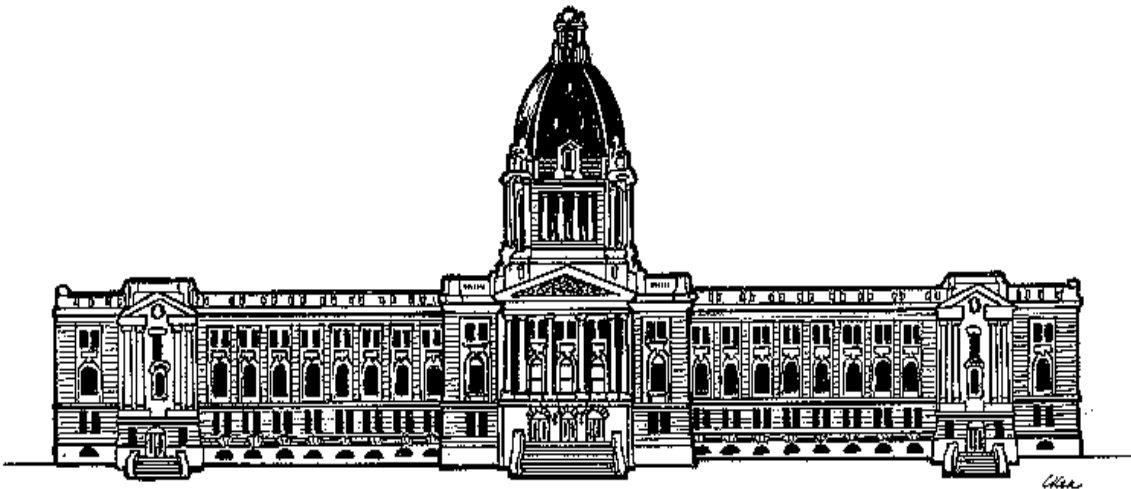




STANDING COMMITTEE ON PUBLIC ACCOUNTS

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**STANDING COMMITTEE ON PUBLIC ACCOUNTS
2008**

Mr. Harry Van Mulligen, Chair
Regina Douglas Park

Mr. Warren Michelson, Deputy Chair
Moose Jaw North

Mr. Fred Bradshaw
Carrot River Valley

Mr. Michael Chisholm
Cut Knife-Turtleford

Mr. Jeremy Harrison
Meadow Lake

Mr. John Nilson
Regina Lakeview

Mr. Jim Reiter
Rosetown-Elrose

[The committee met at 10:00.]

Finance

The Chair: — It being 10 o'clock or thereabouts, I want to at this time welcome the officials of the Department of Finance to the Standing Committee on Public Accounts. We are dealing with chapter 9 of the Provincial Auditor's 2007 report volume 3 and would remind people, those that are watching us, that copies of the report can be found. And for sure I think if you go to www.legassembly.sk.ca, you'll be able to get links to the Provincial Auditor's office and copies of the report.

I wonder if at this point I might ask the deputy minister to introduce the officials who have joined us, then go to the Provincial Auditor for his introductions and his comments and then back to you for any response you might have and then to deal with questions and answers. So at this point if I can . . . Mr. Michelson.

Mr. Michelson: — Yes. Before we get started, Mr. Chairman, I would like to just introduce Laura Ross as a substitute for Jeremy Harrison who will be sitting in this committee.

The Chair: — I neglected to do that, and I want to welcome Ms. Ross, who's subbing for one of the other members. Also note that Mr. Kevin Yates has joined us, not as a member of the committee or subbing, but just out of interest because of some items. So over to you, Mr. Matthies.

Mr. Matthies: — Thank you, Mr. Chairman. With me today on my right is Brian Smith. Brian is the assistant deputy minister of the Public Employees Benefits Agency. On my left is Scott Giroux. Scott is the director of the audit branch with our revenue division. Sitting behind me is Louise Usick. Louise is the director of our financial services branch. Beside Louise is Raelynn Douglas. Raelynn is the director of performance management branch. Beside Raelynn is Margaret Johannsson. Margaret is the assistant deputy minister of our revenue division. And of course sitting on the side here is Terry Paton, Provincial Comptroller with the Ministry of Finance.

The Chair: — Thank you very much. And I'll turn it over to Mr. Wendel.

Mr. Wendel: — Well thank you, Mr. Chair. Beside me is Judy Ferguson, who leads our work at the Department of Finance. She'll be making the presentation in a few moments. And on the side, Rod Grabarczyk. Starting from nearest the door, Kim Lowe, who attends all our meetings, and Leslie Wendel, who also leads our work at Finance.

Ms. Ferguson: — Good morning, Chair, members, and officials. In chapter 9, which actually starts on page 111 of our report, we report the results of our audit for the Ministry of Finance and the entities that it controls for the year ended March 31, 2007.

The chapter provides an update of 15 previously reported recommendations and makes nine new recommendations. For most of the previously reported recommendations, we have noted progress. However we have not noted progress on our

recommendations related to the General Revenue Fund financial statements.

As noted on pages 124 to 127, we have significant concerns with the continued use of inappropriate accounting policies in the General Revenue Fund financial statements for recording pension costs and transfers to and from the General Revenue Fund. As reflected on page 127, the use of these inappropriate accounting policies results in significant errors in the General Revenue Fund's financial statements. Because these errors significantly impair the usefulness of these statements, we have qualified our audit report on the 2007 financial statements.

Furthermore as noted on page 122, the estimates have the same problem because the estimates are prepared using these same accounting policies. As a result the estimates include pension costs on a cash basis only and inappropriately include certain transfers in the determination of the annual budgeted surplus.

The rest of my presentation will actually focus on the new recommendations that are included in this chapter.

During 2006 and 2007 Finance did not reconcile the sinking fund and salary bank accounts promptly. Completing bank reconciliations on a timely basis provides a check on the accuracy and reliability of accounting records. It also helps detect errors or misuse of money more quickly.

On page 123 we recommend Finance follow its established rules and procedures and reconcile recorded bank balances to bank records promptly.

Also during 2006-07 Finance, in common with other ministries, did not adequately review the accuracy of key payroll data prior to paying its employees. On page 123 we recommend Finance adequately review payroll for accuracy prior to paying its employees to ensure employees' pay is approved in accordance with the financial admin Act.

Moving on, the Public Service Superannuation Board administers the public service superannuation plan, a defined benefit plan. The plan provides pension-related services to over 7,000 members without a complete business continuity plan. The board is at risk of not being able to provide these services in a timely manner if a disaster occurs. On page 129 we recommend that the Public Service Superannuation Board have a complete business continuity plan.

Finance collects about 800 million in provincial sales tax each year. It uses audits of businesses to promote their compliance with its laws, including the collection and remission of taxes. Without effective processes, Finance may not receive all taxes due, and the government may not have adequate program resources.

On pages 133 to 140 we set out the results of our audit of the adequacy of Finance's processes at August 2007 to select businesses for audit to promote compliance with provincial sales tax laws. We found Finance had adequate processes to select business for audit with three exceptions. Finance has set the objectives for doing PST [provincial sales tax] audits. However desired outcomes for its objectives have not been set.

Therefore it is unable to link resource needs to actions necessary to achieve its objectives. On page 136 we recommend that Finance set out desired outcomes of the provincial sales tax audit selection process in measurable terms.

Finance uses several informal processes to monitor potential problem areas but has not done an overall risk analysis to identify, rank, or document the areas of potential non-compliance. On page 138 we recommend Finance analyze the risks that businesses are not complying with provincial sales tax laws and rank identified risks according to their potential significant. We further recommend Finance document its audit strategy to address identified risks that businesses are not complying with sales tax laws.

Since Finance does not do an overall risk analysis, it may not direct its audit efforts to areas with the most potential of non-compliance. On page 139 we recommend that Finance direct its audit efforts based on an overall risk analysis of businesses not complying with sales tax. And on page 140 we recommend Finance require its senior managers to receive reports on the effectiveness of the audit selection process.

Moving on, since 2003 Finance has provided ministries and selected other agencies with guidance on performance reporting. Finance expected agencies to adopt guidance incrementally over a stated timeline. In general the implementation schedule expected that by 2007 the content of agencies' reports would comply with CCAF's reporting principles. We assessed whether Finance's 2007 public performance reporting guidelines for public plans and annual reports comply with CCAF's reporting principle and concluded that its guidelines address many of the principles.

However, since Finance has not met its original implementation schedule, its guidelines do not provide guidance on the following: setting targets, explaining key risks and key capacity, and integrating financial and non-financial information. Finance has not provided agencies with a revised timeline to know when they are expected to implement the remaining guidance.

On page 148:

We recommend that . . . Finance prepare an implementation schedule for bringing its *Public Performance Reporting Guidelines* in line with CCAF reporting principles.

That concludes my presentation and we'd be pleased to respond to questions.

The Chair: — Okay. Mr. Matthies.

Mr. Matthies: — Thank you, Mr. Chair. Mr. Chair, I think we certainly want to acknowledge the co-operation and work that the Provincial Auditor did. We always welcome their review of our processes because they are designed to improve what we do.

Particular to some of the items that were in the report relating to old recommendations, I would just make the observation that we feel confident that there are a number of the old

recommendations that will not reappear next time around because we think we've made progress to address some of those.

Ones where we will continue to see, I guess, this issue come back relate specifically to the accounting policy ones that were noted by the Provincial Auditor. The government continues to follow the accounting policies that we've had for several years regarding the pensions and regarding the transfers to the reserve funds, the Fiscal Stabilization Fund now and the infrastructure fund. So those observations of the auditor are ones that we expect will likely continue.

The new recommendations, I would just make a couple of comments for committee members. Recommendations no. 1 and 2 dealing with the bank reconciliations and dealing with payroll accuracy, we think that we've actually remedied those, both of those items now. So we think we are in compliance.

Regarding recommendation no. 3, the business continuity plan for the Public Service Superannuation Board, the Public Employees Benefits Agency is in the process of providing sort of an overall continuity plan and disaster recovery projects for all of the files that it manages. So it's not necessarily specific to a particular plan but to its overall operations and so progress is being made on this area.

The recommendations 4 to 8 dealt with the special work that was done by the auditor around PST. We are very appreciative of the observations made by the auditor, that our systems are adequate except for the pieces that they note. And I think we would note that the comments around improved documentation are important. The comments around risk analysis — we do use a number of risk analysis techniques but I think the comments of the auditor are appropriate that we need to more formalize those and make sure that we're very strategic in following that methodology. And then the other recommendation in that area regarding reporting to senior management we would also concur with.

And so all of those observations around the PST audits, we believe that we are making progress against, and look forward to working over the next several months to formalize the analysis approach on the documentation pieces.

Relating to the last recommendation on the public performance reporting guidelines and the CCAF reporting principles, we would advise the committee that Executive Council is currently reviewing the approach that will be used by the new government in terms of its performance planning and reporting pieces and so this item I would just inform the committee that we're basically on hold, if I can describe it that way. We understand that it is likely that there will be something going forward to P & P [planning and priorities] and ultimately through to cabinet over the coming months. But at this point we're just waiting for that further direction in terms of where we'll be going.

That's not to say that the government will not be following these but just that they want some time to evaluate the direction that they want to take. Thank you, Mr. Chair.

The Chair: — Okay, thank you very much. Can we go back to

the recommendations 1 and 2. Your comments are consistent with comments we've had from I guess all departments and that's an issue that has been addressed. Are there any questions, follow-up questions, on these two recommendations from the members of the committee? Okay.

Is there anything in the auditor's report prior to his dealing with better control over bank accounts and those two recommendations that committee members would like to address? Mr. Michelson.

Mr. Michelson: — If I could ask a question on page 119. It says just in the middle of the page:

For the year ended March 31, 2007 the Government approved the spending of \$191 million by special warrant.

What would that be? What would be the special warrant if that's non-budgeted items as I understand it?

Mr. Matthies: — That's correct. Special warrants are used when there is additional spending over what was approved in the initial appropriations Act. So as the government goes through the year and determines that there are other priorities that it might choose to authorize over the course of the year, then we would seek additional approval from the House. So most of this additional spending would have been . . . actually all of this additional spending for the year ending March 31, '07 would have been in your initiatives, many of them brought forward at the mid-year. And then this would have been the process to actually provide the approval of those initiatives.

They would all have had a public announcement of some sort, so whether it would have been a housing initiative or whatever, there would have been an announcement. And then there would have been a debate in the House when the supplementary estimates would have been required to authorize the spending.

The Chair: — I see. Perhaps you might explain to the committee members that the process . . . I guess the cut-off between special warrants and supplementary estimates and the sitting of the Legislative Assembly and any additional expenditures the government might have.

Mr. Matthies: — Okay thank you, Mr. Chair. Where the House is not sitting and there are additional spending initiatives, funds that are required to act on direction of the government, if the money is not available, a special warrant is obtained which needs to be ratified when the House resumes sitting, with a supplementary estimate.

So the special warrant provides authority between sittings of the House to act on the government's plans, and then those are all debated as a supplementary estimate when the House resumes.

The Chair: — If memory serves me correctly, there is a period of seven days prior to a session or seven days after a session as well that if the government has plans for additional expenditures, then those must go through the Legislative Assembly. You can't do it by special warrant.

Mr. Matthies: — Yes, I think we've always used the working target of eight days prior as the deadline for anything to do with

a special warrant.

The Chair: — Eight days prior. Okay. Mr. Nilson, on this?

Mr. Nilson: — This special warrant here of \$191 million, does this include the \$8 million for the Station 20 project in Saskatoon?

Mr. Matthies: — Station 20 was funded in the '06-07 fiscal year. So this special warrant here . . . these special warrants, this is the sum of a number of special warrants for the March 31, 2007 year. I believe the timing is appropriate, that it would have been reflected in the 191. I don't have that detail with me, but memory serves me that I think that is correct.

Mr. Nilson: — So that specific amount was allocated in the '06-07 year to the best of your recollection?

Mr. Matthies: — That's correct, Mr. Chair. In '06-07, the \$8 million was provided to the Saskatoon Regional Health Authority. So that's the answer to the question.

The Chair: — Any other questions? Mr. Chisholm.

Mr. Chisholm: — . . . discussion, so that \$8 million was allocated to the Saskatchewan, or Saskatoon Health Authority and that's where it would be?

Mr. Matthies: — That's correct, Mr. Chair. The money was provided to the health authority as a third party agency. The Minister of Health would obviously be in the best position to respond to questions, you know, going much further than this. But certainly the money was provided to the third party. I believe direction was subsequently provided that the dollars be redirected for other purposes, but the Ministry of Health would be the best position to respond to that.

Mr. Chisholm: — Thank you.

Mr. Michelson: — Just to confirm, just to confirm, you're saying that was in the '06-07 budget or the '06-07 . . .

Mr. Matthies: — Mr. Chair, I believe that that payment actually occurred out of the '06-07 fiscal year.

The Chair: — Okay. Do we then continue on to the question of recommendation no. 3, the issue of the Public Service Superannuation Board? Deputy has noted progress. Are there any questions on this section? Or anything in between those recommendations, is there anything? We agree, there's progress on that?

Mr. Chisholm: — I'm just wondering for the record if we should actually, the recommendation should be read and we . . .

The Chair: — Yes. We can do that subsequently, once we've . . . or do you want to do it now? We can do it now. That's not a problem. So recommendations 1 and 2, the recommendations are:

We recommend that the Department of Finance follow its established rules and procedures and reconcile recorded bank balances to the bank's records promptly.

And the deputy has noted that there has been compliance. And do we agree with that?

Some Hon. Members: — Agreed.

The Chair: — Okay. So that is agreed. Secondly, the second recommendation:

We recommend the Department of Finance adequately review the payroll for accuracy prior to paying its employees to ensure that all employees' pay is approved in accordance with The Financial Administration Act, 1993.

And again the deputy has noted compliance. Do we agree with that assessment?

Some Hon. Members: — Agreed.

The Chair: — That's agreed. Okay then we turn to recommendation no. 3. I don't know if anyone has any questions on the auditor's comments on the use of accounting policies relative to the General Revenue Fund, then he . . . Are there any questions on that section? No. Then we turn to the section on page 128, Public Service Superannuation Board. And the auditor's comments or his recommendation, recommendation no. 3:

We recommend that the Public Service Superannuation Board have a complete business continuity plan.

And deputy notes that this is an issue that's under way by the Public Service Superannuation Board. Are there any . . . So that their progress is being made. Are there any . . . Do we agree with that assessment? Any questions on that? No.

Mr. Chisholm: — So we will note progress on that . . .

The Chair: — We'll note progress. Then we turn, we have a number of sections — one on the public employees pension plan, an overview, the judges of the Provincial Court superannuation plan. Are there any questions on those sections? Mr. Chisholm.

Mr. Chisholm: — I've got a question on recommendation no. 4. When you talked about measurable terms, when we're talking about the . . . [inaudible] . . . I'm sorry?

The Chair: — It's just that we're not there yet. Do you have a question on the . . .

Mr. Nilson: — Yes, there's some comments here on the pension plans, and then we'll get to no. 4.

Mr. Chisholm: — Oh okay, yes.

Mr. Nilson: — So I think my colleague has some questions.

The Chair: — Mr. Yates.

Mr. Yates: — Thank you very much, Mr. Chair. I have a couple of questions regarding mention in that the Department of Finance and the government has been unable to adhere to the provisions under the pension Act. Could we, Mr. Chair, have a

little further understanding as to why it's difficult to keep track of employees who wouldn't return to employment in government, and what are the specific issues of difficulty?

Mr. Matthies: — Mr. Chairman, I'll ask Brian Smith, the head of the Public Employees Benefits Agency to speak to this.

Mr. Smith: — Mr. Chairman, the public service superannuation (supplementary provisions) amendment Act requires people who return to work, that we suspend their pension. The difficulty in keeping track of superannuates who have returned to work is the scale of government. Some government organizations don't know they're government organizations, and I won't name one where we had one employee who retired from the public service superannuation plan, went to work for an organization, then that organization told him they weren't a government entity, when in fact they were. And so we don't know all of the government entities. They're not in the public employees pension plan.

We have done tests in the past few years for people who have retired from the public service superannuation plan and compared that to the employees in the public employees pension plan. All employees after 1977 become members of the public employees pension plan. And I think that we found one person that I mentioned who went to work for an organization that . . . and he was told he wasn't, they weren't a government entity, and in fact they were. So the difficulty administratively is finding all of the employees where they might be employed in the public sector across government. So that's the administrative difficulty that we have with that provision.

As you may know, Mr. Chairman, there is a Bill before the Assembly that addresses this issue and brings equity to all pension plans in the province and provides the same rules for all employees, all pensioners from all the public sector pension plans.

Mr. Yates: — Thank you very much, Mr. Chair. My next question has to do, if an individual were collecting a pension and at the same time working full-time as a permanent employee of government, would both the pension and the salary of that individual be coming out of the General Revenue Fund?

Mr. Smith: — That's correct, Mr. Chairman.

Mr. Matthies: — Just to clarify or a supplementary comment. The comment is correct as it relates to somebody that would be under the old pension plan. I think it's perhaps worthwhile to sort of note that the anomaly that the Provincial Auditor has cited in this issue is really that this is the only defined benefit pension plan that we have left or we haven't previously undertaken an amendment to the legislation. So this sort of brings the equity that Mr. Smith referred to into play for all pension plans. So this one is sort of the only one that's outstanding.

The issue that sort of was under consideration is the pension is considered to be something that someone has earned for past service. If they're continuing in the employ of government and receiving a salary, that's a benefit for current service. So we would just sort of make that distinction for committee members.

Mr. Yates: — Thank you very much, Mr. Chair. I fully understood that issue previously.

Mr. Chair, to the officials: is this, the public employees pension plan, the only pension plan that is funded directly out of the General Revenue Fund?

Mr. Smith: — The public service superannuation plan would be the only plan that definitely is funded out of the General Revenue Fund. Having said that, the teachers' pension plan is as well — the teachers' old pension plan. The plans for SaskPower, the Power Corporation superannuation plan, Liquor Board superannuation plan are ultimately also the responsibility of the government, but not directly to the General Revenue Fund.

Mr. Yates: — Correct. Thank you. That answered my questions.

The Chair: — I'm just trying to understand what is taking place here. But does all of this have genesis in the rules of Revenue Canada where at one point they said that any employer, not just the Government of Saskatchewan, but any employer can only keep employees on for a period of up to six months on a casual basis, or temporary whatever it is, without it affecting Revenue Canada rules, and then we subsequently made this change here, or no?

Mr. Smith: — Well, Mr. Chairman, the provisions that we're talking about are specific to The Superannuation (Supplementary Provisions) Act and are not required by the Income Tax Act.

The Chair: — Okay that's good to know. Any other questions on the section on pensions? Then let's go to recommendation no. 4. Mr. Chisholm, you had some questions.

Mr. Chisholm: — Yes, my question is just when we're talking about the desired outcomes of the audit procedure as far as it rates the provincial sales tax, and in measurable terms, I wonder if maybe the auditors could just comment on what they . . . Like my understanding of the whole audit procedure is that number one you try to catch the bad guys that have been in non-compliance, but also that there is a certain deterrent when the word's out that auditing is happening that people will comply. And I'm wondering how you would determine the amount of compliance that you would attribute to the fact that you're doing more audits, not on the people that are offside because they have done something wrong, but those that become onside.

Ms. Ferguson: — Thank you very much. Basically what we're saying is that we recognize as an audit office that you're not going to audit all businesses, right? You're going to have to select businesses for audit. You're not going to be able to audit everybody because there's obviously a cost benefit equation on that. So basically what you need to do as an organization is to have a means to figure out how much audit effort are you going to make in any given years, in any given year or over a period of time.

And to do that you actually have to know, what are you expecting to achieve. And that's really what we're getting at in

terms of putting it in measurable terms. Not just the fact, on a general basis, that geez if we have an audit shop or audit activity that we're obviously going to be deterrent as you've indicated, which does occur. But what are you expecting, you know? If you look on page 135 it kind of gives you a little bit more insight.

So what we're meaning by outcomes is really the overall rate of non-compliance. What level of non-compliance are you as an organization willing to accept, okay? And if that occurs, you know, then you're satisfied you've done enough work if you're below that point. Okay. So that's really what we're looking for is that you decide what rate you're going to accept and then you gear your audit effort to make sure that you live within that rate.

So obviously if you hit a higher rate of non-compliance, then you're going to have to do more work. Over a longer term, if you're lower than that rate of non-compliance, perhaps you may need to scale back on even the audit effort that you're doing. So that's really what we're focusing in on. So try to gear, what are you hoping to achieve so that you can adjust the audit effort that you're undertaking.

Mr. Chisholm: — Thank you very much.

The Chair: — Mr. Michelson.

Mr. Michelson: — Is that rate up to the Ministry of Finance to set? Or isn't that the auditor's job to figure out what is . . .

The Chair: — Mr. Wendel will explain that. But I think it's him and he evaluates how effective it is, so.

Mr. Wendel: — Thank you, Mr. Chair. The responsibility would rest with the Ministry of Finance to decide what rate of compliance they're wanting to achieve. Of course that being a policy decision, they would answer for that. If we were thinking that that policy was possibly too low or too high, probably too high, we might comment on that, and it would come forward here and you can talk about that. But if it's a reasonable rate, think we would be satisfied with that.

We follow the same process when we look at payments out of Social Services. There's no way that you can check every payment that close. So the department or ministry has a policy that they've approved saying we'll accept up to this many overpayments and they then answer for that. And they wouldn't try and control it any closer than that because it could just cost too much money.

The Chair: — Based on the deputy's comments, should we note that there's progress being made on no. 4? Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Okay. That's agreed.

Recommendations 5 and 6, 7 and 8 all deal with the same area and perhaps I can read out recommendation no. 5.

We recommend that the Department of Finance analyze the risks that businesses are not complying with provincial sales tax laws and rank identified risks according to their

potential significance.

Are we agreed that we note progress? Mr. Nilson.

Mr. Nilson: — This recommendation, my understanding is that this is something that the Department of Finance is working on. Was that correct?

Mr. Matthies: — Mr. Chair, that's correct. We do use some risk analysis techniques right now. However I think that the auditor's comments are appropriate in that they're basically saying, you know, you should have a more formalized approach — some ranking or weighing of the different approaches. And so we accept that advice, that recommendation. But certainly we see ourselves as already utilizing some risk analysis techniques and so we will continue to refine it in accordance with the spirit of this recommendation.

Mr. Nilson: — Is this public information? Do you publicize what your sort of lists of risks are and then I guess let the public know what kinds of things you're interested in?

Mr. Matthies: — Mr. Chairman, no we don't. I mean there are certain things that we tend to focus on with our PST audits. Some of that is sort of learned over time. So for example, interprovincial trade might be an issue where our experience has told us over time that we don't always get the PST amounts that we should be when there's goods that are coming into the province from outside. And so we've targeted that as an area. There are other examples but we do not provide a public messaging of what those risk areas are or at least we haven't to this point.

Mr. Nilson: — Is one of the areas as a risk area identified as the purchase of boats, snowmobiles, all-terrain vehicles?

Mr. Matthies: — Certainly, members of the committee, the large leisure purchases have been something that we have been working with. There are a number of the vendors in the province that have flagged that issue. Boats has been one that's come up on a number of occasions. And so we are working with some of the larger vendors to try and come up with solutions to how we can make sure that we get the taxes that are due when someone travels to Alberta, for example, buys a boat, and then privately brings it into the province. So we are working with members of the vending community to try and identify some of those pieces, but it's, I guess, those are sort of informal working relationships that we have with people to try and track down some of those concerns.

Mr. Nilson: — Is this a specific issue in the sort of, north . . . well the western side of the province?

Mr. Matthies: — Obviously the comment, sort of the anecdotal comment that we will always receive is, you know, the closer you are to Alberta where you can just sort of run across the border and not have to pay any PST, the higher the risk might be. You know, there are mitigating factors, because as the distance increases from say a zero PST jurisdiction to the 5 per cent rate we have in Saskatchewan then, you know, there's a certain, you know, you need a large, a large value item to make the cost of fuel, for example, you know. The purchased item that you're buying has to be large enough in size that the tax

saving is going to offset the incremental cost you're going to incur actually travelling to that community, that jurisdiction.

Mr. Nilson: — Will there be any recommendation from the Department of Finance that these items be registered like they are in most other North American jurisdictions, because that's the way most other jurisdictions obtain compliance with their taxation laws?

Mr. Matthies: — Mr. Chairman, I'm going to ask Scott Giroux just to make a further comment on this area.

Mr. Giroux: — I think that specific recommendation has come up in the past and it has been explored within the department and with government ministers as well. I think as of late the majority of our efforts have been working with the other provinces and the federal government to obtain the boat registry information. There's a national boat registration already in place. We've been working with the federal government to try and obtain that information and use that as one of our primary sources of information for boats coming from outside Saskatchewan.

Mr. Nilson: — But if there was a Saskatchewan system of registration like most other jurisdictions, then this problem would be substantially less.

Mr. Giroux: — I think when this issue's come up in the past, there's been pros and cons of implementing Saskatchewan's own registration system. The administrative aspects of it as well — is it Finance or is it another jurisdiction or another agency that administers that? There's been some hurdles there and I think maybe that's why it hasn't gone very far and the focus has been on looking at the federal system.

Mr. Nilson: — Is this an issue that you're continuing to work at, and it's possible we might see some proposal like this coming forward?

Mr. Giroux: — Absolutely, yes.

Mr. Nilson: — Thank you.

Mr. Matthies: — Again, Mr. Chairman, I just make the comment too, though, that — and it sort of goes back a little bit to comments that the Provincial Auditor was making in a slightly different context, though — there's, you know, the cost of administering a provincial regulatory system versus, you know, if you can achieve the same end but through a different avenue, like for example having access to the federal piece. So we need to weigh all of those pieces before we would actually decide on whether we would bring forward a specific recommendation on a registry piece.

Mr. Nilson: — My recommendation would be that you bring this one up a little higher because I think it is a rather simple way, and it is one that most other jurisdictions in fact use.

The Chair: — Are there any other comments with respect to recommendation no. 5, 6 and 7 and 8?

Ms. Ross: — I guess I just have a question.

The Chair: — Yes.

Ms. Ross: — Further to the discussion we just had in regards to sport utility vehicles, boats, what have you, is this new? Or is this something that we've been experiencing for a while?

Mr. Giroux: — It's an issue that's been ongoing.

Ms. Ross: — Okay.

Mr. Giroux: — I think I would echo some of Doug's comments, that I think it depends on . . . One of the issues that has been a factor is the tax rate itself. Obviously as the tax rate has gone down, as Doug commented, you'd need a bigger purchase to offset those savings.

Ms. Ross: — Right.

Mr. Giroux: — Or to offset the fuel costs. So it's always been an issue.

Ms. Ross: — Okay. So it's not new.

Mr. Giroux: — No.

Ms. Ross: — It's not just something that's just come about because it's spring. Okay. Thank you.

The Chair: — Recommendation no. 5:

We recommend that the Department of Finance analyze the risks that businesses are not complying with provincial sales tax laws and rank identified risks according to their potential significance.

Do we concur that progress has been made?

Some Hon. Members: — Agreed.

The Chair: — Agreed. Okay. Recommendation no. 6:

We recommend that the Department of Finance document its audit strategy to address identified risks that businesses are not complying with provincial sales tax laws.

Again, can we concur that progress has been made?

Some Hon. Members: — Agreed.

The Chair: — That's agreed. Then recommendation no. 7:

We recommend that the Department of Finance direct its audit efforts based on an overall risk analysis of businesses not complying with provincial sales tax laws.

Again, can we concur that progress has been made, is being made?

Some Hon. Members: — Agreed.

The Chair: — Okay. That's agreed. And then on no. 8:

We recommend that the Department of Finance require its

senior management to receive reports on the effectiveness of the provincial sales tax audit selection process.

Again can we note that progress is being made? Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's agreed.

Then we're into the section on public plans and annual reports assessment. And the Provincial Auditor has outlined a number of expectations and principles from the Canadian comprehensive auditing . . . audit foundation — audit foundation? — CCAF. And then he recommends recommendation no. 9:

We recommend that the Department of Finance prepare an implementation schedule bringing its *Public Performance Reporting Guidelines* in line with CCAF reporting principles.

And the deputy has noted that this is an issue under consideration not just for the Department of Finance but, I guess, for all government departments and that the government is taking a fresh look at that.

Are there any questions or comments on this section with respect to performance plans? Mr. Michelson.

Mr. Michelson: — Well I'm just kind of curious if, you know, is CCAF, is that the only reporting principles that we've been suggested? Or I mean I would imagine there are other reporting principles that we could be looking at and developing whatever works best for our province.

The Chair: — To whom would you like the question addressed?

Mr. Michelson: — I imagine it's probably to the auditors.

The Chair: — Okay.

Mr. Wendel: — Thank you, Mr. Chair. The CCAF reporting principles at the time the Ministry of Finance adopted those principles were best practice for Canada and probably would be still figured as best practice.

The Canadian Institute of Chartered Accountants has now put out some reporting principles that they've put out. And they've followed these, these basic principles in there.

So whether you follow the Canadian Institute of Chartered Accountants' ones or these, I think you'll still end up with good performance reporting. These are best practice.

The Chair: — Any other questions or comments? So I'm not sure if progress is being made on this or we can indicate that we concur with the recommendation. What is the committee's wish in this regard?

Mr. Matthies: — Mr. Chair, if I just might offer a comment. Certainly I think that from the ministry's perspective, I think it's important that the committee note that this item is perhaps

. . . I might suggest that it actually be deferred, pending the further work that's being done to review the overall planning and performance reporting approach to be used by the government. That would be the observation from the ministry.

The Chair: — So there is a suggestion that we defer consideration of this until a future report and see where the government is at on this.

Mr. Nilson: — And we note progress. People are working on it, so wouldn't that be an accurate way of describing it?

Mr. Matthies: — Well, Mr. Chair, I think I would maybe stop short at this point of saying that they're working specifically on the CCAF. My understanding of the exercise that's going on is that they're sort of starting almost from square one; you know, what are things like the vision principles, those sort of things as well. And then all the rest of the pieces will eventually flow out. But I just wouldn't want to presuppose anything at this time until the new government has had a chance to look at the framework that it wishes to adopt.

Mr. Nilson: — I think we should just concur with what's here. Yes concur, concur with it. Yes.

The Chair: — Well that raises a question as to, you know, if the government is taking a fresh look at performance plans and may develop principles that are not necessarily CCAF and maybe something else, I don't know. I don't know quite what the government has in mind. So then we take the position, well it should be in accordance with CCAF, and the government takes something else, and so I'm not . . . You know, I'm more sympathetic to what the deputy has suggested, that we defer consideration of this until next year and take a good look at where the government is at on this.

Mr. Chisholm: — I really don't have a problem with deferring it. But if no. 9 is read the way it is, I just suggest we vote on it.

The Chair: — Okay. So Mr. Nilson is moving that, suggesting that we concur with the recommendation. Is that agreed?

Some Hon. Members: — No.

The Chair: — No. Okay. So we don't agree with the recommendation. But it has been noted that the government is taking a, I guess, comprehensive look at, undertaking a comprehensive review of performance plans, and we'll look at some future time at this matter.

That concludes the new recommendations of the auditor. The deputy has noted that in his view that the outstanding recommendations, he's confident that progress, considerable progress will be shown at some future time on this. Does anyone want to deal with any of these outstanding recommendations?

Mr. Michelson: — I believe, Mr. Chairman, in his report that he concurred that they were in progress and things were being handled. I think that's, we would be satisfied with that.

The Chair: — Any further questions or comments with respect to the Department of Finance? If not, I want to thank the deputy

minister and his officials for attending here today and for his answers, and perhaps we'll see you again at some future meeting, and perhaps not.

Mr. Matthies: — Thank you very much, Mr. Chairman.

The Chair: — Thank you. And I would certainly take a motion to adjourn. Mr. Bradshaw. Thank you very much. Is that agreed? That's agreed.

[The committee adjourned at 10:50.]