

**Bill No. 41 — An Act respecting the Financial
Administration of the Government of Saskatchewan**

The Chairperson: — Ladies and gentlemen, I think that we will begin in observations that have been made by the minister, Ms. MacKinnon. She will make some personal observations about whatever she wants to, and I'm sure it's about Bill 41. And then she will turn the matter over to the officials and the officials will answer the questions.

We will deal with this basically in the same format as Committee of the Whole. And item no. 1 will be the order of the format, and broad-ranging topics of discussion can come from any part of the Bill during that period of time. And if anyone wants to get on the speaking list, all you have to do is just indicate to me and I will do that. I will now open it up for Ms. MacKinnon to outline for us what she has to say.

Hon. Ms. MacKinnon: — Thank you very much. First of all, I'd like to introduce the officials. John Wright, the deputy minister of Finance; Gerry Kraus, the comptroller; also with us today, Jane Borland, Chris Bayda, Terry Paton, and that's it.

As the chair said, my purpose is to just provide a brief overview of the Bill and the intentions of the government in proposing the Bill, and then I will exit and leave the details to the officials to go through with you.

We see the Bill, the government sees the Bill, as part of our commitment to making government more open and more accountable. From the point of view of the government, the most significant change in the Bill is that we will be moving to an accrual accounting system. The adoption of accrual accounting was recommended by the Financial Management Review Commission. As well, the Public Sector Accounting and Auditing Committee of the Canadian Institute of Chartered Accountants has supported accrual accounting. And for several years, the Provincial Auditor has recommended that the government adopt accrual accounting.

I guess I would point out here that eight other provinces are currently using accrual accounting. As well as governments using accrual accounting, many businesses and farmers in the province and in other parts of the world use this method of accounting.

From the point of view of the public, the major benefits of accrual accounting is that the public can get a more accurate description of the province's financial position at the end of each year.

Another advantage is that financial obligations have to be reported as expenses as soon as those obligations are undertaken rather than allowing governments to project those obligations into the future. I think it is a check on government to be more open with the public, to be more responsible in undertaking obligations on behalf of the public, and it also means that the government has to be more

accountable for the way they spend tax dollars.

Another change in the Bill is that in the past *Public Accounts* only contained the Consolidated Fund financial statements. Again, one of the recommendations of the Financial Management Review Commission was that summary financial statements should be included in the *Public Accounts*. Now what this Bill does is this enacts that particular recommendation and makes it a law. Also various sections of The Revenue and Financial Services Act have been moved into this Act.

So it's in a sense consolidating within one piece of legislation all of the different pieces of legislation that now deal with the financial administration of the province so that sections dealing with the powers and the duties of the Provincial Comptroller and the Public Employees Benefits Agency are now included in the Act.

There are also some other minor housekeeping changes. For example, changing the name of the government's operating fund from the Consolidated Fund to the General Revenue Fund and also providing authority to the government to bank with trust companies. This is an important amendment because as the legislation now stands, it's chartered banks that the government deals with. This will expand the legislation to allow trust companies to be involved as well.

So as I say from the point of view of the government, those are the major changes and the rationale behind them. With that I will exit and leave the details to be discussed with the committee members and with the officials. So thank you very much for allowing me to appear.

The Chairperson: — Who wants to start the questions?

Ms. Crofford: — Yes, I went to the orientation, Mr. Chair, that we had on accrual accounting method and whatnot, so I have a fair bit of understanding of that part of it.

What I'm wondering is, will this legislation prohibit the establishment of any special funds? You know, in the past we've had special, designated funds, and it doesn't prohibit that?

Mr. Wright: — No, there's no provision for that specifically in this form of legislation that would prohibit that.

Ms. Crofford: — Okay, that's just a simple question.

The Chairperson: — I have a number of areas that I want to ask questions about, and I don't know whether I should ask about them in different parts. Would you want me to go through the items, each one of them, and deal with them? Okay.

On page 4, Mr. Wright, it talks about public money

means money belonging to the Government of Saskatchewan held by the government. Why would you have said the government on page 4 of the Bill?

Mr. Wright: — Mr. Chairman, if I may, could you cite the section for us? I'm organized a little bit differently than you are.

The Chairperson: — Oh, okay. Section 2(p). It says:

"public money" means money:

(i) belonging to the Government of Saskatchewan;

And why would you have said the Government of Saskatchewan rather than held on behalf of the Crown? Is there a difference?

Mr. Kraus: — The definition for public monies was changed because justice had said that it was difficult to use the existing definition. They had argued in the past, without going into details, that the way . . . it was kind of a circular definition. And they actually are the ones that suggested the wording. They felt it was just a better description of what public monies are, and we basically accepted it at face value from Department of Justice.

The Chairperson: — Would this then in some cases exclude certain Crown corporations that are, let's say, those that are held jointly by private sector and by the provincial government?

Mr. Kraus: — There is no intention at all to change the meaning of public monies. The intention is, is that whatever was public money before should be public money under this description as well. So if some money met the test, it would . . . before, it would, it would under this as well. And so we're not excluding Crown corporations or anything like that.

I think as far as the lawyers are concerned, Government of Saskatchewan — correct me if I'm wrong here — I think is probably a fairly broad term from their perspective, probably extends into Crown corporations.

The Chairperson: — And so you don't think it's going to exclude any Crowns?

Mr. Kraus: — It's certainly not the intention. No.

The Chairperson: — In going down to "securities," because this involves the discussion to some extent, in section (r) there you omitted equity instruments of shares. Are those included or excluded, or are they included some place else, or are they included in another definition in a different place?

Mr. Kraus: — This list is unchanged from the prior wording. It's been modified slightly, but I think bonds, debentures, notes, treasury bills, coupons, and securities similar to those described in sub-clauses (i) to (v), at least up to that point, is exactly the same as before.

The Chairperson: — Don't you think you need to include share . . . like if you've got shares in Sask fertilizer company, shares in other Crown-held entities and their share structure, should they be included in them?

Mr. Paton: — This section is covering securities where the province of Saskatchewan is the debtor, This does not cover the investments area. Does that answer your question? These are securities that we have issued as a province, not where we have invested ourselves.

The Chairperson: — So that the Saskatchewan fertilizer company would be out of that group?

Mr. Paton: — It's not included at all in this section. This section are debt instruments that the province has issued.

The Chairperson: — Oh I see, okay. Right, yes. Anybody else got any questions on section 2?

Section 5:

The board may:

(a) make orders . . .

(b) prescribe the form and the content of the public accounts and the estimates that are presented to the Legislative Assembly.

The board meaning the Treasury Board. Now don't you think that the Legislative Assembly has the authority to prescribe what the public accounts should be, rather than the Treasury Board?

Mr. Kraus: — I'd be happy to address that. I think one of the things we're trying . . . Firstly, that is consistent with the way it was in the past, and I think that one of the things we've done here and some other more minor ways than this — although this is consistent with the prior wording — is to try and take things out of the Act that we would argue are administrative. And it's legitimate for a Treasury Board to set the policy.

And the point we're trying to make is if you go back in time, you'd probably see a lot of routine procedures administrative practices put right into the law. But particularly today, practices change an awful lot. Even, you know, over a 24-month period, it seems that there may be a new way or a better way of doing business, and you have to be able to adapt to it. And I know the Public Accounts Committee itself has made a number of recommendations to the government to change its format for Public Accounts, for example.

And the government . . . Even going back to, I would say, the fall of 1990 or spring 1991, some changes were made that were proper and so on, and they could be made because the Treasury Board could agree to it and had the right to set that type of policy. So we would argue, I guess, that it is appropriate for the government, through the Treasury Board, to be able to

set policies of this nature.

The Chairperson: — So that the observation would be that public accounts — and this is not the Public Accounts Committee, but the public accounts of the Treasury Board — would then be set and established by the board itself.

Mr. Kraus: — Yes, and it has had that authority for quite some time. But I mean, obviously the government's accountable to the legislature. And if the Public Accounts Committee doesn't like the form of the *Public Accounts*, it sure can raise concerns and make recommendations. And that's the process that's happened in the past.

And on the other hand, it's fair to say there's a lot of minor changes that you wouldn't even necessarily be aware of that we make from time to time. And it would be almost . . . well it would be impossible to do it if we had to change the law every time.

The Chairperson: — Do these accounting policies generally come from your office?

Mr. Kraus: — Quite often, although . . . Yes, I would say more likely from us. Perhaps based on information or a recommendation we've had from the auditor or from any source. But generally it's coming from our shop, yes.

The Chairperson: — Any comments, Mr. Auditor?

Mr. Strelieff: — Mr. Chair, on which?

The Chairperson: — On item 5 on the discussion we've just been having.

Mr. Strelieff: — Mr. Chair, members, one of the recommendations we've made in the past is and also concurred to by the Financial Management Review Commission is to put in law the requirement that the government prepare financial statements in accordance with the recommendations of the Canadian Institute of Chartered Accountants.

And this section or a later section that deals with the financial statements of the province certainly would be a place where the members may want to consider recommending that that happen. And certainly our office recommends that.

The Chairperson: — Any further comments on section 5? Okay.

I have some questions on section 8. Part (4) deals with a number of agencies that are not required to be involved with the Treasury Board. At least that's the way I would understand it. Could you give me an explanation of why these are excluded? We've got from (a) to (t) on those various agencies.

Mr. Kraus: — The pension funds are the ones that are excluded here. And the pension funds establish their own

investment policies, and that is undoubtedly why they're not subject to the Investment Board.

The investments though made by these pension plans are subject to other legislation. I mean you know there are restrictions on what pension plans in fact invest their monies in. So it isn't considered necessary that they also be subject to the Investment Board.

The Chairperson: — Okay, section 9. Would you tell me how the comptroller is selected today and if it's any different than what it would be under this Act?

Mr. Wright: — My understanding of the selection process is an open competition through the Public Service Commission. That has been certainly my experience over all the years I've been in the department, and that's what we would intend on having that in the future.

Mr. Kraus: — I recall — it's a long time ago now it seems — but I do recall they advertised for the position.

The Chairperson: — In what year?

Mr. Wright: — I think we advertised for you, Gerry.

Mr. Kraus: — I believe it was '81.

Mr. Wright: — I believe, Mr. Chairman, we're obliged to follow the processes of the Public Service Commission in the hiring process of the Provincial Comptroller and will do so in the future should it become necessary.

The Chairperson: — Is there any thought been given that someone else besides the LG in C (Lieutenant Governor in Council), maybe the short-list group, that would provide the LG in C with an opportunity for appointment?

Mr. Wright: — I must admit I hadn't contemplated somebody else. If you're suggesting for example an outside body making recommendations in that regard, certainly we would be prepared to consider the advice of outside bodies in making the appointment. That would clearly be part of . . . if I was to hire any individual, I would always seek references and a variety of other items.

I think to the extent that the individual is in part an officer of the Department of Finance, it would be incumbent upon the deputy minister ultimately to make that judgement call, both yesterday, today, and in the future.

The Chairperson: — Well I'm not going to say that it shouldn't have been done in 1981. Mr. Kraus has been here for a significant period of time. However the future may not always dictate that competence of that level is acceptable to the people of the province of Saskatchewan, and therefore maybe there is room for an additional option.

Mr. Wright: — Certainly there's always room for that, Mr. Chairman. I think it raises and opens up a question of broader issues of perhaps deputy ministers

themselves, to the extent that Gerry and the reporting structure of the department the Provincial Comptroller reports through to — the deputy minister of Finance and from there through to the Minister of Finance — it raises then the automatic question of, in my mind at least, whether or not deputy ministers should be appointed. And I think we're moving very far down a track, that should deputy ministers be appointed through a different mechanism as well?

I would have difficulty in having — and I say this personally and professionally — difficulty in having employees that do report to me appointed through some other process that I was not privy to.

Mr. Strelloff — Mr. Chair, members, the comptroller does . . . the only way you can remove a comptroller is by presenting the reasons to the Legislative Assembly. So that it is different than the removal of a deputy minister. The appointment process is somewhat similar — moving through Lieutenant Governor in Council — but the removal . . . the comptroller does have special privilege. And perhaps like changes that are being contemplated to my term of office, that perhaps a term of office could be considered as relevant to the comptroller some time in the future.

Mr. Wright — I must admit I question the wisdom of that. I would ask the question why? Why would you require a term of office? I've never heard that suggested before, and I'd like to explore that a little bit more before I made a comment on it. But I ask the question, why would you want to set a term to the Provincial Comptroller?

The Chairperson — The question was raised the same way with the Provincial Auditor at one time.

Mr. Wright — And I think that's fair enough. The Provincial Comptroller does have unique characteristics. For example, as the Provincial Auditor does point out, there is the requirement that the minister may lay . . . or must lay before the Assembly, should there be a termination required. And the Provincial Comptroller does have again certain unique circumstances, but he is also an officer of the Department of Finance and therefore fills, in many different ways, dual functions.

Again I would just . . . I would want to certainly explore that quite extensively before I would want to contemplate going before the Legislative Assembly with setting a term of office for Mr. Kraus. I hope he's around for another hundred years.

Mr. Kraus — You mean to suggest I'll be around for a hundred years.

Mr. Wright — Yes.

The Chairperson — In dealing with that, to further the discussion a little bit, I note that if the legislature is not sitting at the time of removal, within 15 days — that's in section 4 of the Bill — within 15 days after the first sitting day of the next session of the legislature, that's when you have to give notice of it.

I wonder why it wouldn't be able to be filed the same way that the issues as it relates to tabling of documents and those sorts of things that you file with the Clerk of the Assembly that makes it an official function, why it couldn't be done at that time.

Mr. Wright — I suggest that that's certainly a possibility. I do draw a distinction between a document and a human being but, you know, that's certainly a possibility. I think it's important that there. . . through the House, that there be the ability to debate it again, given the unique characteristics of the Provincial Auditor. But certainly, Mr. Chairman, that's something that we could contemplate.

Mr. Kraus — Perhaps The Tabling of Documents, if it's amended again, might address something like that too. It could be swept up under that.

Mr. Wright — Would you like us to pursue that down the road, as an option?

The Chairperson — I think it might be a good idea to do that.

The reason probably why it's here to be a part of the Legislative Assembly is to have it provide debate, and that context shouldn't be removed. But to have it filed with a Clerk of the Assembly would not necessarily remove that it be dealt with on a certain day in the sitting of the legislature.

Mr. Wright — Well, Mr. Chairman, if it's acceptable to you and other members of the Public Accounts, is that something that perhaps the Department of Finance could contemplate and look at? I suspect The Tabling of Documents Act will need some dusting off and some amendments down the road. I don't believe it's up for this session, but certainly for next session, and I would be more than pleased to report back on progress to the Public Accounts Committee on that so we can give that fair debate and consider it down the road, if that's acceptable.

The Chairperson — Any further discussion up to the conclusion of point 9?

Mr. Van Mulligen — Has there ever been a Provincial Comptroller removed from office for misbehaviour, incapacity, inability, failure to perform his or her duties properly, or any other cause?

Mr. Wright — Not that I'm aware of.

Mr. Kraus — I'm only the third Provincial Comptroller.

Mr. Wright — I told you he was around for . . .

The Chairperson — Are there any discussion? I have some questions on point 12, item no. 12. Is there anything up to that point?

Mr. Strelloff — Mr. Chair, members, on 10(1)(2) it says, the Provincial Comptroller may issue directives

to departments and public agencies. My question relates to the comptroller's responsibilities vis-à-vis Crown corporations. And it's a question of information and understanding; that we're going through a discussion of Bill 42 which makes the Crown Investments Corporation, provides the Crown Investments Corporation with significant responsibilities and authorities, but still places the Treasury Board able to make directives related to the finances of Crown corporations.

So it still enables Treasury Board to direct the activities of what's being referred to as CIC corporations. And in 10(2) and 10(1), it provides the Provincial Comptroller with responsibilities to provide directives to public agencies which in the definition includes Crown corporations.

My question is just, what are you responsible for vis-à-vis Crown corporations, or when do you step in to issue directives? How does that interrelationship work?

Mr. Kraus: — Well as you can appreciate, there is that separation between the Crown side and the departmental side, and CIC and their Crowns are responsible for their own financial administration. And Treasury Board, by and large, does not get involved in the way they manage their day-to-day affairs. They establish their own policies.

That doesn't mean there isn't an interrelationship between Treasury Board and CIC. But in terms of the, as I say, day-to-day financial administrative matters, they are on their own. Now again, that even applies to some of the so-called Treasury Board Crowns. Saskatchewan Property Management Corporation is an example, the Agricultural Credit Corporation.

That doesn't mean that Treasury Board wouldn't from time to time determine that they're going to send a directive concerning some issue or other. But because they tend to have their own board, competent management staff, and so on, they do develop their own accounting reporting policies which may or may not be the same as what you would expect to see in the department.

And again, it's because they're in sort of a quasi-corporate environment, maybe not commercial, but it's certainly a corporate environment as opposed to the kind of procedures and practice you'd find in departments.

So I guess what I'm saying, in many respects Crowns operate independent of Treasury Board when it comes to day-to-day financial administrative practice.

Mr. Strelloff: — Just one follow-up question here. Are there examples of when Treasury Board would issue instructions to corporations and which you would have to oversee or something? Would it relate to borrowing or financing?

Mr. Kraus: — Well I'll give you an example. An example has been — and your people have been

involved in it too — certainly SPMC (Saskatchewan Property Management Corporation) has to have its financial statements reviewed and approved by Treasury Board at year end, right? And if we're having difficulties with the auditors and/or the corporation there may be some disagreements — then we get involved. Because Treasury Board has to approve, and as their agents we get involved in making sure . . . trying to sort the difficulties out.

The Chairperson: — Going a little further from that, you mentioned Ag Credit and Crop Insurance. Now with the boards being removed from those Crown corporations, what's their status in relation to this? The board is no longer going to be looking after the day-to-day activities. Is Treasury Board looking after the day-to-day activities?

Mr. Wright: — I believe that's the case. They are now reporting through to the deputy minister of Agriculture on a very formal basis, and as a consequence and the corollary to that of course is that therefore they will flow through directly through Treasury Board.

The Chairperson: — Any other questions up till 12? On 12(3) you have, estimates are to be included, and then you have a number of areas where you deal with that. Would it be possible for you . . . You've got (e) there. It says "any other information that the board considers appropriate." Would it be possible for the estimates to include the borrowings? I know you did it in your budget book this year — the borrowings and the various other activities of the Department of Finance.

We take a lot of time to look at spending, but we don't take a lot of time in the *Estimates* book to review the very fact of the financing of the government. And so when we looked at the books, we had to actually go back to your budget book to find out where some of the numbers were in relation to the financing.

Mr. Wright: — In general that the — as I understand, and Gerry can help me out here, Mr. Chairman — is that the loans advances, other items that are required to be voted on are currently included in the *Estimates* and that nothing really has changed. Certainly there at the back we run through what we call the expenditure side of the equation, and then you'll see the loans advances categorized under a number of categories.

We also try to supplement that with material, as you know, through detailed sheets, and I think we've been expanding that each and every year. We have indicated to members of the media, I would say, that if there's additional information that they would like to see in the *Estimates*, we're more than pleased to consider that.

And similarly here, if there's additional information that you would like to see, as members of the Public Accounts Committee, in the *Estimates*, we're more than prepared to consider that. Because we view, within the Department of Finance and also I believe within the government, clearly that these are very, very important.

If there's stylistic things that need to be changed, we're more than prepared to contemplate those. But the legislation as it stands does make the necessary provisions for ensuring that loans, advances, and so on that are required to be voted on, are included in the *Estimates*.

The Chairperson: — I think that . . . And I'm not going to say that I know everything, but I know that one of the things that the auditor has done in reviewing how he's outlined his accounting through the process of identifying it in the *Public Accounts* book, where he's itemized all of the agencies that each department has and their function and also the monies that are expended, and he blocks off . . . that would make for a detailed . . . probably would make the book bigger, but it would give us details about what that department has.

And if you have reorganization of government, you spend a whole lot of time chasing the information all over the place. And it would coordinate a lot of that to, in the year under review, that the expenditures made by that department had all of its functions underneath itself so that it would be able to handle it. And I think that that would make it a whole lot easier for everyone to consider.

Mr. Wright: — So you would — if I may, Mr. Chairman — you would contemplate moving the loans advances section into and under the department. So the Department of Economic Development, for example, has certain expenditures that you would vote on, and you would like to see within the *Estimates* following that, their loans and advances instead of having to flip to page . . .

The Chairperson: — It should be at the other place too because that gives you the total volume of dollars expended but it doesn't . . . it gives you the function of that department in its entirety . . . And what you have done in some of those *Estimates*, you've already started that because you have administration and some of the other areas already separated.

You could easily go down the list. If I took Education, for example, and then you'd run through the different community colleges and the SIAST (Saskatchewan Institute of Applied Science and Technology) and all of those agencies that are funded — the pension funds and all of that stuff — if it was all listed, then you could deal with it. I thought that was a good way of doing it in the auditor's book, and it might be a good way to involve the *Estimates* book that way.

Mr. Wright: — I think what you've suggested, first off, a greater description — let me start there — of loans and advances. That's certainly well worth contemplating. To move it into the other areas, I would want to look at that.

You raise actually a fairly important question that may not seem . . . or issue that may not seem all that important, but it's the size of the book. And we're beginning to push technological limits on this, and that if we move to something else, the cost of

producing this will balloon and explode on us just by the very nature.

A description, agreed. Maybe there is something at the bottom of each department we can include in there. I'm not sure if there'd be problems in the House, if there's any problems that way. Again, and I say straightforward, can I take that under advisement and make sure that we report back to you on that?

The Chairperson: — Sure. Mr. Van Mulligen I'm sure would have some insight into this because he's chairman of the committees.

Mr. Van Mulligen: — I don't think it makes . . . Like what we do now is when we vote off the department, if there are loans and advances, then we flip the pages until we get to it. So having it in the departmental section is probably the easier . . .

Mr. Wright: -It couldn't be . . . As I understand it, the way we've got our vote structure set up, we may go from vote . . . I'm not sure whether Economic Development is vote 8 — I just make that up — and their loans and advances are vote 167. So it couldn't be directly included.

The Chairperson: — Right.

Mr. Wright: — But I hear you loud and clear, which is to say we will more than look at that.

The Chairperson: — The other question that I raise on . . . Pardon me . . . (inaudible interjection) . . . Oh, I'm sorry. Another point.

Mr. Van Mulligen: — Is it possible that you can structure the *Estimates* slightly different? Because the House has developed a tradition over time to vote off each of the items under a department — administration, rental, whatever programs, and so on — and the total amounts now for each of the items is not necessarily the amount to be voted. And it causes some confusion.

In most instances, administration . . . We'll say administration, so many millions of dollars, and that is the amount to be voted. But we can get to some others where you have some expenditures that are authorized by law, and there may be an actual expenditure or there may be a surplus which then would otherwise reduce the amount to be voted.

And so then we say: item, programs and services, the amount, but not including therein any such amounts which might be authorized by law for this and that function, which is a bit awkward . . .

Mr. Wright: — I think I know what you're saying is that, Mr. Chairman, we come down to — and I'm looking for an example; I can't quite find one — but item 10, and we have everything in there, and then within item 10, subvote 10, we have things to be voted and things not to be voted.

Mr. Van Mulligen: — Yes, look in Education.

Mr. Wright: — But the problem, I think, arises when we identify clearly what is to be voted and what is not to be voted, but the total for the subvote we don't differentiate between to be voted and not to be voted. I think that's as well an excellent suggestion that I'll have my people look at, if I may.

Mr. Strelieff: — Thank you, Mr. Chair. A couple of questions. The topic that you were just discussing now, there's also another alternative that might be considered, and that is to organize the estimates according to program, so that if the program is Education, they may be a number of different organizations that are formed to carry out that program, but what you're discussing and debating is the program of Education or Health or Social Services.

Or it could be by department which . . . But sometimes one department will . . . or there'll be two or three departments administering one program, and it's difficult to determine which organization is administering what part of the program. And by program, it just brings it more cohesively together. Certainly the financial statements for the province as a whole are organized that way, by program.

The other comment is required in the estimates on 12(3) that perhaps you could consider having in the estimates loan guarantees — the amount of the new loan guarantees that are being contemplated during the year — as an important item to place into the estimates.

Mr. Wright: — With respect to both the issues, by program is an intriguing concept but I would suggest that my experience indicates that it is not practical to do so. And I'll try to give you some examples.

Social Services delivers certain welfare programs for certain reasons, including cost-sharing with Ottawa. We have under the Department of Health, supplementary health insurance benefits which are also delivered. Similarly though, there's within the Department of Education a variety of other items. Some could argue certain portions of the student loan program, with forgiveness and so on, are a form of, some could argue — I'm not suggesting that they are, to be clear — a form of welfare.

Alternatively I've heard it spoken, and I'm not saying I agree, certain payments to certain businesses are a form of welfare. As well, it's very difficult to break down in certain circumstances where there is a million dollars, let us say, to undertake an activity. That activity may have very many what we call there's a vote, a subvote, and then we break that down further into sub-subvotes and sub-sub-subvotes, and it keeps on going.

It certainly has merit. We tried to do that through general categorizations of grants to third parties, payments on behalf or to individuals, and other items.

Certainly as we evolve, and I believe and I hope you all share this comment, that I believe we've made

major, major strides forward with the display of the estimates this year, that we can further refine that. We did internally within the Department of Finance. I can share with you, say, that we had major debates and contemplations as to how we could further break this down on a programmatic basis, and concluded for now, just given the time frames that we were dealing with, that that is indeed next year country, and we want to look at it again.

With respect to the comments about loan guarantees, I do note that in the back of page 156 of the *Estimates*, we do have the guaranteed debt. I also note that in the back of the budget speech on pages 84 and 85, we do indicate not only total guaranteed debt but also the change in guaranteed debt. It's a very comprehensive breakdown. Last year, the '92-93 budget was the first year that we had that. So in fact and indeed the information is there.

Mr. Strelieff: — Mr. Chairman, I think that is an improvement and needed. And I'm just suggesting that to make sure that future governments provide the same kind of disclosure, which I think is pretty good.

The Chairperson: — I was going to raise another point, and that is the financing profile in the *Estimates*. The government has — and I'm not sure whether this can be done because of reasons of the confidential nature of exposing yourself to when you need the money and when you don't need the money and the risk of that — but I think needs to be to someone other than just the Department of Finance. This information needs to be provided to individuals so that there is a greater degree of understanding of the capacity of the province. I know that Treasury Board does get that, and they'll understand that.

I think it's — you raised the point — I think it's \$1.49 billion, and it took me a long time to find where all that stuff was and what you really . . . what was the net result of all of the financing that you had to do for the province in a given year. And I think it should be available in a package so that you don't have to look for it. And I didn't find it in your *Estimates* book. I had to look in your budget book in order to get those numbers even to come close to it. So even though it may not be an estimate, still we're providing some . . . the Legislative Assembly is approving the authority for you to go and borrow, and I think the Legislative Assembly needs that opportunity to see that.

Mr. Wright: — I do concur with what you're saying. We again have tried, particularly with last year's budget and further made advances, I think, in this year's budget.

Often change involves a comfort level that one has to get with where all the information is. I think we're trying to provide it all. It's just that, including myself, Mr. Chairman, I'm not sure where it all is often in the books. I know it's here somewhere, gosh, darn it. And when the members of the opposition ask a very good question, I usually spend . . . well I know it was on page . . . this last year.

So I think there's something to do with familiarity. Certainly we can expand the sections on where do we intend on borrowing from over the course of the year. There are certain things that we would want to keep private.

As you know, the borrowing program over the course of the year, while we may know the amount, we do not . . . we only know where we think we want to go, because market opportunities arise; windows open, windows shut; private placements come about, and so on. But again, if I may take it under advisement that you seek further information, and I think we can try to accommodate that.

The Chairperson: — Okay. Any other questions on section 12?

Section 13. It talks about virements — moving money from one voted area in the Legislative Assembly and placing it in the hands of another agency of the Crown or Crown corporation or whatever.

It raises the question of the validity of it and also the responsibility of the Assembly to have once voted for something and then have the department change their mind about what their expectations were on the expenditure, and then going back and saying, well I didn't spend it here, but I'll give it over to department X and then they can spend it. Really wasn't the purpose of the vote in the first place, and I think that there needs to be something adjusted to not necessarily take away some of the flexibility of the department, but let the Assembly know what's going on in relation to those virements.

Would you expand on that for me.

Mr. Wright: — Yes, with respect to virements and for all members, one cannot move funds between votes, which is to say one cannot move funds between and betwixt the Department of Finance and the Department of Economic Development. It is only within a vote that you can move money about.

And there is a process in place whereby a department has got to request a virement, which is to move money between one program or one subvote and another subvote. That goes forward to the Department of Finance. The Department of Finance will scrutinize the rationale for that and will prepare a recommendation to the minister responsible or his or her designate to review and to sign off.

The role of virements is extremely important in maintaining the flexibility of a system. Departments from time to time may have an overexpenditure in a certain area, and quite legitimately so, and an underexpenditure in other areas of the department, quite legitimately so.

Cash management . . . I shouldn't say cash management but rather expenditure management within a department is a great deal of . . . provides and enhances the department's flexibility and provides a great deal of, I wouldn't say latitude, but managerial responsibility and managerial flexibility for a deputy minister.

With respect to the reporting requirements, Mr. Chairman, all virements are identified through the public account process moving from one area to another area and back again. The question becomes one of — and I'm trying to get at your point here — the question becomes one of should there be supplementary information provided to members of the legislature prior to the release of the Public Accounts on this. Is that the question?

The Chairperson: — Well in fiscal restraint, when one area of your department says I am going to be fiscally responsible, and another part says well I can't be even though it might be legitimate — the Assembly has voted that that is the limit to what that individual or that branch can spend. But this branch can then take and say, well I'll give you this, and then maybe next year we can get it done properly. But what it has in fact done is increased the expenditure for something that wasn't voted.

Mr. Wright: — I think I agree with you in your final comment. I think that it is the role and the responsibility of not only the deputy minister, but also the minister responsible to ensure that all areas are fiscally responsible. It is a department, and it should be run as a single corporate entity in that method.

I also believe that through the process that we have, i.e., . . . or to suggest that a department simply can't do this without good reason and rationale presented to what I'll call an independent group which is the Department of Finance to scrutinize and to approve.

It is not always the case that virements are approved by the deputy minister of Finance or via the Minister of Finance. In times they are not approved. Generally though, they are of a routine nature to ensure smooth management within the department.

So I guess it's one of managerial responsibility, and I'd like to think that it does rest with the deputy minister and the minister in this regard.

The Chairperson: — I'll just make my final point, and that is that if one agency or . . . I'll use a branch of government and the other branch of government. One spends and one doesn't spend because of the personalities of the individuals in relation to their administrative control of spending. They then get penalized for having a surplus, and that does not accrue to a benefit to establish that these people were frugal in what they did, but these people who overspent have a concern. And I think that there needs to be . . . And I know that you do that, but I know that there isn't always that same intensity of control available in moving this from branch to branch.

And I look at areas, and it's specific to health care, and I'll use it as an example because some hospitals have a certain cost per bed in rural Saskatchewan, some others have a different cost per bed. And because one gets a . . . is very efficient, the other one gets some of

that money that's leftover. And you call it back in and it goes out to somebody who's been inefficient, and that's the part that concerns me in this,

Mr. Wright: — I think you raise a much broader question in the line that you're going down here. It's not only branch to branch, department to department, it's a whole series of things. How do you ensure properly through a system that those who manage extremely effectively, albeit an individual or be it often a team, that branch are appreciated, rewarded, and acknowledged through the process.

Again, I guess I want to say you can't legislate good government. But certainly managers . . . And that is my job within the Department of Finance for example, is to identify the good managers like Mr. Kraus in his area, as compared to . . . well I was about to say some other area in Finance but that's simply not the case. They're all excellent managers.

I hear you loud and clear, Mr. Chairman, and you do raise a valid point.

The Chairperson: — It being near 1, and there are things that the rest of us have to get ready for, this meeting was supposed to go until 1 o'clock.

Mr. McPherson: — Thank you, Mr. Chairman. I'd just like to make one comment.

Being a new member on this committee, and listening to the differing viewpoints of invited professionals that we have to this committee, I know I gain immensely by it, and I'm sure the committee gains a great deal in listening to these views, even though there is a good deal of difference of . . . (inaudible) . . . I hope that through you, Mr. Chairman, we can find some sort of an understanding or agreement that allowing these officials to be able to come to these committee meetings and talk in a very frank manner with us and discuss things, even though they do have different views. And I hope, Mr. Chairman, that you can find some way of keeping these meetings in a manner where we don't see any more cowardly frontal attacks, as we saw from Mr. Boyd on the floor of the legislature, in keeping it in some form within this committee meeting.

The Chairperson: -Okay, I'll just leave that sit there. It being near 1 o'clock, I thank the deputy minister and his staff, the comptroller. I thank the committee. And the next meeting is Wednesday at 7 o'clock. Mr. Cline will be chairing until I get back from Ottawa, which will be 8:30 to 9, sometime in there.

Mr. Kraus: — So there is no meeting on Tuesday morning then, is there?

The Chairperson: — Correct.

Ms. Haverstock: — Pardon me. I sent you a letter; I did not copy that to Mr. Cline. I have an obligation in my constituency Wednesday evening — it's been booked for some time — so I shan't be here Wednesday night. My apologies.

The Chairperson: — Thank you.

The committee adjourned at 1 p.m.