STANDING COMMITTEE ON PUBLIC ACCOUNTS

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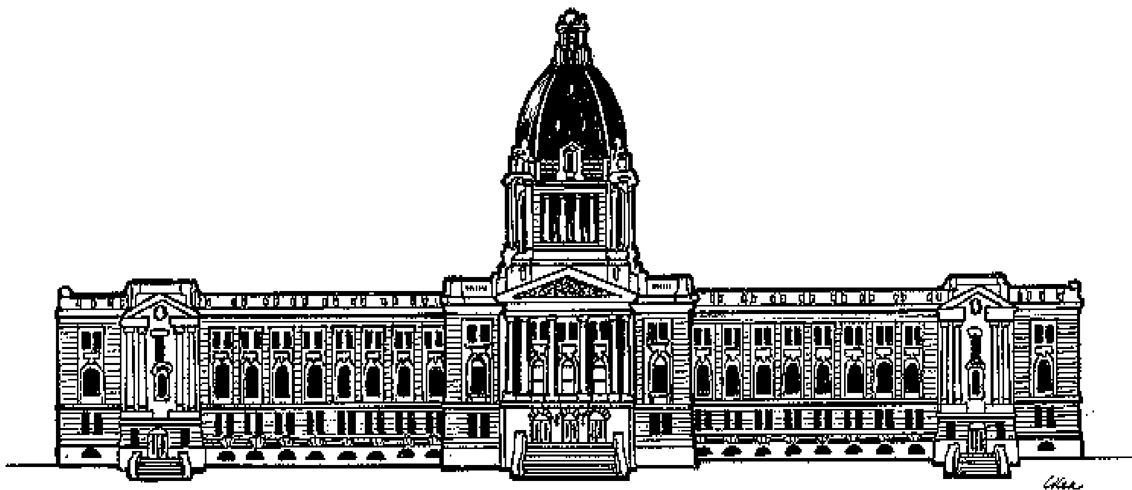

Legislative Assembly of Saskatchewan

Twenty-fifth Legislature

STANDING COMMITTEE ON PUBLIC ACCOUNTS
2006

Mr. Elwin Hermanson, Chair
Rosetown-Elrose

Mr. Lon Borgerson, Deputy Chair
Saskatchewan Rivers

Mr. Ken Cheveldayoff
Saskatoon Silver Springs

Mr. Michael Chisholm
Cut Knife-Turtleford

Hon. Glenn Hagel
Moose Jaw North

Mr. Kim Trew
Regina Coronation Park

Hon. Kevin Yates
Regina Dewdney

Published under the authority of The Honourable P. Myron Kowalsky, Speaker

[The committee met at 09:15.]

The Chair: — Good morning, ladies and gentlemen. I would like to welcome everyone to the Public Accounts meeting this morning. We have one item on the agenda. It's the Health chapter from the latest volume 3 of the 2005 report by the Provincial Auditor.

This is a long chapter with a lot of content. It's divided into three sections. And I have just quickly discussed with a few of my colleagues, and I think there's general agreement that we will deal with this chapter a section at a time. So in other words, we'll deal with the first section. There are 10 recommendations in that first section. And then if time permits, we'll move on to 2B where there's no recommendations. And if time permits, we will move on to 2C where I believe there was four recommendations, if I remember correctly.

Also, yesterday I was informed that a member of the committee wishes to entertain a motion, so we'll allow that to occur first as long as it's brief because we don't want to interfere with the general purpose of this meeting. And the motion will either be carried or not. And then we will move on to the item that is on our agenda, Health, chapter 2. Mr. Krawetz. Oh, I'm sorry, Cheveldayoff. So used to Mr. K.

Mr. Cheveldayoff: — I'd have to be much better looking, much more intelligent, and . . . Thank you, Mr. Chair. Thank you, Mr. Chair. Now there's going to be more of us soon so . . .

Thank you, Mr. Chair. I'd like to raise a matter of immediate importance before the committee today. It regards the Oyate Safe House in Regina, and I'm going to ask the Provincial Auditor to investigate the safe house to determine whether the funding provided was going for the purposes for which it was intended. I've got a couple of whereases and a motion here:

> Whereas the Provincial Auditor has indicated that his office will be reviewing the Department of Community Resources practices for supervising the Oyate Safe House as part of his review of other provincially funded community-based organizations; and
>
> whereas the Provincial Auditor has stated that his office cannot do a special investigation of the Oyate Safe House unless a special request is received from the Public Accounts Committee or from cabinet; and
>
> whereas the well-being of children under the care of the Oyate Safe House is at risk; and
>
> whereas the taxpayers of Saskatchewan deserve to know that provincial funding of the Oyate Safe House is being spent on the services it was intended for.

I move:

> That this committee request the Provincial Auditor to carry out an immediate special investigation of the services, administration, and operations of the Oyate Safe House, including any allegations of wrongdoing.

The Chair: — Okay. You've heard the motion. We will allow discussion on the motion. Mr. Borgerson.

Mr. Borgerson: — Yes. I think perhaps before we deal with the motion if we could have a response from the auditor. In terms of this particular issue, could you indicate what role or what involvement you have had thus far?

Mr. Wendel: — My role and authority is to look at what the Department of Community Resources does to make sure that the money is used for the purpose intended. I have no authority at the moment to go to Oyate Safe House to examine their records.

Mr. Borgerson: — Has the department been in communication with you over this particular issue?

Mr. Wendel: — I've spoken to the deputy minister, yes.

Mr. Borgerson: — Okay. And now I'm also aware that a request has gone in to the Children's Advocate. I mean when I think of this particular issue, the first issue of course is the safety of those who have resided at the safe house and are residing at the safe house. And I think, given the attention this has received and the work of the department and, you know, your media coverage and now the involvement of the Children's Advocate, I think that that particular matter is being addressed.

The motion that has been presented deals then with the fiscal side of things and the spending of public money. So I just want to differentiate and that therefore would involve the Provincial Auditor.

If this motion were to pass, how would it change the process you would be following anyway? You would be looking into the Department of Community Resources within the next few months with the report at the end of December. But you wouldn't specifically be looking at Oyate itself. Right?

Mr. Wendel: — If this motion were to pass, we'd be looking at the records of Oyate directly.

Mr. Borgerson: — Okay. And how do you feel in terms of . . . Because this is an agency that First Nations oversees, how do you feel in terms of your ability to access that information?

Mr. Wendel: — I would have to work with the department to do that.

Mr. Borgerson: — Okay. I think that's all, Mr. Chair. I just wanted to clarify the scene.

The Chair: — Very good question, Mr. Borgerson. Are there any other questions or discussion around the motion? Ms. Hamilton.

Ms. Hamilton: — Well I just wanted to follow up on one comment or question that Mr. Borgerson had of the Provincial Auditor. When working with the department, if they have concerns which obviously you've been talking with them about, in the normal course of things they would request for you to go

in. Does that give you authority or how do you get authority to do that if you are working with someone and it's been brought to your attention?

Mr. Wendel: — It could be two ways. One way would be a motion of this committee asking me to look at it, specifically at an organization that's funded by the government. Or cabinet could ask me to do that through an order in council.

Ms. Hamilton: — Okay. Thank you.

The Chair: — Mr. Borgerson.

Mr. Borgerson: — And then, I just think I would make one final comment. I mean this is an important issue. I believe that when you have . . . This kind of work is important when you think in terms of the purpose and mandate of Oyate. It's extremely important in terms of the vulnerability and protection of young people in our society. So I would like to say that in terms of having clarity as to how that agency is functioning, I think you'll find support for that motion here.

The Chair: — All right. Are there any other comments or discussion around the motion? Seeing none, call the question.

Some Hon. Members: — Question.

The Chair: — All in favour? None opposed. It's carried unanimously. Thank you for dealing with this matter so promptly so we could get back to the agenda.

I failed to mention at the opening of the meeting that we have one substitution. Substituting for Mr. Glenn Hagel is Doreen Hamilton. And Doreen, welcome to our committee. I understand you're, I won't say an old pro, let's just say a pro. And we welcome you to our committee.

We would like then to move to the Health chapter. And I guess I would ask the Provincial Auditor's office, in their summary of their findings, would it be possible for them to divide the response into three sections? That is so we would ask you then to provide us with a summary of chapter 2, part A.

We welcome the deputy minister, Mr. Wright, and his colleagues, and also the comptroller's office to our proceedings. Following the Provincial Auditor's summary, Mr. Wright, we will ask you to introduce your colleagues, if you so choose, and then you are given some time to respond. And then we will get to the questions of the members. Mr. Heffernan.

Public Hearing: Health

Mr. Heffernan: — Thank you, Mr. Chair, members. Part A of our chapter sets out the results of our audits of the Department of Health and its Crown agencies. We note that Health needs to continue to improve its processes to monitor the performance reports from regional health authorities and to take corrective action.

As well Health does not yet have a capital asset plan to manage its $900 million in capital assets. We note that Health needs a written, tested, and approved business continuity plan to help ensure that it can continue to provide critical services in the event of a disaster. They also need to focus activities of its internal audit where Health is at greatest risk of loss of public money or spending money for unintended purposes.

On page 42 we describe the progress of the department and the board of the Métis Addictions Council of Saskatchewan in implementing the 13 recommendations we made in 2004.

On page 45 we note that the Saskatchewan Cancer Foundation needs to complete the setting of performance targets needed to monitor the foundation's progress in achieving its objectives. The foundation also needs to strengthen its information technology processes to ensure the confidentiality, integrity, and availability of its information systems and data. It also needs a business continuity plan to ensure that it can deliver its programs and services if its facilities or people are unavailable in case of a disaster.

On page 47 we describe how the Saskatchewan association of health care organizations needs security policies and procedures for its information systems. It also needs an information technology disaster recovery plan to ensure that it can continue to deliver its programs and services if its computer system is not available.

SAHO [Saskatchewan Association of Health Organizations] also needs to strengthen its processes to ensure that payments made by its insurance carrier for its dental benefits plans comply with the agreements with the insurance carrier and the plan texts.

In addition SAHO needs a written agreement with all health care organizations where it provides services. That concludes my remarks, Mr. Chair.

The Chair: — Okay. Thank you very much, Mr. Heffernan. That was certainly brief and we appreciate that because this is a department of provincial government that spends the most tax dollars and obviously there'll be a lot of questions.

I just had one preliminary question with regard to table 1 on page 34. It indicates the revenues into Health — 2.774 billion from the General Revenue Fund and $26 million in transfers from other governments. However we know that there are more dollars that are earmarked from the federal government than $26 million that go into health care. Is there any way to identify the total transfer from the federal government for health care in Saskatchewan in the year 2005?

Mr. Heffernan: — It might be a good question for the comptroller's office. I'm not sure if it's actually identified that way entirely, but we've just included it in the General Revenue Fund and this . . .

The Chair: — Is that $26 million from the federal government?

Mr. Heffernan: — I think that's mostly medical services provided by the province for persons . . . [inaudible] . . . outside the province.

The Chair: — Okay. All right. Yes. So that it really has no relationship then to grants and transfers from the federal government.

Mr. Heffernan: — I'm not sure if we can or not. I don't think we can.

The Chair: — Okay. Is it possible to provide that information at a future time or in writing to the committee?

Mr. Paton: — Mr. Chair, I'll have to look into that and see. It would be on the revenue side of the equation whereas these are the expenditures really of the department. But we can try to see from a General Revenue Fund perspective whether or not we can provide some analysis of the federal transfers to the province.

The Chair: — Okay. Very good. We'll open the floor to questions. Who wants to be first? Mr. Cheveldayoff.

Mr. Cheveldayoff: — Thank you, Mr. Chair, and thank you to members of the committee. To begin with . . .

The Chair: — Oh pardon me. Thank you, Madam Clerk. I jumped ahead of the gun. I apologize, Mr. Wright. I promised to give you an opportunity to respond. I guess I was too eager to get to questions. I give you an opportunity to respond, also introduce your colleagues.

Mr. Wright: — Thank you very much, Mr. Chair. We had a delightful conversation around many of the issues contained within the report here last October. And in light of the far-reaching discussion that we had, I've brought a few new colleagues with me today.

If I can introduce to you, Mr. Chair, and to the members of the committee, from my right or your left, Mr. Chair, behind me is Bonnie Blakley. Bonnie is the executive director of the workforce planning branch. Rod Wiley — Rod is the executive director of the regional policy branch. Garth Herbert, who is our internal auditor. Gina Clark — and Gina is, you may recall, Mr. Chair, our intern with the school of public policy at the University of Regina. We have Margaret Baker, and Margaret is a director within our drug plan group. And Mr. Ted Warawa — Ted is our chief financial officer or the executive director of finance and admin. To my left is Lauren Donnelly, and Lauren is the executive director of our acute and emergency branch. And to my right, Mr. Chair, is my assistant deputy minister, Duncan Fisher.

We look forward to the questions being raised today. With respect to the revenue issue that you raised, Mr. Chair, earlier, we're certainly prepared to work with the comptroller's office, and I think that we can provide you with a nice breakdown on those revenue items.

The Chair: — Thank you, Mr. Wright. You're either very organized or else you have eyes in the back of your head, introducing all of those colleagues in proper order. Thank you very much for that. Mr. Cheveldayoff.

Mr. Cheveldayoff: — Thank you, Mr. Chair. I'd like to begin by thanking members of the committee for entertaining and passing the motion that I brought forward earlier. Indeed I believe that it is the purpose and mandate of this committee to seek out areas where we can instruct the Provincial Auditor to do things that are in the best interests of taxpayers in Saskatchewan. I thank all members for that.

Good morning to Mr. Wright and his officials, and thank you for coming to our committee and appearing before us again today. We look forward to an interesting discussion on a very important topic to our government and to our province.

Mr. Wright, I'd like to begin by, I guess, talking about an area that seems to be reoccurring time and time again, and it's the need for better reporting and better accounting within the department, within the regional health authorities, and within bodies that do report to you. I guess it'll come out through the course of the questions that we ask, but I'd like to begin with the capital asset plan.

We read that your department is responsible for managing some $900 million in capital assets, and also we are told that there doesn't seem to be a capital asset plan in place to identify those assets and to identify needs that have come up. I guess my question to you, is there an inventory of capital-replacement needs that your department has? Do you require that from each regional health authority? Do you have that? Where are you at?

Mr. Wright: — We appreciate the recommendation of the Provincial Auditor in this regard that we need to develop a capital plan, and indeed, Mr. Chair, we have been working on one. I reported on that last October. We're in the final stages of preparing that health capital strategy that will be guiding us into the future, and perhaps I could ask my colleague Rod Wiley, who is responsible for this area, to elucidate upon this.

Mr. Wiley: — Thank you. As my deputy minister has indicated, we are indeed working on the final stages of the capital plan and should have it ready for release in the not too distant future. I guess I would highlight though that the capital plan is being developed in support of the Action Plan for Health Care in Saskatchewan. And so many of the items that are laid out in the action plan really provide the focus and the basis for looking at the capital needs that we have in the province, and you should not expect to see a lot different or a lot transpire in terms of different priorities.

As a result of that, it will build on the action plan, and it will look at how we use the assets that we have in the system to support the delivery of quality health services.

Mr. Cheveldayoff: — Thank you for that answer. I guess further along that line, have you asked for reports from each of the regional health authorities? And you know, if so, if you've received them, are there any surprises there? Is there anything that needs immediate attention?

Mr. Wiley: — Is your question with respect to capital facilities?

Mr. Cheveldayoff: — Yes.

Mr. Wiley: — Okay facilities. We work actually very closely with the regional health authorities and very much on a day-to-day basis. So we're aware of and talk to the regions about what their facility's requirements are, where their priorities lie, and generally have as good a working understanding as we can without actually going out and

physically visiting each building, which we don't do.

Mr. Wright: — If I may add to this, Mr. Chair, with respect to the Saskatoon Health Region, you may be aware that we've asked them to undertake a full capital needs assessment of the buildings within Saskatoon, focussing in on the three acute care facilities.

We want to learn and understand the structure, the nature, the content, the HVAC [heating, ventilation, air conditioning] systems, so they'll be undertaking that over the course of 2006. This is also a precursor to where we want to go overall with our strategy. So Saskatoon in part will be our test on a go-forward basis.

Mr. Cheveldayoff: — Thank you, Mr. Deputy Minister. Are you providing each regional health authority with a template on how you want to see the information come to you? Is there some leadership being shown from the Department of Health to ensure that the quality of reports that you get back from each regional health authority are such that, you know, important decisions can be made with all the information in front of you?

Mr. Wiley: — There are standard forms that we use when the regions identify potential investments and we ask them to complete them. So they provide us some basic information around the assessed need and the condition of the facility. They're at a scoping level. They're not at an engineering review level.

Mr. Cheveldayoff: — Thank you. I know from private conversations I've had with people involved with the Saskatoon Regional Health Authority that there is some concern about capital. And they very much look forward to the review and the input and leadership from your department, so we can ensure that those assets are maintained and improved.

Moving along, the auditor talks about the need for a written and approved business continuity plan, and we've seen that referred to for a number of years and some willingness from the answers we've received from your department and the officials that we will move in that direction. I guess I can't see what the difficulty in putting this plan together is. So maybe if you could just walk us through where you are at with the business continuity plan for the department, and then we'll get into the regional health authorities as well.

In light of what's happening in the world today, I think it's a very important process and I look forward to your answer.

Mr. Wright: — Mr. Chair, clearly we fully accept the auditor's recommendation and have been working diligently in this regard over the last several years. In fact the department has approved the business continuity program policy, and we established a business continuity team under the direction of Mr. Fisher here. He's the executive sponsor of our business continuity program. The team continues to work on a number of initiatives to complete the draft plan, a presentation and approval, hopefully later this month to the executive of the Department of Health.

Some of the initiatives that we're working on include a complete survey of the department's business functions, the infrastructure, and the resources required to maintain those functions; secondly, an assessment of the criticality of those functions, the acceptable risks for those functions, and returns to operation allowances following a disruption; third, a complete risk, threat, and vulnerability assessment for adverse events; fourth, a review of all existing emergency procedures within our facilities; fifth, a review of all existing contingency plans to support external emergencies that affect health and public health; and finally, Mr. Chair, the development of training and testing strategies for program implementation.

We're fully involved with our partners at the regional level and at the federal level, particularly with the public health agency, in developing our plan. And we have a rather communicative and co-operative approach, again with all of our partners. We're looking forward to completing this plan in due course.

Mr. Cheveldayoff: — Thank you, Mr. Deputy . Can you be a little bit more specific than "in due course"? Can you actually put out a time frame when we could expect that report?

Mr. Wright: — It's my hope that it'll be completed and reviewed by the executive later this month.

Mr. Cheveldayoff: — Very good, that's good news to hear. Will we be able to get a copy of that report to this committee?

Mr. Wright: — Once we finalize the report, again it will come to our executive within the department. We may make amendments to that report, and appropriately after that I see no reason why not.

Mr. Cheveldayoff: — Thank you for that undertaking, Mr. Deputy.

I want to turn briefly to a topic that I don't think any of us really likes to talk about very much, but certainly we've heard it with regular occurrence in the government. And that's to do with fraudulent activities. And I'd ask this question — I've asked it before — Mr. Deputy, are you aware of any fraudulent activities or alleged fraudulent activities within your department at the present time?

Mr. Wright: — Within the department? No, I am not aware of any fraud or illegal activities or fraudulent activities within the department.

If I may expand though, Mr. Chair, I am aware of certain situations in the Regina Qu'Appelle Health Region and one dealing with the cancer clinic. And if I can expand on these . . . management at the Regina Qu'Appelle Health Authority discovered two cases of fraudulent activity and reported them to the Provincial Auditor. In each case the staff member is no longer employed at the regional health authority. The amounts involved are relatively small. The questionable activity approximates $1,800, although a recovery of $100 was obtained. The amount of fraud that has been confirmed in these circumstances totals $400. Management at the RHA [regional health authority] has improved controls to ensure these situations do not rise again.

With respect to the cancer foundation, they advised the Provincial Auditor that approximately $2,000 in cash donations

were stolen at the Saskatoon Cancer Centre. In addition to controls being enhanced to further reduce the risk of the situation reoccurring, the suspected employee no longer works at the foundation, and the matter has been referred to the police.

Mr. Cheveldayoff: — Thank you, Mr. Deputy. Yes indeed, I did want to delve into that under the Saskatchewan Cancer Foundation. So the investigation is ongoing. The individual has been dismissed. And are you aware of any criminal charges pending?

Mr. Wright: — I am not aware of any. If I can expand though just ever so slightly, the fraud occurred when an employee misappropriated cash donations intended for the foundation. They were to make a deposit of the funds and kept them. The next bank reconciliation discovered the fraud. All employees . . . or the employee involved have resigned their employment. Again these matters were reported to the Provincial Auditor and so on from there.

Mr. Cheveldayoff: — Thank you, Mr. Deputy. Just further along this topic, can you outline for the committee today what you as head of the largest department in the government, what steps did you take to mitigate fraudulent activities or to, you know, just get ahead of the process and put guidelines in place to be comfortable yourself that fraudulent activities aren't taking place within your department.

Mr. Wright — Sure, Mr. Chair, with respect to establish programs and controls within the Department of Health, we have a number of items.

These include . . . we maintain a system of internal controls related to all transactions, and we've established the appropriate segregation of duties for the controls to operate effectively. This system of controls is of course based on the government and departmental policies.

We've also developed a risk assessment tool for use with community-based organizations, also known as CBOs, and we're further refining and expanding its use. We've developed standard service agreements to use when contracting with outside parties to provide services.

Additionally, although we're not directly responsible for the payments for services within regional health authorities, we work with regions to ensure that they have adequate controls in place. We use accountability documents and regular reporting from the RHAs or the regional health authorities to ensure that the service is appropriately delivered. As well audited financial statements and internal control reports are provided annually from each of the regional health authorities to the Department of Health.

The culture of the department, I'm pleased to say, is that fraud awareness and ethical behaviour is significantly important. Unethical behaviour within the department is simply not acceptable and is reinforced through orientations and ongoing communication.

With respect to monitoring these programs and controls, the department has recently hired an internal auditor who I introduced to you earlier. The division of the internal audit, a division of the Department of Finance, regularly audits the department. Of course the Provincial Auditor also audits the department, and each of these groups provide recommendations to us when required. And clearly we do implement these recommendations.

Finally, Mr. Chair, with respect to monitoring, internal controls within the department are operating effectively as designed. The Provincial Auditor's report has indicated potential improvements — which we take seriously — to manage the controls and oversight, and the department is working on the implementation of these recommendations.

Mr. Cheveldayoff: — Thank you, Mr. Deputy, for that answer. I appreciate your thoroughness on that.

On page 45 of the auditor's report outlines the Saskatchewan Cancer Foundation. The auditor discusses the foundation and the need to complete the setting of performance targets as well as IT [information technology] processes to protect patient confidentiality.

To begin with, performance targets, are they not standard practice for every area, every employee within your department? I guess, why is the cancer agency having difficulties establishing these performance targets?

Mr. Wright: — Well the issue, if I can, Mr. Chair, just very broadly, the issue of performance targets is evolutionary in nature. And certainly in my career I've seen, largely since the year 2000, these becoming more and more and more important. They're becoming very standardized not only within government, but also within our Crown corporations and also within the private sector.

The use of a balanced scorecard for example at my former place of employment, SaskPower, took several years to complete and — I'm led to believe under the director or under the leadership of the new CEO [chief executive officer] — is moving along effectively.

With respect to the regions and the Saskatchewan Cancer Foundation, we've been moving along in that direction. Clearly we have expectations that we lay out in accountability documents with the RHAs and with the cancer foundation, and we are progressing. Are we perfect? Absolutely not.

The board of the cancer foundation has taken the recommendation of the Provincial Auditor very seriously, and they're making progress in setting the direction and monitoring the performance of the foundation. They're committed, I'm led to believe, to completing the setting of performance targets over the next eight to twelve months.

Mr. Cheveldayoff: — Thank you, Mr. Deputy. The auditor, on the bottom of page 45, says:

> Without Board set targets for each key indicator, management may not know if it is focusing on the Foundation's scarce resources correctly and effectively to meet the Board's strategic objectives and priorities.

Could you comment on that statement and indeed if the lack of

this plan hampers your ability to carry out these functions?

Mr. Wright: — No, I think it's additive to the ability of the management within the cancer foundation to execute its duties. Again this is why in the next eight to twelve months the board of the cancer foundation is going to be establishing these targets, monitoring the performance of management, and so on. Again, is an evolutionary process. There is an awful lot of targets and definitions one can come up with. What you have to do is come up with very meaningful targets that are achievable and lead in a direction.

Within the Department of Health, we've looked at literally thousands of possible performance indicators. And the key is to whittle those down into the ones that are manageable, the ones that we call on a dashboard, that the CEO of a region or of the cancer foundation or indeed myself are focussed in on, that those are the ones that are important to the overall management and the overall effective delivery of the services that we all provide.

Mr. Cheveldayoff: — If you could just enlighten me, Mr. Deputy, on whose responsibility is it within . . . is it the board's as a collective? Is there an individual that is responsible for, you know, for putting together this plan?

Mr. Wright: — Well clearly with the RHAs and with the cancer foundation, the leadership must come from the board. We are as a department there to aid and abet. We're to provide guidance or we are to encourage the board along a path. But at the end of the day I do believe that it's the board's responsibility to — in conjunction with management — to set, establish and monitor these performance targets. That being said, it's also the role and responsibility of the Department of Health to provide an oversight to these.

Mr. Cheveldayoff: — I guess a general question then, Mr. Deputy, as far as best practices go, I assume that the regional health authority, the cancer centre, or the Saskatchewan Cancer Foundation and others comply with your wishes or further down the line in varying degrees. Do you take it upon yourself to enlighten those that are farther behind on what's happening in other areas? Can you expand upon that for us?

Mr. Wright: — Yes indeed we do. This comes to, in part, governance.

And very recently, I believe it was last week, we had a session that was attended by, I believe, 80 per cent of all the members of the boards of directors of the regions and the cancer authority. We held it up in Saskatoon, and it was I believe a two-and-a-half day educational session. They covered such topics as proper strategic planning, performance management, establishing of targets, financial reporting, financial issues and a variety of others. Guest speakers included David Brown from the Conference Board of Canada, who is certainly one of Canada's foremost leaders in this field, also Mr. Keith Rissling from the University of Saskatchewan or previously from the University of Saskatchewan to talk about risk management and to talk about financial reporting.

This is a part of our ongoing efforts, Mr. Chair, to ensure that board members are aware of best practices and execute their financial and fiduciary responsibilities with great diligence, oversight, and intelligence and wisdom.

Mr. Cheveldayoff: — Thank you, Mr. Deputy. The auditor also outlines concerns regarding IT [information technology] processes to protect patient confidentiality, and I suspect that's an area that some work has been done on in the cancer foundation and other areas. Can you expand upon the IT area please?

Mr. Wright: — Certainly, Mr. Chair. Although the foundation, the cancer foundation, has many processes in place to ensure confidentiality, integrity and availability of information systems and data, it supports the need to complete the documentation of these processes and enhance them based on a formal threat and risk analysis. The foundation over the next 12 months is committed to completing a formal threat and risk analysis and developing information technology processes and policies addressing gaps identified. So again they welcome the observations of the Provincial Auditor and are committed to executing on those over the next 12 months.

Mr. Cheveldayoff: — Thank you, Mr. Deputy. Mr. Chair, moving along, on page 47 the auditor talks about the Saskatchewan Association of Health Organizations or SAHO, and the auditor expresses the need for SAHO to monitor compliance of benefits with insurance carriers to ensure that they comply with agreements in place. Can the deputy outline for us the status of the situation with SAHO and insurance carriers in a general sense.

Mr. Wright: — In a general sense, Mr. Chair, SAHO will be implementing the recommendations for the next year and December 31, 2005. An audit and review of dental claims for the past two years commenced in September 2005, and a new process to audit selected claims for health and dental plans will be implemented in 2006. This should address in full and in detail the Provincial Auditor's recommendations in this regard.

Mr. Cheveldayoff: —Thank you. Mr. Chair, my colleague would like to ask a question at this time.

The Chair: — Mr. Chisholm.

Mr. Chisholm: — Yes, I'd just like to . . . I'm just moving back a little bit into the fraud that was detected, the money that was missing. And it says that there are new controls that are being put into place to assure that this shouldn't happen again. I'm just wondering what kind of controls are in place when, you know, cash donations are received, which I assume is quite common with the people contributing to the cancer society.

Mr. Wright: — Mr. Chair, I'm not in a position here today to provide a full and detailed answer to that. I must admit quite honestly I don't know what the exact processes and procedures are over at the cancer agency. Clearly you would want to make sure a number of items were followed, and that's the appropriate recording of the cash donation as received, bank reconciliation — which is one of the reasons why this was ultimately caught at the end of the day — segregation of duty, and others. Perhaps, Mr. Chair, if I may ask, perhaps the Provincial Auditor could report on that instead of myself.

The Chair: — Someone from the . . . Mr. Heffernan.

Mr. Heffernan: — . . . perhaps describe what the controls are in place at that time.

The Chair: — Ms. Volk.

Ms. Volk: — Good morning, Mr. Chair. I guess we've recently gone back to look at the controls in place. And they're putting together a process where two people will be initialling the opening receipt that the donator gets when he gives the money, and then they will be reconciling that back to the bank statements. And with that in place we should not have a control problem.

The Chair: — Mr. Chisholm.

Mr. Chisholm: — If that's the process that wasn't happening, I guess I don't understand quite how the bank reconciliation would have found this error if the money never went in the bank. I think the breakdown is not just analyzing the bank statements; it's the controls prior to the deposits being made that would be critical.

Ms. Volk: — Yes, the control that is now in place is two people acknowledging the receipt of the money instead of one person acknowledging it and then possibly not recording it into the GL [general ledger] system but rather pocketing the money to begin with. So now two people have received it, and two people are aware of it. And when they do the reconciliation of the cash, they'll say, well where is this one piece that's missing?

Mr. Wright: — And indeed that's absolutely correct. When this activity occurred, I'm led to believe there was one individual on. Now we've moved to two.

Mr. Chisholm: — I guess my question still is, I don't know how the bank reconciliation of the activity in the bank account would have brought about this thing if there was no reconciliation of the actual cash recording as it came in.

Mr. Wright: — Again I would defer to the expertise and wisdom of the Provincial Auditor on this.

Ms. Sommerfeld: — The way it was caught in the bank reconciliation was the person was still entering the funds into the GL as if they had been received but not deposited in the bank . . .

A Member: — That would do it.

The Chair: — Thank you for that clarification. Mr. Chisholm.

Mr. Chisholm: — That concludes my questioning.

Mr. Wright: — I'd like to thank the Provincial Auditor for that . . .

The Chair: — Perhaps before one of my colleagues jumps in, just on this whole issue of checks in place to prevent fraud . . . We've had now two or three occasions where the Public Accounts Committee's been made aware of, within departments, the same person being responsible for contracting for the expense of funds, receiving those funds, and accounting for those funds. You're working in a very large department which functions, as the auditor has noted, as a department through agencies such as the cancer agency and through all the regional health authorities. This is pretty massive.

Are you pretty confident that you have in place checks and balances to prevent, you know, given all that, you know, the charitable component where there are hospital foundations, all this sort of thing . . . do you have the checks and balances in place to assure people who donate and taxpayers who provide funding for health care that, you know, the same person is not responsible for contracting, receiving of funds, and accounting for those funds?

Mr. Wright: — Certainly, Mr. Chair. You know within the department, as I mentioned earlier, we maintain I believe a very strong system of internal controls and the appropriate segregation of duties. You know good control or good internal control helps prevent and detect fraud and also helps mitigate the misuse of department resources and reduce inadvertent errors or mistakes. However I must say that no system of internal controls can provide absolute assurance against fraud nor quite frankly would it be cost-effective to do so.

Within that framework though, Mr. Chair, I'm very comfortable and confident of the department's capabilities. I'm comfortable and confident about the cultural attitude within the department. This sort of behaviour is just not acceptable. We reinforce it through our orientation programs. And within that framework, I am comfortable, Mr. Chair.

The Chair: — All right. Thank you for that answer. Just again on SAHO, the point that my colleague, Mr. Chisholm, mentioned with regards to compliance of benefits with the insurance carrier, does that only relate to dental benefits? I think I heard you comment about dental benefits. Or is this for SAHO employees? I'm not . . . Just fill me in on what we're talking about here.

Mr. Wright: — As I understand it, Mr. Chair, SAHO delivers the dental health benefits on behalf of the regional health authorities.

The Chair: — Right. Okay.

Mr. Wright: — So we're dealing with, roughly speaking, 37,000 employees.

The Chair: — Okay.

Mr. Wright: — And what they've done is . . . or what they're planning on doing is implementing a new process of audit for not only dental but also for other health care claims.

The Chair: — Is the concern then that procedures and services are being paid for by the plan that were not contracted for? What's the concern here?

Mr. Wright: — Again, if I may indulge you, Mr. Chair, and ask the Provincial Auditor to speak specifically to this point, that would be very helpful.

The Chair: — Mr. Heffernan.

Mr. Heffernan: — Well the concern is to ensure that the insurance company is actually paying the claims properly . . . well that the claims are properly prepared that are submitted to the insurance company. The insurance company actually then pays the correct amounts because SAHO isn't involved directly in that, but yet they're responsible for the cost. And they want to make sure that the insurance carrier are carrying out the functions adequately so . . .

The Chair: — So is it the health authorities that are preparing the claims then or the individual employees that are preparing the claims?

Mr. Heffernan: — Yes, they submit them.

The Chair: — And does SAHO then receive a copy of each claim?

Mr. Heffernan: — No.

The Chair: — Okay and that's what your concern is.

Mr. Heffernan: — Yes.

The Chair: — All right, very good. There's also . . . I've heard that there's concern that SAHO may be clawing back benefits. I'm not sure what these benefits are. Could the Provincial Auditor provide any light on that?

Mr. Heffernan: — I'm not aware of . . .

The Chair: — Not aware of anything in that regard. Also there was concern that SAHO was somehow taxing back benefits. Is there anything that the auditor can . . .

Mr. Heffernan: — Not that I'm aware of, no.

The Chair: — Okay, very good. Colleagues, who wants to ask the next question? Mr. Cheveldayoff.

Mr. Cheveldayoff: — Thank you. Yes, Mr. Chair, just to follow up on some of your questions to the deputy, we have received information in our offices that SAHO indeed was clawing back benefits. Are you aware of this or has this been resolved? Or were in fact benefits reduced?

Mr. Wright: — Clawing back of benefits, I'm sorry, Mr. Chair, off the top of my head I'm not familiar with a clawback. Clawbacks would generally occur if there was an overpayment made to an individual. But specifics, I'm not sure. I'm not sure if my colleague is . . . my colleague is nodding her head no. So with respect to benefits, no I'm sorry, Mr. Chair; I'm not aware of that.

Mr. Chisholm: — Yes, my understanding was that the problem wasn't so much as in a direct clawback as the agreement that provided the coverage for the SAHO employees. The premium became higher than the agreement that was in place, and what they were looking for was some kind of a payback by the employees to bring the premium back into place, and then that was a part of some collective agreements. And I think that's maybe where we're trying to find out what's going on.

Mr. Wright: — Okay, Mr. Chair, it's ringing a sort of a bell, a very faint and a very distant one which is, as part of the collective bargaining agreements there were a number of issues and items that were put on the table. Those have all been resolved, and we have collective agreements with all of our . . . [inaudible] . . . unions. The only collective agreement that's outstanding, although it's not a collective agreement, is our negotiations with the physicians. So that issue would have been resolved through that process, Mr. Chair.

The Chair: — So was there any clawing back from any . . .

Mr. Wright: — Again, Mr. Chair, I'm not aware in the final analysis that there in fact were a part of the collective agreements provided not only for wages and increases but also funding of benefits to the mutual satisfaction of both parties.

The Chair: — Mr. Deputy Minister, just back a couple of pages to pages 43 and 44, there were a number of recommendations made previously by the Provincial Auditor with regards to MACSI [Métis Addictions Council of Saskatchewan Inc.]. And I think he indicated . . . Was there 10 or 14? I saw the number when I was reviewing this chapter.

There are still some recommendations that are outstanding. I just wonder if you could update us with the progress that's been made with regards to recommendation no. 3, 5, 6, and 9, and then also recommendation no. 10 for the Department of Health just to bring this into context.

And we dealt with this previously. There was an interim board of MACSI in place to deal with the recommendations. Some of these were delayed because it was an interim board. My understanding is that, at the time of this report, the new established board was not in place. It was still an interim board. Has that problem been corrected, and have these recommendations been dealt with?

Mr. Fisher: — Yes, the interim board is still in place. The interim board is now a condition of funding specified in the contract with MACSI until such time as agreement can be reached with the Métis Nation of Saskatchewan and Saskatchewan Health on what the new board, in the longer term, will look like. Because that process has been delayed, the board has now begun the long-term strategic planning process. It is not complete but they have begun it.

The new executive director of the organization has been working with the board to develop a comprehensive board training manual that will be used for any new board members that come on. So that process again is well under way.

And in terms of board assessment, the board has put a process in place where at each of their board meetings, they get a report from administration on progress made in terms of their performance objectives for the year. And so again, that issue, that recommendation has been addressed and they are dealing with that in their regular board business.

And then I think the . . . In terms of the recovery of the money, nothing has changed since we last discussed that issue. The

RCMP [Royal Canadian Mounted Police] has yet to complete its investigation. And as I mentioned the last time, until they complete their investigation we're not able to determine whether any monies were used illegally or whether monies were simply used improperly. And once we get to the bottom of that, we'll be able to determine what process would be the best to follow in terms of recovering that money.

The Chair: — Could you just tell the committee how long this police investigation has been ongoing?

Mr. Fisher: — The police investigation has been ongoing since we turned the forensic audit and the Provincial Auditor's special report over to the police. I believe that's been several years now, year and a half at least.

And one of the things that I've learned about in police investigations during the course of this piece of work is that they're very tight-lipped about them. So I cannot report whether the investigation is nearing completion or not because that's something they don't divulge.

The Chair: — And do you have any idea of how much money is under consideration? I'm not asking you to find guilt or innocence here, but do you have any idea of what amount is under investigation?

Mr. Fisher: — I believe in terms of the forensic audit we were talking about money that was involved in questionable activities in the neighbourhood of $500,000.

The Chair: — And do you know how many people are under investigation? Is that part of the information you've been asked to turn over to the police?

Mr. Fisher: — Well certainly when the forensic audit was done, there were individuals, were on the board, that were specifically mentioned. And again I do not know how the police have undertaken their investigation or which, if any, of those individuals they've been specifically investigating.

The Chair: — And just for information, how many people were on that board?

Mr. Fisher: — I would have to get the exact number back to you. It was approximately 12 to 15.

The Chair: — Okay.

Mr. Fisher: — But I can get you the exact number.

The Chair: — And also then, recommendation no. 10 with regards to the Department of Health, that it " . . . strengthen its processes to keep informed about any significant problems at community-based organizations." I think you dealt a little bit with that, Mr. Deputy Minister. Do you have anything further specifically to that recommendation?

Mr. Wright: — In terms of monitoring the CBOs as I alluded to earlier, we're in the process, Mr. Chair, of developing a risk management tool to be used with the funding of all of our community-based organizations or CBOs. This should be available within the next several months. And currently a base model of the tool was put in place for all CBOs, last year I believe it was the case. So we're moving along on that.

Actually, Mr. Chair, I'd like to suggest that we've made significant strides in our agreements with CBOs and the way in which we're monitoring the funding and progressing.

The Chair: — All right, thank you. Colleagues, further questions? Mr. Cheveldayoff.

Mr. Cheveldayoff: — Thank you, Mr. Chair. Getting back to SAHO, on page 52 the auditor talks about an audit taking place regarding payroll for SAHO, and the dates indicated are January 1, 2006, to March 31, 2006. We're substantially through that period of time, and I'm wondering if the auditor could comment on how that audit is progressing, any findings that he is able to share with us at this time.

Mr. Heffernan: — Mr. Chair, I believe we're somewhat late in getting started on this audit so I don't think we've really done anything yet.

Mr. Cheveldayoff: — So the times in the report wouldn't be accurate then.

Mr. Heffernan: — No.

Mr. Cheveldayoff: — What would you say would be the new time period that you'd put forward?

Mr. Heffernan: — I guess we're going to start pretty quickly in March.

Mr. Cheveldayoff: — You're going to start in March with a three-month time frame as well, so the end of June possibly?

Mr. Heffernan: — Yes.

Mr. Cheveldayoff: — Something like that.

Mr. Heffernan: — Right, yes. And we'll report this fall, in December.

Mr. Cheveldayoff: — Okay. Can you just outline for us again, you know, your concerns that have prompted this audit?

Mr. Heffernan: — I don't know if it's concern so much as this is a very significant payroll system. It's used by all regional health authorities and many other health agencies, and so it's important that SAHO has good controls in place to ensure that the information is secure, that it's accurate, and so on. And that's why we're doing this. It's just a very significant area.

Mr. Cheveldayoff: — Thank you very much. We appreciate the answer, and we look forward to the findings of that audit at a later date.

Yes, Mr. Chair, just, you know, one final question or comment from myself before I hand it over to other colleagues regarding this section . . . But in reading this information . . . And you know I've only been a member of the legislature here for a couple of years. But looking back to 1999 and previous recommendations, we hear time and time again about the need

for capital asset plans, the needs for business continuity, the need for risk management, and the need for IT operations, governance or regulation, you know, all areas of governance. And we all know the importance of Health and how other departments look to Health as a leader in this area. So I would ask the deputy for his undertaking.

I must admit that it feels a little bit like we're spinning our wheels on some of this, and I know he's indicated that we've made some progress in certain areas, but I guess I look forward to future auditor's reports where substantial progress is noted in these areas. I think it's very important in terms of what's happening in our province and what's happening in the country and the world, that these issues of governance become priorities and are taken very seriously and deadlines are put in place. And I've asked you for, on one occasion, for a deadline and you've complied. So with that comment I would just like you to respond to, you know, where this area of governance fits in your priority schedule.

Mr. Wright: — Mr. Chair, I'd just speak to each of the items individually.

I want to assure all members of this committee that I take governance, first and foremost, extremely seriously. I've had the privilege and the honour of being on boards, various forms. I've also had the privilege and honour of being a CEO reporting to boards. An effective board governance process is the penultimate goal for all organizations. We've witnessed in the private sector over the last several years failures in board governance processes and procedures. We've witnessed new changes, the Sarbanes-Oxley Act, other modifications to improve and enhance reporting, monitoring, and indeed governance structures.

We've made a number of changes in the Crown corporations that I was pleased to be part of. And indeed within the health care system with our structure of RHAs and other boards, we're making changes as we move along. We have very strong accountability documents, but yes, they can be made better. And we are working to improve on them. As the good member noted, capital plans and business continuity plans and risk management and risk assessment strategies, we are moving along on each and every one of these.

As I think I mentioned very early on, we certainly welcome the Provincial Auditor and his observations and his office's observations on these. And that's how you get better, when we have somebody making these recommendations, holding us to account on these things. In turn we hold our RHAs and their boards to account as well.

Long and short, Mr. Chair, I could go on and on about this, but I want to assure all members that I personally and professionally consider board governance and oversight and responsibility extremely important.

The Chair: — Are there any further questions on chapter 2A of the Provincial Auditor's report? Mr. Chisholm.

Mr. Chisholm: — Yes, I just have a question. And I don't want this to get into an accounting-type discussion, but there seems to be some discrepancy in the accounting practices that are even acceptable as far as reporting revenues and expenditures on, I guess for lack of a better word, announced projects. When a commitment is made that there will be a new facility, for example, some RHAs record that as money received and that they've built the building even though the building hasn't been built.

There just seems to be some confusion, not just . . . Like my problem is mainly if the confusion is that the government Department of Health is reporting these same transactions in a different manner than the RHAs when we're talking about the same transaction, and it seems that that's a possibility from what I'm gathering. So I guess maybe my question would be to the auditor if that's acceptable.

Mr. Wendel: — That's what we're pointing out in the chapter, that in some cases regional health authorities have accounted for the money different than the Department of Health. This has been an ongoing problem we've had in government where transfer payments are recorded in what we think is the wrong year and what the Department of Finance thinks is in the right year. And there's some confusion as to . . . not confusion, more differences of opinion as to which way you should record these transactions. They're called transfer payments.

And our accounting institute that makes recommendations how to record these has been studying this for a couple of years. And I'm hopeful within the next year that this will come out with clearer guidance, and we won't have these differences of opinion.

Mr. Chisholm: — Thank you.

The Chair: — Perhaps a follow-up to the deputy minister, in light of, you know, the fact that this is under review as to what the proper accounting procedures are, wouldn't it still be wise for the department and the regional health authorities to be on the same page whether it was, you know, whether the funds were accounted for before the capital project was completed or whether it was, you know, accounted for in stages or at the end? Wouldn't it be best if we were all playing off the same page while we're waiting to find out what the proper accounting procedure is?

Mr. Wright: — I am but a humble economist, and on accounting policies and procedures I take my cues from the Provincial Comptroller and from the Provincial Auditor. Perhaps the Provincial Comptroller could speak to this.

Mr. Paton: — Mr. Chairman, I think you're correct. We would like to see consistency between all the regional health authorities. Our understanding is that for the most current year, we've actually got a situation where the appointed auditors for each of those regional health authorities have disagreements on how they should be handled. I'm not positive on it, but I believe within the past there was more consistency and that the regional health authorities were accounting for it consistently with the Department of Health. But currently there has been a change, and appointed auditors now disagree as to how it should be accounted.

The Provincial Auditor is correct in that we're hoping for some resolution of this during the coming year where the accounting

standards boards will be providing direction that more clearly defines how these transfers should be recorded, both from the transferring agent, such as the Department of Health, and the receiving agents as the RHAs. But unfortunately it's something we'll have to sit with and wait for another year before we see some resolution here.

The Chair: — So what you're saying then, it's the independence of the auditors that's creating the problem. They professionally view the issues differently, and really Finance or the Department of Health doesn't have the authority to tell them how to interpret these expenditures. Is that what you're telling me?

Mr. Paton: — That's correct. We do have the authority to advise the regional health authorities as to how they would be accounting for it. Our understanding was that if they'd all accounted for it in one fashion, a large portion of them may have received qualified statements from their appointed auditors.

The Chair: — Very good. Are there any other questions on chapter 2A? Mr. Chisholm.

Mr. Chisholm: — Is there consistency within the Department of Health in the way it reports those transactions and has there been over a number of years? I guess my question is that if, for some particular reason, the government wanted to show that it was spending a lot more money on Health in one than another year and it's jumping back between different systems of reporting, there could be some confusion.

Mr. Wright: — We have been consistent over the years, Mr. Chair.

Mr. Chisholm: — Okay, thank you.

The Chair: — All right. Are there any other questions, or are you ready to go to the recommendations in chapter 2A? Seeing no hands, we will go to recommendation no. 1 which is on page 37. I will read the recommendation, and then I will entertain a motion. Top of page 37:

> We recommend that the Department of Health establish written policies and procedures for monitoring the regional health authority's performance reports and taking corrective action as required.

Is there a motion? Mr. Borgerson.

Mr. Borgerson: — I'll 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? Carried unanimously.

We will move on to recommendation no. 2 on the top of page 38, which reads:

> We recommend that the Department of Health focus the work of its internal auditor on the activities where Health is at greatest risk of loss of public money or spending money for unintended purposes.

Is there a motion? Mr. Borgerson.

Mr. Borgerson: — Yes again I'll move that we concur and note progress.

The Chair: — Again a motion to concur and note progress. Any discussion on the motion? Seeing none, I'll call the question. All in favour? Again carried unanimously.

We will go to recommendation no. 3 on the bottom of page 41:

> We recommend that the Department of Health prepare a complete business continuity plan.

Is there a motion? Mr. Borgerson.

Mr. Borgerson: — Yes, Mr. Chair, I'll again move that we concur and note progress.

The Chair: — Again a motion to concur and note progress. Is there any discussion on this motion? Seeing no indication, we'll call the question. All in favour? Again it's carried unanimously.

We will move a few pages to recommendation no. 4 on the top of page 46:

> We recommend that the Board of the Saskatchewan Cancer Foundation completes setting the performance targets needed to monitor progress in achieving objectives.

Is there a motion? Ms. Hamilton.

Ms. Hamilton: — I would move that we would concur and note progress.

The Chair: — Again a motion to concur and note progress. Is there any discussion on the motion? Seeing none, we'll call the question. All in favour? Again that's carried unanimously.

We will move to recommendation no. 5 at the bottom of the same page:

> We recommend that the Saskatchewan Cancer Foundation complete a formal threat and risk analysis of its information technology to ensure its processes are adequate to protect its systems and data.

Is there a motion? Ms. Hamilton.

Ms. Hamilton: — I would move that we would concur and note progress.

The Chair: — Again a motion to concur and note progress. Is there any discussion on the motion? Seeing none, we'll call the question. All in favour? Again that's carried unanimously.

We will go to the next page, recommendation no. 6:

> We recommend that the Saskatchewan Cancer Foundation prepare a complete business continuity plan.

Is there a motion? Ms. Hamilton.

Ms. Hamilton: — I would move that we would concur and note progress.

The Chair: — Again a motion to concur and note progress. Any discussion on the motion? Seeing none, we'll call the question. All in favour? Again that's carried unanimously.

We will flip over a couple of pages to recommendation no. 7, at the top of page 50:

> We recommend that the Saskatchewan Association of Health Organizations ensure that payments for dental benefits comply with the agreements with the insurance company and the plan texts.

Is there a motion? Mr. Yates.

Hon. Mr. Yates: — Thank you, Mr. Chair. I move that we concur and note progress.

The Chair: — Again a motion to concur and note progress. Is there any discussion on the motion? Seeing none, we'll call the question. All in favour? Carried unanimously.

Recommendation no. 8:

> We recommend that Saskatchewan Association of Health Organizations makes service agreements with each health care agency for all the services it provides.

Is there a motion? Mr. Yates.

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

The Chair: — Again a motion to concur and note progress. Any discussion on the motion? Seeing none, call the question. All in favour? Carried unanimously.

We will go to recommendation no. 9 on page 51:

> We recommend that Saskatchewan Association of Health Organizations prepare, approve, and implement written security policies and procedures for its information systems.

Is there a motion? Mr. Yates.

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

The Chair: — Okay, a motion to concur and note progress. Any discussion on the motion? Seeing none, call the question. All in favour? Carried unanimously.

Bottom of the page, recommendation no. 10:

> We recommend Saskatchewan Association of Health Organizations prepare an information technology disaster recovery plan.

Is there a motion? Mr. Yates.

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

The Chair: — Again a motion to concur and note progress. Is there any discussion? Seeing none, we call the question. All in favour? Carried unanimously.

That concludes our review of chapter 2A. We will move on to 2B and ask Mr. Heffernan again to give us a synopsis of the auditor's findings.

Mr. Heffernan: — Thank you, Mr. Chair. Part B starts on page 57. It sets out six financial measures that could help the Assembly and the public to assess the sustainability of health spending.

A sound understanding of health spending is important to an informed debate about the health issues facing Saskatchewan. That concludes my remarks. Mr. Chair.

The Chair: — That was excellent. Mr. Deputy Minister, do you care to respond? And I dare you to be more concise.

Mr. Wright: — Mr. Chair, I could go on about this if you want to. I have taken the opportunity to reflect upon many of the comments of the Provincial Auditor, but perhaps I could respond to questions instead of being verbose.

The Chair: — All right. Mr. Borgerson.

Mr. Borgerson: — Well, Mr. Deputy, I'll give you a very broad question so that you can go wherever you want to with your response.

If there's a common theme or a most significant theme in this chapter, it is in fact the whole question of sustainability of the health care system. And I think we should thank the auditor for again presenting a chapter that provokes public discussion and discussion within political circles as well, and certainly a discussion that we don't have time to spend a lot of time on today. But given the fact that time moves on and we continue to reflect on these issues and on the whole question of sustainability, on top of page 62:

> The following graph shows health spending is growing faster than the provincial economy and faster than inflation.

The last sentence in that paragraph:

> A downturn in Saskatchewan's economy could require the Government to make difficult decisions on health spending.

Given that whole issue of sustainability I'd appreciate knowing what your thoughts are at this time.

Mr. Wright: — Mr. Chair, if you can indulge me just for a bit and I'll try to talk rapidly to minimize the amount of time on this. I really appreciate what the Provincial Auditor has done. He and his office has taken a snapshot of Saskatchewan and taken a snapshot of one element of the health care system in this province.

I take the time to reflect on other jurisdictions internationally and where are they going with their health care costs and so on and so on. Well in fact other jurisdictions out there — be it many of the European countries or the US [United States] or Asiatic countries — are suffering from the same phenomena that we seem to be, which is to say, health care expenditures in each of those jurisdictions are growing at or above the rate of GDP [gross domestic product] worldwide.

This is not unique to Saskatchewan. This is not unique to Canada. It's a phenomena that is in fact worldwide. I also take the time to reflect that, although the Provincial Auditor focused in on provincial spending, let us remind ourselves that there are two elements to health care expenditures in this country and again worldwide.

There's a public spending which in Saskatchewan is about 75 to 76 per cent of overall health care spending. And then of course there's the private component which is for your drugs or perhaps for your eyeglasses or ambulance or other elements which is 24 per cent here, but 30 per cent in Canada. And you see mixes. I reflect on the rate of growth of private spending versus public spending. And I think generally worldwide again and certainly within Canada, you're seeing private spending on health care exceeding rates of growth of that in the public system.

So you have to put it in a bit of a context I think which is important. Are we alone? No. Are we experiencing the same phenomena as others? Yes. Well why is it? What's unique about health care? In the jargon of an economist, health care is somewhat of a luxury good which is to say that its elasticity of demand relative to GDP is greater than one.

What does that mean? It means that not all things grow at the same rate of GDP, and some things in fact grow faster. The consumption grows faster than GDP. Some things are below the average. Some things are above. And in the case of the health care, it happens to be above. As societies get richer, we tend to put more and more dollars, again regardless of where we live in the world, into our health and into our health care. Again it can be private or it can be public. So you need to reflect on that as well.

I think that when you get down in the Saskatchewan situation or in the Canadian situation, we're going to see developments over the next several years that are going to be absolutely phenomenal in terms of the health care system, things called daVinci robots and other forms of new surgery, new techniques coming along.

In terms of cancer which is . . . the prevalence of cancer is growing more and more each and every year. There's over 400 drugs that are in the development stages: 65 of them are for lung cancer, 50 for breast cancer, 50 for prostate cancer, 35 for colorectal cancer.

Now if you imagine that just 100 of those 400 that are in the mill get approved, the average cost per drug is about 40 to $50,000 per year per patient. And if we had 100 patients for each one of those, the cost would be $400 million per year just for these new oncology drugs coming in. Do they save lives? Perhaps in some cases. In many cases all they tend to do — and I shouldn't underestimate the all — they extend life.

We are going to see developments phenomenally. Now many of these will not only improve the quality, which is a key aspect of health care, but they'll also improve the cost-effectiveness in being able to treat things. And I think that that's extremely important for us as we move along.

So it's very natural in health care for expenditures to rise faster than GDP because of the nature of that commodity or of that good. Other things don't. What's the public-private split again? Private tends to be rising faster. Are we going to be facing challenges both today and tomorrow? Absolutely because of new techniques and so on coming along.

Finally, Mr. Chair, the one thing that is in part missing from the analysis is the benefit. We take a look at the cost of so many things, but we never consider the benefit, okay, and the benefit of what we're doing by putting more money into the system. Again if you could indulge me just for a few seconds . . . You know traditionally there's five surgeries of interest that have been out in the media. Ten years ago on cataracts we did 7,300; in '04-05 we did 11,800. Knee replacements 10 years ago, 842; last year, '04-05, 1,381. Hip replacements, 800 in '94-95; last year 934. Prescriptions for 10 years ago, 5,700; '04-05, 8,900 . . . [inaudible interjection] . . . prescriptions, drug prescriptions.

The Chair: — Yes.

Mr. Wright: — That's the number.

The Chair: — That's all?

Mr. Wright: — Sorry, millions, 8.9 million. I'm sorry, Mr. Chair; I have one prescription, so somebody else here is making up for my prescriptions because that's 8.9 prescriptions per individual. But a few years ago, as I mentioned — sorry — it was 5.7 prescriptions for individual.

We're making other advances. Again in the treatment of cancer, radiation or radiotherapy treatments, almost 3,500 in '94-95; almost 3,900 in '04-05. Chemotherapy treatments, almost 10,000 in '94-95; 16,400 in '04-05. We are spending the money and we are getting benefits from this. And the benefits are not only performing these surgeries but also getting people productively back into the workforce or productively back with their loved ones and enjoying a higher quality of life. So please don't always just focus in on the costs. Stop to think about what the benefits are. Not all things are as beneficial as others, okay. Some drugs are not as beneficial as others for example. Some surgeries may not be as beneficial as others.

It's challenging. It's great. It's exciting. And I think as a country and I think as a province we're going to have some important questions to ask ourselves ethically, morally as we move along with these cancer drugs coming on or with new surgeries and so on. Is it sustainable? It's an interesting question and I certainly appreciate the Provincial Auditor's input into this.

The Chair: — Mr. Borgerson.

Mr. Borgerson: — Now this may seem like a very naive

question, but this is the kind of comment that you will hear occasionally on the street, sometimes for the purposes of being inflammatory, sometimes because there's a lack of information. So this is the question. Is the health care system . . . and when I'm talking about . . . I'm not just talking about Saskatchewan; I'm talking about Canada. Is the health care system in crisis?

Mr. Wright: — My professional opinion is no. Each day we save lives out there. Each day babies are born into this world. Each day surgeries are performed and people go home to their loved ones. We rally; the health care professionals rally. I've got to say that I admire them. In crisis they are there for you. If you are truly ill, you will get in right away. It's not in a crisis. It's got its burps. It's got its gurgles. It's got bumps in the road, and we need to work through those as we move along.

Mr. Borgerson: — On page 64 there's a comment made in terms of governments and health experts encouraging a shift of health services from institutions to services in the home and community. I've read Rachlis's about *Prescription for Excellence* and he rather than . . . well he also indicates some of the failings and faults in the health care system, some of the burps and hiccups that you talk about, but he also focuses on the success stories out there. Could you speak a bit in terms of the success stories that we have had here in Saskatchewan in terms of . . . well I mean one of the things being this encouraging a shift so that the appropriate area of the health care system is dealing with the appropriate problems.

Mr. Wright: — Certainly, Mr. Chair, and very quickly, in Saskatchewan we've had quite a few successes. Sometimes they go unnoticed and sometimes we say they're not enough. Some of the successes that come to my mind is primary health care. We have approximately 35 primary health care sites out there with three physicians, perhaps a nurse practitioner, perhaps engagement with a dietitian, nutritionist, a pharmacist, and others. People would say that that's not enough, but you know, we're the leaders in the country on that, and it's certainly our mandate to further primary health care. Get people out of those institutional settings. Don't have them going to the emergency departments. Have them being looked at in a holistic way by a primary health care team.

I'm reminded of home care and the Department of Health's announcement that we would be expanding home care — I believe it came out October 1, '05 — and we'd be expanding it for acute care patients. We'd be covering their costs for approximately 14 days to recover period when they're at home. Similarly for mental health patients — 14 days that we'd be covering costs to encourage a recovery at home outside of the institution, again in familiar surroundings. And indeed, as well, palliative care — we provide additional benefits around home care. So those are some of the things that we're doing to get out of institutional settings.

I can see down the road, Mr. Chair, that these institutions called hospitals, in 10 or 20 years, are going to be an awful lot smaller. Perhaps it's the case that our use of antibiotics may result in not being able to use as many, and as a consequence infectious disease and infection control is going to become very important. And as we look into the future, part of the things that we do at the Department of Health is stop and think about, do we still need these huge institutions called hospitals? Ambulatory surgical centres I'm sure will emerge in due course and in due time, and these will be smaller settings as well. There's a great deal of opportunity, and I think that we're seizing an awful lot of that within the department.

Mr. Borgerson: — Do we as people, as citizens, have to shift our thinking about the health care system?

Mr. Wright: — I think, Mr. Chair, we have to ask ourselves a lot of questions. We have to stop and recognize the costs of many of this, and the Department of Health doesn't do a good job in talking about . . . We talk about the benefits, but there are costs. Most people don't have a clue, including many professionals, about what it costs for a hip surgery — $10,000, give or take — or what it may cost for a cataract, $2,500, give or take. We don't talk about the costs out of the equation. We need to better inform people.

And again this is why I think what the Provincial Auditor is doing is very helpful. We need to get out and talk about this and ultimately to ask questions about ethics. There, as I mentioned, will be drugs coming on into the system over the next several years — I can think of one, Fabrazyme — $300,000 per year, per patient. And I think we have to ask ourselves ethical issues. I think we have to stop and reflect on these items from a societal basis, from a personal or an individual basis as well. And we're going to have to ask tough questions about those.

Mr. Borgerson: — Okay. Well I could ask more questions, but I'll pass to someone else.

The Chair: — Thank you, Mr. Borgerson. First of all, I want to thank the deputy minister for addressing the sustainability issue. I think I gently chastised you last time you appeared before our committee for not being prepared to deal with the issue, and you obviously came prepared today, and that's appreciated.

The auditor has indicated that he has concerns about the ongoing sustainability of funding for health care. I think recently I heard that in fact, with all of the guidelines put in place and all of the talk of shortening waiting lists and measurably improving health care, that there was some disturbing information that in fact waiting lists were not becoming shorter. And this is national, not specifically to Saskatchewan although I know that we have often been at the bottom of the list rather the top of the list when it comes to waiting times.

Can you tell me whether your . . . Maybe let me frame this. You know, I think so often in Canada we get caught in the philosophical debate over Canadian health care versus American health care. And we know that there are certainly serious problems with American health care, but we also know we have problems with Canadian health care.

But there seems to be more of a variety of health care delivery systems in the European countries, some of which are disasters and some of which are very successful and have successfully addressed some of the issues we face. Can you tell me what you and your department are doing to study the European models that are successful and if we're patterning any Saskatchewan health care after those successful models?

Mr. Wright: — Certainly, Mr. Chair. One item comes to mind immediately. And I was honoured to be able to go the UK [United Kingdom] this last fall with a small group of individuals and led by Dr. Stewart McMillan who is the head of family medicine here in Regina. And the name McMillan perhaps is Scottish, and indeed, he is. And we spent some time in two major sites, one just outside of . . . I've forgotten now . . . anyways, two fabulous sites, Mr. Chair.

The Chair: — Not too far from Glasgow probably.

Mr. Wright: — And indeed we were in Glasgow. We did pop up just for the day up to Edinburgh to talk with senior members of the Scottish health care system. We were in Glasgow. But what we were looking at was the primary health care approach that they're taking. And I found that most intriguing.

Quite honestly and quite frankly, here within the province, we've had a model that's been too rigid. And we've been looking most recently on changing that model, providing greater flexibility because there's so many different ways of approaching primary health care.

And that's one thing that I learned very much so in the UK [United Kingdom] on that trip, that one has to have a very open mind, don't get trapped in boxes, and take an approach, a team approach working to the full scope of practice of the individuals. I found that very, very useful. We look at other systems as well, certainly the French system that many people make much to do about and others systems as well.

One of the notable factors in a lot of these systems or things that have come to my mind is salaries, benefits that are paid out there because in health care systems in Saskatchewan, 71 cents of every dollar spent on health care deals with a wage or a benefit to folks. And we took a look at and we continue to take a look at wages and salaries out there.

For example physicians' salaries, when you take a look at making all sorts of adjustments for a GP [general practitioner] here in Saskatchewan or in Canada, in 2001 on a what they call US dollars purchasing power parity — not to get into the technical terms — the GP made about $100,000, okay. But in Finland in the same period of time, the GP there earned $57,000. When you take a look at some of the specialists in 2002 for example here in Canada, about $152,000; and then you take a look at other countries such as Denmark, $85,000; New Zealand, $85,000; Sweden, $71,000 and so on.

Now why is this that we're paying so much more? It's called the elephant just to the south of us which is called the US. And so I'm not suggesting that these are inappropriate, but these are major cost drivers for us, okay.

So I think that we . . . Again the UK has been a wonderful experience for me. And I do note that the BC [British Columbia] provincial Premier was recently over there as well following in our footsteps on talking about primary health care, and we do look at other systems and some of the interactive effects in those other systems.

The Chair: — And another question before I turn it over to my colleagues again. You said in your statement on sustainability that in, I believe you said 10 years maybe — perhaps it's a longer period; I've forgotten now — but that there would be fewer hospitals, acute care centres in Saskatchewan. You also mentioned that you're doing a current review of, I believe it was, acute care but certainly health care delivery in Saskatoon. Is there a coincidence there? Are we looking at the closure of one of the three acute care facilities in Saskatoon? And if so, could you outline maybe how far along you are in that process?

Mr. Wright: — There's no correlation. I don't believe anybody's been talking, to the best of my knowledge, about closure of any hospital sites in Saskatoon. I think my comment first off was we need to reflect upon the size of some of these institutions as we go forward. In fact perhaps some hospitals may be converted. Instead of in-patient, they'll be ambulatory. Day surgeries will be done there. Ambulatory procedures will be done there. We'll change the nature and the function and the way in which they operate.

With respect to Saskatoon again, as I mentioned earlier, we've asked the good folks up there to take a good long look at a capital needs assessment plan. We need them to take a look at the buildings. Again everything from the heating, lighting systems through to . . . can they be renovated? Should they be renovated?

We've got a displacement of patients coming through the Royal University Hospital. That emergency department, for example, is just overloaded, and so how can we better align things? But the first thing that you need to do is get in there and take a look at the structure and the nature of these capital assets.

The Chair: — All right colleagues. Any questions? Mr. Chisholm.

Mr. Chisholm: — Yes. You mentioned that 71 per cent of the budget is labour related. There has been a report released not too long ago about the rather alarming absenteeism rate. One of the areas was in health services in the province.

I wondered if you had any comments on that, or if there's anything being done to study that. Different regional health authorities had different rates of increase, but most of them had fairly substantial rates of increase in absenteeism over the last number of years.

Mr. Wright: — Yes, Mr. Chair, in general terms again not having specific data here, I'm going to take absenteeism to be sick days and predominately sick days and what have we been doing about that.

Well a safety culture, an attitude of improving the safety, often sick days are associated with (a) the very nature of many of our institutions — they're not always healthy places, hospitals, in the sense that there is a lot of infection, and I mentioned that earlier — (b) by the nature of what many nurses do. There's an awful lot of lifting, and we are getting older, okay. Well at least I'm getting older, Mr. Chair. And, you know, as people age, their ability to lift and a variety of other things is more difficult and more injuries may occur.

That being said, over the last several years I'm led to believe, Mr. Chair, that we have been bringing down to the best of our

ability sick days and the utilization of sick days across the piece. Sure they may pop up from month to month, but the overall trend line is in fact down. And we need to work on that a heck of a lot more.

We don't want employees, co-workers, being sick. We want them there with us being productive and enjoying the workplace.

The Chair: — Mr. Cheveldayoff.

Mr. Cheveldayoff: — Thank you. Mr. Deputy, I just want to talk generally about productivity and efficiency reviews. We see more and more of this happening with large organizations. And I know from personal experience the city of Saskatoon has been asked to undertake a productivity and efficiency review, and I think they're going to report on it in the next little while here as far as each department within that city organization. Can you enlighten us in your discussions regarding the department and the regional health authorities about productivity and efficiency reviews? Are any underway right now? Are you considering any type of reviews in the future?

Mr. Wright: — Thank you, Mr. Chair. As I reported I believe last October or prior to that, the Department of Health established a small technical efficiency fund with the Health Quality Council, and that fund was approximately $1 million and was designed in fact to undertake technical efficiency reviews. Our focus is not just always on cost, although that's an extremely important item. It's also quality, okay. Quality is a big word in the health care system.

Through that fund we have underway with the Health Quality Council in Regina and Saskatoon a review of our emergency departments at the various sites. The goal there is to streamline the way in which a patient is brought into the system, triage, ultimately sent on, and so on. And we're looking for ways to ensure there's a greater flow as it deals with diagnostic imaging or lab services or other services that are required to get the patient moving through the system far more effectively. That's example number one.

Example number two is that we're working with the southern health care regions from border to border on taking a look at the patient flow pattern, be it from Swift Current into Moose Jaw or into Regina or be it from the Moosomin area into Regina, to try to find other ways to improve that patient flow, make it more technically efficient.

We're also taking a look at, with Moose Jaw, the RHA Five Hills, a lean organization pilot project. People may be familiar with the term lean from Toyota — lean manufacturing, lean processing. There's an awful lot that we can learn. Virginia Mason down in the US, which is a health care facility, focuses very much in on lean. And I sent a couple of our folks to take a look at this. As a consequence of that and the enthusiasm from the CEO, Mr. Dan Florizone in the Moose Jaw health region, we're going to be piloting a lean project.

In terms of other reviews, of course we undertake them. We've completed a review . . . we're in the process of completing one on the Saskatchewan Cancer Agency, and that review is taking a look at our stem cell program. That review is taking a look at our clinical management systems and clinical processes, and that's coming to fruition.

We've taken a look at home care more recently. I'm looking forward to receiving that report in due course. And we're taking a look at the public health system. Again when you look at these things, a value-for-money audit, we discussed that last time. Value for money assumes that the benefits are there and you must accept the benefits. And it really focuses in on the organizational structure; that's what a true value-for-money audit is and the auditor can correct me on that. Are you organized most effectively? In a health care system, that's not enough from my perspective to look at just the cost-effective structure. It's also to look at the quality and the benefits side of the equation, and I think that's very important.

So long and short, Mr. Chair — and I'm sorry to go on — but there are a lot of exciting things happening in the department and in the health care system here, and we are focused very much in on quality, lean production, efficiency, and so on.

Mr. Cheveldayoff: — Thank you, Mr. Deputy. Mr. Chair, a couple more questions specifically regarding the Saskatoon Regional Health Authority. It's my understanding that an efficiency review was . . . that they undertook one themselves and shared results of that with officials from your department and certain elected members of the legislature from Saskatoon, specifically the nine government members and not the three opposition members.

I'll draw your attention back to an article that appeared on the front page of *The StarPhoenix* in the middle of February. And if you could just comment, did indeed a meeting like that take place, and is it normal course for members of the legislature to be involved in that type of arrangement?

Mr. Wright: — I do not believe, Mr. Chair, this was an efficiency review that was undertaken by Saskatoon although I'll remain corrected. I think that this dealt with a project that was commenced in October of last year by the region and in conjunction with the Department of Health taking a look at, I'll call it, realignment. Are we effectively using . . . I suppose it could be called efficiency in a sense, okay. But are we effectively using the three hospitals up there? Is there a better alignment of services as amongst and between and betwixt these three hospitals?

And indeed the Saskatoon Health Authority, along with folks from the Department of Health, studied this and took a look at it. They hired a consulting group to take a look at the needs, and that's from the perspective on a go-forward basis. And we're very pleased with the work that was done by the consulting group on forecasting demographics, birth rates, and a variety of other items to take a look at the needs for the Saskatoon area.

We have asked them as the department to . . . before we go and try to choose the options as to what is best, the correct way to do is to build a very effective business case for options. And how do you do that? You take a look at a baseline; you establish the baseline. I'm reminded of the Provincial Auditor when I was at SaskPower, establish that baseline before you put in the SAP [systems applications and products] system.

So we've asked them to take a look at the capital needs assessment. We're asking them to take a look at planning and functionality of things like the children's hospital-within-a-hospital up in Saskatoon. We're getting them ready to do work on a go forward basis.

Now do MLAs [Member of the Legislative Assembly] meet with the regional health authorities? Yes, they do. I can think of a member of the Saskatchewan Party that recently met with the CEO of his or her health region. Government MLAs do meet from time to time. I suspect strongly that opposition members from time to time phone the CEOs and have a chat or may chat with other folks. I think that's a normal part of business.

Mr. Cheveldayoff: — I'd agree with you there, Mr. Deputy, certainly meetings like that.

The article indicated that it was a type of a formal review. And I'm paraphrasing here because I don't have the article in front of me, but it talked about certain MLAs putting the brakes on the recommendations that were put forward in that, you know, efficiency review or realignment per se. Again that was speculation by the author of that article. I'm sure you're familiar with it. It was on the front page of *The StarPhoenix*. And we were told that the result of it was that the regional health authority was asked to go back to the drawing board.

I guess I'm asking you for your knowledge about that specific incident and if recommendations were brought to your attention, to your department, and what the resulting process is now.

Mr. Wright: — Sure. Let me walk you through that again very quickly, Mr. Chair. This group was formed in October 2005. Again it was a group of the Saskatoon Health Authority members, senior people on their executive, in conjunction with a number of folks from Saskatchewan Health. The goal was to take a look at the options facing the Saskatoon Health Care Authority in terms of delivery of services in Saskatoon with a focus on the three hospitals.

They hired a consulting group, as I've already mentioned, to say, what is the world going to look like in terms of the needs of the region in Saskatoon? And as I mentioned, that was a very good job that they did. Through discussions and leading into December, four options were developed for review and consideration.

The Saskatoon Health Authority was very keen on moving forward in a certain manner. I had a chat with the CEO and I said whoa, whoa, whoa, whoa. Please slow this down a little bit, okay. They have done excellent work. I want to commend very, very highly all the good folks up in Saskatoon on the good work that they've done. It's been tremendous. It really has. But we need to get this right.

If you're going to spend an awful lot of money potentially on capital renovations or capital additions, my job as a deputy minister is to make sure that the business plan is there and to make sure that it's done properly. I'm responsible for slowing down this process. I did indeed have a chat with my minister about this, and he concurred with my recommendations. Let's slow it down. Let's get it right.

There was indeed speculation by Mr. Burton from *The StarPhoenix* on this article that it was political interference. I want to assure members of this committee that it wasn't. There clearly was not. It's my job to consult with my minister on these things. He accepted my recommendations to slow this down.

I'm meeting with the CEO and other members in fact tomorrow up in Saskatoon to talk about our go-forward strategy and how we are going to get this right because I think all members of this committee would want to share with me the fact that we have got to be very mindful of taxpayers' dollars on a go-forward basis and that we want to get things right.

Let's get the baseline down. Let's take a look at things like the children's hospital-within-a-hospital, its functional plan, and so on.

Mr. Cheveldayoff: — You mention the children's hospital and certainly we're very supportive and are looking forward to hearing more about the plans for indeed putting that hospital in place.

I guess my final comment on this to you, Mr. Deputy, is that indeed if meetings are scheduled with elected representatives of a certain area, I encourage you to ensure that all elected representatives of that area are privy to those meetings, that those meetings are initiated by your department or regional health authority.

Certainly that wasn't the case of what happened in Saskatoon. And myself and others received calls from individuals in our offices about, you know, moving the emergency care from University Hospital to the west side of the city and concerns about having ambulances having to cross bridges that get very busy at certain times of the day. But I look forward to continuing information on that.

One more question regarding back to the chapter. On page 64 the auditor notes:

> . . . if . . . [regional health authorities] delay making necessary building renovations or replacements, the ultimate cost may be unsustainable.

And I'm quoting. And I am thinking about the integrated health sciences centre something that I've heard promised in 2003 and prior to that and certainly members of the opposition and the government had made indications of a priority for that facility. Now we are seeing some money budgeted for it, and I am anticipating some additional money will be needed.

We heard talk about a $100 million price tag on that. Now I've heard talk about a $175 million price tag. Can you enlighten us on the cost of that facility in light of what the auditor has to say about sustainability and delays in making capital decisions?

Mr. Wright: — Sure. Mr. Chair, I apologize. I'm not able to do that simply because it is the Department of Learning, or I'm not sure what the new department's name is, that is responsible overall for that project. That being said though, we are participating because of course we have an interest in the health sciences. So we do participate in the review, in the considerations of these items. But ultimately it is Advanced

Education that is responsible.

I believe and I understand that the government has invested in cash $100 million that's been advanced to the university on this. I think, like all buildings . . . I'm just trying to be helpful here, Minister, or I'm sorry, Mr. Chair.

The Chair: — Minister would be fine.

Mr. Wright: — Of the Lutheran Church? Sorry.

Mr. Chair, I think we have seen and we are witnessing even within the Department of Health, a huge explosion in construction costs. And that's a reflection of the strength of not only this economy but all Western provinces in the construction industry. And costs have risen not only on the input side of the equation, which is say the cost of land or the cost of steel or the cost of concrete, but also on the labour side of the scenario out there. So no doubt the academic health sciences building, in what we call constant dollars, perhaps was $100 million. But current dollars which has escalated for inflation, it's gone up and gone up rapidly. But I'm hesitant to say how much because I don't have that information here.

Mr. Cheveldayoff: — Yes, we've been trying for some time to get the answer. We ask the question whenever we can, and I appreciate your candour on that question. Thank you, Mr. Chair. That's all for right now.

The Chair: — Thank you, Mr. Cheveldayoff. Just I want to tie up a couple of loose ends here before we adjourn today. Mr. Cheveldayoff's concerns are not just for the health science centre as you are aware, Mr. Deputy Minister. It's very difficult for communities who have been promised projects and then the construction is delayed and the costs rise. And then of course the department with the revenue, with the cost-sharing ratio has to go back to their citizens and ask for more money.

I know certainly it's a bone of contention in Outlook. These people just want to get these projects . . . You know once the agreement is made, they want to get the project off the ground instead of having to go out and re-tender and redo and redo and redo, and the costs go up. So I just want to reiterate that a little more expedience would be helpful and probably reduce costs and save taxpayers' money rather than increase the costs.

I am a bit concerned about what I heard about what happened in Saskatoon. Just, you know, and perhaps I'm reading too much between the lines, but you said you wanted to slow down this realignment process and recommend to your minister that that happen. And the result was that a meeting took place in Saskatoon where only members from the government side were asked to attend this meeting, and I would expect them be a voice to try to slow down the process. If that's the case, I don't think that is, you know, in the best interests of serving the people of Saskatoon and health care generally in Saskatchewan, and I would urge that in the future all MLAs in the affected regions be included. I know that, you know, this goes beyond partisanship, and I feel it's important that if you're going to make wise decisions and give public support in those kinds of areas that that procedure be followed.

I don't know if you want to respond to that very briefly before we adjourn or not, but certainly you know I didn't like what I heard.

Mr. Wright: — You asked, I thought, a rhetorical question but I'll take it as not a rhetorical question, that you're reading perhaps too much into this. In my personal belief you are. Again my understanding . . . The Department of Health did not call this meeting. Rather the Saskatoon Health Authority had a very long-time scheduled meeting as I understand it with the MLAs from the government caucus. I'm led to believe that these occur in various areas fairly frequently with all members one time or another, of MLAs regardless of political stripe.

I hear you loud and clear on this. This is a significant issue, and I will pass along — when I see the CEO tomorrow — your concerns and the need for open, honest communication on all fronts. And we concur with that and I'll pass that along.

The Chair: — And we understand that the meeting may have been scheduled ahead of time, but the content of the meeting was of a nature that obviously MLAs — all MLAs — should have been made aware of the situation under discussion.

Mr. Wright: — I understand.

The Chair: — Ladies and gentlemen, we have actually exceeded my expectations and got through, I believe — unless there's some material here in chapter 2B yet that hasn't been covered — we've pretty much gotten through 2B as well as completing 2A. With what remains to be dealt with, I think can be handled through session when we have shorter time allotments to deal with the chapters of the Provincial Auditor's Report.

So I want to thank you for your questioning and your diligence. I want to thank the deputy minister and your officials for appearing before us, the comptroller's office, and of course the Provincial Auditor for launching us off in this subject so adequately as they always do. We will be having discussions about meetings during session. As I mentioned they will be shorter.

I understand there are a few of you who want to go and hear former president Bill Clinton, so I better not interfere with that very important event. So I want to thank you all for attending. This meeting is adjourned.

[The committee adjourned at 11:05.]