as well or it's just the one individual?

Ms. Sanders: — Just the one at this point, and we're in the process of hiring a support position to work in that office as well and assist him. So those will be the two positions. And we'll play it by ear. I think that is going to be adequate, but we'll play that by ear and see how that goes. It's a huge step from where we were. There is also an intention to have . . . He sits ex officio on the boards and so that's how it is he's attending the board meetings. And there's going to be a standing committee that will also be dealing with those issues

on an ongoing basis should there be issues arise.

Mr. Cheveldayoff: — So you're comfortable that he'll have the resources necessary to undertake his job.

Ms. Sanders: — At this point I think I am, yes.

Mr. Cheveldayoff: — Has your department or any minister or any department to your knowledge requested from the First Nations Trust an itemized list of what they spent their money on to ensure that it was going to the proper programs, the proper people?

Ms. Sanders: — That's done through their annual report. And that's for this year with the First Nations Trust, one of the documents we're waiting on. But for the year we've talked about, the year that this relates to, I believe the annual report was done and it did provide an explanation of how the money had been distributed to the First Nations.

Mr. Cheveldayoff: — Has there ever been a recommendation, to your knowledge, to withhold payment to either the CDC or the First Nations Trust agreement?

Ms. Sanders: — We have withheld payments to the CDCs, the interim payments. And that's been done until matters were cleared up, paperwork, you know, getting these documents in, in time and getting a chance to receive them and review them. That has been done, and monies ultimately have been forwarded once the document was all in place.

Mr. Cheveldayoff: — So interim payments were withheld, but that seemed to rectify the situation. Is that . . .

Ms. Sanders: — So far we've always been able to resolve the issues. It's so far primarily been a matter of timing.

Mr. Cheveldayoff: — Just getting to the recommendation no. 1, and the auditor says the department does not know if the trust and all the CDCs spent public money as the law intended. You know, a very serious comment. Can you just elaborate on your thoughts regarding that? Is that acceptable to your department — you as deputy and your philosophy on how a department should be run?

Ms. Sanders: — Well of course we want to ensure that all public money is spent according to the law, and we value the comments of the auditor on this point.

First Nations Trust, in the year that is under review here, I believe that was its first full year of operations. So it's also been going through a set-up period, and I understood that they have established procedures now. Their role is to receive from each of the First Nations the information as to how that money is spent. And I think they had substantial compliance in their first year — about 90 per cent. And then they withheld funds from First Nations that they didn't receive the money from.

For this year, for the current fiscal year, I understand that they have established a new accountability process. It will require all the bands to provide audited statements to the trust that demonstrate that their money was spent appropriately and in accordance with the law. And I think that that's just an

indication of how seriously the concerns raised by the auditor have been taken, and we expect that that process will be fully operational in this fiscal year.

Mr. Cheveldayoff: — Okay. Recommendation no. 1 was agreed upon by the Public Accounts Committee on June 15, 2004. And it continues to be recommended or similar type of recommendations over the years. Can you tell me, and I'll just read it here:

We recommend that the Department of First Nations and Métis Relations follow all of its processes to ensure that First Nations Trust properly protects public money and spends it as required by law.

Do you have any difficulty whatsoever with that statement? Do you foresee any difficulty within your department following that recommendation?

Ms. Sanders: — No I don't have any difficulty with it. I think that is exactly the objective we have to have. It's our role with First Nations Trust to get the information from them, and then it's their role to get the information from the First Nations, and they have put in a procedure to require that each of the First Nations provide those audited financial statements. And my understanding is that they would withhold money if they did not.

We get the accountability through the documents they submit to us, and that includes their audited statements and also their annual report that lists where the money has gone.

Certainly if there were ever a time when we identified from the documents received that the money wasn't being spent, then we'd have to address whether money would be withheld. But that hasn't come up at this point with the First Nations Trust.

Mr. Cheveldayoff: — The information that I have says the department does not provide the auditor with access to the accounts of the First Nations Fund. A recommendation was passed on November 5, 2002, and again on June 15, 2004, to allow access to the records, yet the department is still refusing access. Is that an accurate statement?

Ms. Sanders: — Well the First Nations Fund is the fund that has been replaced by the First Nations Trust, and those decisions were made before my arrival. But I understand that part of the reasoning for that was simply the sensitivity of the First Nations organization of having the Provincial Auditor audit their documents. And I think that in establishing the trust, there is a relationship where they have to provide the information to our department and then our department is of course subject, based on what we've received, to be audited. So that's the process in place.

The fund at this point is a matter of a very, very few weeks from being wound up. I think at the time we appeared last time it was virtually defunct, and they were sorting out a couple of technical issues about where the sign-off should be in order to actually wind up the First Nations Fund. My understanding is that will be complete sometime in November is our expectation. So it's something that we don't expect to be in a position to comply with at this point in relation to the First Nations Fund,

but it's also close to being a footnote on history.

Mr. Cheveldayoff: — Thank you, Ms. Deputy. To the auditor, can you outline for us on how many occasions you've asked for information about the fund and your success in receiving the information that you've requested.

Mr. Wendel: — The First Nations Fund has a long history. In the beginning we weren't allowed access to the First Nations Fund. Then we were given access for a few years, and then we were restricted in our access the last few years. So that's been the situation on the First Nations Fund.

Mr. Cheveldayoff: — Ms. Deputy, can you comment on the auditor's answer? Why the change? Why was he allowed to have access and then again restricted from having access?

Ms. Sanders: — Actually I can't. I'm assuming that it relates to the decision to replace the fund with the trust as a new process that would ensure in the end better public accountability because of permitting an independent organization which would then have the audit done through the audit of our department in the information we receive from them.

Mr. Cheveldayoff: — Ms. Deputy, can you provide today to the committee a breakdown by year of the, I believe, \$51.9 million that has gone into the First Nations Fund since 2001?

Ms. Sanders: — I can't provide it today, but I can undertake to provide that.

Mr. Cheveldayoff: — You can undertake today to provide that information for us. I think, Mr. Chair, that's all I have at this time.

The Chair: — Ms. Draude, the Sask Party Aboriginal Affairs critic wants to get in and I will recognize her just after I ask, I think a question needs to be . . . We need to clarify something here. Now the First Nations Fund is being wrapped up, and it's now the First Nations Trust Fund that we're dealing with. Who audits the First Nations Trust Fund? Is that an internal audit done by your department, or do you bring in outside auditors to audit the new fund?

Ms. Sanders: — My understanding is that the First Nations Trust retains KPMG, and that is the audited report that is provided to our department.

The Chair: — And does that audit then become a public audit?

Ms. Sanders: — No.

The Chair: — Of course the optics of that are not good when you had a former fund that access to the Provincial Auditor was denied. And now it's been changed because of the fact that it wasn't working under the old set-up, and in fact now the audit will not be public. Don't you think that goes against some of the demands for transparency and accountability?

Ms. Sanders: — And maybe it's my understanding of the word public. But that auditor's report is one of the documents received by our department and reviewed by our department. We are then audited by the Provincial Auditor, and I would

understand that they have access to that report when they assess the role of our department and whether we properly release funds having reviewed that report.

The Chair: — So does this add cost to the taxpayers to have to audit it twice, or is it no different in cost than what was incurred before?

Ms. Sanders: — I don't think it adds cost to the taxpayers. The audit is prepared for the First Nations Trust and then provided to us. And I also think any system that is going to work better, and I think this one is, is probably overall an overall saving because we're going to have better compliance.

The Chair: — The new fund has a board of directors, is that correct?

Ms. Sanders: — That is correct.

The Chair: — Can you tell us who sits on that board of directors? Obviously that must be public knowledge. I guess I should know.

Ms. Sanders: — Off the top of my head I can tell you that the Chair is Harry Lafond. I can't tell you all the board members. We can provide that.

The Chair: — All right. Ms. Draude.

Ms. Draude: — Thank you very much. Thank you, Mr. Chair. To follow up on these questions, I understand that one of the reasons why there was a change from going from the fund to the trust was to actually un-complicate what was going to be allowed with the auditor. Then it would clarify, perhaps is a better word, what the Provincial Auditor could do and not do. Is that correct?

Ms. Sanders: — I think that is correct, and I think to have expectations that everyone could agree on. And that is I think what we have now with the First Nations Trust.

Ms. Draude: — I guess my concern is that the public impression of what's going on still hasn't improved. And when it comes to working with First Nations and ensuring that First Nations get the credit they deserve for a lot of the work that is being undertaken, because it still looks like it's a closed fund, it's something that is probably not doing the department or First Nations any good.

Is there any way that this decision can be looked at from the First Nations' point of view and from your department's point of view to ensure that everybody is comfortable with what's happening? Obviously when we do two audits, it's going to cost more money. And when you say it's not taxpayers, it means money that comes from the gambling. So whether that's taxpayers' money or not is a matter of opinion between a lot of people. So I guess I would wonder if that's one of the things that your department is working on.

Ms. Sanders: — I think what we're trying to do at this point, because it's still a new enough process with the First Nations Trust, is to let it get on its feet, get it established, get those normal relations working out. The first annual report that they

prepared was actually quite good. It did outline how the money had been spent and where it had gone, and I think it provided some very good information for the public. And we're just waiting at this point for the second annual report, and again, hopeful that it will be the same sort of a document.

So my thought is because we've just changed processes in very recent times, it would be good to get this one fully established, get a record of these annual reports. And if First Nations or if members of the public are seeing things lacking from those annual reports or greater transparency, then I think that would be a matter that we do need to address.

Ms. Draude: — One of the questions that's obvious, is the work done or the money spent measurable? Are there outcomes that are measurable so that we can ensure that people understand where the money is going to and feel comfortable that the money is actually benefiting the people? So to audit the money is one thing, but to audit . . . and the process is being audited, but what matters to the people — First Nations and non-First Nations — is, how is it making a difference? Is the money being spent in the right way? So is that part of your department's work when it comes to changing the differences between the trust and the fund?

Ms. Sanders: — Well I think it's something that we need to work on closely with FSIN as well. And I think that they would feel accountable for that same issue and the First Nations Trust. It's always the difficult thing when you have an agency that is standing alone in the sense that the trust is, with an accountability measure, to then be stepping in at too early a date as to how the money is being spent.

And of course the way it works is that they're trying to respect the priorities of each of the First Nations, and as you know that can be a complex process. And I think as this develops there will be a greater amount of understanding and therefore, a greater amount of ability to assess whether the money is being used in the way that each of those communities feels is most effective.

Ms. Draude: — So how soon will that process be set up?

Ms. Sanders: — I'm not at this point envisioning a separate process. The decisions about how the money is spent are made locally by the First Nations, and at this point we're not intending a new process to review those decisions that they're making.

Ms. Draude: — I think that's a concern, and it's a concern that we should all have because of the perception between First Nations and non-First Nations. If we're going to . . . Everyone wants to see something happen that's positive, and if we're just talking we've got to be able to show how we're making a difference and for me that would be a big concern.

I didn't understand or didn't know before today that the FSIN actually was in on the decision making of the CDCs or setting up of the members there or somehow involved with it. I thought that the FSIN was basically a policy group of people. So my question to you is does the FSIN receive any funding from CDCs?

Ms. Sanders: — No I don't think they do. And I may have overstated it because they're the signatories to the gaming agreement, the gaming framework agreement, under which the CDCs are designated. They have that broader role and so if there were ever to be changes, for example, to the gaming agreement that would be at their request. They have the broader role. The CDCs are managing the monies that they receive. And I guess why I mentioned the FSIN is that we've just found it prudent to be sort of in touch with them. Not necessarily on individual issues to do with CDCs but on the broader process and to make sure that they're feeling it's effective too since the government and the FSIN are the parties to the gaming framework agreement.

Ms. Draude: — So then to clarify then, the FSIN can't be held responsible for anything that's done by the CDCs.

Ms. Sanders: — I think that's correct.

Ms. Draude: — Okay. I'm pleased that the new director of gaming is going to be working to ensure that there's less troubled waters — maybe that's the way I could put it. Is there going to be a way that this director can be working with our Provincial Auditor to ensure that the Provincial Auditor himself, who is responsible to the people of this province, is feeling more comfortable with what's going on? What's your department doing to enable this to happen?

Ms. Sanders: — I think our gaming director has had informal contacts with the auditor's office because we very much do want to make sure that our processes are in accordance with their expectations.

Ms. Draude: — On page 108 the Provincial Auditor stated that the department did not hire additional staff in 2003-2004 to administer the process as it had previously planned. Have you now?

Ms. Sanders: — Yes. And that's the gentleman sitting next to me and then the other support staff that we're about to hire. I think it's just one of those things that got delayed and then in the establishment of the new department it was one of the things that we were able to do.

Ms. Draude: — I want to ask a question on the northern revenue trust fund.

Ms. Sanders: — That will be for Mr. Brooks, actually.

Ms. Draude: — Okay. I think that's all I have right now. Thank you.

The Chair: — Mr. Borgerson.

Mr. Borgerson: — Just a couple of points. First of all, the paragraph that Mr. Cheveldayoff was referring to on page 108 — and I must admit I kind of puzzled my way through as well. I guess it's a question of semantics, and I hope the auditor will bear me correct on this, but the paragraph doesn't deal specifically with breaches and severe breaches. It deals with the procedures in place which I think clarifies what that paragraph, what that means. Because . . . yes, go ahead.

Mr. Wendel: — That paragraph, yes, Mr. Chair, just deals with the processes.

Mr. Borgerson: — Yes. And I know Mr. Cheveldayoff was asking questions about the breaches themselves. But again it's a question of semantics. And so the procedures and processes have been in place. The question then that comes from that are the compliances. And of course that's important to all of us.

On page 111, and this is the only other question I have:

In March 2005, First Nations and Métis Relations advised us that it has hired a full-time professional accountant who will be responsible for monitoring spending . . .

Well I guess I have two questions. The first question is, how has that process worked out? Is that process working?

Ms. Sanders: — I think it is. As I indicated, the new director is able to be in closer contact with the CDCs. He's able to attend their board meetings, and therefore we have more information before monies are released and more opportunity to work out any issues that may arise.

Mr. Borgerson: — Okay. And you may have stated this earlier and I might have missed it. In addition it noted that by March 2005 it had received the '03-04 annual reports from two of the three CDCs. And so my question then is, how about the third?

Ms. Sanders: — For 2003-2004 we eventually did receive all the information and it was found to be in full compliance.

Mr. Borgerson: — Okay. And finally I'd like to comment. I'm pleased to see that you have someone in place. Having worked in the area of First Nations education for quite a long time, I know how important relationship is. And you can send all the compliance requests that you like, but in terms of that personal contact, personal relationship, that will accomplish far more in the long run. That's fine. Thank you.

The Chair: — Thank you, Mr. Borgerson. We've used about, just about two-thirds of our time allotted. Any more questions regarding this chapter? Mr. Cheveldayoff.

Mr. Cheveldayoff: — Thank you. Ms. Deputy, are you aware of any fraud or alleged fraud or suspected fraud in your department or with any contractors that you engage with at the present time?

Ms. Sanders: — No.

Mr. Cheveldayoff: — Thank you. Are you aware of any illegal activities, alleged illegal activities or suspected illegal activities within your department or those that you contract with at the present time?

Ms. Sanders: — No.

Mr. Cheveldayoff: — Thank you. Thank you, Mr. Chair.

The Chair: — Mr. Yates.

Mr. Yates: — Mr. Chair, I would move in light then these

officials could then leave. Recommendation no. 1 that we concur and note progress.

The Chair: — That's what I was going to recommend as well. The Chair is in agreement that we will deal with the first recommendation. I'm assuming that we're done with questions on this part of the chapter. We will move into page 111 . . . You're correct, Mr. Yates, deal with the first recommendation. Then the second and third recommendations we will deal with after we complete the rest of the chapter.

We're ready then for a motion. I'll read the recommendation.

We recommend that the Department of First Nations and Métis Relations follow all of its processes to ensure the First Nations Trust properly protects public money and spends it as required by law.

Is there a motion? Mr. Yates.

Mr. Yates: — Yes, Mr. Chair. I'd move that we concur and note progress.

The Chair: — A motion to concur and note progress. Any discussion on the motion? Seeing none, we'll call the question. All in favour?

Some Hon. Members: — Agreed.

The Chair: — Any opposed? None opposed. It's carried. Thank you, Ms. Sanders. We appreciate you coming before the Public Accounts Committee and we wish you well as you continue to carry out your responsibility.

And now we will ask for Mr. Brooks and his colleagues to come forward. Thank you, Mr. Brooks, for appearing before us. I think you were already in the room when the auditor summarized the chapter including the Department of Government Relations for which you are the deputy minister. If you could please introduce your colleagues and if you care to briefly respond, and then again I will open the floor to questions.

Mr. Brooks: — Thank you, Mr. Chair. With me today to help in answering your questions I have Maryellen Carlson, the assistant deputy minister of municipal relations and government relations; Wanda Lamberti, executive director of central management services; Randy Braaten, the director of northern municipal services branch; and Tony Bunz, who is our manager of financial services for the northern municipal services branch. If I could make some brief comments, Mr. Chair.

So I'm pleased to have the opportunity to speak today on the matters concerning the Northern Revenue Sharing Trust Account or the NRSTA as it's summarized, as outlined in the chapter of the Provincial Auditor's report. And my colleague Nora Sanders has dealt with the issues around her department. So at the outset I'll begin by saying that we concur with the recommendations made with respect to the NRSTA with the Provincial Auditor.

And I'm also pleased to advise that we have continued to make progress towards addressing all the concerns raised by the

Provincial Auditor regarding the NRSTA and we're pleased that some of this progress has been noted in the report.

That includes development of a strategic plan for the NRSTA and documentation of a substantial portion of the policy and procedures manual prepared by an independent consultant that we hired to assist in completing the required work.

We've refined and enhanced the reporting process for the provision of key financial information to senior management on a quarterly basis. That includes reporting on the balance sheet and cash flows as recommended by the auditor.

In addition we've prepared the 2005 budget in parallel with the NRSTA's approved strategic plan in an effort to specifically address the Provincial Auditor's concerns regarding a business and financial plan. And we've developed new documentation for 2006 in this respect and we've submitted it to their office for review and feedback as we move forward.

We've also drafted a comprehensive policy and procedures manual which will outline the processes required to record transactions in accounting records as well as the processes required to prepare accurate financial statements. Due to the complexity of the NRSTA operations, a thorough and careful review is necessitated to ensure completeness and accuracy. And it's our intention to complete our review and approve the policies and procedures manual during the 2006 fiscal year.

We've also developed a memorandum of understanding with the Department of Environment in response to the recommendation regarding a written agreement to address the administration and payment of lease fees and land sales. That agreement was reviewed by the Provincial Auditor's office and we're pleased to report the agreement has been finalized.

As well we've addressed the Provincial Auditor's recommendation regarding prompt notification to suppliers of authorized NRSTA officials. We have provided each vendor with a current list of NRSTA staff authorized to make purchases and now promptly notify vendors of any changes to the list. Just in addition to that I would note that this list is a short list. We have only six staff that are authorized to make purchases in that fashion and we have procedures in place that when those staff change, we promptly notify them.

We strive to ensure that our information technology policies reflect best practices, and during the course of the year we implemented changes to enhance information technology security policies which the NRSTA is subject to and complies with. Northern Revenue Sharing Trust Account staff will continue to be advised of these policies on a regular basis. And in addition steps have been taken to ensure that the NRSTA's computer equipment has adequate physical security.

And I would add that we have, through Government Relations as a department, embarked on a new shared services arrangement with the Information Technology Office for the provision of all IT services. So the department, including the NRSTA, is subject to the government-wide standards implemented as a result of that initiative.

So in conclusion, I believe we have made significant progress in

addressing the concerns raised by the Provincial Auditor and we will continue to work diligently in resolving the outstanding issues. I would be pleased to answer any questions that you may have.

The Chair: — Thank you, Mr. Brooks. Mr. Cheveldayoff.

Mr. Cheveldayoff: — Thank you, Mr. Chair. And, Mr. Brooks, thank you for appearing before committee this morning. A couple of questions just regarding basic financial management. Again, I just can't believe some of the things that we're reading in this report about how this department has operated in the past.

Government Relations has not set out the key information (i.e., financial, operational, and compliance) that it must receive regularly from staff that manage the Account.

Staff prepare financial reports quarterly. However, those reports continue to be inadequate.

Now the word staff is used a couple of times, but can you just outline to me, within the department, when staff prepares these financial reports are they signed off on by senior management of the department? What is the process from staff to the auditor, and what changes have been made to make sure that a professional type of report will be seen in the future?

Mr. Brooks: — The financial statements that come in on a quarterly basis have been refined and enhanced since the recommendations from the auditor and that includes the analysis of variances and establishment of responsibilities for the preparation, review, and approval of the interim reporting. They are signed off by our northern municipal services branch executive. They come into the ADM [assistant deputy minister] of municipal relations that reviews the information and responds in writing to the branch with regards to any follow-up that's required. In 2005 the interim financial information reported to management was further enhanced again including the addition of information relating to the assets, liabilities, and cash flow, and a compliance report was prepared as part of the 2004 fiscal year report.

Senior management is satisfied that the current reporting processes meet its needs with respect to providing oversight to the NRSTA. Over the course of the year we believe we have sufficient information in the reports to guide us in our decision making and that the appropriate sign-offs are in place.

Mr. Cheveldayoff: — Thank you. The auditor goes on to specifically indicate that all revenues from lease fees, amounts the account owes to others, amounts others owe to the account, information on cash flows were, you know, glaring errors or omissions. Can the deputy assure us that each and every one of those pieces of information is included in the information now?

Mr. Brooks: — Yes.

Mr. Cheveldayoff: — Okay. So basically what you're telling us, Mr. Brooks, and I know you've been the head of or the deputy of other departments before, so you are satisfied now that this department will undertake to report in a manner that's commensurate with other departments and in a professional

way, that we will see much improvement in future analysis from the Provincial Auditor. Can you give me that assurance?

Mr. Brooks: — Yes. And I would also reflect back and reflect on the comments at the last time we met with Public Accounts. We drew to the committee's attention that the northern municipal branch had gone through a series of senior management changes. We had lost our director and our financial management specialist in the North. They were replaced and we also have, throughout the public service but in particular in this unit, many retirements upcoming and so on. So we agree that it's absolutely important to get the protocols and procedures in place to manage the turnover and allow for a smooth transition of staff as we move forward. We believe that we are up to the mark now for the provision of financial information and the proper protocols and procedures. We have some finalizing to do on our procedures manual, but we have implemented almost all of it. And we are just finalizing the report with the consultant that we had hired to provide us with those recommendations.

Mr. Cheveldayoff: — Thank you, Mr. Deputy. I'm certainly pleased to hear that. I guess as an elected Member of the Legislative Assembly I hear time and time again from people who run businesses, who operate in the private sector, some bewilderment on how a department with 177 full-time equivalents could operate in a fashion like this. And I think I sense some agreement from you and from your staff and on the answers that I'm being provided, and I certainly look for much improvement in the future.

Mr. Deputy, I just want to ask you. Are you aware of any fraud, alleged fraud, or suspected fraud within your department or its contractors at the present time?

Mr. Brooks: — No.

Mr. Cheveldayoff: — Are you aware of any illegal activities, alleged illegal activities, or suspected illegal activities with the department or with its contractors at the present time?

Mr. Brooks: — No, and I would also like to draw to the committee's attention that department managers are asked to confirm on a regular basis whether they are aware of any instances of fraud or illegal activity by signing a management representation letter that clearly outlines those points. And as well our department has a system of delegated signing authorities in place to ensure appropriate expenditures and distribution of funds occur. And as well we have a variety of administrative policies and procedures in place to minimize risk of fraud or illegal activity.

Mr. Cheveldayoff: — To your knowledge is that prevalent throughout government or is that something unique to your department or is that something you've initiated personally?

Mr. Brooks: — It's been a part of every department I've been associated with.

Mr. Cheveldayoff: — Thank you. Mr. Chair, that's all for now.

The Chair: — Ms. Draude.

Ms. Draude: — Thank you, Mr. Chair. To the deputy minister, I have a couple of questions on the Northern Revenue Sharing Trust. Can you tell me — it says that the advisory board is made up of an appointed eight-member board. Are these members all from the North?

Mr. Brooks: — Yes.

Ms. Draude: — When the board makes some decisions on how the money is being spent, are those decisions always approved by your department?

Mr. Brooks: — The board is advisory in nature, so they provide advice to the department and to the minister as the administrator of the northern area. And we work very closely with them. I cannot recall areas of substantive disagreement that weren't worked out prior to recommendations being forwarded to the minister. So we endeavour to address issues of concern of the board prior to them finalizing recommendations.

Ms. Draude: — Is the minister able to not take the recommendations of this board and to make a decision on how the money is being spent without the approval of the board?

Mr. Brooks: — I believe he has that authority, yes.

Ms. Draude: — And is that done on numerous occasions?

Mr. Brooks: — No. We have established the board for a number of purposes, the primary one being, however, to understand and identify the priorities that exist in the settlements and communities in the North and to reflect those back to us in a prioritized fashion so that appropriate and good decisions can be made with regard to the expenditure of the funds. So we are using the board in the truest sense of understanding the needs and the proper priorities.

Ms. Draude: — When the board makes decisions or suggestions on how money is to be spent or decisions are to be made on what's happening in their area, does the auditor look at those decisions and compare them to the way the money is actually spent?

Maybe I should ask the Provincial Auditor that. Do you have the opportunity to look at the minutes of the meetings as held by the Northern Revenue Sharing Trust Board and compare them — the recommendations — to the actual monies being spent by this department?

The Chair: — Okay. Mr. Bashar Ahmad, you're up and ready to go on this one.

Mr. Ahmad: — Thank you, Mr. Chair. Yes we do look at the minutes of the advisory board. And because it's just the advisory board, the final ultimate decision is that of the minister and the deputy minister. If there is blatant difference, we will notice. But otherwise . . . We haven't so far. We haven't noticed anything significant.

Ms. Draude: — So if there was anything significant, it would be noted in your recommendations?

Mr. Ahmad: — I don't know whether it will be noted in the

recommendations, but we will note it. The ultimate decision is that of the deputy minister and minister so it's advisable.

Ms. Draude: — Okay, thank you. So then again to the deputy minister, there are decisions that are made where the minister, deputy minister, when looking at the big picture, would determine that the decision of the advisory boards or recommendations isn't something that would work best within the department's plans?

Mr. Brooks: — That's certainly the lens that I use when I look at the recommendations when they come forward. I would view them with a strict eye to whether or not the recommendations are coming forward in a responsible fashion, whether we have the appropriate fiscal framework in which to address the recommendations that are coming forward and whether or not staff in the North are also willing to sign-off on the appropriateness of the recommendations coming forth as well.

And we view that . . . we are able to bring a different lens to the recommendations in the sense that in some instances we would understand the broader context of other government programs, federal government programs and other areas that may as well add to the information that is required to make the decision.

Ms. Draude: — Can you tell me how any federal money that was intended to go to the North is looked at by the advisory board or is decisions made on how that is spent just going through your department, through yourself and the minister.

Mr. Brooks: — We have a number of avenues that the federal funding is applied specifically for municipal services through the North. We've got the Canada-Saskatchewan infrastructure fund, CSIF. We have the Municipal Rural Infrastructure Fund, MRIF, that applies and those are very apparent to the board of NRSTA. And we have also in our program set aside some component of revenue sharing that is specifically allotted to match with the Municipal Rural Infrastructure Fund. And we are doing that very specifically to address key objectives of the NRSTA. So they are aware of the funding that's on the table and available for use for infrastructure in the North that comes from the federal government.

Ms. Draude: — Being aware is one thing but do they have a voice in how it's spent?

Mr. Brooks: — Yes. It would be included in their recommendations.

Ms. Draude: — Okay. Would you believe that the board members there feel like they have a real voice in what's happening?

Mr. Brooks: — Absolutely. I believe they have a real voice. The issues that one would hear most directly with regards to financing in the North, not unlike voices you would hear out of the South regarding municipal funding, is the level of funding relative to the perceived needs of the communities and not the current use of the available funding per se. So they do believe that they have a voice in terms of putting forward their recommendations and using the available funding and knowing what funding is available.

Ms. Draude: — Does your department take into consideration that what they consider the perceived needs are the reality in their world and that the difference between what's needed in the North and the South is entirely different? So to have their voice being a leading voice is of utmost importance to the people in the North.

Mr. Brooks: — We absolutely take that into account and take it very seriously.

Ms. Draude: — Thank you.

The Chair: — Mr. Chisholm.

Mr. Chisholm: — I guess my question is, it sounds like definitely you've taken some of the right directions to try to make sure that this Northern Revenue Sharing Trust Account doesn't run into the same or the questionable past of its predecessor. I guess my question is, in light of the auditor's report with the inadequacies of the previous system, who, Deputy Minister, would you suggest was responsible, if anybody was responsible, for that poorly run operation?

Like recognizing that your group is on the right direction, but with the inadequacies that were there, somebody was responsible for allocating a lot of government funds over a number of years in an inadequate manner. And I just wonder who you would suggest would be the . . .

Mr. Brooks: — I would like to clarify that the issues raised by the auditor are not with regards to the expenditure of funds but with regards to the financial reporting and oversight of the operation of the NRSTA. And I think that's a very important distinction.

As I said in 2003, there was a changeover in the management in the North and that we have been in a transition since that time to manage the succession of staff in the North and come into compliance with the recommendations made by the Provincial Auditor and that we believe that we are there on almost all counts — again just the policies and procedures manual being finalized. And despite the fact that it's not finalized, we are using almost all of the recommendations that have been put forward by the consultant, and that during this transition we have made progress.

There are a lot of needs in the North, and staff are pressured by local communities to address many needs. And when concerns have been raised, we have tried to address these in the context of the resources available and the staff available for that purpose.

So to answer your question with regards to policies and procedures, at the time and through the transition, it is the responsibility of the department head — my role — to ensure that these are being addressed and being addressed in an appropriate fashion.

Mr. Chisholm: — Thank you. Another question, I'm just wondering what is the staff component of the new Northern Revenue Sharing Trust Account? What is the total staff and . . .

Mr. Brooks: — So the staff component is 12 FTEs [full-time

equivalent] in total. We have one staff member in Buffalo Narrows and 11 in La Ronge. And that is to look after the administration of the Northern Revenue Sharing Trust Account, the management of the grant programs within that, the administration of the northern Saskatchewan administrative district, the provision of advisory training and education services to administrators, and the land use management and planning activities.

Mr. Chisholm: — Thank you.

The Chair: — Thank you. Just a couple of questions. On page 114 of the auditor's report, it is noted that there is a business plan, and there are strategic objectives, and it said that the business plan as reviewed by the auditor did not address one of the strategic objectives. Can you indicate which strategic objective had not been met by the business plan and whether that is now corrected.

Mr. Brooks: — This is an area that perhaps could have been more clearly outlined in the statement. The business plan that was being reviewed at the time was the department's business plan and therefore did not solely reflect the business plan of the NRSTA, and that has since been corrected so that we have a business plan that is solely directed at the NRSTA. We believe that we are substantively addressing all of the objectives of the business plan.

The Chair: — Could you inform the committee as to what strategic objective was omitted in the business plan?

Mr. Brooks: — Could you clarify the source of the comment?

The Chair: — Page 114 of the auditor's plan it says, near the second last paragraph:

We are pleased to report that Government Relations has prepared a strategic plan for the Account. Government Relations prepared the 2004 business plan and budget for the Account. However, the business plan is not complete because it does not address all of the Account's strategic objectives.

So I'm wondering which strategic objectives were not accounted for in the business plan?

Mr. Brooks: — Let me try.

The Chair: — I was hoping this wouldn't take a long time.

Mr. Brooks: — When we first put our business plan in place for the NRSTA, it was essentially a financial document that was not synchronized on paper with the strategic plan. We have since rectified that, and for the next year we have the auditor looking at our procedures now where we identify the business activity and the business plan for the year and identify the specific aspect of the strategic plan that it is meant to identify.

I don't have it with me at this point in time. And perhaps the Provincial Auditor could clarify what particular aspects this might address, but our impression is that it was the lack of the direct synchronization of the business plan document with the strategic plan that was at issue.

The Chair: — And would the auditor agree that that's . . .

Mr. Ahmad: — Yes, Mr. Chair. That's absolutely right. The department had agreed a sort of strategic plan for the account, but it was not complete. They had to do more work, and that is what they're planning to do or have done.

The Chair: — All right. Well I'm still a little befuddled, but we'll leave that. My other question which I asked inadvertently earlier, on page 106 I'm just wondering what relationship your department has with the Provincial Secretary and why they're in the estimates at 1.6 million and actually received 1.9 million. And I'm not looking for a long answer, but just satisfy my curiosity.

Mr. Brooks: — Government Relations is responsible for a number of different areas. One of those areas is the Provincial Secretary, and I report through a different minister for that activity and not associated with the NRSTA in any fashion. However for this particular year, the Provincial Secretary will lay out a budget in relation to what it expects are the activities for the year and in relation to what financial capacity is provided through Treasury Board and cabinet budget process. In that year we had an additional royal visit that wasn't budgeted for; that was Prince Edward. And as well there was the implementation of the Protective Services Medal that also added cost to that unit.

The Chair: — Okay. Thank you very much. Are there any other questions? Mr. Cheveldayoff.

Mr. Cheveldayoff: — Yes, just one quick one. On page 115, the auditor says:

We continue to recommend that Government Relations approve an annual business and financial plan for the Northern Revenue Sharing Trust Account before the beginning of its fiscal year.

Would we be able to get a copy of that plan once approved?

Mr. Brooks: — Yes.

Mr. Cheveldayoff: — Thank you.

The Chair: — All right. Seeing no other hands forward, we have two recommendations to deal with. They are on page 117 of the auditor's report that we are reviewing. The second one, recommendation 2, is at the top of the page, and it reads:

We recommend that the Department of Government Relations promptly notify suppliers of officials authorized to buy goods using its charge accounts.

Is there a motion? I see Mr. Borgerson.

Mr. Borgerson: — I'll ask a quick question. Have you notified most or all suppliers?

Mr. Brooks: — All.

Mr. Borgerson: — In that case I'll move that we concur with the recommendation and note compliance.

The Chair: — All right. A motion to concur and note compliance. Any questions? Any discussion, I guess I should say. And then we'll call for the question. Seeing none. All in favour? Okay that's carried unanimously.

Recommendation no. 3 at the bottom of the page:

We recommend that the Department of Government Relations clearly communicate its information technology security policies to staff responsible for the Northern Revenue Sharing Trust Account and ensure compliance.

Again is there a motion? Mr. Yates.

Mr. Yates: — Thank you, Mr. Chair. I'd move we concur and note significant progress.

The Chair: — Oh, he's changing the words. A motion to concur and note significant progress. Any discussion on the motion? Seeing none, call the question. All in favour? Any opposed? Not. That's carried.

I thank you, Mr. Brooks, for appearing before our committee again. And we have now completed chapter 8, I believe it is, we were just looking at. And we will move on to the next item on our agenda so, Mr. Brooks, you and your colleagues are excused. Again we thank you once again for being with us.

First Report of the Standing Committee on Public Accounts

The Chair: — Next item on the agenda is the first report of the Standing Committee on Public Accounts. And our very capable Clerk pointed out to me that we have not yet done a report, and we've actually gone through a significant amount of material in the past year, year and a half. So I instructed her to do a draft which she has circulated.

And I don't know if you have any comments. This is my first time chairing a committee meeting where we deal with a report. But I would assume that if the Clerk has comments, she could . . . [inaudible interjection] . . . Okay. The Clerk will point out some, I guess, a couple of errors. And that's not a very positive way to start, is it? But I've reviewed the report and it looks pretty complete to me. So we'll have you go over that quickly with us and then we'll decide what to do with it.

Ms. Woods: — I do have extra copies if there's any members that don't have any.

The Chair: — That report, if we approve it, then will be tabled in the legislature in this fall sitting.

Ms. Woods: — Okay. First of all I should note that what you have in front of you is the basis of all the meetings up to today but not including today. So if the committee finishes its work today, the plan is to include what we've decided today into this report but it's not included at this point.

The first correction that was pointed out to me is on page 26 at the very bottom of the page for the last recommendation there under the heading: capacity of each major category of infrastructure. The last line should actually read: your committee reports that the Saskatchewan Property Management

Corporation is making progress, as opposed to the transportation company.

The second correction that was pointed out to me is on page 29 under the heading: succession planning for public sector agencies. The recommendations that you see under that section are actually the ones dealing with pensions and which were included previously under the pension section. So those recommendations should be taken out and in its stead, the correct chapter that was dealt with under this heading succession planning was chapter 4 of the 2002 fall report volume 2, and that particular chapter did not contain any recommendations. So the statement that we would include under there is what you actually see under the previous heading which is, your committee reports that this chapter was received and reviewed for informational purposes and that there were no recommendations to report on.

So those are the only comments I've got at this point. If any of the members do note anything else that needs correction, please forward it on to me. The intent is that if the committee adopts a report today, it will be presented when the House next resumes presumably in November.

The Chair: — Thank you. I would have never caught those mistakes. I'm glad you pointed them out to me. So appreciate that. Is there any other comments or discussion regarding the report? Any omissions? You all want to go back and read it again and again. Is it the committee's agreement that we should table a report in the fall session? I suppose we would have to wait then until this meeting's results are included and then have a meeting during the session to authorize the document to be sent to the legislature. Is that understood and agreed upon?

An Hon. Member: — Agreed.

The Chair: — Okay. Are there any other comments in that regard? Well suddenly something that . . . Yes, Mr. Borgerson.

Mr. Borgerson: — I would like to compliment Ms. Woods on a job well done.

The Chair: — Absolutely. I couldn't have done it without her. And I'll underscore that. We have a few minutes before we come to recess. Did you have that motion, Mr. Borgerson, that you wanted to present? Is that ready? We could deal with that at this time if you would like.

Mr. Borgerson: — Mr. Chair, that's going to land right on my lap. Yes, I'll make this motion:

That the Standing Committee on Public Accounts authorizes the attendance of the Chair and the Deputy Chair at the CCAF-FCVI Inc. 25th anniversary and national conference held in Ottawa, Ontario, October 17 and 18, 2005.

The Chair: — Okay. For my colleagues I'll just underscore that. That was the CCAF, not the CCF [Co-operative Commonwealth Federation] in case somebody over there is worried. And would you like to just perhaps take a minute to explain what this was about?

Mr. Borgerson: — The CCAF is a foundation that . . . And of course I've always puzzled over what the acronym means, but it used to mean Canadian Comprehensive Auditing Foundation. But it's a foundation that engages itself in research on accountability processes and procedures across the country. It is of interest of course to auditing people and to MLAs and MPs [Member of Parliament] who are involved in public accounts.

And so this was a two-day conference that Mr. Hermanson and I were at in Ottawa — I guess that was just a week ago — with a number of interesting sessions which I guess I won't detail now but at a future time I will.

The Chair: — All right. There's a motion that the costs for the two attendees at the meeting be covered out of the budget I guess from this committee. Have I got that correct? Is there any discussion or any questions? Obviously they are in order. Yes, Mr. Trew.

Mr. Trew: — Thank you. I'm just curious. We're being asked to approve after the fact. And I'm curious for an explanation why it didn't come before the Public Accounts Committee when we last met. I have — just for the record — I have no problem with it other than that point of process.

The Chair: — That is a very appropriate question, and Mr. Borgerson may want to respond. But I can, I think, take a first stab at it at least. The invitation to this conference may have been extended prior to the last Public Accounts meeting, although I am not sure that it was. Obviously we were not sure — at least I wasn't sure and I don't think Mr. Borgerson knew — whether or not they could attend until a period quite recent.

And so we are of the full understanding that this committee could say, no, we won't cover the costs, and it would come out of our MLA budget. And both Mr. Borgerson and myself were prepared to accept that if that was the committee's decision. However the committee in the past has retroactively approved these sorts of things before, and so it was determined that we bring it to the committee and let you use your good judgment to decide what to do about it.

Mr. Borgerson, is there anything you would care to add?

Mr. Borgerson: — No. I think you covered it well.

The Chair: — Mr. Trew.

Mr. Trew: — Thank you. I heard you say that the invitation was not offered for our attendance, you know, prior to our previous last meeting of the PAC [Public Accounts Committee] committee. And on that basis I just want to on the record support that we in fact do what's necessary so that the PAC budget would reimburse your expenses and those of Mr. Borgerson.

The Chair: — All right, Mr. Trew. Any other questions? Are you ready for the question? Do you want to hear the motion again? Do you have the motion? Everybody take it as read? Okay. All in favour? Any opposed? None opposed. It's carried.

Thank you very much, committee. We will recess over the noon hour and recommence our committee proceedings at 1 p.m.

dealing with Health. It should be interesting. Thank you very much.

[The committee recessed for a period of time.]

Public Hearing: Health

The Chair: — Ladies and gentlemen, we'll call the Public Accounts Committee meeting back to order. We're starting promptly on time, which is great.

We are now to the first item on the afternoon agenda which is two chapters on Health — chapter 2 of the 2004 report volume 3, and also chapter 4 of the 2005 report volume 1.

We have officials here from the Department of Health, including the deputy minister. We welcome you, and in a moment we'll allow you to introduce your colleagues and respond to the auditor's summary of the affairs of your department.

From the Provincial Auditor's office we have I believe it's Mike Heffernan who will be giving us a brief summation of the auditor's findings over the past two volumes that Health has been under discussion. And so we'll turn the floor over to you.

Mr. Heffernan: — Thank you. Thank you, Mr. Chair, members. Part A starts on page 33. If you want to follow along with me, I'm going to go quite quickly through these different chapters.

In part A we continue to make a number of recommendations for the Department of Health. The department has certainly been making progress over the last few years and a number of recommendations have dropped off. We continue to recommend that the department strengthen its supervisory controls over regional health authorities, develop a capital asset plan, ensure pharmacists follow the department's processes for exception drug status payments, follow appropriate accounting policies for capital expenditures, and ensure Uranium City tables its financial statements on time.

The Public Accounts Committee has agreed with these recommendations in the past except for the one dealing with accounting for capital expenditures.

Part B starts on page 45. The Legislative Assembly and the public often ask about the state of the system's finances. A sound understanding of the health system's finances is important to an informed debate about the issues facing the health system. Those issues pertain to the affordability of programs and services and the maintenance of Saskatchewan's health care infrastructure of buildings and equipment. We report on six financial and economic measures.

Part C starts on page 57. Boards of regional health authorities continue to improve how they set direction and monitor their performance, ensure public resources are safeguarded, and comply with the law. However more needs to be done. In this chapter we repeat several recommendations we've made in previous reports which this committee has agreed to, and we make four new recommendations.

Part D starts on page 69. This chapter describes our follow-up of recommendations we made in our 2002 audit about the two largest regional health authorities, how these two authorities used best practices to reduce injuries to staff who care for patients. We did a follow-up of this 2002 audit about a year ago.

We found that the action on the recommendations was well under way in the Saskatoon region and less advanced in the Regina Qu'Appelle region. For example, the Saskatoon board of directors had approved a target to reduce injuries by 10 per cent while Regina Qu'Appelle had set a date to discuss possible targets to reduce injuries. Now the board was receiving quarterly reports on injury rates or action to reduce injuries at that time.

Part E starts on page 83. This deals with the Métis Addictions Council of Saskatchewan that provides addiction services on behalf of Saskatchewan Health, and I'll refer to this organization as MACSI.

In March 2004 cabinet asked our office to do a special assignment to determine whether there was misuse of public money at MACSI and if internal controls at MACSI were adequate to safeguard public money. In addition we assessed whether the department had adequate supervisory controls to ensure MACSI safeguarded the public money.

We found that money paid to MACSI by the department was not always used appropriately, was not fully accounted for, and was not properly disposed of. MACSI did not maintain the essential records and rules and procedures to safeguard and control the money it received from the department. In addition, the department's oversight processes were not always adequate to ensure that MACSI properly protected all public money and spent it prudently and for intended purposes. Also the department did not always take prompt and appropriate action to remedy all significant problems it knew, or should have known, about MACSI's operations. This resulted in a loss to the Crown.

Our report contains 13 recommendations to strengthen governance practices at MACSI and to improve the department's supervision of MACSI. The department and MACSI have made significant progress on implementing these recommendations, and we're satisfied that six of the recommendations have been implemented and the department's making progress on the remainder. I'm sure the department will tell you which ones those are. If not, we'll talk about that later.

In the 2005 volume chapter 4, we report the results of our audit of the department's procedures to monitor the quantity and relevance of drug use and encourage appropriate and economical practices as well as make timely and adequate public reports on the drug plan's performance. We found the department had adequate processes with two exceptions: one, the department needs to develop a plan to monitor and evaluate drug use in the population, and secondly the department needs to set, evaluate, and report on performance measures for the drug plan.

That concludes my remarks.

The Chair: — Thank you very much, Mr. Heffernan. Again welcome, Mr. Wright. If you'd introduce your colleagues and if you'd care to briefly respond, then we'll try to get to questions as quickly as we can.

Mr. Wright: — Terrific. Thank you, Mr. Chair. With me today from the Department of Finance is, to my right, Lawrence Krahn, one of the assistant deputy ministers. To my left is Duncan Fisher, another of the assistant deputy ministers. Behind me, going from my right to left, is Garth Herbert. Garth is in charge of our internal audit within the Department of Health. Beside Garth is Gina Clark. Gina is a very special person. Gina is an intern, a graduate student at the University of Regina studying for her master's in public administration. And she's with the deputy minister's office for eight months trying to figure out how crazy public administration really is.

Beside Gina is Rod Wiley. Rod is our executive director responsible for the regional accountability branch and beside Rod is Ted Warawa. Ted is new to the department. We rescued him from the Department of Finance and Ted is in charge of our finance and administration branch. Those are the officials with me today, Mr. Chair.

Just very briefly, the last time I was here was about 11 years ago and it's a pleasure to be back and I'm looking forward to the questions. I'd like to just briefly state that the Department of Health has made significant progress on each and every one of the recommendations contained within both chapter 2 and chapter 4 and we welcome the opportunity to speak to that progress that we've made.

I also want to take just two seconds on a personal basis to thank the Provincial Auditor and his staff for not only the good work that they do and the co-operative way in which they approach it, but the fact that part D of chapter 2 of the 2004 report helped to illuminate and continues to illuminate something that's very important in my world and always has been, that of safety. And I look forward to your questions around that as we move forward over the course of the day.

The Chair: — Thank you very much, Mr. Wright. And the committee too would like to welcome Gina Clark here. And perhaps if all the . . . [inaudible] . . . get stuck, you'll be able to come up with the answer for them, so we're glad you're here.

Colleagues, we have a great deal of material to go through and I would point out that there are a number of recommendations that we're going to have to deal with. So again I would just urge you to focus in on the areas you think are the most important and ask the most important questions first.

So we'll open the floor to questions, turn the floor over to Mr. Cheveldayoff.

Mr. Cheveldayoff: — Thank you, Mr. Chair. And thank you, Mr. Deputy and your officials for coming and joining us at the committee this afternoon.

Chapter 2A goes into the capital asset plan, talks about that in a general sense. I'm going to leave that to my colleagues to delve into.

But I had some specific questions regarding capital projects as they relate to health in the province right now. The academic health sciences centre proposed for the University of Saskatchewan in Saskatoon, this is something that I began hearing about in the late 1990s. We've had discussions about it, certainly around 2003 and continue to bring it up in budgetary estimates. And I'm just wondering if the deputy and his officials can enlighten us on what's happened recently and if indeed that project is on schedule.

Mr. Wright: — Indeed, Mr. Chair. Direct responsibility for the academic health sciences project is the Department of Learning and detailed questions could be posed to them.

That being said, the Department of Health, because of our interest in health professionals and our interest in the location and its potential ramifications for certain of the activities at Royal University Hospital, we've been closely a part of the process, working with the deans of health sciences, working with the university, working with the Department of Learning and others in trying to make what I think is a fantastic project come to life. So we've been very much involved in this. I'd like to think that it's moving along not only positively but in a very progressive manner. There's a lot of i's to dot, a lot of t's to cross.

Certainly across this country right now, the cost of building construction, be it a small facility in Ile-a-la-Crosse or be it a large facility such as what is proposed for academic health sciences, it may be feeling the pinch of rising costs.

So we're involved; we're engaged. But again the direct lead and the department that you should be posing the, what I'll call the detail questions to, Mr. Chair, is indeed the Department of Learning.

Mr. Cheveldayoff: — Thank you, Mr. Deputy. Yes indeed, I'm aware that the lead department is the Department of Learning on that. I just wanted to see your knowledge on it and your perspective on it. Certainly when I'm talking to officials from the medical school in Saskatoon and others, they're very, very concerned about that project. And I'm glad to see that it is progressing. Along the same lines, the mental health facility in Saskatoon, could you outline the status of that particular project.

Mr. Wright: — In general terms I'll outline it and then my colleague, Rod Wiley, will be able to speak to some more of the details. Indeed, Mr. Chair, this was part of the '05-06 budget announcements that we would be undertaking renovations and an addition to the mental health facility up in Saskatoon. And I think Rod can speak to where we are at on our 18-step process for any capital project, which is good due diligence. So, Rod.

Mr. Wiley: — Thank you. Mr. Chair, we're making good progress on that project. Currently we're in the planning phases with the Saskatoon Health Region, and normally we take a great deal of time to make sure that we have absolutely the right design for the facility and location. And so planning is always a phase that takes a while. People sometimes are concerned about that but laying that groundwork makes for a good project when you finally get under way and into construction. So we're working with the architects and the region and working through

that detail right now. And as quickly as that can be done, we'll be moving to tender and moving forward on that.

Mr. Cheveldayoff: — Thank you, sir. Another question regarding capital or the overall operation of the Saskatoon Health Region, I guess, and the importance of St. Paul's Hospital. Certainly there's three key players in the health region within the city limits of Saskatoon — City Hospital, Royal University Hospital, and St. Paul's. Could you just comment in a general manner about what you see the continuing role of St. Paul's Hospital to be?

Mr. Wright: — St. Paul's, Mr. Chair, is a fundamental part of the essence of Saskatoon. It serves in a very, very important role on the west side of the city. It's an integral part, as we move forward, of health care for the citizens not only of Saskatoon but also the North and surrounding areas. We work very closely through the Saskatoon RHA, or regional health authority, with St. Paul's on a variety of initiatives. And we maintain a dialogue — myself and the CEO [chief executive officer] — from time to time on issues of mutual interest.

So again, a very important and vibrant part of the health care system here in Saskatchewan.

Mr. Cheveldayoff: — Thank you. Mr. Deputy Minister, are you aware of any fraud, alleged fraud, or suspected fraud within your department or with contractors that your department employs at the present time?

Mr. Wright: — No I'm not, Mr. Chair. Each and every year for approximately the last 15 years, be it as a deputy minister or as the CEO of several of the large Crowns, I've been required and asked to fill in a form that basically says, no, I know of no fraud or yes, we put proper controls in place, and so on. That's a normal part of good governance. And I am pleased to advise you that I can answer in all cases to your questions, no.

Mr. Cheveldayoff: — Pleased with your answer. Are you aware of any illegal activities whatsoever — alleged illegal activities or suspected illegal activities — within your department or with contractors that are in the employ of your department?

Mr. Wright: — Absolutely, Mr. Chairman, I'm pleased to advise the good member again, through you of course, that I'm not aware of any measures of the nature he's describing.

Mr. Cheveldayoff: — Thank you, Mr. Deputy. Thank you, Mr. Chair. That's all for the present time.

The Chair: — All right. Thank you. Mr. Chisholm.

Mr. Chisholm: — Further to my colleague's questions, I would like to know what progress is being made on the Saskatchewan Hospital in the Battlefords. It's my understanding a report was released or was being conducted on that facility. And I just wondered if you could update as to what the plans are there.

Mr. Wright: — Sure. Again, Mr. Chair, Rod Wiley would be delighted to provide you with progress on that. Certainly it's an issue that's been around for quite a few years. Where do we go and how do we deal with that project? And some progress has

been made on that. But again, over to Rod.

Mr. Wiley: — Thank you. Mr. Chair, that's another project that is on our priority list and we are working on that project at this time. We're working with the region and in this case it's actually a property that is managed by Sask Property Management because it's located on Crown lands. So we're working together with them as well to determine the right strategy for that facility.

Mr. Chisholm: — Thank you.

The Chair: — All right, that was quick. You almost caught me off guard. I will turn to Mr. McMorris, the Sask Party Health critic.

Mr. McMorris: — Thank you, Mr. Chair, and welcome to the officials.

What I will be doing, I guess, is going through chapter by chapter and not certainly line by line, but asking a number of questions directly related to the auditor's report.

And it starts out by talking about some of the better reporting procedures that are needed through the regional health authorities. I see that in the year under review here it was about a 2.7 billion, \$2.77 billion budget. When there is that money spent, you know, we certainly . . . that much money being spent in one area, proper reporting procedures are paramount.

I guess my first question, before we get into what the department has done to look at better reporting procedures, could you tell me, of that \$2.77 billion that was allocated in 2004, how many dollars, what would the split be that would go to the regional health authorities? What percentage of that budget goes directly to the regional health authorities?

Mr. Wright: — Mr. Chair, I am pleased to advise you that on page 57, 2C, the auditor of course has responded to that by indicating that in 2004 the RHAs — second paragraph — had revenues totalling \$1.9 billion.

Mr. McMorris: — So the remainder, 800 million, would be allocated to . . . just through the Department of Health? How does that break out?

Mr. Wright: — In general terms, Mr. Chair, that would be fair. I'm going to quickly look over at the Provincial Auditor on this one, but I believe it would be fair to interpret the 1.9 billion being all forms of revenue that accrue to the regions. So that may be parking, ancillary services; it may be certain fees and charges, but by far and away the bulk, off the top of my head, I'd suggest 1.7 billion would be grants or dollars flowing from the Department of Health to the regions. The remainder would be department-delivered services such as the drug plan, such as payments to fee-for-service physicians, such as some of the other programs that we run and operate.

Mr. McMorris: — Just so I have that clear in my head then, 1.9 to the health region, health authorities, and so that doesn't account for the full budget. What you had just explained to me was what the health authorities are expending, or what the remainder of the budget.

Mr. Wright: — Mr. Chair, I have the figures in front of me here. Of the \$2.7 billion estimated budget for '04-05, 2004-2005, approximately 1.83 billion were transfers to the regional health authorities in one form, fashion, or another. The residual amounts were for things like — in dealing with the big ones — certain provincial health services that the department delivers; medical services, medical education programs, again dealing largely with the physicians. Drug plan and extended benefits would make up the bulk of that.

Mr. McMorris: — Okay. Further to the auditor's recommendations then, what has the department done working with the regional health authorities to have a better reporting process of the monies that they receive in \$1.83 billion?

Mr. Wright: — Again, Mr. Chair, I'm going to turn it over to Rod to give you — Rod Wiley — to give you the details on this. I've been in the department for almost 16 months, I believe, and I'd like to think that — and I know, quite frankly — that we have made significant progress on the accountability frameworks.

The regions are not all that old. As members may recall, there used to be approximately 32 health districts boiled down to what I say with a smile on my face, twelve and a half, the Athabasca Health Authority being the half which is not to say they are not great people and do a heck of a job.

But the progress that we've made in conjunction with the CEOs and in conjunction with their staff and of course the boards of directors of each of the authorities is really quite positive. And certainly in talking with my colleagues in other health ministries across this country, I'd like to think we're leaders of the pack on accountability mechanisms even though our regions are relatively new, being we're in, I believe, our third year or so. So, Rod.

Mr. Wiley: — Thank you. Mr. Chair, this is a topic I'm always pleased to talk about because I think we have a lot of good things that we've been working on. I'd begin, I guess, by acknowledging again the work of the Provincial Auditor's office. They're always there, nudging us in the right direction and getting us to focus on some of the key areas as well. And that's always appreciated.

As my deputy said, a number of the things that we are doing in the province today we believe represent best practices in the country. The way that we work with the regional health authority boards, the way that we work with CEOs and the management teams in the regions really in many cases is the envy of other health ministries. And that's one thing that you often can't see on paper, but it starts with a good, solid working relationship and an alignment with the boards and the management teams to the things that we're trying to accomplish.

Some of the tools that we use to do that include our budget process which we've done a lot of work over the last couple of years to integrate how the regions manage and identify their pressures and priorities with how the department relates that back into government.

We use an accountability document that outlines government's

expectations in key funding areas and sets performance measures around those for each health region. And we provide that to them on budget day so that expectations and funding are clearly established for each region on budget day. That allows the regional health authorities the ability to go away and get the job done.

In terms of that performance, the accountability documents are open and public documents and we report against those. The regions report to us on a quarterly basis on all the financial indicators and many of what we call the dashboard or key indicators in those. On an annual basis they report back against all of the expectations and we provide them feedback on how they've done. And much of that work now is public and it's included in their annual reports.

Mr. McMorris: — I guess another question then. So with the 12.5 health regions, they all report then identically to the department? Because what I have found in dealing with different health regions, authorities I should say, on different subject matters, there's a real variance from authority to authority. But when it comes to financial reporting they're all on the same page, they all report identically to the department?

Mr. Wright: — Two very interesting issues. Certainly on financial management and related reporting requirements they report on a consistent basis to the department. Each of the regions is indeed slightly different and we've allowed flexibility within each of the regions. For example, the issues that are up in Carrot River are quite frankly not the same as they are down in Swift Current. The issues up in Cut Knife are not the same as they are down in Kamsack. And that's why we have 12 regions, to allow for input of the local folks, to allow for regional variation. And that's really an important part of delivering quality health care to folks. So we do allow some flexibility, but under the careful guidance of the deputy minister.

Mr. McMorris: — That's reassuring.

Mr. Wright: — Thank you.

Mr. McMorris: — The reports come in, and you were saying that they are reporting quarterly now, I believe. How do you know that the goals and expectations that are set out in the budget are actually followed through upon? I realize they report quarterly how they're progressing. But is there anybody from the department then eventually checks on you know, is what they said has been done, actually done?

Mr. Wiley: — The quick answer to that is yes. For all of the expectations that are established in the accountability document, the department provides feedback and enters into discussion with the regions around the performance in each key area. As you might expect some of the expectations are more difficult to quantify than others. They are more general in direction in terms of expectations. But for each and every expectation, we review the performance and see if there is a meeting of the minds in terms of how performance has been and what our expectations were.

Mr. McMorris: — Could you just briefly give me an example, like a working example. We can talk about expectations and their follow through, but if you could give me a working

example of something that a health authority has said that they were going to . . . well Department of Health this is your goal and objective. The health authority then says this is how we're going about it. And then you've measured that and said yes everything has worked out accordingly . . . If I could get like a tangible example.

Mr. Wright: — Let me if I may, Mr. Chair, if I could give a couple of examples that fall within the realm of safety and the RHAs are expected to report on this. One is sick days. How are we doing on sick days? We have certain expectations of you as part of the accountability document that you're going to bring down your sick days. On equally so, WCB [Workers' Compensation Board] claims or workmen's compensation board claims, we've been working hard on safety and we put in indicators that we want to see these come down.

As well the boards themselves establish goals and targets in a number of areas. Again safety is a good example. And so we will follow up. The follow-up is not only with Rod and his staff but it's also, we have once every month or so, something called leadership council which is all the CEOs and myself, we'll get together and certainly when the quarterly data is available. We don't just talk about how one person did. We share the results of each region with all the other regions. And that develops some interesting — what I'll call — peer pressure, where those who are succeeding extremely well are lauded and those who are not performing are encouraged to do better.

So there is follow-up on a quarterly basis. There is follow-up through Rod's staff and we're moving along. I'd like to emphasize, Mr. Chair, we're certainly not perfect, okay. And we've got room to grow on improving targets. We've got room to grow on focusing in on the really and truly important indicators. But we're certainly making fabulous progress.

Mr. McMorris: — Yes I'll be interested to follow up on the sick days and the WCB issue. It certainly is talked about later on in the auditor's report, and I won't jump ahead to that right now. I have a number of questions in that area, but Mike did you have one question . . .

The Chair: — Mr. Chisholm.

Mr. Chisholm: — The control of capital assets was mentioned in the auditor's report. I'm just wondering, is there a provision within the province whereby excess capital assets — I'm not talking about buildings; I'm talking about equipment — that are maybe overly supplied in one region are made available to other regions? Is there a system there that somebody knows where everything is and if somebody needs it, they don't necessarily have to go out and buy if it's available within the province?

Mr. Wright: — Well certainly, Mr. Chair, within any individual region, we expect the authorities, the health authorities, to have proper inventory, proper control procedures in place. In some cases they need improvement. Okay? And certainly within an authority it may be prudent to move certain types of equipment from one location to another to ensure its effective utilization.

With respect to sharing of equipment across authorities, I'm really not familiar with any specific examples of that. I'd like to

think that each of the authorities in their own right are utilizing their equipment to the greatest effectiveness possible within their own jurisdictions. Certainly if there were issues that came up where — exaggerating somewhat here — an MRI [magnetic resonance imaging] was needed over in Swift Current or where have you, we'd certainly be open to discussing that. I'd expect the CEOs to be talking about that and to come up with reasonable arrangements.

But again I'm not familiar with any specific circumstances of sharing across the health authorities, but certainly within, certainly within.

Mr. McMorris: — According to the capital asset issue, there is some reference to it. And again talking to members from different health authorities, there's some real concern about the deterioration and, you know, just through time and use of some of the facilities that are available that are under the authorities' watch. And it seems like maybe things haven't been kept up to date. I don't know if that's the proper term. But when we look long term, if we don't improve our facilities and continue to improve our facilities, we're going to have a huge bill to pay. Does the department have a capital asset plan looking forward into the future on facilities, for example?

Mr. Wright: — Mr. Chairman, I'm going to turn it over to Rod to elucidate upon my comments here. We are in the final stages of developing a very integrated program and plan around our capital assets. This is absolutely essential to ensure that we're putting taxpayers' dollars in the right places and that we can compare Rosetown appropriately with Canora in the need for capital in there. And Rod will correct me here, but it's a substantive; it's in the billions of dollars or a billion of what have you of capital assets that are out there.

We have an aggressive program in terms of the number of facilities under way in construction or in the planning stages currently in the province, and we're lining up the priorities as we move forward. But it's essential that we complete this capital plan and get it into action across the province. So with that, Rod.

Mr. Wiley: — I'll only add a couple of more comments because I think that covers a lot, and I'll provide you with some numbers. There are 244 registered health facilities here in Saskatchewan today, and we work with the regions to ensure that every one of them can deliver safe and quality services. The strategic direction, as has been mentioned, we're working on a plan that deals specifically with the strategic direction for capital, but there won't be a lot of surprises in that. It begins with the action plan as a starting point. The action plan's identified the critical and key facilities that are important to us in Saskatchewan. And so the plan is all about ensuring that the tertiary, regional and community hospitals, the health centres, and the long-term care facilities are all kept up in good condition.

Today there's about 14 million square feet of space that is managed by the health regions. It's a lot of space. Replacement value for those assets is in the range of \$3 billion. So we work with the regions; we understand where their challenges are and where the investments are. And I think it's fair to say there's always a challenge to get enough money or as much as

everyone would like, but I'm confident that we have a very good process for determining where the highest priorities are and getting the resources that are available to those.

Mr. McMorris: — So there will be a capital asset plan, you're working on it, that will be coming out in the future. Are we looking in the near future or distant future?

Mr. Wright: — Somewhere in between, Mr. Chair. It's a huge task and a proper strategy encompasses a whole series of questions that you have to ask, and I'll be quite open here. Do we have the right capital funding formulas? Do we have the right formulas for equipment within the hospitals? Are we better off repairing? Are we putting enough into the repair and maintenance — the roofs, the windows, and so on — rather than new building? There's just an enormous number of questions that we've laid out for ourselves.

And so while I'd like to have it done tomorrow, it's not going to be done tomorrow. It's going to take some time because we've got to put the time in to get it right. We have to get out there and quite literally get to Rosetown and take a look at the facility there. Not a cursory look but get some real professionals in there to take a look at the equipment, to take a look at the facility, to determine its state so that we can properly balance it off against Canora and take a look at the facility there. This does take time.

So I would ask everybody to be patient with us. A little impatience is okay because it puts pressure on us which we certainly don't mind, but we want to do it prudently, and we want to do it thoughtfully.

The Chair: — Yes, Mr. Wright, if I could just interject since you've brought up Rosetown, we'd welcome you to visit the facility particularly since the senior citizens who are in a care home are in a basement right now that is substandard, and I think you're aware of that. So I'm glad you raised Rosetown. I couldn't pass up the opportunity to invite you to come out and have a look.

Mr. Wright: — Actually, Mr. Chair, if I may. I forgot that, you know, that may have been in your constituency but I used it as an example because indeed I have been through Rosetown and the facility there. And they have some work to do.

The Chair: — Sorry, Mr. McMorris.

Mr. McMorris: — That's okay. That's not a problem. So what role does the regional health authorities . . . You're referring to the department going out and putting together a capital asset program. What role do the regional health authorities who are managing these buildings play in this process?

Mr. Wiley: — Thank you. Mr. Chair, the regions play a critical role in this. For each regional health authority, we ask them to begin with again the central planning that takes place through the action plan and the discussions that we have with them in each cycle. From there each region develops what we call facility management plans. That's an overall, long-term strategy for their assets that aligns the population needs in their communities with how the facilities will fit in to deliver those.

From the facility management plan, we then work toward the development of specific capital projects requests which we then use to evaluate where the priorities are across the province. So the majority of the detailed work takes place there. What we have been working with the regions on, again, is to find a systematic way of evaluating the condition and the needs of each existing facility now. So where it makes sense to work together with all of the regions to do that, we look to do that. Where it makes sense to let them manage because they're closest, we step back and allow them to do that.

Mr. McMorris: — I guess just in closing, how important this is, you know, I can I guess relate it back to farming and agriculture. You can live off of the depreciation of your equipment, but sooner or later you got to replace the combine. And if you haven't made any allowances for replacing the combine, it's a huge hit. And these facilities into the future are going to be needed just every bit as much as they are now and perhaps with the demographics that we're facing in our province, even greater. And so to not have a plan going forward . . . And I'm glad that you're working on it. But I'd like to stress how important that work is going to be because what we think we're saving now, we tend to pay twice as much for later and that could be the same in this situation.

In the auditor's report it talks about capital construction costs and how, I guess first of all so I have an understanding in my mind, how does it work when there is a capital construction cost, the building is added on to or fixed? The department pays once the work is done; is that correct?

Mr. Wiley: — I'll give you a little bit of a process description hopefully not getting into too much detail on this. But what happens when there's a capital project approved . . . so we've now moved through the point where a project or renovation or a new building has been tendered and awarded. What the department will do is generate a capital construction grant for the regional health authorities that commits the funding to the region relating to the construction that's occurred and relating to the percentage that the government pays. In most cases that's 65 per cent of the eligible capital cost. So we would generate a construction grant for that.

At that point what we do is we actually work with each regional health authority on every capital project. So generally there's monthly meetings that occur to review the progress — site meetings — very typical of what happens in any industry in any capital construction project. We attend those meetings. The regions are the lead on that. We ensure that they have the resources and people in place to be able to complete that role, but they're generally the lead on those. They review the materials and review the funding requirements from the general contractor and the trades.

Once they've reviewed that, they pass it through to us. And we make progress payments on the basis of that, so it's really a two-step process. We're at the table, and we're involved in the discussion. We allow the regions to process their funding requirements. They forward it to us, and we pay in instalments as the funds are required.

Mr. McMorris: — So in the auditor's report where it talks about \$27 million for capital construction not done, could you

explain to me then why that would be in here, what the issue is around that? Obviously you know, I guess when you say that you pay in instalments, in other words, you pay as the . . . It's not when the project is complete, but you pay as you go, certain instalments. So what does the reference here in the auditor's report . . .

Mr. Wiley: — Yes I think normally we turn it over to the Provincial Comptroller at this point as they set accounting policy, and it's not for us to perhaps speak to that. But in the context of what I've just explained, the issue that's in front of us is a timing issue.

What happens is that when we issue the construction grant payment, that becomes a payable on behalf of the government. When we issue the grant contract, we establish that as our payable, and then we pay it down through the instalments. At the point in time when we do that, we consider that a commitment, and we record it as an expense on the books of government.

I believe the auditor's position is that we should not record that as an expense until it's actually been earned by offsetting work. So I've perhaps gone further than I should in terms of speaking to this. But to give you a context in terms of my previous explanation, I think that's the crux of the issue. And I'd offer the opportunity to others to expand.

Mr. Heffernan: — I think Mr. Wiley explained our position quite well. Until the RHAs actually do work, do actually do construction, we think this is just a commitment. There's no financial economic event has occurred yet, so there's nothing to record.

And so we don't think an expense should be incurred or recorded by the department until the construction is actually done. And it can be done in progress. As the construction is done, bills can be submitted to the department. As soon as that work is done, then the expense can be recorded. But not until the work's done. That's our position.

Mr. McMorris: — So how does it work then budget-wise? If you're going from one budget year to the other and you've got, for example, \$27 million that hasn't been spent but been committed to, where does that . . . how does that roll over? Where does it go?

I mean, you've made the commitment. It's in your budgeting for, for example, '04-05. Where does it go to? So I can follow the process, maybe.

Mr. Wiley: — Sure. There's a difference in the recognition of revenue and expense and the timing of payable and receivables. And without trying to put on an accounting hat, what happens is we record the expense as we recognize the commitment. There's a different timing in terms of the cash flow and the payments. And that would be the difference that the auditor is recognizing in terms of timing.

And if you can imagine, at any point in time, there's probably eight or ten major health projects that are under way. That means that there's likely in the order of \$150 million worth of capital projects, although our annual funding isn't that large.

But there's that many projects at play. And just moving one or two of those projects from a projected fall start into a first thing next spring start can shift many millions of dollars.

So it's typically those items that result in a difference between committed dollars and cash flow. And again, it's simply a timing issue and it's, I think, a long-standing outstanding question in terms of the appropriate accounting for that.

Mr. McMorris: — Could I just ask the auditors then one question as to what would your concerns then be? I mean, it's an accounting practice. What are the concerns? What would be some of the issues that a government could face, some troubling issues?

You know, if that 27 million that has been committed to and not been spent, it's committed to and then the work doesn't get done and that \$27 million is sitting there, is that why the auditors would rather have it work done, money transferred?

Mr. Heffernan: — That is a risk, but that's not our concern. And it really is just a fundamental difference in how we view these commitments.

There's no economic event has occurred until the work is done, and so there's no expense to record. That's our position. It's the same as a company, for example. A department, for example, isn't allowed at year-end to prepare a whole pile of purchase orders for equipment, supplies, that sort of thing, and book that as an expense. They can't actually . . . I mean they'll have these purchase orders and agreements and that sort of thing, but they can't record the expense until they actually receive the goods and services. And that's really our position.

Mr. McMorris: — Okay. On page 41 of the auditor's report it talks about the Uranium City Hospital which ceased delivering services on June 2, '03. Could you kind of give me a . . . I mean there are some concerns around that when there hasn't been . . . the assets haven't been disbursed or transferred. Where does that whole issue stand?

Mr. Wright: — Mr. Chair, it's delightful to have Rod Wiley here because he can answer all the questions.

Mr. Wiley: — One of the hats I wear, Mr. Chair, is currently the board Chair for the board of governors, Uranium City Hospital.

The Chair: — Congratulations.

Mr. Wiley: — It's a great honour, I have to say. We are again working with the Provincial Auditor in terms of finalizing any of the financial statements and the windup of that organization. At the same time we're working with Saskatchewan Property Management Corporation who's going to take the lead for us on doing the demolition and environmental reclamation of that site. So we have worked through a review of that location, determined what the environmental needs are in terms of reclamation. There's some oil tanks for example that have had some leakage; we need to deal with those types of things. There is, as you might imagine, things like mercury switches in lights and that type of thing that we need to ensure that we're taking care of.

But the plan is, if everything goes according to plan, that when the weather turns cold this year we'll be able to get equipment in there and begin the demolition. At the same time we're working with the auditor to wrap up the final closing statements on those facilities. And we have taken the governance of that, what is essentially a shell organization, back into government so that none of our local volunteers need to worry about things like director's liability over environmental cleanup and other things.

Mr. McMorris: — So we can expect a final report on that facility in this next sitting or in the sitting coming in the spring. When can we expect a final report?

Mr. Wiley: — If we are, as planned, able to get in and do the final demolition and reclamation over this winter, then we will wrap up the business likely moving into next year. So if for some reason we're not able to get resources, for example, to get up there this winter it may take one more year. But that's the plan at this point.

Mr. McMorris: — Again so I can be clear. How does the . . . When it's wrapped up and finished and the financial statements are done and there's asset value of, you know, \$700,000, does that go to then the department? Or how does that fit back into government?

Mr. Wiley: — Thank you for that question. Again in this instance, the assets of the board of Uranium City Hospital were transferred to the Athabasca Health Authority and that allowed them to carry on with the working capital and other tangible assets that that facility had. We simply passed it over so it could be applied to the good operations at Stony Rapids.

What we have done is taken on the liability directly as government in terms of the final demolition and cleanup of the space. We didn't feel it was appropriate to use the remaining assets from that board to apply it to that final cleanup. So government's doing that directly.

But the substantive assets of the organization via agreement have been turned over to the Athabasca Health Authority.

Mr. McMorris: — So the liability of cleanup and any environmental issues ongoing then will be the responsibility of the provincial government. Any idea of what the exposure is? What are we looking at? Are we looking at, you know, the same amount as the asset value of the facility or where are we at there?

Mr. Wiley: — Well the asset value of the building today is probably \$1 plus considerations. So the liability is more substantial than that. The building itself is actually . . . it doesn't pose a significantly greater liability than any other building of that size and that age. As I've said, there are things like oil tanks that have shown some leakage that we need to make sure that there's soil reclamation. There are some fixtures that have mercury in them. We need to make sure that those are disposed of in a friendly environmental way. But generally it's just a normal demolition. The only extra to that is simply the location and so the challenge of getting resources up there to do it.

The Chair: — Mr. Chisholm.

Mr. Chisholm: — Well back on page 40 of the area that we're working on here, it mentioned that last year or during this period of time, drugs were paid for by the health plan that were not on the list as such but were kind of put on the list as a result of pharmacists' recommendations. And there was a concern that the pharmacists' recommendations were not always backed . . . in fact were only 68 per cent supported by the complete amount of information that you would normally require, like the doctor's medical history, the doctor's report, and everything.

I just wondered, where has that progressed to date and has that 68 per cent gone up or down or how are we doing there?

Mr. Krahn: — Thank you for that. I'm pleased to announce that in fact it is improving. And just so that there's some clarity in terms of what the reference of the auditor is here, when the pharmacist asks for approval for exception drug status — in other words, this patient needs a higher cost drug because the other one didn't work — the pharmacist does put the diagnosis code on it when it comes to the Health department and we adjudicate that claim and authorize the purchase of that drug.

What happens is that the pharmacist's bookkeeping systems are not always what they should be. In other words he might have checked with the doctor and said yes, the diagnosis code is this, the person has asthma, so go ahead and do it. And simply that it's not recorded well enough. So we're trying to encourage them to record that information in their records because when we went out and audited their records they didn't always say, I called the doctor and confirmed the diagnosis. But they're all approved drugs that are on the drug *Formulary* and approved for exception drug status.

Mr. Chisholm: — Okay. Thank you.

The Chair: — Just perhaps maybe before Mr. McMorris again . . . Oh, Mr. Trew, you had your hand up.

Mr. Trew: — Thank you, Mr. Chair. This is for my edification. Mr. McMorris was asking questions around accounting procedures respecting construction and how . . . as I understood the questions it was around how construction costs are booked, whether it's in the year that the promise is made or in the year that the construction is actually completed. Am I right in my understanding? I'm directing that, I guess, to the Provincial Auditor and then I'd welcome the comptroller's comments on it. My question is simply, is my understanding an accurate one, that it really is almost as simple as when, in this case, we have the Department of Health: when a nursing home is built, the money is currently budgeted in the year that the construction primarily takes place in or that it's promised. You know, the earlier as opposed to later.

And the Provincial Auditor is recommending that payments be staged. If, for example, the nursing home was a two-year construction cycle, that one payment would show up or some of the payments would show up in one year and the balance in the second year. Is my understanding on that right?

And please help me with why this keeps coming back and back before the committee.

Mr. Heffernan: — Yes. I think what you originally said was

that you have the year the promise is made and that's the year it's booked. And we think it shouldn't be. The expense shouldn't be booked until the year that the construction actually is carried out.

It's not so much when payments are made. Because, for example, if an RHA incurred construction of \$100,000 during the year but the department took a while to pay for that, as soon as the work is done and \$100,000 is incurred, then there is an expense whether the money's paid or not.

So yes, I think your understanding is correct.

Mr. Trew: — Yes. And our disagreement, if I . . . Disagreement may be the wrong word. But there's some question around when it's booked. The promise is made. And the expense is booked when the promise is made in the first budget thereafter, versus you're suggesting it should only happen after the money is in fact owed because some contractor has done the work. So I've got . . .

Mr. Heffernan: — Yes. That's exactly right.

Mr. Trew: — Okay. Thank you. I welcome your comments. Why is it you . . .

The Chair: — Mr. Bayda, do you want to add anything to that, sir?

Mr. Bayda: — Thank you, Mr. Chair. This is the issue that relates to the timing of when an expense is recorded and, in particular, when an expense is recorded within the General Revenue Fund.

And the position that we've taken, like our interpretation of the accounting rules, is that this is a transfer payment from the General Revenue Fund to a regional health authority. And the proper way to account for transfer payments is that as soon as the regional health authority is eligible for the payment and the transfer payment has been authorized, then the Department of Health would record an expense in the General Revenue Fund.

You know, from the regional health authority's perspective, I think at the time when they get the money or at the time when the transfer payment is approved, they would record some revenue. And then, when they actually build the building, that's when they would sort of have their outflow of cash and record the building as an asset on their books. But it's really a, it is a timing issue. It's an issue that is being studied by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants, I think. As you know, we've been through this before and it's been deferred by the committee, you know, until the CICA comes up with the recommendations.

So from our perspective it's a transfer payments issue, a little bit different than the way you'd record goods and services. So it's a different kind of an accounting.

Mr. Trew: — So when Minister Nilson promises a nursing home in . . . where is there one absolutely not needed? You know, I mean, pick. I don't want to lead anyone to think I'm promising . . . We'll use Rosetown, but I'm not promising Rosetown anything because I'm in no position to. But let's

assume that Minister Nilson had promised that. Then your position is that at that moment the GRF owes that money, the General Revenue Fund owes that money to the Rosetown health region, regional authority.

Mr. Bayda: — But I think it has to be more than an announcement. And there's certainly been . . .

Mr. Trew: — Through a budget.

Mr. Bayda: — . . . it's sort of been and more probably than in the budget, the point when there's, I think an agreement is signed, I think the Department of Health is entering into an agreements with the regional health authorities. So at the point when there's something more than an announcement but that would give rise to a real obligation like a liability of the General Revenue Fund, that's when you'd record the expense. The announcement itself wouldn't do it.

Mr. Trew: — Yes. I understand the distinction and the difference. I'd just make this observation from being the longest serving member in the room. It was an extreme frustration of mine when we were in opposition that the government of the day made promises that were binding on the incoming Romanow administration. Many hundreds of millions of dollars of . . . From our position in opposition at the time, it looked like election promises.

So I just say to the hon. members opposite, be careful what you ask for 'cause you just might get it and the shoe would be on the, you know, potentially on the other foot. And I don't think that any incumbent government . . . I don't think that this administration should be making promises that the next NDP [New Democratic Party] administration doesn't know how it would fund, nor that the next Sask Party administration or Liberal or whoever. So just I thank you for the opportunity to try and get some clarification on that issue. Thanks, Mr. Chairman.

The Chair: — You're welcome, Mr. Trew, and of course it gets rather complicated as we know. Labour agreements were made prior to the last election that an incoming government has had some trouble dealing with, but we won't go there. Not being an auditor, not being a deputy minister, not being an accountant and not being a controller, my solution, being a lowly politician, my solution is of course if the government would only make the announcement once, perhaps it would clarify the situation a whole lot.

Just with regards to chapter 2, section . . . I think we're still in A, aren't we? No, in B. There are a number of graphs that the auditor has put forward regarding working capital ratios, capital assets and — where was the other one here? — total health spending as a percent of GDP [gross domestic product] and percentage of the government's total spending. And I notice in all of those graphs the lines are going, should I say, the wrong way, going in a way that's going to cause a crunch down the road.

And a former Finance minister of Saskatchewan suggested that if we don't do something eventually the entire provincial budget will have to be earmarked to cover our health care costs. These graphs seem to be agreeing with that assumption although it

will be many, many years or decades down the road.

I'm wondering in light of the auditor's work, what is the department doing on a long-term basis. I mean, we've seen additional monies coming from the federal government. I think there's more consistent funding now coming from the federal government, perhaps more forecastable funding. I may be wrong in that regard because governments change their mind. But if these ratios continue, the health care funding squeeze is going to get tighter rather than become more relaxed.

Is your department looking at long-term planning? Three year plans? Five year plans? How do you propose that we're going to maintain the quality of health care that people will need in Saskatchewan, given the crunch that seems to be coming from the information on these graphs? Mr. Wright.

Mr. Wright: — A very complex question. First and foremost I guess you have to also ask yourself, what are you getting for your money? And in Saskatchewan in the last ten years, life expectancy has increased both for males and females. In Saskatchewan the probability that a child at birth will make it through has improved dramatically as well. In terms of the overall cost structure and in general terms, Mr. Chair, there are a number of elements that are driving the system.

First and foremost is drugs, not only the drug plan but also drugs in hospitals. And these can be, for an individual, extremely expensive, for example — and I'm just picking it off the top of my head — an MS [multiple sclerosis] individual about \$16,000 per year in terms of drugs for that individual with MS. And as you may know in Saskatchewan we have a disproportionate number of individuals with MS.

Certain lung disorder drugs, \$50,000 a year. We have something coming out now called expensive drugs for rare diseases. And Fabry disease and the drug is Fabrazyme is a good example — \$300,000 per year per individual, each and every year for the remainder of the individual's life. Drugs clearly are driving the system. Herceptin, the government announced that it would extend the use of Herceptin which is a drug dealing with breast cancer to more and more people — \$3.4 million incremental.

So drug costs are driving the system in a very substantive way. That being said, they also do wonderful things. They keep people alive. Sometimes some can argue that drugs are administered inappropriately or excessively and the Health Quality Council has done a fair amount of excellent work on that particularly in the long-term care sector.

Technology, technology has changed dramatically in the last 10, 15 years. We now have or coming on board we'll have four MRIs in this province. The number of MRIs, it's becoming common. CT [computerized tomography] scans, we've significantly expanded the number of CT scans, ultrasound machines, and so on and so on. These are not cheap, okay. They're quite expensive. But you know what? They do a good job. They make speedier diagnosis, more clear diagnosis; they help save lives.

Other things that impact are clearly wages and salaries. And it's not a national phenomenon. It's an international phenomenon

dealing with nurses or physicians or technologists or others. But it's an international marketplace. Clearly we recruit from across the world and so do many, many other different countries. And that puts pressure on us.

In addition there's the good old standard inflation. And things do rise, be it the cost of food or the cost of a variety of other items.

And also we have an aging population here in this province, as well in the country. And with the exception of myself, as more people get older they require additional services. So all those things lend to utilization.

So the thing, Mr. Chair, is there's a lot of things that are impacting on the health care system. And our goal is not only to look at controlling the cost but providing a quality outcome at the end of the day for the price — best value for service as possible. So we have a huge focus not only on the dollars but also on the quality outcomes associated with that, and that's extremely important as well, so very focused on those.

Again the Health Quality Council is leading us on that. We've established something called the technology efficiency fund, trying to find ways of . . . for example in the emergency departments which can become overcrowded and unacceptable waits for individuals. We're working with the Health Quality Council to streamline the processes, to find better discharge plans, to find a better way of triaging the individuals who come in because a lot of folks shouldn't be in the emergency departments and . . . you know you have the sniffles or you have an earache or something. Yes you need to be attended to but not by an emergency room physician.

That being said certainly there are pressures. One could argue that the demands are endless out there, and they are very significant. Some people jokingly call the Department of Health the black hole — our money goes in and nobody really knows where it goes. But it does produce better outcomes and people are getting a better quality.

That being said, sorry, Mr. Chair, long winded . . .

The Chair: — And you haven't answered my question yet.

Mr. Wright: — Yes I'm coming there. I'm coming there, Mr. Chair. I'm getting there, and the simple answer is yes okay. Just internally for budgeting purposes, we take a look at three-year operating expenses. We ask the RHAs to budget on a three-year basis. As my colleague, Rod Wiley, mentioned, we have a capital plan underway and in scope. We take a look at what's out there down the chute, down the horizon, in an awful lot of cases . . . are taking a look at new technologies, are taking a look at new indications for existing drugs and so on. We need to do more work, but there are so many things that change in health care — a new drug popping into the marketplace, a new bit of technology coming along. We can be buffeted by those winds, but we do take a look into the future.

The Chair: — Thank you, Mr. Deputy Minister, that's a long answer to a question that was more focused on yes, health care is very important. It's important for me. It's going to be important for my children and perhaps grandchildren. But they

are also going to need schools to attend, and you know, they're going to need jobs and infrastructure around them. So obviously you are responsible for the funding of health care, and you've got to look at long term. How are we going to maintain the quality, which I agree we have and we want more of. How are we going to maintain it? What plans are you making to maintain that quality within the constraints of an ever-tightening budget process?

Mr. Wright: — Well again coming back to two words, quality and efficiency. In efficiency there's a lot of opportunity for gain in the system. And I'm not talking about oh, there's too many managers or there's too many this. It's how things are done and how things are focused throughout the system. Efficiency improvements can yield fabulous results.

Again very simply, the study done by the Health Quality Council dealing with prescriptions to seniors in health care facilities indicating that many of them are receiving drugs they shouldn't receive, period, what a fabulous opportunity not only to improve the quality but to reduce the costs, okay. We have a lot of folks on drugs, other forms of drugs, that one has got to wonder that if we can improve the system through many of the initiatives that we're doing in the drug plan, getting better information to pharmacists so that there's not double dipping or double prescribing or contradictory prescribing, not only improves the quality but also reduces costs. So very much focused on efficiencies, on quality, and also on overall cost containment.

We're a million people, Mr. Chair. We can't do everything here, and we shouldn't have to do everything here. And that's why we work with places like Winnipeg or places like Edmonton and indeed places like Vancouver for very specialty services, particularly in children. We work with the Stollery health centre up in Edmonton. So it's all of those things combined. It's not just one magic bullet; there isn't one. You've got to keep at it and keep at it and keep at it, and that's the way not only is quality going to improve. But we're going to get that trajectory more stable . . .

The Chair: — Are you doing value-for-money audits within the department?

Mr. Wright: — Mr. Chair, we're certainly . . . Value-for-money is a particular form of an audit that there are many different opinions as to the quality of a value-for-money. We are certainly taking a look at and having extensive program reviews, which I like to call them, within the department.

We currently have underway one with home care to take a look at our program. It's about 93 million we spend on home care each year, so we've said well there's nothing fundamentally wrong, but wait a second let's blow off the dust. Let's take a look at this program. Let's see where we're going. We had a complete review done of Kelsey Trail up in Tisdale and area — Nipawin, Tisdale, Melfort — to make sure that we had things properly, or they had things properly aligned. They welcomed that.

We've worked with Saskatoon on their budgeting process and on some of their IT. We have another program that's underway with the cancer agency. We need to improve the way in which

we're responding to wait times. We need to improve the way in which we're . . . chemotherapy and radiation and a variety of other things. Those are program reviews, Mr. Chair, and we have a number underway. And as long as this boy is the deputy minister, he's going to continue with these program reviews. We need to take a look at our public health system and have a program review of that. So I think that those are very important.

I don't quite call them value-for-money; again there's certain connotations associated with that. But program reviews to make sure the appropriateness and the effective spending of public dollars is done. Absolutely.

The Chair: — So under your definition we're not doing value-for-money audits in your department.

Mr. Wright: — No I'm not.

The Chair: — Okay. Well I think Mr. McMorris wanted in, and Mr. Borgerson wanted back in, so I'll just tidy this up with one more question.

There was a lot of angst amongst the old health districts over the fact that some of them were deficit budgeting and others were balancing their budgets. The feeling amongst those who balanced were that you know that these other districts were going into the red so that they could get their budget increase because the government would come to their rescue. Those that were in the red were feeling that they had too many requirements made on them, that they couldn't meet the demands and stay within their budget.

What is the situation now with the new districts? Do you allow deficit financing? If you do, how is the shortfall made up, and what is the current situation of our health authorities? Are they in deficit positions? Are they in a balanced budget situation or a mixture of the two?

Mr. Wright: — I see, Mr. Chair, we're stepping a little bit outside of '03-04 or '04-05 and so we didn't bring material with us to be able to speak to the current fiscal situation.

The Chair: — Well it does relate to the auditor's graphs where he shows that costs are increasing and there's a squeeze coming.

Mr. Wright: — And indeed, Mr. Chair, I'd love to respond to your question in general terms which is to say if there was angst among the district health boards in the past about deficit budgeting, I can assure you that as a former deputy minister of Finance, I am angst-out in trying to ensure and address the health care . . . or sorry the fiscal care of each of the RHAs [regional health authority].

I think we started to turn the corner last year, being '04-05, when many of the health regions did produce surpluses which is heartening for a number of reasons. One it provides additional working capital which addresses some of the situations that the Provincial Auditor has mentioned in here. We've had surpluses in Saskatoon, surpluses in Regina, surpluses I believe in Swift Current, down in Sun Country. We've had surpluses up in North Battleford.

But we do have some challenges. Kelsey Trail wasn't running a surplus. This is one of the reasons why we went in and took a look at their operations, took a look at how they're dealing with situations. And with a new CEO in place up there, we think we're going to turn the corner on this. Again not a value for money, because that's a very narrow definition. But a good, healthy, robust review of the scenario up there.

You know '05-06 I am advised that there are two health regions out of the twelve and a half that have a little stress and a little strain on them. I was just talking with one of the CEOs and he thinks he'll be able to bring it in. So I'm hopeful this year, that all things being equal, that the health regions will produce a surplus overall and that most if not all will have balanced budgets. I think we're bringing greater — sorry to go on and on, Mr. Chair — but I think we're bringing greater fiscal discipline to the RHA process.

And what we've had is, in these last couple of years, a year of stability where we haven't tried to change everything and move things around, which causes loss and productivity which results in morale problems. We've had stability out there which is very important, and as a consequence people are getting their act together and moving down the right trails. So I'm quite positive about where we're at and where we're going.

The Chair: — All right, thank you. Mr. McMorris and then Mr. Borgerson. That was the order unless you want to switch. Do you want to . . . okay, Mr. Borgerson.

Mr. McMorris: — Go ahead. You won't be as long as I will be.

Mr. Borgerson: — My question is essentially, essentially the same question that Mr. Hermanson asked, and I think you've somewhat answered it. It is the question of sustainability. I mean that section, the graphs in that section — which compares total health spending to percentage of the GDP, compares it to percentage of total spending, compares it to change in the CPI [consumer price index] and the province's GDP — asks that question. The auditor asks that question, is health care spending sustainable?

Much of what you said is very reminiscent of a presentation that a few of us had from Dr. Michael Rachlis titled *Prescription for Excellence*. So I just pulled my notes out now, and you've covered a lot of the same points that he did, his point being that we are spending more but getting more at the same time. He as well made reference to more services and prescription drugs, higher level of technology with MRIs and CTs, higher life expectancy, lower infant mortality.

He suggests as well — and I'd be curious to see what you have to say about this — that one of the reasons why health care spending seems proportionately higher is that spending in other areas has been static or hasn't increased as quickly. That is one of the points that he makes. But basically he says that costs are not out of control. He feels that health care is not drastically underfunded. In other words, he would suggest that health care funding is very sustainable. But that's not the same feeling I get when I look at these graphs.

He as well talks about quality outcomes, addressing the issue of

drug costs — the example he gave was of Vioxx spending 200 million a year which would cover the cost of over 80 MRIs — mismatch between demand and capacity which you've talked about in terms of wait lists, and then also looking at the areas of prevention and alternate health care as well. But out of all of this, his message was a very positive one. So just your response to that.

Mr. Wright: — Sure. I would hope I would leave you with a very positive message too. And quite sincerely, certainly within Saskatchewan and I would like to think within Canada, we are making progress. It's not just spending frivolously, it's spending with an outcome in mind and that outcome is better health care.

I wouldn't want to comment on spending in others areas. I leave that for deputies of Finance to discuss. To the extent that you look at these graphs and certainly on the surface of it, it doesn't paint a pretty picture, again, but consider the outcomes. But secondly, if anything, and I say that lovingly, we're in good company. Okay. And that good company is the rest of the world. Again, Mr. Chair, you may recall that I mentioned we're in an international recruitment process. It's an international marketplace for many of these things. And certainly health care costs are rising in every jurisdiction. It doesn't matter if it's France or if it's Germany or the US [United States], where it's bringing a crushing blow to many long-term firms such as GM [General Motors] or Ford.

I think though that there are other things that are going on at the national front. We spent some time in Toronto this weekend. I would've wished to have been with my family in the backyard raking leaves, but at a Health ministers' conference. And it was very positive in a whole series of regards. The one I want to focus here on is a national pharmaceutical strategy in how it is that we can bring better thoughts and better spending.

One is the common drug review, CDR, common drug review process, which is: a new drug comes in and it's reviewed at the national level to . . . does it work, does it really do what they say it will do? And if does, then we list it on our *Formulary*. Now this is very simple, okay. But you know what we didn't look at was existing drugs for what we call new indications. And sometimes existing drugs have a certain price associated with them and then they're found to work elsewhere. Herceptin, again a good example. The price remains the same. Wait a second. I'm an economist. What happened to economies of scale and production? Why is the cost still the same, at \$40,000 per treatment over the course of the year for somebody on Herceptin? Why has the price not come down?

So in co-operation with the federal government, now we're going to be including under the common drug review, existing drugs, like I say, for new indications and with a look at the prices and the pricing structure around these. Because surely to goodness, I guess I would argue in a simple way, again if you're selling more, your marginal cost of production is virtually zero. Therefore you should be able to sell it at a lesser degree. So that's one area.

It's a good system. It isn't perfect, but it does save lives again and it's moving along. And I think with all the right ingredients, the patience and understanding of the people of the province

and the providers that are out there, that we can certainly make this work in a very positive way — efficiencies, quality, and so on.

The Chair: — Mr. McMorris. Mr. Borgerson, are you finished?

Mr. Borgerson: — Well I would just add that this is a discussion that's important to have in the Assembly and in public and I'm sure you're having it 24 hours a day . . . well, all the time. But that's a discussion that we should have in Public Accounts as well, so thank you.

The Chair: — Mr. McMorris.

Mr. McMorris: — Thank you, Mr. Chair. I have a couple of questions on the sustainability of the financing of health care, but before I get to that I found it curious that the member, Kim Trew, would talk about making promises and that's when the money would be transacted. Because I believe the people from Humboldt would have five hospitals by now, or the funding for five hospitals by now because I know it has been announced at least five times. So I was glad to hear the comptroller's explanation as to when the funding actually does hit the . . . where the rubber hits the road and that's when actual construction starts. Because announcements are one thing but they didn't cost the government anything.

I was also interested in the issue around the deputy minister talking about Herceptin. He's mentioned it a couple of times. And I found that announcement rather curious. And I just wanted to pursue that a little bit, the announcement to accept Herceptin on to the *Formulary*. I guess, could you quickly in a brief way explain to me how that process would work, not necessarily Herceptin, but when a drug is accepted on to the *Formulary*, the steps that have to go through. And then I have a couple other comments regarding that particular announcement.

Mr. Wright: — Mr. Chairman, the assistant deputy minister, Lawrence Krahn, would be pleased to answer the question.

Mr. Krahn: — I'll give you a general indication of how those high-cost drugs would get added to the *Formulary*. The common drug review — which all provinces agree to participate in so that we don't get into a whip-sawing situation where one province approves something and others don't — they put their experts to work in determining the effectiveness and efficiency of a particular drug. Once they have done that, then it's a provincial decision to put in on the *Formulary* and list it. So it's basically adjudicated nationally, approved provincially. But what it does is allows all the provinces to put these drugs on the *Formulary* in an organized way and then they're available to the public and our drug plan kicks in in terms of providing the benefit.

Mr. McMorris: — I guess I would like to first of all compliment the department then for accepting Herceptin and putting it on the *Formulary*.

I found it rather curious that the day of the announcement it was a press release from the minister's office and the minister wasn't in the province. It was also, I think, about an hour and a half or two hours before we had called a news conference with a number of patients that we had been working with for about two

months now and their call for the acceptance of Herceptin on to the *Formulary* — I think approximately about two months previous and nothing had been said or done. We hadn't heard a word until we called a second news conference. These ladies met in Saskatoon and I guess in a roundabout way we were able to give them the good news as they came into the press conference to call for Herceptin to be accepted. We were able to give them the good news that the minister's news release, although he was not in the province, accepted it an hour and a half before our news conference. I found that rather curious and I guess if I could, was it just a real coincidence or did . . . could I say that the news conference that we had called had something to do with it?

Mr. Wright: — Mr. Chair, I don't remember news conferences, or press releases, or the exact dates associated with this, so I can't answer that portion of the question. What I can tell you though is that we worked very closely and very carefully with Ontario and the other jurisdictions. You don't . . . I must back up for two seconds, Mr. Chair. I was in error advising you that it's on the *Formulary*. Indeed, it's not on the *Formulary*. Okay. It's a cancer drug which is administered and delivered through the cancer agency, so I do apologize for that and I wanted to correct that.

But like I say, we'd been working with Ontario and certainly other jurisdictions to determine on a go-forward basis, does this drug work? What is the evidence that we're seeing here? Does this make sense? And we reached a conclusion, along with Ontario at the same time, that yes, all indications are that it's extremely positive for folks.

And these things do take time. I point out that some provinces don't have Herceptin listed yet because they're quite concerned about the cost, again on average about \$40,000 per individual, and are concerned about the evidence associated with it. We're very pleased that we moved forward on this one and very satisfied and delighted to have this part of our cancer treatment at this point.

Mr. McMorris: — Thank you. We look forward to having a few more news conferences into the future on drugs that are, you know, looked at by other provinces that were accepted by other provinces as Herceptin was, accepted by other provinces before we accepted it. And I guess moving forward, we certainly will be looking for other cases that we can maybe expedite the process because it certainly seemed to happen regarding Herceptin.

Regardless, regarding the financial sustainability of health care, I was looking back over the last number of years, say 15 years ago, and we look at the budget in our province for what health care was. We could almost say that it has doubled.

So would it be the deputy minister's idea, impression, thoughts, that by the year 2030 we could be spending \$6 billion on health care? Is that anywhere close? You had talked about some of the efficiencies that we're going to see, but we do know that drug costs are a huge portion of the medical costs. And we also know that wages for doctors, for nurses . . . And I will agree totally that we are not only in a national but international competition for these specialists. It doesn't have to be specialists; it can be LPNs [licensed practical nurse]; it can be RNs [registered

nurse]; it's lab techs — it's anybody in the health care field that we're in competition with.

I was interested to hear — and I don't expect you to justify the Minister of Finance's statement — that he expects those costs to come down. He expects the human resource cost to come down in health care which I was very, very surprised with. He's never followed up with how he expects that to happen. But I guess my question is and it's been asked by a couple other members, you know . . . And I agree totally that we are getting better health care for the most part now than we did 20 years ago.

I had the opportunity this morning to attend a breakfast speaker . . . listen to a breakfast speaker put on by the Canadian Cancer Society, and he really opened my eyes a little bit as to the advancements in cancer treatment. And those are going to . . . I think the phrase that he said that, you know, where we came from from 1900 to 1980 we've surpassed in the last 20 years, from 1980 to the year 2000 or 2005.

Those numbers can be jockeyed around a little bit, but the point being we have made such advancements over the last 10 to 15 to 20 years. In the next 15 years those advancements aren't going to slow down; they are going to increase exponentially.

We're in a competition for health care professionals. Our drug costs are going up. In the next 10 to 15 years, what do you think the health care budget will look like in this province?

Mr. Wright: — That will really . . . Wow. It is a little departure from '03-04. That being said and I don't mean to sound evasive here, but I am going to evade the question because . . . I'm going to evade it because that's really up to you folks, okay. At the end of the day you're the elected representatives. You will help shape and inform and lead where that budget will go. Could it be double? Could it be triple? Could it be quadruple? Sure, sure it could. Could it be a steady state of four per cent or four and a half per cent rate of growth each and every year depending upon your assumptions about inflation? Sure it can.

So it really can be and will be a reflection of the will of the people of the province. And I think through you folks collectively, opposition and those in government, it will be up to you to decide how to shape the provincial health care system.

Now I also remind you though that not all is delivered through the government. Nationally it's about . . . 70 per cent is government, 30 per cent through the private sector. Here in this province it's 75 per cent through the government and 25 per cent through the private sector. So on the one side I could tell you in the future it will be zero rate of growth simply because some government may or may not choose to push it off on to the private sector and have it delivered through user fees or private insurance or what have you. So there's a whole series of things that go on. But again, and I mean quite sincerely, it's really up to you folks to determine at the end of the day what our health care system is going to look like and how will that be split, private versus public, and how will you deal with lower incomes, how will you deal with new drugs that are coming out that are in some cases questionable. And I'm glad I'm not you, okay? But I am a deputy minister and I reflect your will.

The Chair: — So if I could again jump in — sorry, Mr. McMorris — but are you then telling us that your current political masters have not asked you to do any forecasting in light of this auditor's report, that basically you're still waiting for direction as to what you should be anticipating down the pike and what health care should look like in the future? You've been left in a bit of an abyss here? Is that what you're telling us? It sounds like you're asking the Public Accounts Committee to instruct you as to what you should do.

Mr. Wright: — No. I wasn't (a) asking the Public Accounts Committee to instruct me on anything, Mr. Chair; and number (b), the answer to your earlier question is absolutely not. As I indicated previously, we do do forecasts. We do on the operating side, on the capital side, we do look out into the future. I was asked a question of about 10 to 15 years out, what will it look like. Will it be doubled again? And that's an awful long forecast. That's a long way out. And that's going to depend on so many different factors that, quite frankly, we don't look 15 years out. Okay? Because there's just so many changes that are going to come about in the system and the demands of the individuals that are out there, where we're at with providers, and so on and so on. I think I'm going to stick with the next few years in terms of the forecast, which is what I do for any government. And I think that that's really important.

The Chair: — Mr. McMorris.

Mr. McMorris: — So in the next few years, being two years or three years . . .

Mr. Wright: — Sure.

Mr. McMorris: — . . . four years, five years, shut it off at that. Where are we going to be? What does the department . . . You had talked about the regional health authorities having to do rolling three-year plans. I would think any organization with a budget of \$2.9 billion are going to look past two or three years as to the impact into the future. So I would be very interested . . . Yes, maybe 15 years is unrealistic but three years to five years I don't believe would be.

Mr. Wright: — And again from my perspective, Mr. Chair, it isn't. I do make the point though that again we had come with the expectation to talk about '03-04, to talk about the Provincial Auditor report and the following year. And we seem to have wandered off into not only the present — which is always interesting to talk about — but very much into the future and so we simply don't have the material here, didn't come prepared on that.

We do look into the future, as I've indicated on a number of occasions, and we do look not only at the cost of the system but the quality of the system. And I don't mean to be overly repetitive here. We talked about live births, we talked about life expectancy, but we didn't talk about heart attacks. Many of us are male in here and we have a much, much better chance of living as a consequence of improvements in the system.

The system is driven, as I've indicated, by a number of indicators, okay. And there will be new drugs coming along that we can't imagine at this point. In terms of focusing in on the budget, and if you make some reasonable assumptions about

what inflation will be and in a steady state reasonable assumptions about wage settlement patterns, we have three high-cost areas that drive things. Again, drugs very much so. Out-of-province treatments, and a lot of these — not all by any stretch — a lot of them are very expensive treatments; \$300,000 stem-cell transplant, American dollars to send somebody to Seattle. And the third area is the blood supply. And these are growing far in excess of the rate of inflation.

You meld those and you say, but you can hold other things together within the bounds of good taste, within the inflation side of the equation. So if you said inflation is 3 per cent and salary settlements are coming in reasonably at 3 per cent, and you're looking at modest utilization, modest changes to the age profile because that impacts, if you hold steady on technology for the better part, and you recognize out-of-province, you recognize the drugs, and you recognize blood services pressures, you're going to come in probably at about four and a half per cent a year on average and on balance.

Now the thing for us to do is not just to be satisfied and say, oh gosh, gee whiz, it's going to come in at four and a half per cent. Ours is to take a look at other factors within the system, other factors through efficiencies, other factors of the unknown, which is to say new technology and new drugs. So very much one can make a statement that in a steady state world, four and a half per cent is quite reasonable. Okay. But health care is never a steady state.

The Chair: — If I could just jump in to the committee's defence, Mr. Wright. Obviously we are not condemning you if you've not brought material that you have at hand that is more forward-looking. But I think our committee members are within the boundaries of proper questioning here given the, you know, the section in the auditor's report that talks about the direction that funding and costs are going in relationship to the rest of the economy. And of course the objective of the Public Accounts Committee is to take the auditor's report and ask the departments: what are you doing with this information?

So I just want to clarify that. We're not condemning you for not having brought documents that perhaps you should have brought. But on the other hand, I think the questioning is within the bounds of the purview of the Public Accounts Committee. Mr. McMorris.

Mr. McMorris: — Thank you. We'll move to the staffing issue and certainly you had started with your comments regarding safety and staffing levels and the safety issue — use that as an example. It also appears in the auditor's report, and it talks about the Regina Qu'Appelle Regional Health Authority and the fact that — and you had mentioned it too — that they were setting a meeting to set a target, where Saskatoon certainly seems to be much further ahead and set a target of a reduction of 10 per cent.

Maybe I'll just get your comments in that area to begin with. And I do have a number of other questions following along with that. But just your comments as to the work that's being done in that area by the health authorities — some definitely much further ahead than others to reduce injuries and WCB claims and that sort of thing.

Mr. Wright: — Thank you, Mr. Chair, and thank you for your earlier comments. If I can take just two seconds to frame safety. And the Provincial Auditor and I had an excellent discussion around this and around his earlier draft of the report. And I do appreciate the changes that he's made and so on as a consequence of our discussion.

Safety is about an awful lot of things and you have to have that very broad perspective about safety. It is about reporting and adequate reporting. It is about setting targets. It is about, you know, cleaning that coffee off the floor so somebody doesn't slip and fall, break a hip. It is about committing to safety not only in the workplace but in everything that you do. It is about management, and it is about your co-worker on the shop floor or on the hospital floor or in the room. It's a co-operative exercise and it's everybody's responsibility, not just management's — at least in my world, okay.

With that said, Regina has addressed a number of the issues on the reporting side of the equation that the Provincial Auditor has indicated. It's modified its reporting to include a lot more historical information that better reflects information from period to period. It provides more frequent reporting to its board of directors and certainly more reporting in high-risk areas. Indeed the board set a reduction target in '04-05 — I'm sorry, I just can't remember what it was — in terms of overall injuries in the workplace. And it launched a safety audit process that's well under way at this point in time dealing with safety.

Certainly in Saskatoon as well, Saskatoon's made a number of improvements. They've put in a lot of training. The major injuries in the workplace in the health care sector are backs, shoulders, and arms. Okay. And it's because of lifting and rotating people and so on. So Saskatoon, for example, put in place a training program dealing with turning, lifting, and repositioning.

They've also, as a consequence of additional dollars we've put into the system that helped raise that trajectory on what we're spending, we allocated \$6 million more for safety related items in '04-05 such as beds — that you push a button and the bed, you know, moves and so on — lifting devices, and a variety of other things.

Managers within the Saskatoon Health Region are . . . In fact their performance appraisals, one key area deals with safety and how are they doing. And indeed the health region then has set I think an aggressive target but I think also something that — targets are something you strive for — and a 20 per cent reduction in workplace injuries by the end of '06.

So an awful lot has been going on. Again, the department has put in and champions those sorts of ideas. We've organized a number of conferences, committees, discussions around this. Safety doesn't stop. It's 24 hours a day and 12 hours at night. And it's something that the department and myself are very, very dedicated to, and it's something that we've seen a reduction as a result in WCB claims.

This year some very heartening news over the first portion from WCB about the number of claims going down. And the more we can talk about it and the more we can get people engaged and involved, well the better off we're going to be in a safer

workplace not only for the providers but also, quite frankly, for the patients. So it's good stuff.

Mr. McMorris: — I agree totally. And I worked in the safety field for many, many years before I was elected in '99 and it is never one issue. It's never one particular problem. And you illustrated a few issues that are being looked at, but the one you didn't talk about and I was interested in is staffing levels. I think if you look over the last number of years, you would see that staffing levels on wards, or on floors, in the operating room, in ICU [intensive care unit], in any of the different departments, or departments, has decreased. And I don't know if it is a direct correlation; I certainly am not here to say that it is. But is it more than a coincidence then that with staffing levels there had been an increase in WCB claims?

And I think if you talk to a number of the nurses on the wards they will say that the staffing levels of 15 years ago were far greater than they are now. And just as you said, when there's a lifting or a shifting of a patient, the injuries were not nearly as common when there was two people or three people; the injuries were not nearly as common when the nurse had — and I don't know the numbers — four beds to look after as opposed to eight now. And so I would be interested to hear if he doesn't believe that staffing issues too play a role as the other issues of wiping up the coffee and that type of thing. I think it's every bit as important if not more important.

Mr. Wright: — There's no doubt staffing issues are one element of safety. Fifteen years ago, I don't recall, but I'm not sure that nurses worked 12-hour shifts. I think they only worked eight. Some would argue — and I'm certainly not arguing it here — that 12-hour shifts leads to slightly, in some circumstances, not as safe conditions. So another issue that you know impacts on safety.

Some equipment has changed in the last 15 years. Certainly again with electric beds and repositioning devices, some cases — and again, I'm not an expert on this — you may not need two people or three people or four people any more to do that sort of work. There's no doubt staffing levels impact, the nature and the type of the shift and the work that's being done impacts, a lot of other things impact out there.

But if I may, Mr. Chair, just some statistics that I do happen to have here. And for the interests of the committee, so far this year '05-06 — 2005-06 — sick leave across the system appears to be tracking at 3.2 per cent less than last year. The injury rate dealing with WCB claims has dropped from about 7.2 per cent in 2003, and it dropped to 6.83 per cent in 2004. And the statistics that we've been advised from WCB this year indicates that the injury rate has been reduced by nearly 15 per cent in '05-06. We're making progress. Is it enough? No, no it's not. I'm personally a fan of an accident-free workplace. That's what it should be. And we need to make progress and that involves again a whole variety of issues and we need to work at all of them collectively.

Mr. McMorris: — I'm interested in a couple of the statistics that you did give so perhaps you have some more statistics or numbers to support that. You said that sick leave reduced by 3.2 per cent. Could you tell me then, what is the average? I don't know how it's measured. I don't know exactly how to ask for

this, but what is the sick leave in general? I mean again I'll just talk anecdotal from what I hear, and there is an awful lot of sick leave taken in certain departments and some wards. And so there's got to be a number. If we've reduced it by 3.2, we had to have a number to start with on how many days are missed because of sick leave.

Mr. Wright: — Oh, good stuff, Mr. Chair. Didn't think we had the numbers here. So if you'd sort of bear with me while I try to interpret these numbers. Okay. Number of sick leave hours per full-time equivalent, FTE, in the what we call the provider unions such as SEIU, 94.84. Oh, that's hours per full-time position. Number of sick leave hours per full-time equivalent, in health sciences, 63.34 on average. Number of sick leave hours per full-time equivalent for out-of-scope and others, 47.69. Number of sick leave hours per full-time equivalent for SUN [Saskatchewan Union of Nurses], 93.07.

Now quite frankly, people who work in the health care sector across this country tend to take more sick days than other professions and with good reason. They're working with environments that in some cases you're honestly not all that healthy. And I encourage people when they're sick, take your sick days. I think that that's fundamentally important. So those were the basis and they seem to have come down and those were '04-05 numbers.

Mr. McMorris: — I couldn't agree more that, you know, I can see the sick leave being higher in the health professions because of at times an unhealthy environment, but it isn't necessarily the people that they're around — the patients. It's working under huge stress with sometimes not enough people. I mean when you've got operations that are having to be cancelled and having to go out and tell the family for the third time their operation, their loved one is going to be postponed because there aren't enough beds in the back side, I would say that sometimes the environment that is unhealthy is just simply the workplace itself.

But full-time equivalents, 94.84 hours per full-time equivalent. Full-time equivalent would be how many hours?

Mr. Wright: — I don't know, Mr. Chair.

The Chair: — Can you provide that information for the committee?

Mr. Wright: — Oh look, absolutely. And I'm hoping that somebody behind me is dutifully going through some books and a variety of other things. But just as, hopefully, I'm waiting for a number, if we don't have it, we'll get it for you.

One of the other reasons, the older you get sometimes the sicker you get. And we have an aging population and certainly within SaskPower it's getting older but also within the health care sector, it's getting older as well.

Oh and we do have an answer, Mr. Chair. I'm absolutely delighted. Apparently SUN, Saskatchewan Union of Nurses, the average on-balance hours are 1,944 and for others it's 1,968. And I hope it's all consistent, Mr. Chair, and if not we'd be delighted to fix it up for you, okay.

The Chair: — If I could just interject for my colleagues. We have approximately 40 minutes before we're supposed to conclude this chapter. There's a bit of material to go, and I think there's about 19 recommendations we have to deal with. So I just bring that forward as a point of information. And continue on, Mr. McMorris.

Mr. McMorris: — Thank you. I'm just wondering whether I want to get further into full-time equivalents and staffing levels. And I realize that it's not necessarily in the auditor's report but it's something that I continually hear of when we talk about waiting lists, and staffing levels are definitely a part of that. And I certainly know that you just got back from an enjoyable week in Toronto, saving maybe a back injury of raking leaves in your own backyard. But certainly the whole discussion was around waiting lists. And maybe it's oversimplifying to say that . . . an oversimplification to say that if the staffing levels were greater we could do more procedures.

We have waiting lists that arguably are among the longest — or the longest — in the nation. I guess we can talk about different procedures and dispute that, but is it an oversimplification to say that if we had more staff, we would do more procedures and if we do more procedures, we would reduce the waiting lists?

Mr. Wright: — If that was a clear indicator, Mr. Chair, I'd be surprised. It's an element. But let me try to put things in perspective. And again I do apologize but I don't have the numbers in front of me.

I believe that we have more nurses per capita — and when I say nurses I'm going to include SUN or registered nurses, I'm sorry, registered nurses, licensed practical nurses and registered psychiatric nurses — more per capita than any other province with the possible exception of Manitoba. And we are significantly above the national norm. So if it was just simply the case of having more — and I'm simplifying here — having more nursing staff that you could get more surgeries done, then that would be inconsistent with the earlier comment, that I'm not sure holds true because we can't measure it, that we have the longest or among the longest waiting lists. It's pre-op. It's post-op. It's having the operating rooms. It's having the surgeons. It's having the specialists. It's having the anesthetist. It's having the team getting together appropriately. And it takes time to build teams and to get them going.

So it's not just again one element, like safety. It's not just one element. Wait times are not a reflection of just one element either. Maybe I'm going to ask Duncan Fisher to talk a little bit more, if he can, add something at this point.

Mr. Fisher: — Well staffing is certainly an issue to take into consideration when you're trying to deal with wait-lists either in surgery or diagnostic imaging. Certainly on the imaging side, we've tried to increase the number of hours that each of those machines operates — the diagnostic imaging machines. So certainly staffing was required to do that. But you get to a point where you're reaching the maximum capacity of each individual machine. And so just saying that if we had more techs to run that machine we could do more, you sort of . . . You can move along that argument to a certain extent and then you sort of hit that maximum capacity wall and then you're into the more complex scenario that John is outlining where you

either need another machine or a combination of things to do more.

Mr. McMorris: — It's interesting when you mentioned about the number of nurses per capita, and that may very well be true. I don't know those numbers at all. But it comes down to what we were just talking about, full-time equivalents — and we can have all the, you know, we can have twice as many nurses working part time — that doesn't address the issue. What we're really talking about is not the number of nurses per capita. We're talking about full-time equivalents — the number of full-time positions or equivalent positions all the way through the system.

Because it just . . . And I've asked the minister of this many, many times. And it still seems just amazingly . . . makes no sense to me. How can we graduate however many nurses we graduate from SIAST and they don't find full-time positions and leave. And I mean it's anecdotal. It's SUN saying it. We hear it all the time. And so it's not necessarily numbers of nurses nearly as much as it is full-time positions.

And I guess so then the question is, I ask the question, do we have enough human resources, nurses, specialists? Are we allowing enough full-time equivalents in the system to address the waiting list? Because that really is the proper way of phrasing it.

Mr. Wright: — I believe, Mr. Chair, the interprovincial comparison that I was quoting dealt with full-time equivalents and didn't deal with just body count numbers. And I agree with the member — that's very different. I think I was comparing exactly what he was asking. That on a full-time equivalency basis, we have either the highest or I think it's the second highest in total of items.

I'd also point out interestingly that, again not having the statistics in front of me, but a number of nursing full-time equivalent positions currently operating in Saskatchewan — 57.1 per cent of them rings a bell — are in fact full-time equivalent positions. And indeed I believe this is either the highest again or the second highest in all of Canada. We have more full-time equivalent positions out there than other jurisdictions.

Now certainly there's a lot of anecdotal evidence. But I would say to members that if you are aware of an individual who has a nursing degree that is interested in a full-time equivalent job, please send me the resumé because there are jobs out there in Estevan. There are jobs in Regina. There are jobs throughout the system. Now maybe not exactly where that individual wants to work in that specialty or that subspecialty or pediatrics or general surgery or what have you, but there are full-time equivalent positions out there. And we'd be delighted to assist them in getting in touch with the appropriate people who are doing the hiring in each of the regions.

And there's a need, particularly out in rural Saskatchewan. A lot of kids — and I say kids because I'm old now — don't want to necessarily work in the Gainsboroughs of Saskatchewan, and we need people in Gainsborough. And we're heading into a crunch in the sense of a lot of young folks — not all — but a lot of young folks want to work in, you know, city magic, the

Reginas and the Saskatoons. And we welcome that, and we'll find them full-time positions here. But what about the Gainsboroughs of this province? We need people out there.

And so part of it, Mr. Chair — I don't want to go on and on, but it is exciting what we're doing — one of the key things is a health human resource strategy. And we are as a result of September '04 when first ministers got together, we are compelled to bring forward a forward-looking, multi-year — perhaps not 15 or 20 years but a good 10 years I would hope, Mr. Chair — a health human resource strategy for this province.

In checking with our folks today, how are we doing? We're doing good; we're doing well. And we're going to have that plan out for the public. And you know what, it's not just steady state. You just don't produce a plan and there it is. It keeps changing and should change each and every year and improve and so on. So I'd like to gain . . . I think we're making strides.

Mr. McMorris: — Well thank you. I look forward to the offer of sending resumé to your office for nurses that have graduated and are having trouble finding full-time jobs, be it in Estevan, Swift Current, or wherever it might be because, I mean, and that's what we hear. So we'll be looking forward to keeping track of that a little bit closer in the future.

I have another time commitment, so that's about all the questions I have time for. If there are any others . . .

The Chair: — Any questions on this side? What's that? We're ready to go to the recommendations?

An Hon. Member: — Yes.

The Chair: — All right. We will turn back to 2004 report volume 3, and there are in section 2C, there are four resolutions — hold with me for a minute and I'll find the correct page number — beginning on page 61. Is everybody with me?

All right. The first recommendation reads:

We recommend that the Mamawetan Churchill River Regional Health Authority follow its processes for controlling its bank account and for making payments to vendors.

Is there a motion?

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

The Chair: — Okay. A motion to concur. Is there any discussion with regard to the motion on the table? Seeing none, we'll call the question. All in favour? We only have two voters here. All in favour? All right, we've got a unanimous now. None opposed. That's carried.

I think everybody got worn out by that rather vigorous debate on health care. Now there's no energy left for dealing with the recommendations of the Provincial Auditor, and I'm sure all the recommendations are very good. Page 63, recommendation no. 2:

We recommend that the Cypress, Kelsey Trail,

Mamawetan Churchill River, and Saskatoon Regional Health Authorities establish information technology policies and procedures that are based on a threat and risk analysis.

Is there a motion? Mr. Yates.

Mr. Yates: — Thank you very much, Mr. Chair. I'll move we concur.

The Chair: — Again just a concur?

Mr. Yates: — Concur.

The Chair: — Okay. A motion to concur. Any discussion on the motion? Again seeing none, I'll call the question. All in favour? You're all with me this time. That's carried unanimously. We will move to recommendation no. 3:

We recommend that the Keewatin Yatthé Regional Health Authority follow its established information technology policies and procedures.

Is there a motion? Again, Mr. Yates.

Mr. Yates: — Mr. Chair, I move we concur.

The Chair: — Again a motion to concur. Is there a discussion on the motion? Seeing none, we'll call the question. All in favour? Again carried unanimously. Move to resolution or recommendation no. 4 on page 64. It reads:

The Sun Country Regional Health Authority should strengthen its agreements with its affiliates to ensure they achieve the Authority's objectives.

Again is there a motion? Again, Mr. Yates.

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

The Chair: — A motion to concur. Any discussion on the motion? Seeing none, we call the question. All in favour? Any opposed? That's again carried unanimously. That concludes 2C.

We're now moving to 2E, and we have 13 recommendations. And again if you'll bear with me, we'll find the first one. Page 90. Yes, there's seven of them on page 90.

Recommendation no. 1:

We recommend that the Board of Directors of the Métis Addictions Council of Saskatchewan Inc. (Board) clearly define the scope of its authority and responsibilities.

Is there a motion? Mr. Borgerson.

Mr. Borgerson: — I won't make a motion as yet. The auditor's office indicated that in fact Department of Health officials would give us an indication as to which ones they have complied and which ones are in progress. So I'd like to hear that now.

The Chair: — All right. Mr. Wright, would you give us the current status of compliances with these recommendations.

Mr. Wright: — Mr. Fisher is ready to go.

Mr. Fisher: — On the recommendations related to the board at MACSI, basically the recommendations have been dealt with by the interim board that was put into place when the previous board was terminated. They have done work on all of the recommendations with the exception of no. 3.

No. 3 deals with the long-term strategic plan. That work was originally put on hold by the interim board because they believed they were going to be an interim board and didn't want to do the longer term planning. Now that the interim board has been put in place as a funding condition of the contract for an indefinite period, that long-term planning has been initiated but not completed yet.

One other one that I will mention in terms of the recommendations on 1 through 8 here, the Provincial Auditor recommended that the signing officers all be bonded. The department has investigated the issue of bonding. We believe that we can achieve the intent of the Provincial Auditor's recommendation through another mechanism and that would be to require that criminal record checks be done on all CBO [community-based organization] officers who have signing authority, as a condition of the contract. And so we're working to put that process into place rather than bonding.

The Chair: — Perhaps the Chair could just interject and ask the auditor if the auditor concurs with the department's view on the results regarding his eighth recommendation.

Mr. Wendel: — Mr. Chair, we have that information with us — or not with us — at the office now. And we're considering it and trying to make a decision as to whether we would accept that or not so . . .

The Chair: — Are there any other questions particularly with recommendations 1 through 8. And if I understand you, sir, correctly, you were saying that you've already complied with 1, 2, 4, 5, 6, and 7, that you will undertake to comply with 3, and that you're following a different course on 8. Is that correct?

Mr. Fisher: — And those are the recommendations that dealt specifically with the government issues at MACSI . . .

The Chair: — With MACSI. And I'm allowing this deliberation because we really didn't get into the chapter on MACSI. So are there any questions on either side regarding . . . Mr. Chisholm.

Mr. Chisholm: — I just have one question, and it's in regards to there is definitely a difference between bonding and checking criminal records. Somebody has to do their first crime at some point in time. If they're bonded, there'd be some coverage there. And if they didn't have a criminal record and they aren't bonded, then somebody is out some money. So I think there's quite a difference between somebody being bonded and somebody not having a criminal record.

The Chair: — Mr. Wright.

Mr. Wright: — Indeed there is, Mr. Chair. And the differences are quite substantive. Indeed there's a difference between bonding and what they call D and O insurance which is directors and officers insurance. As well I would ask the committee to allow us to work with the Provincial Auditor to come up to a way and means of satisfying the Provincial Auditor and making sure that he's happy.

The Chair: — All right. So that would indicate that perhaps, you know, the committee wants to decide whether they want to concur with eight, but we can't go beyond that at this point because the department and the auditor are still entertaining discussion as to what their direct course of action would be. Have I explained that correctly and adequately as far as committee members are concerned?

All right. With that discussion, are we ready to move into the eight recommendations on page 90 and 91?

All right. Recommendation no. 1:

We recommend that the Board of Directors of the Métis Addictions Council of Saskatchewan Inc. (Board) clearly define the scope of its authority and responsibilities.

Is there a motion? Mr. Yates.

Mr. Yates: — Yes. We'll concur and note compliance.

The Chair: — Motion to concur and note compliance. Is there a discussion on the motion? Seeing none, all in favour? None opposed. It's carried.

Recommendation no. 2:

We recommend that the Board define the authority and responsibilities of, and performance standards for, senior management.

Is there a motion? Mr. Yates.

Mr. Yates: — Yes. We'll concur and note compliance.

The Chair: — Again a motion to concur and note compliance. Anyone wanting to discuss the motion? Again seeing none, we'll call the question. All in favour? Any opposed? It's carried.

Recommendation no. 3:

We recommend that the Board establish a long-term strategic plan and annual business and financial plans for the Métis Addictions Council of Saskatchewan Inc.

Mr. Borgerson.

Mr. Borgerson: — I'll move that we concur and note progress.

The Chair: — A motion to concur and note progress. Again, is there any discussion on the motion? Seeing none, all in favour? Any opposed? None opposed. It's carried.

Recommendation no. 4:

We recommend that the Board approve a code of conduct and conflict-of-interest policies for board members and staff, and monitor compliance.

Is there a motion? Mr. Borgerson.

Mr. Borgerson: — I'll move to concur and note compliance.

The Chair: — A motion to concur and note compliance. Any discussion on the motion? Seeing none, we'll call the question. All in favour? None opposed. It's carried.

Recommendation no. 5:

We recommend that the Board provide governance training for its members.

Is there a motion? Mr. Yates.

Mr. Yates: — Thank you, Mr. Chair. We'll concur and note compliance.

The Chair: — Again a motion to concur and note compliance. I don't see anybody waving at me, so we'll call the question. All in favour? None opposed. It's carried.

Recommendation no. 6:

We recommend that the Board periodically assess its own performance.

Is there a motion? Mr. Yates.

Mr. Yates: — Yes, Mr. Chair. We'll concur and note compliance.

The Chair: — Again a motion to concur and note compliance. All in favour? None opposed. It's carried.

Recommendation no. 7:

We recommend that the Board establish and approve written rules and procedures to safeguard public money. These rules and procedures should be designed to:

- ensure the board receives timely and reliable financial and operational reports for monitoring and decision-making;
- ensure adequate segregation of duties so that no individual board member or staff can both initiate and authorize a transaction;
- ensure goods and services purchased are:
 - authorized and appropriate;
 - received and used for proper business purposes;
 - physically secured; and
 - based on fair and just prices; and
- reduce the risk of errors, fraud, [and] breakdowns in control and unauthorized transactions.

Is there a motion? Mr. Yates.

Mr. Yates: — Yes, Mr. Chair. We'll concur and note compliance.

The Chair: — A motion to concur and note compliance. Is there any discussion? Seeing none, all in favour? None opposed. It's carried. And recommendation no. 8 on page 91:

We recommend that the Board ensure all signing officers are bonded (i.e., insured against theft or fraud).

Is there a motion? Mr. Borgerson.

Mr. Borgerson: — I'll move that we concur with this recommendation.

The Chair: — A motion to concur. Is there any discussion? I think we've had it, so we'll call the question. All in favour? None opposed. That as well is carried. Moving on to page 98, recommendation no. 9:

We recommend that the Department work with MACSI to determine the amount that the former executive committee members of the board of directors owe MACSI and try to recover the money.

Again, do we need discussion on this motion before you make it? You're prepared to put . . . Okay. We'll entertain a motion. Mr. Borgerson.

Mr. Borgerson: — I was just going to ask for a response to that.

Mr. Fisher: — The findings of the forensic audit and the findings in the Provincial Auditor's report have been referred to the RCMP [Royal Canadian Mounted Police], and an investigation continues to be ongoing related to these matters. And so we've not pursued this because there may be a difference between those monies that have been spent illegally, those monies that have been spent improperly, and we need the input of the RCMP investigation to determine that before we can work with MACSI and determine what sort of restitution should be pursued.

The Chair: — But your department would have no disagreement with the recommendation of the auditor? Mr. Borgerson.

Mr. Borgerson: — I would therefore move that we concur with that recommendation.

The Chair: — All right. A motion to concur. Is there any discussion on the motion? Seeing none, we'll call the question. All in favour? None opposed. That as well is carried. And I think there are quite a few more here. Yes. Page 102, recommendation no. 10:

We recommend that the Department of Health strengthen its processes to keep informed about any significant problems at community-based organizations (CBOs). The processes should include:

- doing a risk assessment on all CBOs to determine the nature and extent of processes needed to monitor each CBO's performance;
- identifying objectives and performance measures for each CBO;
- reviewing each CBO's performance reports routinely;

- carrying out regular on-site assessments of high risk CBOs; and
- attending board of director's meetings of high risk CBOs;

Now again, colleagues, this is not an area that we questioned the deputy minister and his colleagues on during the question time we had. Is there anything that you want to ask before we have a motion? Mr. Borgerson.

Mr. Borgerson: — I'd like a response to 10 and 11.

Mr. Fisher: — In regards to the risk assessment in the '04-05 year, we initiated risk assessment process . . . developed a base model tool to begin the risk assessment process and we continue to develop that process and it will be used across all our CBOs in the '05-06 year. So we're proceeding on that one.

In terms of identifying objectives and performance measures for each CBO, we have included — much like you heard earlier with the regional health authorities — we are including more specifics in the CBO contracts related to objectives and performance measures for each CBO which are then tracked over the course of the fiscal year. And progress towards those measures is documented in writing with the agencies.

Reviewing each CBO performance reports routinely — and I'll combine the next two — carrying out regular on-site assessments. We have assigned a staff person to each CBO as the primary contact for that CBO, and it is their responsibility to receive the quarterly expenditures and programmatic reports that come in from the agencies. And that responsibility includes analysis of those reports and if issues are identified in those reports, identifying our concerns in writing to the CBO and working with the CBO to try to resolve the issues that have been raised. In terms of on-site assessments, again that staff person assigned as the direct liaison to each CBO does on-site visits. We've been on-site at the three sites on MACSI, for example, regularly. So we have initiated that process as recommended by the auditor.

Attending board of directors meetings of high-risk CBOs. Again using MACSI as an example, we obviously have identified them as a high-risk CBO and therefore we are attending their board meetings on a regular basis.

So we are working on all of these areas as part of improving the accountability relationship between the department and the CBOs.

Finalization of service agreements before the fiscal year ends, which is recommendation no. 11. We have put processes into place to ensure that we have a valid service agreement in place for our CBOs at all times.

Mr. Borgerson: — Are you saying they're in place or in progress?

Mr. Fisher: — We've put that process in place for the CBOs now. It's in place.

The Chair: — All right, colleagues, do we have enough information to make motions for nos. 10 and 11? Mr. Chisholm.

Mr. Chisholm: — We're talking about all CBOs. Does this mean all CBOs that we have agreements with that we're working with? There must be CBOs that the government doesn't fund. So like we're talking about all CBOs. So is this all CBOs . . .

Mr. Fisher: — CBOs that the Department of Health has a relationship with.

The Chair: — All right. Are we ready for the . . . Recommendation no. 10 has been read into the record. Are we ready for a motion? Mr. Yates.

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

The Chair: — A motion to concur and note progress. Any discussion on the motion? Seeing none, all in favour? Any opposed? One opposed. No? Just thought I'd put a little fear in you there, Mr. Trew. His hand went up when I said opposed. So that is carried. Not unanimously but I think probably it was meant to be unanimous. No. 11 reads:

We recommend that the Department finalize the service agreements with CBOs before the Department's fiscal year begins (i.e., April 1).

Is there a motion? Mr. Borgerson.

Mr. Borgerson: — I'll move that we concur and note compliance.

The Chair: — A motion to concur and note compliance. Any discussion? Seeing none, all in favour? That's carried unanimously.

Recommendation 12 on page 104:

We recommend that the Department of Health improve its processes to remedy any significant problems at community-based organizations (CBOs). These processes should include procedures to:

- clearly [identify] . . . the problem;
- provide options for corrective action;
- promptly inform the CBOs, in writing, of the problem and corrective action required;
- give the CBOs a deadline for fixing the problem; and
- set predetermined remedies if the CBO does not fix the problem promptly.

Again we have not discussed this recommendation in our period of questioning. Is there any questions for the deputy minister on this one? Okay. I'm ready for a motion. Mr. Yates.

Mr. Yates: — On no. 12 I move we concur and note progress.

The Chair: — A motion to concur and note progress. Any discussion? Seeing none, all in favour? Any opposed? One opposed maybe. I think it was carried.

And resolution or recommendation no. 13 on page 105:

We recommend that the Department of Health ensure

MACSI implements recommendations 1-8 of this report.

Okay. So is there a motion? Mr. Borgerson.

Mr. Borgerson: — Yes. I move that we concur with this recommendation.

The Chair: — A motion to concur. Any questions? Seeing none, all in favour? Carried unanimously.

And then we should move to volume 2005, report 1, chapter 4. There are two recommendations. And again, and bear with me, they are on page 52. Recommendation no. 1 reads:

We recommend that the Department of Health develop a plan to monitor and evaluate drug use in the population.

This is an area that we did discuss rather extensively. Is there a motion? Mr. Yates.

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

The Chair: — All right. A motion to concur and note compliance. Is there any questions on the motion? Seeing none, all in favour? None opposed. That's carried.

Recommendation no. 2:

We recommend that the Department of Health set, evaluate, and report on performance measures for the Saskatchewan Prescription Drug Plan.

Is there a motion? Mr. Yates.

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

The Chair: — A motion to concur and note progress. Is there any discussion on this motion? Again seeing none, I would call the question. All in favour? None opposed. That too is carried.

Thank you, colleagues. We've moved through a substantive amount of material on a very important issue that devours the largest portion of our provincial budget and a very fascinating subject.

We want to thank you again, Mr. Wright, and your colleagues for appearing before our committee. Now that you're back in the swing of things, I know that you'll want to come back several times and appear again and inform the committee of what you're doing and what's happening in your department. And I see your colleagues are smiling in agreement, so that's good that you're of one mind there. Thank you. You are free to go.

Before we recess and move on to the next chapter, I omitted something I said I would do immediately after lunch. And that was ask for some just very brief comments, a report on the Canadian Council of Public Accounts Committees meeting held in Niagara-on-the-Lake. I see Mr. Cheveldayoff is gone, and I feel badly that I've omitted my duties. But when the Health folks were here and ready to go, I forgot about that.

Mr. Trew and Mr. Borgerson attended the conference as did myself and Mr. Cheveldayoff. Mr. Borgerson, perhaps I'll give you the floor first — any comments on the conference and anything that you would want to report back to the committee.

Mr. Borgerson: — Well in the course of the session that we've just had with Health, I think I'll give a partial report because one of the major presentations at the Public Accounts conference was in fact in terms of health policy. As I indicated, Dr. Michael Rachlis gave us a very interesting presentation. Of course members would be pleased to know that he ended his presentation by referencing his points to Tommy Douglas. I have a quote here from him:

Medicine succeeded when we listened to Tommy Douglas and faltered when we ceased paying attention.

And I'm sure the Chair would appreciate that quote but his point being that not only do we have to provide publicly funded universal health care but that we have to in fact address the issue of quality which was the topic for a good part of our session this afternoon — or quality outcomes as Mr. Wright would say.

The conference had a number of sessions. Probably the most important part of the conference is to bring people together who work in the area of public accounts, for myself in particular to sit down with other MLAs who sit on Public Accounts committees across the country.

We had a report from Libby MacRae. Members will remember that she sat down with this committee last February. She was pulling together research on the whole issue of parliamentary oversight. And her group is doing a comparative study of public accounts not only within this country but internationally as well. And a lot of that material has been put together and part of that was reported to us at Niagara-on-the-Lake. And basically what it comes down to is that there are many, many differences in terms of the role and the tenure and the composition of public accounts committees but that generally our Public Accounts Committee pretty much sits in the middle in terms of its composition and the way we do our work and when we meet and so on.

But if there was one message that was clear at the Public Accounts conference in Niagara and also at the CCAF conference that the Chair and I were at a week or so ago it is this — that the more non-partisan a Public Accounts Committee is the more effective it is. The more the tone and tenor of the Assembly and estimates and question period comes into this committee, the less effective it is.

And that message was made by Libby MacRae in her presentation. That's what she heard all across this country by people who work in the area of public accounts. And then other issues just in terms of people who sit on this committee, the question of having enough time and having enough information to ask the right questions and that is . . . if that is a weight that we experience, it's also something that's felt by every MLA on every Public Accounts Committee across the country.

So ultimately a great time to share knowledge in a really wonderful setting. As I have indicated informally, I would hope

that at future conferences that there be more substance. I've indicated that when you bring people from across the country from Nunavut to Newfoundland, I think there should be a little more weight and substance to the conference. It was, I think, a little too short in terms of the business that we did there considering the distances that we had come.

With that, I learned a lot by listening to others. I think probably the best discussion I had was with an MLA from Nunavut, who described his work as an MLA on public accounts in a system that is very non-partisan. The Assembly itself is non-partisan in its operation. So it was interesting, and with that I'll pass on to my colleague, Mr. Trew.

The Chair: — Mr. Trew. True non-partisan?

Mr. Trew: — Absolutely, non-partisan. Thanks, Mr. Chair. I wish to attach myself to the comments that Mr. Borgerson made, and I express my confidence that I will wish to attach myself to the comments you'll make when I'm done.

The conference in Ontario was the first PAC conference I've attended. Being relatively new to the PAC committee, being a long serving MLA but being new to this committee, I was struck by the diversity in practices at the provincial level, at the territorial level, and certainly at the national level.

I wasn't surprised that the national government would do, you know, that their PAC committee would operate differently than the provinces, but I was struck at how much commonality there was in purpose, but how on the minutia, there are divergences, there are differences from province to province. I argue that's healthy.

Happily there isn't a single correct answer or a single. This is the only way you can effectively deliver governance or deliver the audit function to the people.

Happily the leaders in most of the discussions were quite proud of their jurisdictions, and they thought that they had it right and everyone should follow their good deeds. Sadly some of our colleagues from across Canada were convinced that all jurisdictions should do it exactly the same way, in a sort of assembly, rubber-stamp line, and they genuinely hold that view. You know, they think they've got it right and what works in their province should work in Saskatchewan with no exception at all.

What I felt good about was Saskatchewan's Public Accounts Committee. As I listened to the presenters, Mr. Chairman, as I met colleagues from right across Canada, I couldn't help but see the commitment they all shared and we all shared, but I was very proud of Saskatchewan's Public Accounts Committee. And I was proud of our chairman. I was proud of our committee members. I was proud of the role that the Provincial Auditor, the Provincial Comptroller plays. And quite frankly, I was quite proud of the role that the executive Government of Saskatchewan plays too in their commitment to making the public accounts process work, the commitment into compliance.

So yes we have times when we will not agree on a given issue, but I argue that is very, very healthy. In fact I would say that if you're having a discussion and literally everyone always agrees

what you have is a sad lack of critical thinking. You're guaranteed that one person in a room is thinking if everyone agrees all the time. When you have healthy discussion, healthy disagreements as we have from time to time, I think that the public is best served.

That's a long-winded summary of what I got out of the Ontario experience. I was grateful for the opportunity to have been there and experienced the Public Accounts Committee national assembly, if I can describe it that way. So thanks, Mr. Chair.

The Chair: — Thank you, Mr. Trew. As your Chair I'll be very short-winded as usual and just reiterate what my colleagues have said, that I think the conference was a worthwhile venture. I would agree with Mr. Borgerson that perhaps the soup was a little thin in places, and I don't know if there's some way we can express to the organization that perhaps a little more thought in content would be worth the effort. That being said, there was much good discussion. And there was certainly much that happened that was not directly associated with the agenda that was also very constructive — getting together with colleagues across the country.

You're right; there's a variance of procedure and tradition amongst Public Accounts committees. From Ontario, which has innumerable meetings that last for very long durations, the auditor gives very long reports, unlike what this chairman calls for, and deputy ministers give equally long responses which allows meetings to get very long before the actual interaction between committee members takes place. I think I prefer ours, but that is their procedure. And their Chair was saying he didn't think they could shorten theirs up. And then of course you have Alberta where they don't even . . . they bring in the minister, and there's basically, I think, an extension of estimates which I'm not sure is that profitable either. So I agree that we may not have it perfect, but we do have a good reputation.

The whole issue of partisanship, and I commented at another function and the other conference that you and I were at, that I think we're kidding ourselves if we suggest this is a non-partisan environment. It cannot be non-partisan because we are partisan by nature. But I think in the committee environment that partisanship can be more constructive than it is in other venues. And obviously I think that we should endeavour to maintain that.

The other point that was made at the conference was that two of the Public Accounts committees — and I know I'll get some raised eyebrows from my colleagues on the government side — but two of the committees which are very effective and I think could teach us a little bit about scrutiny are committees where the opposition are the majority of members on the committee. And that is the province of Nova Scotia and the federal government, both minority situations.

And I thought about that, and I guess I could compare it. Maybe this committee, we should be a little bit like the question period in the House where it's really the opposition that should be directing the scrutiny process. And I think if that happened, government colleagues would — colleagues sitting on the government side perhaps is the better way to say it — would probably be more comfortable involving themselves in the discussion, rather than basically watching two or three

opposition MLAs pretty much carry the questioning, and then you folks come in at the concluding motion. So that's something to think about.

I thought it was worthwhile. I think it could be a little better. And I thought our delegation was well represented by the four of us who were able to attend.

And my concluding remark is on the great work, the great ideas of Tommy Douglas. The problem was that he wasn't able to keep his promises, and he lost his last election in Saskatchewan and had to go to British Columbia, where they're not quite as enlightened, to get re-elected.

And with that we will recess and commence again at 3:45.

[The committee recessed for a period of time.]

Public Hearing: Workers' Compensation Board

The Chair: — All right, colleagues. We'll resume the Public Accounts Committee meeting. We are to the last item on the agenda: Workers' Compensation Board, chapter 11 of the 2005 report, volume 1.

I'm pleased to welcome Sandra Morin to the committee. I think she's replacing somebody who was supposed to have left — Mr. Borgerson. And we will follow our usual procedure.

First of all, I want to welcome Mr. Solomon here. And we'll give you a moment to respond to the auditor's report and introduce your colleague at that time. But first of all, we will turn to the auditor and ask Bashar Ahmad if he would give a condensation of chapter 11, I believe it is. And we'll commence from there. Mr. Ahmad.

Mr. Ahmad: — Thank you and good afternoon, Mr. Chair, members. Chapter 11 is on pages 151 to 161 of our 2005 report, volume 1. In this chapter we report the result of our audits of the Workers' Compensation Board — that's WCB — and Workers' Compensation Board Superannuation Plan — that is plan — for the year ended December 31, 2004.

We worked with Deloitte & Touche, the WCB's appointed auditor, to complete our audit. We report that the WCB has addressed our past recommendation to improve administration of injured workers' claim except for two matters. First, the WCB needed to do more work to ensure it received timely injury reports from the employer. Second, the WCB needed to receive and approve an adequate work plan for the central auditors. We understand since our report the WCB has addressed both of these matters. We will examine how well the WCB has addressed those matters during our 2005 audit and report our findings in our future report.

We make three new recommendations in this chapter. Two recommendations relate to the WCB itself and the third one relates to WCB's plan. Our first recommendation on page 154 require the WCB to:

. . . establish policies and procedures to ensure that all of its investments comply with the law and its investment objectives.

We understand that the WCB had addressed this matter while making an agreement with an outside party to assess and provide assurance on the investment manager's compliance with the law and the investment objectives.

The second recommendation on page 155 requires that the president:

and the employees reporting directly to the President file employment contracts with the Clerk of the Executive Council, as required by the *Crown Employment Contracts Act*.

We understand the WCB will sign a formal employment contract with the president, and that will be filed with the Executive Council. We also understand that the president plans to do the same for those employees who directly report to the president.

On pages 160 and 161, we make one recommendation for the WCB's plan. The recommendation requires the plan to establish processes to ensure investment managers comply with the law and the investment objectives.

We also report two other matters for the plan. First, the plan has not made any progress toward addressing our recommendation to improve governance processes. Second, the plan has not established processes to ensure that all retired members who have returned to work for the government are paid in accordance with the law.

For the year ending December 31, 2004, the Workers' Compensation Superannuation Board was responsible to administer the plan. As a result of legislative changes, effective January 1, 2005, the Workers' Compensation Board is responsible to administer the plan. During our 2005 audit we will examine the WCB's progress to address our recommendation for the plan. We will report our finding in our future report. That concludes my overview. Thank you.

The Chair: — Thank you very much, Mr. Ahmad. Again, Mr. Solomon, welcome. Introduce your colleague and you're welcome to respond.

Mr. Solomon: — Well thank you very much, Mr. Chair. With me today is our chief executive officer, Peter Federko. We're both very pleased to appear before the Public Accounts Committee today and we appreciate the invitation. Thank you.

We're pleased to be here because it's part of fulfilling our obligations to be transparent and to be accountable. Of all the workers' compensation boards on this continent, we believe that we're the most accountable of all, both to the legislature and to our stakeholders as well as our clients.

But let me explain. In addition to Public Accounts, we appear before other legislative committees as required. We're also the only board to hold annual general meetings up until two years ago when two other boards decided that was a good process. The Alberta board now has a one-hour webcast every year, and the Nova Scotia board has an annual meeting. We do two each year, one in Regina and one in Saskatoon, to ensure that stakeholders have access to questioning our results and our

operations.

We also hold a two-day, what we call, a compensation institute every year. We're the only board in North America to do this, and it features expert speakers, workshops, and a bear-pit session with access to the chief executive officer and the Chair of the board.

In addition that, every October we hold about 20 rate-setting consultation meetings. And we do that to discuss our third-quarter operations with all of our stakeholders as well as to announce and explain the next year's preliminary average assessment rate and our assessment rates for various rate codes.

When it comes to accountability we actually are the most accountable in North America.

Workers' compensation, as some of you may recall, is known as Canada's oldest public safety net. The Saskatchewan legislature established our board in 1929. It commenced operations in the summer of 1930, and this year we celebrated our 75th anniversary. Our story is told in brief in an entry in the new Saskatchewan encyclopedia and in more detail in our own document which we call Saskatchewan, the history of *Workers' Compensation in Saskatchewan*.

Every province's compensation system is based on the five principles that were set out in the Ontario royal commission, Justice William Meredith's report. The five principles of course are compensation without fault, security of payment, collective liability, autonomous board with exclusive jurisdiction.

Notice the historic compromise. It's a no-fault system funded by employers with guaranteed compensation payments to injured workers. No lawsuits against a fellow worker or employer are permitted. Many say that Canada's workers' compensation system is actually the best system in the world.

Four years ago, our board faced several challenges. Customer service was not the best. There were many complaints and stakeholders were generally unhappy with the board. And the system was struggling with high costs and high injury rates. We've made good progress since then, addressing these matters.

What exactly have we done to address these challenges? We've implemented the recommendations from the Dorsey administrative review of 2001 and the committee of review of 2002. We established an executive inquiry information office for MLAs to contact the board on behalf of their constituents and the MLAs' constituency assistants use this outlet as well. We established the fair practices office and it's working very well. As a matter of fact the Saskatchewan Ombudsman says that WCB complaints are down 30 per cent, and he recommends that other government agencies follow the WCB example and establish a similar office.

We've also worked with stakeholders to reduce the injury rate. Back in 2002, Saskatchewan's injury rate reached 4.95 per cent, the second highest in the country next to Manitoba which was 5.0 per cent. This greatly concerned our board and our stakeholders.

This concern lead us to refocus our vision and our mission. We decided to make injury prevention a provincial strategy in partnership with employers, workers and other partners. We set a five year goal to lower the injury rate by 20 per cent to 4.0 per cent by the end of 2007. It dropped in '03 to 4.81 and '04 to 4.40. We forecast another decrease this year, bringing the 2005 injury rate down to 4.13 per cent. We're ahead of schedule, so we've moved our target up from '07 to establishing a 4.0 rate by the end of '06.

What else have we done to address our challenges? Well we've established new partnerships: WorkSafe Saskatchewan in partnership with the Department of Labour; and Safe Saskatchewan, a partnership with private sector organizations, as well as the Saskatchewan Safety Council. Both have an injury prevention advocacy mandate.

We've also strengthened our partnerships with eight industry safety associations. We appointed a special experience rating committee made up of stakeholders and hired an internal actuary to bring more precision to the forecast of future claim liabilities.

We worked closely with the health sector as well. We improved our services through an MOU [memorandum of understanding] with the Saskatoon and the Regina Qu'Appelle Health authorities to facilitate quicker diagnostics.

And those are some of the things that we've done internally, but I guess the question's always asked is, how do we compare with our peers? We may think we're advancing in isolation. When you compare us to other provinces, on the accountability side we are actually the best in the country and the best in the continent. We are the most transparent, the most accountable, and we're second to none. Financially and operationally we are just as strong.

Compensation boards, like other organizations and individuals, endured difficult times during the recent market downturn. That experience made the board a stronger board in the following way.

In the year since the market collapse, we lowered the three-year accumulated deficit to a 2004 operating surplus of \$12 million. This year our third-quarter unaudited financials project a \$20 million surplus for fiscal year 2005.

With the recovery we are in a position to lower the 2005 average premium by 4 per cent from \$2.05 per \$100 of payroll to \$1.97. Pending approval by my board members in late November — this coming November — the 2006 average premium rate we estimate will drop about 6.6 per cent on average from \$1.97 to \$1.84. And for the 2006 premium year with that rate, we will have the third-lowest average employer premium of all provinces in Canada.

In addition to that, we're one of only four fully funded WCBs at 103 per cent. We have the lowest final-level appeal costs in Canada. We have the shortest wait time for final appeal decisions in the country. Our administration cost per time-lost claim, which is something we can control, our administration costs, is virtually the lowest in Canada.

Only a few WCBs have computerized file systems; we were among the first to take this service efficiency step. We were the first WCB in Canada to assemble a crisis management plan or a business continuity plan. We are in the top quartile for time-to-first-payment for injured workers. What that means is 73 per cent of our injured workers receive a cheque within 14 days after their injury — not after the reporting, but after their injury.

Our premium-to-benefit ratio is number one. It's unmatched. That's to say the best benefit package is afforded to injured workers for the lowest possible premium. Our average composite claim duration is the second-lowest in the country, and our return-to-work percentage is the highest — 93 per cent of our injured workers return to work successfully.

While our premiums are third-lowest, we've maintained high customer satisfaction, both for injured workers and employers. By many national measures our board as a Workers' Compensation Board is a high achiever.

I'm pleased to tell the committee today that we have made progress on chapter 11 of the Provincial Auditor's report.

One of the recommendations in chapter 11 speaks to the verification of investment manager's compliance reports. This committee will be pleased I believe to learn that we've hired our custodian, the Royal Trust in April to verify the investment fund manager's compliance reports.

Another Provincial Auditor recommendation is our compliance with The Crown Employment Contracts Act. Over the last few weeks the board members — actually the last few months — we've been negotiating with our chief executive officer for this contract. The talks have concluded. They will be filing his employment contract with the Clerk of the Executive Council on October 31.

With respect to the board members receiving and approving an adequate internal auditor work plan, I am pleased to report progress on this as well. The audit committee has been receiving and approving an internal audit plan for years which has met the mandate of the audit committee. However the audit committee has received a new draft audit work plan for 2006 which addresses the Provincial Auditor's concerns.

In addition to that we've hired the KPMG to review and improve our risk management plans, and we are awaiting the KPMG Enterprise risk management plan report prior to adopting the new internal audit work plan to ensure it is comprehensive and responds fully to the Provincial Auditor's concerns regarding risk assessment.

Chapter 11 also speaks to injury fund investments and the WCB superannuation plan. I'll now call upon Mr. Federko to comment on that particular issue. Mr. Federko.

Mr. Federko: — Thank you. The Provincial Auditor as summarized essentially raised three issues with respect to the superannuation plan. The first thing I believe that is important to note is as the Provincial Auditor has pointed out, effective January 1, 2005, new legislation transferred responsibility for administration of what I'll call the defined benefit plan from the

superannuation board to the Workers' Compensation Board. And within that legislation certain governance structures were also established.

For example the legislation calls for the establishment of a retirement committee that is to be made up of representatives from the retiree group, the in-scope active members of the plan and the out-of-scope active members of the plan, a representative of the board, and the chief executive officer as Chair of that retirement committee. The role of that retirement committee is to oversee the activities of the plan, oversee the results of operations of the plan as well as make recommendations to the board for any changes relative to the administration of that defined benefit plan.

As I'm sure the members know, defined benefit plans were closed to new members several years ago. Our plan, the defined benefit plan accumulated significant surpluses. We have approximately 100 members in the defined benefit plan. Approximately 50 per cent have already retired and 50 per cent continue to be active members. Those 50 per cent that are active members, the last person that is eligible for retirement will be eligible in about eight years.

So it became imperative for us to find a process by which to close that plan without the last standing member of that plan reaping the remaining surplus in that plan; in other words, to equitably distribute the surplus within that defined benefit plan. And that has clearly become one of the focuses of that retirement committee.

In the immediate past, short-term, the retirement committee was focused on the transfer of the administration, so registering with the superintendent, establishing the calculation mechanism for the cost of living adjustment that the legislation called for.

And so relative to the three recommendations made by the Provincial Auditor, the new retirement committee has not at this point had an opportunity to address those. However I can say, as the Chair of that retirement committee, we do have that on our future agenda in terms of embarking on some strategic plan.

Of course as the members can appreciate, our planning really will be to find ways to equally distribute the surplus in that plan such that when the last member retires, there is no surplus left in that plan. So that really becomes our primary focus . . . is how to equitably distribute and yet preserve the surplus within that plan.

We are also committed to looking at processes in terms of how we can track employees of the Workers' Compensation Board who retire under the defined benefit plan and then seek re-employment within the government so that we can in fact work within the legislation in terms of preventing the double-dipping if you will.

So we acknowledge the recommendations made by the Provincial Auditor. The retirement committee are committed to, within due process and the short immediate future, deal with each of those recommendations.

The Chair: — That's the end of your . . .

Mr. Federko: — Thank you. Yes.

The Chair: — Thank you, Mr. Federko and Mr. Solomon, for your response to the auditor's report.

And tongue-in-cheek, we also acknowledge Mr. Solomon. Your infomercial there at the front end and if you ever move on to another career, it might be in late night television. Who knows?

Are there any questions from my colleagues? Mr. Chisholm.

Mr. Chisholm: — I'd like to start. Thank you, Mr. Chair. I can appreciate that one of the very important functions within WCB is in the investment function because of the amount of funds that are on account. Now I'm not familiar with the background, but I wonder if you could help me understand why the changes were made and why they had to be made in order that these investments would meet within the criteria that was set. Were there investments being made that were outside of the criteria that caused problems, or was it just a framework that needed to be tidied up?

Mr. Solomon: — Maybe Mr. Ahmad can answer that. But in essence what occurred in the past is our fund managers would sign a compliance report on a quarterly basis saying they are in compliance with our investment policy and guidelines. And the Provincial Auditor believes that we should have yet another layer of compliance.

Our view has been over the years that an investment fund manager, if they did not comply with our policy and guidelines or to yours, you would fire them, and they make a lot of money investing our assets. So we felt confident that the compliance reports that they sign on a quarterly basis were appropriate.

The auditor however, because of the new stringent guidelines that are coming out of Sarbanes-Oxley and other problems in the States, they're tightening up rules and regulations for audit committees and investment committees and so on. And so the recommendation in the auditor which we accepted was to have yet another compliance overseer and we're happy to do that.

It costs us about \$40,000 a year extra to do that, but we have about \$1 billion in assets that are invested, so we feel that it's just about value for money. We're not quite sure yet, but we'll see.

Mr. Chisholm: — I guess last year there was mention of the timely injury report being a factor, and I wonder if we could just go through what processes have happened to make that better, just the things you did.

Mr. Solomon: — By legislation, Mr. Chisholm, there is actually a statement or a legislative guide or pact which says that if employers are not compliant with reporting with an injury within five days of being notified, upon summary conviction they can be fined up to \$1,000 and the cost of the actual injury or the actual cost of the injury.

We've never exercised this clause. And I can maybe let our chief executive officer talk to you about the administrative challenges we had with that, and we've made a recommendation to the government which will probably come

again, at least the recommendation we made when they review the Act next time, to allow us to fine internally, late reporters.

The strategy that we utilized to address this was to cost share a special prosecutor with the Department of Labour to prosecute habitual late reporters or employers who are late reporting. And maybe I'll stop there and maybe have Peter add to that in terms of some more details.

Mr. Federko: — As Mr. Solomon indicated, holding employers to account for what the legislation requires has always been a challenge primarily because of the relatively low amount with respect to fines that are provided by the legislation to get prosecutors to give those cases any priority over far greater violations of different pieces of legislation was very, very difficult. So in an attempt to encourage them — them being employers — to report more quickly, we looked at simplifying our administrative processes. So we now have provided the ability for employers to file their injury reports online. We have a dial-a-claim, if you will — we call it Telefile— that gives employers the opportunity to call in the claim so that they don't have to worry about getting it through the mail. We have recently revised our fax receipt system so instead of the document coming as a fax and then having to be scanned into our image system it goes directly from fax right into the document system so that we can shorten up the time frames administratively.

That did little to increase the reporting compliance. And when the Provincial Auditor raised this as an issue last year and actually the recommendation was little bit stronger, actually suggesting that we were not taking steps to enforce the respective provisions of our law that would require employers to report within that five-day time period, we then sought the opportunity as Mr. Solomon said to partner with the Department of Labour to get a dedicated prosecutor to deal with occupational health and safety violations and violations within The Workers Compensation Act. The first batch of files for review by the prosecutor with respect to WCB violations — and we are focusing right now on employer late reporting — has just gone over to the prosecutor for review.

But I can tell you that from January 1, which is about the time we started talking to employers, we knew that we had agreement with the Department of Labour to partner with the dedicated prosecutor project. We began talking to employers, advising them that they had six months, essentially to July 1, to fix their administrative internal problems to begin complying with our legislation. We've seen an improvement in the reporting time from employers with respect to injury reports by more than 50 per cent. We still have a select few, however, that for whatever reason are having difficulty complying, and as I said those files have gone over to the prosecutor now for review.

Mr. Chisholm: — Thank you. There's no provision within the WCB that you could up the rate of continual violators? Do you think that the route that you have to go is to go the legal route and prosecute, or like I'm just wondering if that would be an option.

Mr. Solomon: — Just maybe a little history. Part of our injury prevention strategy in terms of getting the injury rate down, to

prosecute is one of our approaches. We have many, many approaches which I referred to some in my opening remarks.

The concern that we had was our employers are paying the premiums. We ask administration to meet with the habitual offenders before we actually prosecute them. We give them lots of notice. We give them six or eight months notice. Here's what's going to happen.

But the employers end up paying in the end because the longer they wait to report, the longer it takes to diagnose and confirm the injury, and then the longer the individual is on compensation because a longer diagnostic time, a longer treatment time. And it adds to the bottom line of the employer. So it's a vicious circle. And I think that they're realizing that it's going to save them money, and it's going to save them a fine if we institute this initiative.

I forget your question, Mr. Chisholm, but I was going on an infomercial again. Oh, we don't adjust the rates, no. Sorry.

Mr. Chisholm: — Okay. Well I meant to adjust the rates for the specific continual offenders, if that wasn't a possibility rather than . . .

Mr. Solomon: — The law doesn't provide us to do that. And we've asked for that instrument when the legislation is reviewed next time, I think in the next year or two. So we haven't had a response yet. There's a process called committee of review. The Act outlines an appointment of a committee of review every four years to review legislation, review the administration of the board and from top to bottom and to make recommendations to the government. And it's stakeholder committee — equal numbers of employer reps and worker reps and a neutral Chair.

Mr. Chisholm: — One of the recommendations — and you've addressed this already — I think was about the president, the contracts being signed, and the timeliness of that. Like that was brought out some time ago, and you've said now that, I believe, October 31 is going to be the due date.

Mr. Solomon: — Yes. The Provincial Auditor raised this with us in the spring. Up until that time we believed we were not involved with that process, that we were exempt from doing that on the basis of a 1993 memo from the Clerk of the Executive Council at that time, Sandra Morgan, which said that unless you have a written contract, you need not table it.

With Mr. Federko and his vice-presidents we had no written contracts. The auditor raised this with us. We agreed that we would undertake to get contracts. I understand that a letter of offer and acceptance is a contract, but rather than table that and then table the negotiated contract a few weeks later, the board believed that we should finalize our contract with our chief executive officer, table it with all the benefits and salary and so on that's required by law. And that's why we're doing it. But it's been a long process as you can appreciate. Mr. Federko is a tough negotiator, and the board's not much easier so we're . . . But we have concluded our negotiations, and we should be tabling the document on Monday.

By the way we do have a memo from the Clerk of the Executive

Council, Judy Samuelson, which says — it's addressed to all boards, governments, agencies, Crowns, and department's permanent heads — that we should now be doing this whether it's a letter of offer, acceptance, or contract and the deadline is October 31. So we've informed the office that we'll have that contract there by that time. So that's where the delay comes in.

The Chair: — Mr. Hart.

Mr. Hart: — Thank you, Mr. Chair. Just to follow up on this area of filing contracts with the Clerk of the Executive Council, I suppose I maybe should address my question to the auditor. How many boards does The Crown Employment Contracts Act apply to, and what has been the practice of these other boards as far as filing copies of contracts as required by the Act?

Mr. Wendel: — The Act applies to all boards where the government controls them. So there's many, many boards. It also applies to the Workers' Compensation Board even though there's some question of control, just the way the statute is written. We are working through trying to make sure all of the boards are in compliance, and we reached an agreement with the Executive Council and the Department of Finance to make sure all of this is done and finished by this October. And those that aren't, I'll be talking about them again in the next report.

Mr. Hart: — And The Crown Employment Contracts Act, when was that legislation passed?

Mr. Wendel: — I think 1991 but I might be mistaken . . . '93, sorry.

Mr. Hart: — 1993. You mentioned that it applies to many boards. Could you give the committee an example of some boards, some of the boards that it applies to for comparison purposes to the WCB. I know there are a number of very small boards who have . . . you know their scope of operations is very limited. What other boards would this piece of legislation apply to that have a scope of operation somewhat similar to the WCB?

Mr. Wendel: — Similar to the WCB, you know there's . . . I don't think . . .

Mr. Hart: — Well no I'm not talking about the area of activity, but as far as the employees and those sorts of things.

Mr. Wendel: — Well the Liquor and Gaming Authority would be an example. They would have to . . . Just if you want to turn to appendix 2(5) in our reports, if you look at that, it's a list of all government agencies . . .

Mr. Hart: — Oh okay, okay. I don't have the report with me.

Mr. Wendel: — Generally they would all be subject to The Crown Employment Contracts Act other than I think the cancer foundation and the regional colleges come to mind. So just about all of them except for those few.

Mr. Hart: — What has your experience been with some of the larger boards, I guess, as far as compliance with the legislation? Is WCB an exception to the rule, or have the vast majority of boards failed to comply with the legislation?

Mr. Wendel: — I think there's a mixture. Some, probably half and half I think. What we've found . . . and the way this has come up is there was some concern last fall at SaskEnergy, and it caused us to look into all senior management pay benefits and look into whether they've actually filed all those necessary contracts with the Clerk of the Executive Council and we've been slowing working our way through government agencies to make sure that happens.

Mr. Hart: — Okay good. Thank you. Mr. Solomon, you mention that in '93 you had a memo from the then Clerk of the Executive Council that stated, or at least you read into the memo that the WCB was exempt from this. Could you provide this committee with a copy of that memo? Would that be possible?

Mr. Solomon: — I have it right here actually. I can read part of it if you wish, Mr. Hart. Dated August 11, '93 from Sandra Morgan, Clerk of the Executive Council and assistant cabinet secretary to all permanent heads and chief executive officers:

A recent decision by the Saskatchewan Court of Queen's Bench has implications respecting the application of The Crown Employment Contracts Act.

As a consequence of the Court's decision, it will no longer be necessary for any permanent head, or an employee who reports directly to a permanent head, to file with the Clerk of the Executive Council particulars of the terms and conditions of employment unless there is an actual written contract of employment.

Only permanent heads and employees who report directly to permanent heads, with formal written contracts of employment, are required to file said contracts with the Clerk. If no actual written contract exists there is no requirement to file a summary of the terms and conditions of employment, as may be set out in a letter of offer, a letter of acceptance, or in general policies established by a crown corporation.

And that was in '93. Now keep in mind that Mr. Federko was hired by one of my predecessors in '94, and at that time the Chair of the board was operating under this guidance. And actually Mr. Federko is the only — that I'm aware of — chief executive officer or similar position that does not have a range. He just had one salary, and the only increase that he was given was the same increase as the staff that collectively bargained in the bargaining unit. So if it was 0, 1, 1, that's what he got. There was no . . . even on evaluations, on good evaluations, there was no way of giving a bonus.

And let me give you some background. When I arrived at the board in '01 I realized there was no contract, and I thought that was unusual because all the Crown CEOs had these ranges. Deputy ministers have ranges. Our Provincial Auditor has a range. Mr. Federko did not.

So I decided as a board, I took it to the board meeting around Christmastime in '01, and I said we should try to negotiate a contract. Two weeks later I get the financial results for '01 which shows us we've been three good years in the black, and all of a sudden we're 37 million bucks or thereabouts in the red.

I said to the board, well we're not negotiating anything. We're going to shelve this until we can bail ourselves out of this predicament. And that's what we did. We tabled it until the auditor raised it with us and actually gave us an opportunity now since the operation has been operation surplus last year and this year, to actually arrange a contract with Mr. Federko.

Mr. Hart: — So prior to that it was basically a letter of offer and acceptance and that was it?

Mr. Federko: — Yes.

Mr. Hart: — Okay. Now the auditor mentions that not only the president, or in this case the CEO's contract should be filed with the Clerk, but also those employees who report to the president or CEO. Within the WCB what positions would fall under this requirement then?

Mr. Federko: — We have three vice-presidents. I have an executive assistant and an executive administrative assistant who report directly to me.

Mr. Hart: — So it would cover those. Those would be the positions that would be required to report their contracts then to the Clerk of the Executive Council.

Mr. Federko: — And as we understand it . . .

Mr. Hart: — And what is the status of those contracts?

Mr. Federko: — None of those people have employment contracts. It was not a way that we have done business within WCB in the past. But given the board's commitment to negotiate a contract relative to my position, I've also made the commitment to negotiate with my vice-presidents, all my direct reports. We do not have employment contracts, and I will not have one for the Clerk by October 31. However pursuant to Ms. Samuelson's memo of September '05, I will be filing, or they will be filing their original letters of offer as surrogates for employment contracts. At such time as we do have employment contracts, we'll be replacing those original letters of offer with the formal contracts.

Mr. Hart: — So then what you are saying, Mr. Federko, is that you will be entering into negotiations with those affected employees to come to develop and conclude a written contract?

Mr. Federko: — Correct.

Mr. Hart: — Thank you. That would end my questions, Mr. Chair.

The Chair: — All right, thank you, Mr. Hart. Mr. Cheveldayoff.

Mr. Cheveldayoff: — Thank you, Mr. Chair. Mr. Solomon, Mr. Federko, thank you for joining us this afternoon. I'd like to refer you to page 157 of the auditor's report, the last paragraph on that page. It says:

The internal auditor's work plan that the Board receives and approves continues to be inadequate. The internal auditor's plan does not include the WCB's business and

operating risks. Also, it does not show how the internal auditor's work would help reduce those risks.

I understand that some efforts have been made to address that. Could you outline that specifically and the progress that you've made?

Mr. Solomon: — Thank you, Mr. Cheveldayoff. Actually if you look . . . This was tabled in May, or April I guess, our annual report, and in my remarks in that report — this is our '04 report — I indicated, that's on page 4:

But within a system as complex and dynamic as our program for workers' compensation, there will always be new challenges to identify and conquer. That is why the Board has undertaken a comprehensive enterprise risk management strategy.

And that's the fourth paragraph from the top. So the board — I think about three years ago, Peter? — decided that in our strategic plan we would do a business risk analysis, that we'd have a plan to identify our risks in business, and to ensure that we have a plan to mitigate those risks.

Since that time, and we've had an audit, internal audit plan before the board but again not dealing with the specific requests of the Provincial Auditor. So we've been ahead of this game for a couple of years. Actually in our strategic plan which you've got there, the last page shows what we're doing with respect to our enterprise risk management approaches in terms of our strategic plans. Maybe I'll have Peter talk to you about more of the details because it's become almost an operations issue now. It is an operations issue too.

Mr. Federko: — The enterprise risk management project is intended to develop a standing process by which we, through our planning processes, will identify the largest residual risks to which we should most effectively apply our resources. What this will do to alleviate the concerns of the Provincial Auditor is develop a formal risk register that the internal audit department then can formulate an internal audit plan around to audit the processes that we, as management, attest to being in place to mitigate those risks.

That risk register will not be available until likely mid-December. The audit committee does have a work plan from the internal audit department . . . however has decided to hold off a decision on it until the risk register is completed so that we can ensure that the audit plan deals most contemporarily with the residual risks that we are facing.

Mr. Cheveldayoff: — Okay thank you. I'm glad to see that efforts are being made in that regard. I've been given some information that says workmen's compensation board might be facing a fairly large class action lawsuit regarding section 30 of the Act, going back to 1979 and 2003 relating to individuals who pass away on the worksite. And the information I was given, and I haven't had a chance to verify it, but that this would amount to several millions of dollars. And the legislation has subsequently been changed, but there is a period from 1979 to 2003 where those who had lost their life by whatever reason at the workplace would be able to have their survivors receive benefits. And I guess my concern would be that the risk

register, as you're talking about, would take into account major items such as that. Am I correct in assuming that?

Mr. Federko: — The enterprise risk management process would not identify a specific class action lawsuit as a significant risk facing the organization. Rather what the risk management process does is identify both strategic and process risks that prevent the organization from achieving its objectives. The class action that you refer to, I am not aware of. We have not been served with any documents.

Mr. Cheveldayoff: — Excuse me, I did say a possible class action suit. I understand there's none there, but there have been some rulings based on that period of time that would give an opportunity to at least entertain the idea of a class action suit. That's the information I was given. I have not verified that information but that's . . .

Mr. Federko: — I'm not a lawyer, so I don't know that there is substantial evidence that could justify a class action suit. But we have advocates who repeatedly suggest that certain positions that the board as final adjudicators or the administration as initial adjudicators have taken is outside of legislation or policy. And there are several court challenges on an annual basis that either challenge the board's jurisdiction or the reasonability of its decisions within its jurisdiction.

That's within a framework of a risk-management process. We would identify both reputational as well as financial risks associated with us being taken to court whether it be a class action or some other way. We would assess the significance of that risk. And what the process allows us to do then is to evaluate the degree to which we should actually be applying resources to reduce or mitigate that risk as opposed to applying resources to reduce a risk elsewhere that may be more significant.

The issue around section 30, section 30 specifically deals with individuals who are found dead or deceased at work. So there is no evidence of an event. There has been no traumatic event. Someone comes to work and finds someone deceased in the office, for example. Prior to the change in legislation, it was presumed without question that an individual found at work was assumed to have died as a result of work regardless of the circumstances. The amendment to the legislation says that that is now a rebuttable presumption unless the contrary is found. So if an individual has died as a result of self-inflicted wounds, for example, then evidence to the contrary would confirm that it was not work related, and therefore the Workers' Compensation Board would not be responsible.

The fundamental question is whether the intent of the legislation changed between the time that section 30 said what it did originally and what it was intended to say as supported by the current legislation. We have had a couple of appeals on those issues. The board has ruled sometimes in favour, sometimes not, in terms of supporting the fatality depending on the facts around the case.

Now if someone is attempting to compile evidence to launch a class action suit, I mean we hear similar rumours, but we don't have any evidence to suggest that there's anything there that would justify it.

Mr. Cheveldayoff: — My purpose in asking is just that you're aware of the downside risk . . .

Mr. Federko: — Certainly.

Mr. Cheveldayoff: — And that you're taking steps to be aware of that and to mitigate any losses to the Workers' Compensation Board itself. Thank you for your answers to that.

Mr. Solomon, I'd like to ask you, are you aware of any fraud, alleged fraud, or suspected fraud within the Workers' Compensation Board at the present time?

Mr. Solomon: — No I am not.

Mr. Cheveldayoff: — Are you aware of any illegal activities, suspected illegal activities, or alleged illegal activities in the board or contractors that you may be in . . .

Mr. Solomon: — I am not aware of any, no.

Mr. Cheveldayoff: — Thank you, sir. Thank you, Mr. Chair.

The Chair: — We're kind of at the end of our scheduled time so if you have a question, if you'd make it very short, Mr. Hart, and if . . .

Mr. Solomon: — We're happy to stay as long as you like.

Mr. Hart: — Thank you very much, Mr. Chair. Yes just a very short question just for clarification. Mr. Solomon, you mentioned in your opening remarks that 93 per cent of injured workers return successfully to the workplace. Could you define what you mean by successfully returning to the workplace in terms of . . . do they return to their original jobs? Or if not, in certain cases injured workers are unable to, you know, what do you acknowledge as a successful return to work? And how long would an injured worker continue to work before leaving a position, you know, to still be defined as a successful return to work? If you could just define that term for me please.

Mr. Solomon: — I'll have Mr. Federko respond to that, Mr. Hart. Thank you.

Mr. Hart: — Thank you.

Mr. Federko: — The 93 per cent includes all workers who return to work within the medical restrictions placed upon them or within their permanent disabilities if such exist. So it's not necessarily with the same employer in the same job. It could be a different job with the same employer or an alternate employer.

With respect to sustainability, we measure our most severe . . . the effectiveness of our return to work with our most severe workers by looking at their recurrence rate. So are they prone to re-injuring themselves to the extent that they have to come back to Workers' Comp for continued support? And we're seeing recurrence rate again in our severely injured workers of around 1 per cent. So when we talk about 93 per cent effective return to work, they've returned to work within their medical restrictions, within their functional capabilities, in any shape or form. And for the severely injured workers . . . have a recurrence rate within the 1 per cent tolerance.

Mr. Hart: — Thank you for that.

The Chair: — All right, thank you, Mr. Hart. We will get to the three recommendations. I gave Mr. Solomon a bit of a dig about the infomercial at the beginning, so I should probably close by being a little bit more positive. I do guard the members' time to ask questions, but I was noticing the strategic and operational plan and was quite pleased to say it's at 2005 to 2007. I have been pushing for rolling three-year plans, and while it probably could be flushed out a little more, I wonder if you put these types of plans on your website and is it something you're going to expand.

Mr. Solomon: — It's on our website, yes.

The Chair: — Perhaps you'll set a trend within other boards and departments within government with this, so you're to be commended for doing that.

Mr. Solomon: — Thank you.

The Chair: — There are three recommendations that the auditor has made, and we've dealt with them through the questions, so I assume this will move along quite quickly. The first recommendation appears on page 154. I'll read it into the record:

We recommend that the Workers' Compensation Board establish policies and procedures to ensure that all of its investments comply with the law and its investment objectives.

Is there motion? Mr. Yates.

Mr. Yates: — Mr. Chair, I'd move we concur and note compliance.

The Chair: — A motion to concur and note compliance. Is there any questions regarding the motion that we're considering? Seeing none we'll call the question. All in favour? That's carried unanimously. Second recommendation in on page 155. It reads:

We recommend that the Workers' Compensation Board and the employees reporting directly to the President file employment contracts with the Clerk of the Executive Council as required by *The Crown Employment Contracts Act*.

Is there a motion? Mr. Yates.

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

The Chair: — A motion to concur and note progress. Is there any progress on this motion? Seeing none, we'll call the question. All in favour? Again it's carried unanimously. And the third recommendation is on page 160. And it reads:

We recommend that the Workers' Compensation Board Superannuation Plan establish policies and procedures to ensure that all investments held by the Plan comply with the law and its investment objectives.

Is there a motion? Mr. Yates.

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

The Chair: — Again a motion to concur and note progress. Are there any questions on regarding this motion? Seeing none, we call the question. All in favour? And none opposed. That too is carried.

Thank you, colleagues, for this deliberation. Thank you, Mr. Solomon and Mr. Federko, for appearing before the committee. This is the second time I believe now in very short order so we're keeping you busy. And we know that you also have many other things on your plate, so we appreciate the time that you've given us.

Mr. Solomon: — Thank you, Mr. Chair. If I could just make one final comment, we have made great progress at the board in the last four years, and it's not just as a result of our employees. It's a result of a huge co-operative effort with our employers, with workers, with the trade union movement, with our other partners, government agencies and so on, and the private sector partners.

We haven't fixed everything but we're on the road, I think, to fix most of the things that we were asked to address. And as you can appreciate, workers' compensation is a very complex business. I am very proud of the work that Peter and his staff have done, as the board members are. I appreciate the opportunity to come and provide you some report on our progress, and I'm always happy to return on your invitation. So thank you very much.

The Chair: — Thank you. We started with an infomercial; we ended with a spot, a 30-second spot. Very good. Thank you, colleagues, for the time you've given us. We've actually completed, I believe if I'm correct, Ms. Woods, we've completed the 2004 report volume 3, and we're into 2005 report volume 1.

I appreciate your co-operation in the progress that we've made. Thank you for your attendance today, and I now declare the meeting adjourned.

[The committee adjourned at 16:40.]