

The Chairperson: — Yesterday we concluded with recommendation item no. .24. We want to go into item no. .26 as a recommendation from the Provincial Auditor and we'll get an overview explanation from him on that and then we'll open it up for discussion.

Mr. Streliaff: — Thank you, Chair, members. Again we're in the chapter 3 on the recommendations of the Financial Management Review Commission and the chapter identifies several key ones in our view, and .26 is another one of those recommendations that have had a fairly . . . we've discussed this recommendation in the past, that all government organizations should have the same public reporting responsibilities, unless there is a specific reason why they shouldn't, and those reasons should come forward to the Assembly to the standing committees for explanation and agreement or disagreement.

The more I think about it and experience this recommendation, the more I'm convinced that if all government organizations had to disclose this information the cost of government over the past and in the future would be less. The rigour that comes to your mind when you know that you have to set out how you've used public money in a very specific sense is a very useful rigour.

Right now the government departments set out that, set out these details, and last year the government announced that it was examining how to move this issue forward, and even has moved a step forward by providing the details of payments made by the Sask Property Management Corporation in addition to those made by government departments.

But again, as I experience the system, I'm actually quite surprised how more and more I think this is a very useful recommendation. It adds a degree of rigour when spending public money and I think that if every government organization had to make this information available, the cost of government would be less. Thank you.

The Chairperson: — Item no. .26. Any questions or observations from the committee?

Mr. Cline: — I have a question. Are there any instances where disclosure of payments made to, I guess in particular suppliers of goods and services, affect the competitive position in any way of any of the Crowns that compete in the market-place?

Mr. Streliaff: — Mr. Chair, members, I know the departments also purchase goods and services in the market-place, and the people that are providing those goods or services are competing for those goods or services. And that doesn't seem to have affected the competitive advantages or disadvantages of those supplying the services.

Now if there is a specific situation where a corporation or a department believes that the disclosure of a specific payment to a supplier would hinder either the supplier's, or more likely the

department's objectives or the corporation's objectives, then I see the course of action to be that the corporation would say for these amounts of expenditures totalling X millions of dollars, we have not disclosed specific details because we think that wouldn't be in the best interest of the corporation. Then that would come to a group like this or the Crown Corporations Committee and you would ask them why. And if the answers seem to be reasonable, then that would be a reasonable thing not to disclose.

But to me the rule should be to disclose what you're spending money on. The exception should have to come to the table and they should — whichever organization is suggesting that the expenditure not be disclosed — there should be a specific valid reason. But I think the rule should be disclose, and the exception should be not to disclose, not the other way around.

Mr. Cline: — I wonder, Mr. Kraus, do you have any comments with respect to recommendation .26?

Mr. Kraus: — Well as far as Treasury Board Crowns of course, I don't think there is any problems with the recommendation from our perspective. I mean I can't really speak for CIC (Crown Investments Corporation of Saskatchewan) but I'm sure they wouldn't agree with the auditor on that. I think they would think that the commercial Crowns are different than departments. They are different than in SPMC (Saskatchewan Property Management Corporation) for example, and they would have reasons, I think, that they wouldn't think it's appropriate to report payments to suppliers in detail as do departments.

And quite frankly I do see quite a difference between a commercial operation and a department. I don't see them being similar at all and I guess that's just my opinion. I'm not sure that a SaskPower Corporation should have to report in exactly the same way as the Department of Energy and Mines for example. But as far as Treasury Board agencies go, we certainly agree with the recommendation.

Mr. Streliaff: — Mr. Chair, members, remember when we were talking about disclosing payments to suppliers and individuals, we're not talking about disclosing the terms and conditions of agreements that underlie payments. I mean that's where perhaps more of the problem would arise if you would have to disclose the terms and conditions underlying specific agreements.

That perhaps would impact competitive advantage that perhaps SGI (Saskatchewan Government Insurance) in its casualty and insurance business might be worried about. I'm not sure of the competitive advantages or disadvantages facing SaskPower in disclosing where they spend their money. I'm not sure who.

But those kind of questions, if a corporation . . . if the government decided that here is a segment of spending that as a corporation we don't think it is in

the best interests of the government to disclose, well state that. Ask them to explain why, and if it seems to make sense, say yes, we agree that part of your disclosure should only be the following types of expenditures.

And you may even want to, on the payments to individuals that are within union contracts, that all that is disclosed is the union contract. Here are the classifications. There are six classifications within the union agreement, the salary ranges are between X dollars and X dollars, and the number of employees in those ranges are X. And that might be a useful way of providing that information.

I do think from what I've observed over the past three years that if this information was disclosed by every government organization — and I think Alberta now is moving this to organizations that are funded in a large extent by the provincial government moving more into the transfer payment community — that if that information was made public or available to the public, I think the cost of government in the past would have been reduced and in the future will be reduced.

Mr. Cline: — Well I understand that point. The only thing that bothers me about the recommendation is it doesn't allow for any kind of exception. And there may be instances where, as you've said, there would be reasons why you would not want to disclose certain information because it could affect the competitive position of the Crown corporation in terms of purchasing goods or services, or it could affect the competitive position of the supplier of goods and services.

And so I wonder if it wouldn't be in order to have either some kind of amendment to recognize that possibility or, alternatively, to hear from the people from CIC as to what problems, if any, they would have. And Mr. Van Mulligen is pointing out that we recommended in I suppose our third report last year in recommendation 15 that:

The Legislative Assembly ask the Crown Corporations Committee to consider whether those corporations designated under Part 11 of The Crown Corporations Act should report the same kind of information as is required by departments.

So I suppose we should be seeing what the Crown Corporations Committee is doing, Mr. Chairman, and getting a report of their consideration because this committee has asked the legislature to ask the Crown Corporations Committee to consider the matter. And I'd like to know what the result of their consideration is, or what their progress in considering the matter is before proceeding with this recommendation.

Mr. Strelloff: — Mr. Chair, members, I was at a meeting of the Crown Corporations Committee last year when this issue came up. And my general recollection, and I think we'd have to look at the verbatim to make sure it was precise, was that the

committee, or the members of the committee asked the minister responsible for the Crown Investments Corporation at that time, to provide or to consider providing this information to the Crown Corporations Committee.

But I can't quite remember the phrasing of it and I can't quite remember whether it was a recommendation, a motion, or a specific request by one or two members of the committee. And I don't know whether that request was responded to. And that's all I can remember about that.

Ms. Crofford: — I'm kind of thinking out loud here. Of course I sat in Crown Corporations and I remember how often we asked for this kind of detail in the departments, and I guess I'm of two minds on the subject.

One, because in today's kind of — what would you say? — cold political climate, sometimes this information is used for such witch-hunting. I mean I think of the lists of names published in the taxpayers' journal, and even using it as a way to attack individual employees who may be related to someone or what not. And in a small province, it's not unlikely that people would be related to each other. I mean this is only a million people in this province. So I . . . pardon me, hundred million.

But it seems to me that the benefits you gain from listing all of this, there's also a danger that it becomes two things: one, overly costly to count all that stuff and to list it all; and you've got people increasingly involved in the generating of reports and decreasingly involved in the delivery of service. And I just worry a bit how far that goes. And it's not that I object at all, because like I say, I sat through Crowns where we asked for this kind of information again and again, and I understand why it's wanted.

I think I would worry if we got into too much detail on employees' salaries. I mean that starts to be such a . . . I think an invasion of privacy. And if it was groups of employees, or total salary dollars for a group of employees, I don't have as much problem with that; but individual names typed, individual salaries, I would find a bit difficult. If it was positions and salaries, that might be a little different because then you're looking at the fairness of pay for different levels of work.

But I guess I feel a lot like Mr. Cline in this, is that I almost feel like this recommendation needs either some additional clarification or a little additional thought. And I feel a bit uncomfortable making it when I don't know what's involved in terms of the actual reportage here, and what level of detail we're really asking for. Like are we asking right down to a \$10 purchase or are we asking above a certain level of payment?

Mr. Strelloff: — Mr. Chair, members, the government department reported departments — I think Gerry can, the comptroller can describe, they're not down to specific \$10. He may want to vary it as I suggested

earlier, by the employees within union agreements generally describe the union agreement and the number of positions in that.

In terms of worrying about the competitive advantage, or the competitive problems of the suppliers, the same issues pertain to suppliers of departments and that doesn't seem to have caused a ripple. And I don't think, from what SPMC has told me, the disclosure of the details in their reports has not caused any significant problems. But you may want to ask them as well.

A recommendation that has a little bit more flexibility could be based on what is in paragraph .25, which could be that the government should disclose . . . or all government organizations should have the same public reporting responsibilities of government departments unless specifically exempted by a standing committee of the legislature. Something like that.

So therefore there's an opportunity to . . . you have a starting point, have the same disclosure requirements, but there's an opportunity to come to the table and say, here's why we think for this corporation a slightly different disclosure regime or practice is appropriate. And then you could ask them questions and say yes, it makes sense; no, it doesn't; or some variation.

Ms. Crofford: — Thank you.

Mr. Van Mulligen: — This is not the first time that this has been raised here. It's come up many years now. And I guess it's frustrating to me that I agree in principle that governments need to disclose what it is that they're spending for their taxpayers.

At the same time I've always recognized that there are issues that are unique to especially the user fee corporations, to those corporations that don't necessarily apply to line departments. I mean, you know, I think that's recognized. I think it's complicated by the fact that increasingly the user fee corporations in Saskatchewan are moving into a competitive environment much more so than has ever been the case. And there are those that, in the interest, supposedly, in the interest of public disclosure, would want the user fee corporations that are owned by the government to disclose as much as possible because it'll be of some advantage to private corporations.

As an academic exercise I would say, oh yes, they should disclose. But we seem to be having . . . you know it's frustrating; we have this in a sense almost an academic discussion here. There is nobody here from the Crowns involved. You know, all we get is your comments. And you make a recommendation that, I mean it's all inclusive, and there is no exception. There is no discussion here on the ifs and and's and but's or the notwithstanding's. And you know, there's no suggestion of any recommendation that might make sense for us to consider except just, you know, a bald 'that's it.' No exceptions. No considerations of their unique position. And I find that frustrating, and I can't deal with that.

I think that as a matter of principle they should. I've taken that position before, but I also think there may be reasons why they shouldn't in certain instances, and I would like that discussion carried on in a setting where they deal with those issues more so than we do here.

And I mean we did that last year. We asked the Crown Corporations Committee to consider that. Now if the Crown Corporations Committee didn't have as much information as they need to help them to consider this issue properly . . . you've made many suggestions here this morning, none of which are in your report, you know. And maybe you should put down some of those comments and send them over to the Crown Corporations Committee.

I would certainly encourage you to do that, and I would ask this committee again to recommend to the Legislative Assembly that we request a Crown Corporations Committee to consider this recommendation as it applies to Crown corporations and to encourage the auditor to assist the Crown Corporations Committee in a discussion of this issue.

But I think that in saying that, you should go there then with some suggestions as to how to deal with it. The frustrating thing is that it's always painted as some black and white proposition, you know. Your report always says it should be done, period. And you got others in the Crown saying, well it might affect our competitive positions, so we don't want to do it, period. Well I think that, you know, listening to discussion this morning that there are places where they should and can disclose. I mean the government in the last couple of years has started to do that. I mean the presidents of the Crowns, their salaries are reported now. That's something that wasn't done some years ago. So I mean that doesn't affect their competitive position.

So I guess I would like to see some discussion on that ground between the black and the white and to come up with some solution on that, and I think the best place to do that is in the Crown Corporations Committee. And also if the Crown Corporations Committee still doesn't want to do it, then I guess we'll have to get into it and go through it, but I'd like to do that then in the context of some extensive discussion.

Mr. Strelloff: — Mr. Chair, members, I thank you for those comments, Mr. Van Mulligen. I'll certainly take them to heart, particularly the notion of setting out some factors or alternatives that should be considered when addressing the recommendations of the Public Accounts Committee. As you know, in your third report you have recommended that Crown corporations should have the same public reporting requirements as do government departments unless otherwise stated in the mandate of the corporation, and the Gass Commission also agrees with your recommendation.

When you say Crown corporations, I assume the ones that you're particularly concerned about in this

context of this recommendation are the ones that are related to the Crown Investments Corporation, and that the ones that Mr. Kraus refers to as Treasury Board corporations, so far you see no reason why they wouldn't prepare this information, yet noting that they haven't done this, other than the Sask Property Management Corporation.

As we move through the Crown Corporations Committee, I'll try to bring this issue to their table and suggest different ways of moving it forward as I did this morning in terms of disclosing the union agreements could be an angle, asking various corporations to come to the table and explain the segments of their spending that they believe shouldn't be disclosed and what reasons and try to encourage them to reflect that in their discussion of their mandate. Thank you.

The Chairperson: — I have an observation that I want to make on this issue and I want to say that there probably isn't any one Crown agency that has more at risk, and I'll say that I think fairly authoritatively regarding SPMC and its lease arrangements with the various components from all over the province of Saskatchewan. And they do that.

If you take a look at Remai Construction, or Remai, they have a significant amount of lease space throughout the province. It's a block that they take. They've taken right down the volume of dollars Remai Construction gets, and then that's the volume of dollars. You won't figure out from them what the square footage on that lease is going to be, but if you knew what their volume was, their average is this amount of dollars, and it doesn't seem to take away from the competitiveness within the framework of the leases. From different locations doing different things in North Battleford or P.A. (Prince Albert) or Regina or Swift Current, it doesn't take away from that.

So I think that having said it that way, that I think then we have a way to consider how we do some of the others. Like I'll give you another example, SaskEnergy. We may only have one or two suppliers to SaskEnergy of any of the natural gas as a purchased component delivered to SaskEnergy. In that case, there might be a reason why you wouldn't want to disclose the price paid for that natural gas.

But somewhere along the line, if there is going to be . . . in the budget last year there was \$64 million designated for SaskEnergy coming from taxpayers' dollars. Some place that \$64 million is going to be spent, and some place there should be an accountability to either this committee or the Crown Corporations Committee about the relevance and the value that was . . . and the purchasing of the components, and whether it was value for the dollar spent.

And this committee or the Crown Corporations Committee could review that — maybe in camera; I'm not opposed to that. But somewhere along the line that discussion has to take place so that people will know that it is of some significance and that the tax dollars are spent in a noteworthy way or a place where

they have been scrutinized,

So I could go back to SaskTel. Wherever you have a monopoly, it shouldn't be a difficulty. Where you have a monopoly that was traditionally a monopoly and is moving into other areas, as SaskTel is, there may be a significant disadvantage. However somebody should be saying something if SaskTel is providing or asking the government, or SaskPower is asking the government for money to spend through either the Consolidated Fund or whatever. I think we have a right to deal with that in this committee or Crown Corporations Committee. And in camera, I don't have a problem with that, but I think some place it has to be done.

Ms. Haverstock: — I have only one question for Mr. Strelieff. The cost of producing these increased Public Accounts of Crown corporations, would they be equal to the value of the information disclosed? Would the cost be equal to the information disclosed?

Mr. Strelieff: — Mr. Chair, and Ms. Haverstock, the information is available. The individual corporations will have that information available to them just to manage their operations, so then it becomes the issue of reproducing that information in a public document. So it is the cost of publishing that information. Now would that equal the value of being able to say that that information is available to all, and therefore what public money is being used for, can be sought and found. And that's an assessment that I think . . . that one question exceeds the cost, in my view. But you would have to obviously make that assessment as well.

Would the cost equal the value of . . . that individual managers and leaders of organizations, when they make spending decisions and know that they'll have to explain their specific decisions or may have to explain their specific decisions in a public forum, would that value exceed the cost of providing the reports? And I think, from my own experience, yes, it would exceed it. That is again something that you would have to consider.

And third, would the value to the committee in the past years . . . through many meetings I have gone to where you asked for information, this exact information and spent a lot of valuable committee time asking for information that you wouldn't have to ask for if it was available, would that exceed the cost of providing that information? I think it would as well, but again you would have to assess that.

Mr. Kraus: — Mr. Chair, could I just respond to that comment? I would just disagree with the auditor to some extent on that. We don't feel that this detail really helps managers manage or the government manage. I'd suggest that some of the things he says in chapter 8 would be more in keeping with leading to better management where you have these attributes for effectiveness, efficiency, economy.

I feel a lot of this stuff is there for other reasons, but not to make sure we manage better. I do not use this kind

of detail myself. Officially or unofficially I would probably come closer to trying to set some objectives and measures and I'll use that, but not this stuff. Other than I know that I have to keep my salaries within a certain level and I have to keep other expenditures within budget, but I would say this is here for other reasons.

And I'd also, while I'm at it, I suppose I'd just like to say one of the committee members mentioned about confidentiality. It's interesting that we report this detail for departments. It's been suggested maybe not for Crown corporations because there are individuals involved, and we know Ontario of course has taken that approach for its departments. Yes, I think it discloses management pay ranges, it discloses union agreements and things like that.

I'm not saying it's wrong to disclose this, but again I feel that we are doing a lot of things that some other jurisdictions don't. And the focus seems to be on us always doing more and more when maybe it isn't always appropriate to do more and more. And maybe in some cases some of us would argue maybe we should provide less. So that's just another viewpoint on that.

Mr. Cline: — I want to make a comment about procedure more than substance because I think sometimes procedure can be very important in terms of arriving at some kind of coherent message and decision.

Yesterday we were debating a matter at some length, that we had considered last year and reported to the legislature on and the legislature had adopted our report. And I have a bit of difficulty several months later dealing with the same issue. I mean the implication of dealing with it being that we're going to adopt a recommendation that is different than what we adopted several months before in the same year and reported to the legislature.

And I just want to make it clear that from my point of view it's important for the committee, if it's going to have any kind of credibility, to have some kind of coherent message, in other words not to be reporting to the legislature and have inconsistent messages or contradictory messages in different reports.

And when we get to this recommendation, I mean I'm not talking so much about the substance of it, although I think there's substantive questions within it that need to be addressed. But the problem I have is that in terms of the process of this committee, we went into the legislature on March 17 of this year and presented the report of this committee to the legislature. Presumably we think — at least the majority of the committee thinks — that the report is sensible and worthy of consideration of the legislature.

And we say in recommendation .15, as I said before, the Public Accounts should include the financial statements for all government corporations. Fine. All government departments, agencies, and Crown

corporations reporting to Treasury Board should provide a list of persons who have received money. Fine.

So that addresses the Treasury Board Crowns, I think, both in terms of employment and salary and in terms of supply of goods and services. It talks about what Mr. Kraus was saying, that there really shouldn't be a problem with Treasury Board Crowns but there may be a problem with respect to some of the CIC Crowns. Then we dealt with the questions of the CIC Crowns.

We said, the Legislative Assembly asked the Crown Corporations Committee to consider whether those corporations designated under part 11 of The Crown Corporations Act should report the same kind of information as is required by departments. So we recommended that to the legislature. The legislature adopted our recommendation by adopting our report. And for my part, I have to say that I'm going to respect what the legislature decided on the basis of our report.

They decided that they would refer the matter to the Crown Corporations Committee for consideration. And out of respect for the Crown Corporations Committee and the legislature and proper process in this committee, I'm going to take the position that that process should be followed through, that we ought not to be having lengthy debate, to which unfortunately I'm contributing now, about whether we should be doing something else.

And I guess the reason I make that point is I'm going to make that point again with respect to other matters that have come up that have already been debated at length and deliberated upon and with respect to which we've made a recommendation. And unless there's something terribly wrong with the recommendations we've made less than a year ago, then I'm going to be taking the position that we ought not to be flip-flopping all over the place.

And I'm sorry to be so lengthy, Mr. Chairman, but that's how I feel about it. I feel that that's the only proper way for us to function.

The Chairperson: — I'm next, and then Ms. Haverstock. I suppose there's a couple of things that come to my attention, and I'll go along with some of your observations, Mr. Cline.

But what I see here is something of a double standard and I'm going to point it out by saying this. In questioning SPMC during estimates in the spring I asked the question of the minister: how many departments had an inventory control of their copiers, telephones, overhead projectors, all of those kinds of things? And he said there was none. They don't have an inventory of any of that.

So when you come along and you say, I want \$5 million more for SPMC to spend on copiers, telephones, and overheads, is that a legitimate expense in relation to Saskatchewan Property Management Corporation when they have already listed — and they are one of the first ones to do this —

they've already listed all of the payments and schedules of payments. They still haven't gone back to the fundamental, is there inventory control on what they have in stock?

I could probably discuss the same with the Department of Highways. They probably have an inventory control within the framework of some of the repair depots. But in the province, do they have an inventory control of all of the things that they have on hand? Sometimes that detail is too finite and sometimes it needs to be there. And I'm not saying that there's people that would take advantage of that but there probably are some . . . there probably is some slippage in this.

And I raise that from this perspective. You in your MLA (Member of the Legislative Assembly) office are required to put that down, every single item. And the public says you are supposed to and I am supposed to be accountable in a very systematic way. And yet when we turn around and say to the people who we employ, as the Legislative Assembly, you can have \$5 million more this year, which is equivalent to what 50 per cent of the MLAs get in all of their budgets . . . I think ours is \$9 million. And we have to do a detailed analysis of every piece of paper that we spend the money on. And departments and agencies are not required to do that.

There is two sets of rules here, and that's what concerns me a little bit. Now I'm not saying that we got to go to the paper clips and say we want to know how many you buy. But there comes a level — I guess Ms. Haverstock said that — where is this line between cost and cost benefit? And I guess that would be an important part for us to consider in this committee.

I will make this point. I would agree with the first step being the step taken by the Public Accounts Committee in March of this year. And I will say this too. Would it be in place, as chairman of this committee, to write a letter to the chairman of the Crown Corporations providing him the details of this information and then saying to him, this is a matter that needs to be discussed in Crown Corporations, and the Provincial Auditor and CIC will be the ones that will participate in that discussion and it has to be a formal discussion as we've had this discussion here today.

Is that a first step in relating the issue and the matter to the Crown Corporations Committee? Or is it their responsibility to do that or is it ours? And I don't know what the answer is to that second question. So I raise that as some observations that I view, or how I view these items here.

Mr. Van Mulligen: — To my mind there's one or two ways you can go. One is that the report to the Legislative Assembly could note that the committee dealt with this issue last year and made some recommendations at that time and stands by those recommendations. Alternatively, we could rephrase again the recommendations that we made.

And I don't have any strong feelings one way or the other. If it's the latter, I would simply say the committee recommends the government disclose for each government organization reporting to Treasury Board, the payments made to employees and suppliers of goods and services and further recommends the Legislative Assembly encourage the Crown Corporations Committee to consider and report to the Legislative Assembly on the extent to which the above recommendations should apply to. I don't know whether they call it part 11 corporations any more. I think that's changed but . . . there is a change in the Act and I'm not sure what the . . .

Mr. Hunt: — I don't think it's proclaimed yet so you'd still be in the right.

Mr. Strelieff: — Mr. Chair, members, just a comment on the frustration of dealing with issues. Sort of seems like the same issue just three months ago question. And one of the underlying problems that caused that is that we're, as an office, writing this report that we have in front of us prior to you dealing with last year's report, and therefore we're not able to explain what the progress has been. And perhaps therefore it seems like this report doesn't reflect that discussion and those recommendations. There is a sequence of timing issue that does that. And I can appreciate the frustration of dealing with the same issue because of that.

The Chairperson: — I'm at the committee's wish in regarding item no. 26.

Mr. Van Mulligen: — Can we try this? That we agree that this recommendation was discussed by the . . . that the report notes that this recommendation was discussed by the committee in its previous report and the committee stands by the recommendations it made at that time.

The Chairperson: — Would you also put into place that I draft a letter as chairman of Public Accounts Committee to the chairman of Crown Corporations Committee that they review this and then it's formalized more than just in an item that passes through the Legislative Assembly?

Mr. Van Mulligen: — Sure, I agree.

The Chairperson: — Okay, I will do that.

Ms. Crofford: — If I could just add . . . You know I think you made a good comment, Mr. Strelieff, when you were saying that perhaps a range of options or a little more detail. I think that's what makes this so hard to deal with is that well, we could do this to this level or we could do that. So perhaps when the Crown corporations is considering that it might be with some thought as to the actual level of detail, because it is hard to deal with a real encompassing statement like that, and it would be nice to have a few alternatives to look at as far as the degree of disclosure and the amount of detail that we would be looking at.

I have a little bit of personal background in this

because when I worked for government we used to regularly get through question period, questions from the legislature and we spent so much time, sometimes days of employee time doing reports. And sure the information is all there but you have to assemble it in the form that it's asked for by the legislature.

And of course if you know that you regularly have to produce it, it becomes somewhat simpler with computer programs and what not, but I do remember. . . I have a very personal memory of the amount of time that went into assembling these things. So I want to make sure that what we're getting is going to have a result.

And I did take Mr. Kraus's comments to heart about chapter 8, and maybe a little more of our emphasis should be on the preventative end of things. But I'll just leave it at that. It would be nice to see some alternatives,

Mr. Cline: — I just want to make a comment in response to what Mr. Strelloff said. My comments about the process here were not intended to reflect negatively on Mr. Strelloff or his staff. I think their . . . you know, consistency on their part requires that they come forward with the ideas that they think are good, and I'm sure they will.

My point wasn't to be critical of them for saying whatever they want in their reports. My point was about our committee and how we operate. And I think we should be consistent as well. But I just say that because Mr. Strelloff was explaining that some of his recommendations are in his report because the report is prepared before we deal with it.

I'm not talking about how he deals with issues; I'm talking about how we deal with them when they are before us. And I'm saying let's be consistent and try to save some time and get through this because if we've dealt with something, surely to goodness when we've dealt with it within the last year, we're not going to be flip-flopping and arriving at some other decision. And I think we have to be very realistic about that. That was my point.

My point is not that any particular recommendation shouldn't be in the auditor's report because he's going to be consistent too. He's going to stick with his views, but I think sometimes, at least within a short period of time, we have to be consistent also in our approach.

The Chairperson: — I get a sense that consensus would build to two things. One is that the discussion as it related to the recommendation made to the Legislative Assembly is what the committee is going to recommend and that I draft a letter outlining that recommendation to the Crown Corporations Committee. Is that agreement?

Mr. Van Mulligen: — Agreed.

The Chairperson: — Moving right along, the next item of business is the recommendation item no. .34:

The Government should propose legislation to limit the amount of public money that can be committed by a government to a new project or program without specific prior approval of the Assembly.

Agreed. Okay that was easy. The explanation you made yesterday must have carried some weight.

Mr. Van Mulligen: — It is going to be a long, long, long sort of analysis that is going to be required between this principle and what actually comes out in a practical way. I mean the implications of this are something that really need thoughtful, serious consideration.

The Chairperson: — Okay. Item no. .37 is a recommendation:

The Government should require all dividends taken from government corporations be provided to the Consolidated Fund. Alternatively, the Government should present to the Assembly the financial plans of corporations during the estimates approval process and request approval for the planned use of earnings.

Mr. Van Mulligen: — Mr. Chairman, both this recommendation and the next one both deal with the question of a financial plan. It's a subject that's under discussion, and I think that we should simply note that this whole issue is being discussed by the auditor and the other relevant parties.

The Chairperson: — Mr. Auditor, have you an observation?

Mr. Strelloff: — Mr. Chair, members, Mr. Van Mulligen is right. We have discussed this yesterday and in the past as well. It is an important recommendation in principle, and I certainly look forward to the day when the financial plan presented to the Assembly is comprehensive and therefore the members can rely on it, that it does include all the proposed financial activities of the government in the next year.

The Chairperson: — My question to the committee is, how do you want the report written in this area with these two items?

Mr. Van Mulligen: — You can just note on our report that these issues deal with the question of a financial plan in which the committee had recommended, you know, study and approve the report.

Mr. Strelloff: — Members, I just reread recommendation .37 and it is a little bit different. I'm sorry. It's different from the financial plan for the government as a whole. What .37 deals with, particularly the second sentence, is the individual financial plans of individual government organizations, that those individual plans should be presented. Yet it is linked to a financial plan for the government as a whole because the financial plan as a

whole would therefore have to include all the individual plans of each corporation.

I just note two things. One is that one thing that you might consider in the future, and we'll be looking at it, is that in the financial reports of government organizations there be a comparison of planned activities to actual results. Just keep that in your mind in the future. That was a useful move that Alberta, I think, moved forward in the last few months.

And that's it. Thank you.

The Chairperson: — Proceed as Mr. Van Mulligen has suggested? Okay. You want to note that, Mr. Secretary, Mr. Clerk.

Okay, that deals with item .37 and item .40. Item .45, the recommendation:

The Government should provide mandate statements to the Legislative Assembly for each government organization and those statements should be referred to a standing committee of the Assembly for regular review.

Mr. Streliaff: — Mr. Chair, members, I was just looking to see how it was dealt with in your third report, and you did recommend that:

A mandate for each Crown corporation should be prepared and provided to the Assembly, setting out the corporation's purpose and accountabilities.

The Chairperson: — That would suffice, in your mind, if we restated that?

Mr. Streliaff: — Well in our recommendation we have proposed that each government organization provide a mandate statement rather than just focusing in on Crown corporations which, when you do, sometimes the focus seems to move to part 11 Crown corporations or CIC Crown corporations, and what is left out are the many, numerous what are called Treasury Board corporations and agencies and commissions. So that adds a further dimension to your previous recommendation.

And then we suggested that a standing committee be provided those mandate statements for regular review so that this committee or the Crown Corporations Committee could review those mandate statements and ask questions about them.

The Chairperson: — Agreed? Okay. Item .47.

Mr. Streliaff: — Mr. Chair, members, .47 is to me a very important recommendation of the commission. When I read their final recommendations, I was quite amazed or impressed that they got to this issue, that they moved to recommending that before . . . on each significant transaction or commitment that a government has or proposes, that there be a public statement that encompasses the five bullets on page 26.

In your third report you have recommended that:

To enable legislators to better assess the relative merits of transactions or commitments before they are entered into by the Government, your Committee recommends that the Government set out clearly specific objectives, criteria to be used to determine whether those objectives are being achieved, expected costs and a management plan for each significant transaction and commitment.

So you certainly have taken the spirit of this recommendation in your third report. The ongoing issue is to be able to assess or monitor whether that actually begins to happen. Thank you.

The Chairperson: — Agreed? Thank you.

Item .53 deals with the special report, item no. 3, and it would be my suggestion that item .53 be transferred to that discussion when the conclusion of the task force has been provided to the Public Accounts Committee. And do I get agreement? Agreed. Okay.

Chapter 4. Most of chapter 4 deals with the role of the task force in dealing with recommendations that they will bring forward. My question is, are there any items in chapter 4 that would not relate to the task force involvement? And if members of the committee have an item, bring it forward. And if the auditor has or the comptroller has, then I would like to hear about it, and then we'll begin our discussion from there.

Mr. Van Mulligen: — I guess paragraph .32 on, about resources required by the office, I guess to some extent that's linked to the discussions that you're having in your task force. It may have some implications for that, you know, or maybe it is a separate issue. It is a separate issue.

Mr. Streliaff: — Mr. Chair, members, paragraphs .32 to .43 are the main . . . first, they don't include any recommendations, so they're not proposing anything. The main purpose of this chapter is to let you know how we are handling our resource questions in the face . . . like other government organizations or other organizations, in the face of additional challenges, and to make sure that you are aware and have the opportunity to comment or to question.

In terms of it being linked to the task force, if the task force comes up with a more efficient way of getting work done or less efficient way of getting work done, in that sense it would have implications. But the main purpose of this section is just to make sure that the Legislative Assembly knows what we're doing and the implications of additional work and funding.

Mr. Van Mulligen: — Well as somebody whose salary has been frozen for four years now or five years or whatever the case, is and whose communication allowance is being cut by 25 percent and whose other constituency office allowance has been frozen now and I don't know what the future's going to bring, I

certainly have a lot of sympathy for the comments that you make here.

Having said all that, I wonder if you could come back to us at some point, Wayne, like I don't know if it's going to be in your next report on describing the process as to how decisions about resource allocation for your office are being made, your thoughts on how they should be made. I think it's difficult for us to say, yes you need more resources; no you don't need more resources, because then you could get into that argument every year.

What I'm much more interested in is ensuring that the Legislative Assembly understands the process by which those allocations are being made or perhaps should be made and so that there's some comfort by all concerned about that process. And I'm not sure that the process we've got works as well as it should work, that what we have is a brand-new process as compared to what was in place with the . . . when your request went to Treasury Board and you made the request and you get Treasury Board people in Finance sort of assessing that, and people who have some expertise and familiarity with the kinds of requests that you're making, and also if change is needed to take place in the middle of the year, you could go back to Treasury Board. But I'm not sure that the process that we have now works.

I mean, I don't think the Board of Internal Economy granted that these are all experienced and knowledgeable and extremely intelligent members of the Legislative Assembly — have the kind of background and expertise that readily lends itself to an appreciation of the work that you do and the issues that you face and are therefore necessarily well equipped to make the kinds of decisions that they should make.

There's no one performing the function of an independent analysis of the requests that come forward. I think that you would agree that that's a reasonable thing for them to do that, you know, as to whether or not the request that you make is a reasonable one. How does it relate to other work that can be done? Is this something in terms of the priorities that could be put off to the next year? Is it something that can be phased or staged?

You know, I guess I'd like to get some further thought and work done in that area. I think there's all kinds of small decisions that can be made.

I guess at one point you were saying that we have to do an audit on certain government organizations because you didn't have the money to do that. Well there is the question of whether or not there needs to be certain kinds of audits of every government organization every year. I mean if you've got some organization that's got relatively the same budget every year, you know the degree of risk associated with the expenditures has proven to be next to nil over time. Should we be doing the kinds of audit every year, or is it something that can be done every two years, and therefore begin to save some money in that

way?

You know, I guess I'm open to looking at those questions, but a big part of it too is I want a better understanding of the process and how it's worked and perhaps how it needs to work. There is some discussion for example that maybe the auditor needs a group of people that have some experience in the accounting field, might act as a resource to the Legislative Assembly — especially if it was an independent audit committee — act as a resource to the Legislative Assembly in terms of accessing our requests. I don't know how practical that might be, but I think those are all questions that need to be looked at. And so if I can get a better understanding of it, then maybe we can see our way. There can then be some agreement to what the solutions need to be.

Mr. Cline: — Well I want to agree with what Mr. Van Mulligen said. And I think out of respect for Mr. Brennan and the provincial audit committee, we should have some discussion, and I would like to have a response to the Provincial Auditor in terms of them sort of reviewing audit plans as an agent, an organization that could provide us and/or the Board of Internal Economy with some advice. But I wonder, Mr. Chairman, if you wanted to take a break this morning and . . .

The Chairperson: — I was planning at 10:30.

Mr. Cline: — Okay, well then I'll make my comments. I don't pretend to know the answer to this, but I was very interested to hear for the first time the other evening, because I had never spoken to Dean Brennan in his capacity as a member of the provincial audit committee, what he had to say about his concerns in terms of the independence of the provincial audit committee and whether some vetting by this committee of names selected by cabinet because I noted under The Provincial Auditor Act at the present at least, it's the cabinet that has to appoint these people.

But he had a concern with the appointing process in ensuring that it is independent, although I'm not sure there's any suggestion that it hasn't been. But that doesn't mean that appearances aren't important.

So there's that question I think we should have some discussion about because it's an important question that we perhaps should be making a recommendation on. He raised the question of the audit committee reporting to the Public Accounts Committee periodically which seemed to me to make some sense in the sense that if we have a provincial audit committee, I suppose we should be listening to them periodically.

And also I had been giving some thought to what the Provincial Auditor had to say about his resources. And Mr. Brennan raised — quite spontaneously from my point of view, because it wasn't what I thought we were going to be discussing the other night, but timely in relation to chapter 4 — the question of whether there should be some independent body that

provides, in effect, us with some advice about the Provincial Auditor's resources and plans. And it struck me that the idea of them reviewing with the Provincial Auditor his sort of game plan and how he can use his resources most effectively probably was quite a good one.

And I wanted to hear the views of the Provincial Auditor with respect to the issues of the appointment process for the provincial audit committee, the idea of the provincial audit committee reporting to this committee and the idea of the provincial audit committee reviewing the plans of the Provincial Auditor and reporting to us and/or the Board of Internal Economy.

The Chairperson: — I've got a few things to add to the discussion and I'm sure that Wayne has as well. So let's take a recess and then come back, and we'll deal with the item and conclude the item after. Ten minutes.

The committee recessed for a period of time.

The Chairperson: — I haven't got quorum here so what we'll do is we'll discuss . . . we can discuss items but we can't draw conclusions. We'll do that and then when other members come we'll deal with items that have to be dealt with from a decision-making process.

When we concluded, I had some observations that I was going to make and then ask the auditor to respond to the statements and observations made by other members earlier on. I see at least two occasions in this chapter where the auditor deals with the role of the new health boards in the province of Saskatchewan.

And that leads to a discussion on, and from my perspective, on how do we start to monitor third-party grants in relation to the taxes that we collect and how are we, as the Public Accounts Committee, going to justify to the people of Saskatchewan the monies that were spent by third parties?

And as we move into this, it changes its focus. It's not just 1 million here and a million there. It's a significant portion of the health care budget that is going to be dealt with by new health boards and how we relate to that and whether there is some efficiency in the system.

I guess from my perspective, going to the Public Accounts meeting in Toronto this summer, I made an observation to myself that probably at the beginning of this it would be in the best interests of this committee perhaps to meet with two or three of those health boards who are wrestling with some of the problems, both from an urban side and from a rural side.

And I was thinking that perhaps that discussion could take place with let's say the board at Saskatoon who have I think probably put their heads around this reasonably well. I'm not going to speak for the people in Saskatoon who have to deal with this, but I think that they have some degree of control of what's going

on to those places who are just establishing themselves in their new role. And I think that the auditor, as well as ourselves, are going to have to take a pretty serious look at what's transpiring there.

And this relates to the discussion that was opened up by Mr. Van Mulligen in relation to the Board of Internal Economy cutting our spending in certain areas down, and then saying you can't spend any more here or there or whatever. And we've had a significant reduction in the way we can communicate to our constituents and that has been reduced.

And on the other hand, there has been significant more activity placed on the Board of Internal Economy by the executive branch of government giving them the responsibility to hold committee meetings in the Department of Environment and extra ones.

And I believe that there are certain functions that we should assume that we have responsibility for as Public Accounts Committee, and to give guidance to how we handle health boards in the future could probably set the tone for how third-party grants are going to be delivered in the province.

I think this is a serious problem because I think if you take a look at what the federal government is doing to the provinces and to the municipalities, they're cutting back on their third-party grants. And some of that is, well it's all due to fiscal restraint, refocusing their attention on certain areas.

And if we are, as Public Accounts members, given the freedom to go to some of these communities to talk to them about how they are spending their money, maybe we can provide an overall view as to how those people provide to the Legislative Assembly the methodology perhaps of how they report. And that to me has some significance.

We as the legislators will lose the control of three-quarters of the health care budget just by allowing them to take it over, and we have to be sure that they are spending that money in a proper fashion because we are collecting that money and also giving it to them. And we have to have more than the audit role of the Department of Health delivering that, and I believe that . . . and I would be prepared to take some observations from committee members about what we do to address that. That's my perspective of this section.

And now, Mr. Auditor, would you care to . . . and then Ms. Crofford.

Mr. Streliaff: — Mr. Chair, members, several questions and perspectives were provided in the last half hour. The first one relates to planning and priorities and then funding of how my office serves the Assembly.

In general, I think this committee or the Board of Internal Economy or the Crown Corporations Committee — all three of those committees — should

seek advice from any group or individual that they believe they need that advice from on any issue. If you want to discuss how we plan to audit the Crown Investments Corporation, well you might want to seek the advice of the Department of Finance, you might want to seek the advice of Ernst & Young, you might want to seek the advice of John Brennan's audit committee or John Brennan on his own. That's an important . . . all these are important issues pertaining to how we manage our \$4 million compared to also how, as Mr. Martens says, how the Department of Health manages a billion and a half dollars.

In chapter 5 we've suggested that this committee strongly consider research assistance so that you can seek advice on any issue. And if it pertains to health boards or if it pertains to how our office carries out its audits, I think that's appropriate. And if you want to obtain additional information about how our office plans to carry out its work or how our office spends its money, just ask for that information and we will be pleased to provide it and discuss it with you.

And we would expect that same kind of request and discussion by the Board of internal Economy. You people are responsible for spending a lot of money and you're responsible for, in this committee, for overseeing that spending, for questioning it to determine whether the amounts have been spent prudently and for reasonable purposes, and that the revenue-raising mechanisms of all the organizations also are being administered and carried out reasonably.

So in a general sense, I strongly encourage this committee and the other standing committees to seek advice about what we do and, more in particular, about the 9 billion of expenditures that happen across the government and the \$9 billion of revenue collection across the government.

So that's the first general response. As far as how to appoint an audit committee, first the reason that group was formed and provided in the audit Act back in . . . when it was revised in 1983, was to ensure the government has our reports prior to them being made public. Prior to 1983 our reports were given to the minister of Finance and then the minister of Finance would decide when to table it. So that ensured the government had the opportunity to review our reports before they're made public. In the 1983 change to The Provincial Auditor Act, our reports were going to the Speaker, so the government did not have that opportunity.

I guess a feature in the discussion in the changes to the Act, it was agreed that there would be an audit committee formed, and a secretary to that audit committee is the deputy minister . . . or the secretary to the Treasury Board or the deputy minister of Finance, I'm not sure which one. And we would provide our report to them before providing it to the Assembly.

So then we provide . . . the practice has been to provide them the report and then the government gets to see the contents prior to the report being made

available to the Assembly and therefore the public. So that was the reason for the committee to be formed.

Now if you want to change the role or responsibilities of that committee, I mean that's your prerogative. And then when you're assessing that, then if you're moving to a more legislatively appointed group rather than a government appointed group, then we need to sort out the roles of the Public Accounts Committee and the Crown Corporations Committee and the Board of Internal Economy and my office because they are interrelated.

But for a starting point, I think this committee and the Crown Corporations Committee and the Board of Internal Economy should seek and obtain any advice they believe is important, from any source that they believe is important. And it can be from the Department of Finance. I don't mind the Department of Finance providing information to you about whether they believe our priorities and plans are right or our spending could be spent better. I mean that's . . . we spend public money and that should be what happens.

The only sort of underlying concern is to make sure that whatever process that you wish to move to, if you wish to move to a new process, ensures that at the end of the day it's clear that the decisions are made in public — that's the responsibility of the Assembly and that it's the Assembly that makes the decisions on how to use public money because you are responsible and accountable for that. And if this committee, standing committee, wants to discuss key issues that we face in deciding what to do, I welcome it.

The one key issue that Mr. Martens referred to on the health boards is an issue that is very difficult for us right now. We have a system that is working right now that is forming 30 health boards. There's 30 health boards right now. The boards are all appointed by the government. They therefore have to be examined by my office.

The plan is that . . . or the announced intention is in October of next year these boards are supposed to move to an elected board. At that point, they are no longer Crown agencies and therefore our office doesn't have that responsibility to directly examine their activities.

So we face a very difficult planning problem during this transition phase. And we also don't know whether all 30 boards will be publicly elected by next October. I don't know that. Right now we're discussing the issue with the Department of Health and trying to develop an audit approach that seems to make sense, given our legislative responsibilities and also given the context that it may be a one-year hiccup or one-year transition change.

And we have a couple of alternatives that seem to make sense and we're trying to deal, or trying to . . . and we'll be moving those proposals to the Board of Internal Economy soon.

But if this group wants to discuss that issue and how we . . . what your perspectives are on the best approach, I welcome it. And if you want to seek advice from the Department of Health or a specific health board or an audit committee or Price Waterhouse or the Department of Finance, I welcome that as well. Thank you.

Ms. Crofford: — Thank you, Mr. Chair. This whole issue of third-party funding has bothered me for a long time, because of course everybody here who's elected knows that whether you make the decision or the university makes the decision, you wear it because somehow it had something to do with government spending. And it troubles me a lot. And as I've sat here listening to you, I realize that it's an even bigger problem than I'd been thinking about because I had thought maybe some way this could be solved at the departmental level.

With this current trend that we're experiencing now in society — and it may even go further, depending on what happens at the federal level now — is sort of a devolution of authority, responsibility, and budget to the community level. It implies that even more of governments' budgets will be outside the realm of their direct control even though they're the taxing authority, although in the case of school boards there's some shared authority and what not.

I almost think it's — and boy, I say this reluctantly — I think it's time to get some of the major players from those different systems together to rethink this thing, because the way it's been working is not particularly effective from the accountability point of view. It's getting to the point where what we really scrutinize is almost the smallest part of the provincial spending in terms of tax dollars.

For example, if the university decides to retain an extra VP (vice-president) and raise student fees, we get knocked on the head, but we've had absolutely no input into that decision. If the school board decides to close two small schools and keep more administrative bodies in place, we have no control at all over that decision; all we control is the global amount of dollars that are going in.

On the other hand, when you're delegating authority to them to give them more responsibility and more control, then you sort of move in through the audit and accounting end and pull it back again. There's questions there.

But I mean I've been on community boards and I know that people get elected quite often totally unrelated to their ability to do the job or their particular skills or qualifications for the task. I mean you get people involved in collective bargaining who kind of got involved innocently to provide a service and all of a sudden they're management and they're doing collective bargaining, and they were never prepared to do that kind of thing.

So in away I see this being just a real big can of worms. And I don't know how we get a handle on it other than

maybe assembling — and this is where I'm kind of reluctant — assembling some kind of task force to very much address themselves to this issue.

And I think back to that presentation, Mr. Strelieff, on the package that was put together on effectiveness, measurements of effectiveness, and it seems somehow to relate to that kind of an approach. But still in all it has to be thought out because all of these people have legislated authorities. And to start, like I say, kind of coming in through the back door or through the accounting process to start to monitor their activities becomes, I guess, a fairly dicey question.

And if anybody's got any suggestions how to simplify that . . . But it's bothered me for a long time that we have so little really effective control over what happens in all these third-party areas, and yet we wear so much of the responsibility for it. So if anybody has any suggestions, boy, I'd sure be happy to hear them, but I think it's a big problem.

Mr. Strelieff: — Mr. Chair, Ms. Crofford, it does relate. Your comments relate to the health board situation that we're faced with right now in terms of the responsibilities of our office. And what we're proposing and trying to get the Department of Health to help us move forward is that we would . . . we're going to be directly examining six health boards during this next year, and there leaves 24 that we don't plan to unless the Board of Internal Economy says you have to.

But what we're trying to do is set up a system that the Department of Health manages and that would be that each year . . . Well there's about six dimensions that we're moving on. One is to ensure that each health board is preparing a financial statement that is pretty similar from boards to boards so that there is at least a common financial statement model, and we've been developing that model with the Department of Health and our work at the Prince Albert Health Board, Saskatoon Health Board, and the Regina Health Board.

And the next is that when the departments are seeking auditor assurance and auditor work, that they get each year from the boards an opinion on the financial statements, an opinion on compliance with the legislative authorities, particularly the service agreements that are going to be established between the department and the boards.

And the third one is to get a report from the appointed auditor of the adequacy of the internal accounting systems.

Those are three examinations that we perform when we examine an organization. They're not that common in outside organizations. We also ask public accounting firms to provide those three opinions when they're working on a government organization so there's some experience. So we're trying to encourage the department to set up a common financial statement and then audit assurance on the

financial statements, compliance, and internal controls.

We're then asking the department to really emphasize to the boards that in their transition phase, they're really going to have to be careful and focus on developing an integrated information system for each board that encompasses . . . perhaps each board is responsible to 10 or 15, right now, separate kind of organizations that they have to come and manage together and perhaps right now within those 10 or 15 separate organizations there are 5 or 6 very different accounting and information systems. Well the board is going to have to work quite quickly to integrate that and the Department of Health is advising them and is proposing information, software and hardware packages that they should consider. But again it's the board's decision.

And then the next issue, once each of the boards develop a common information package that they can use, it should be done in the context of a broader provincial information system that is being developed. The Department of Health is developing the architecture for a health information system that connects all boards, so right now the hardware and software packages that are being developed by each of the boards have to contemplate a larger interface. And again the Department of Health advises me that they are liaising with each of the boards to try to make sure that two or three years from now that actually happens as the larger provincial-wide architecture gets into place.

And then the last point that we're emphasizing is that within the legislation establishing the health boards there's a requirement by each of the boards to report to their community and to the department on how effectively they are managing the health care system and exactly what that means and what are the performance targets. The indicators that would indicate that a specific board is carrying out its mandate in an effective way is something that we're encouraging the Department of Health to examine very closely.

We're offering our assistance and advice on it. We've shown the videos that you've seen and the information packages. We've shown them to the department and some of the health boards that we've met with and worked with directly already. So that's where we're coming from right now.

It's in the context of focusing on our direct work on 6 out of 30 and trying — and we're involved in P.A., Regina and Saskatoon which are where the major dollars are — examining, we assume, through an auditor appointed by a board of three to get a sense of some of the difficulties that are happening in the smaller boards and to provide some role models and advice to them, to encourage the department to make sure there's a common financial reporting model that is being worked on by each of the boards; that there's common expectations from the auditors; and on the financial statements, on compliance, particularly with the service agreements and on internal controls;

emphasizing the importance of developing an integrated information system for each board, because that's going to be needed particularly since they'll have different units trying to come together.

But it also has to be done in the context of a larger provincial network so that the interface, when it does come two or three or how many years from now, is compatible, and they don't have to go back to the starting point and then begin to encourage each of the boards and the department to begin to work on how you report on the effectiveness, which will be a very significant reporting responsibility for each of the boards that they have to their community and to the department.

And as we move away from looking at individual boards, which as they move to elected, we're going to focus on issues that relate to all boards and how is the department managing those issues in terms of the work that we'll focus on.

But it is . . . That's where the office is thinking right now. It assumes that the boards do go elected and it assumes that the department is able to move forward. Well that's what we're trying to contribute to the system.

Ms. Crofford: — I just want to say, I think that's really commendable because those kind of things worry me a lot — I mean even our medical information systems to be integrated on a provincial basis. When you've got people out there sort of doing their own thing, it's a bit scary.

But anyway, the board of directors issue — now there is a group looking at board of directors accountabilities, responsibilities. Does that tie into this somehow?

Mr. Streliaff: — Mr. Chair, Ms. Crofford, we're right now working on a project on the roles, responsibilities, duties of boards of directors. And we've discussed it with many people across the province. The sample of organizations that we're . . . we have a sample of 17 that we're examining and they do not pertain to the health boards.

But what I said earlier, that as we move away from examining boards in a direct sense and looking at board issues that face boards on a cross-board basis, we're planning to move our findings and recommendations and experience on the roles and responsibilities and duties of boards in the other sectors to the health sector and get into that.

The general research question or audit objective of that is what does the government do to ensure that boards of directors understand and accept their roles, responsibilities and duties. And it moves to defining them clearly, communicating those roles clearly, and ensuring that there are mechanisms for the boards to clearly understand and accept the responsibilities which in many cases are very onerous when they take over.

Ms. Crofford: — Thanks very much. That was very complete and I appreciate it.

Mr. Kraus: — I realize that the committee, Mr. Chairman, deals with things that have happened in the past but it may be that the committee would want to consider asking Health to come and talk to it about some of these issues.

I mean, the auditor explained it very well but it might be comforting to people to hear how the department plans to oversee and assist in the implementation of these boards and what it intends to have in place when they're up and running to properly determine that in fact the boards are delivering not only on the health services, but on the financial side as well.

I wouldn't be surprised if they don't have — certainly by, you'd think, in the number of months — if they don't have now, they'd probably have things that they could talk and discuss that would, you know, help give you an appreciation of what they do plan to do.

The Chairperson: — This goes, in my perspective, to some of the observations Mr. Brennan made, and Mr. Strelloff made, about audit plans and what they are. I think it's a unique opportunity where we have to establish together with the auditor and the department an audit plan that has relevance to some of the observations that have been made here earlier. And I think that it would be an opportunity for us, an excellent opportunity for us, to do that. I have always thought that.

And I guess from my perspective, having been in a health board system similar to the one that's being established since 1947, I have empathy for the system. And I think that we could go a long way in directing the audit plan, working it out together and being the manager of that plan — as a Public Accounts Committee, not as a manager. But as much as the task force is going to do that in another area, we could do that in the Public Accounts area in how the audit plan is developed by being there to listen, being there as a coordinator of that plan. And I think we could make positive inroads there.

The other thing that happens is if that becomes a benchmark, other agencies and third-party grant agencies are going to have to meet that standard, and then how we deal with getting them to come to that place as well? And I think if we have all the players together, it makes for a consensus to build on how it's to be done, both from the government and from the administration of government, and from the legislature. And I think it's a positive way of doing it.

I guess I ask for the committee's direction as to what we do with chapter 4 in view of the discussion we've had.

Mr. Strelloff: — Could I just have one more comment? What you've just said now, the opportunity is now. This is when these arrangements are beginning to form and the structures are coming into place. A year from now, or two years from now, it'll be hard to shift it. And in those kinds of discussions, at least from my experience in them, you get to

understand what's happening and what are the issues facing the department, the health boards, the Department of Finance, our office, all related to a very important issue. So it's a very useful suggestion.

The Chairperson: — I guess there's . . . the comptroller has made the observation that we should be involved in it. At least I assume that that was part of what his observations were.

I think that members of the committee have said that there should be an involvement and the auditor has said there should be an involvement. Should we expand that to do something? I'm not just sure. I'm here at the committee's discretion. And I don't want to get in the way of administration, but I would like to be there to help that the discussion moves in a direction that is for public accountability.

Mr. Cline: — I think obviously there is some complex issues here.

The Chairperson: — Yes.

Mr. Cline: — And Mr. Kraus has suggested we hear from the perspective of the Department of Health. We could do that. I wonder also if it would be useful for the Provincial Auditor and the Provincial Comptroller to have some discussion about the issue and perhaps make . . . report back to this committee with some kind of recommendation.

The Chairperson: — That's a possibility. Is that report to be, in your mind, an item that be tabled for the committee to consider? Or is that a report that we discuss together with them to raise issues that we as . . . And I got a different perspective of this Public Accounts Committee after Mr. Brennan was here that this is the audit committee of the legislature. And I placed a different perspective in my mind about what some of our responsibilities are.

And perhaps we need to take a little bit more proactive role in developing what that format should be together with an audit plan, and developing that plan.

Mr. Cline: — I don't think I was thinking that a report necessarily would have to be prepared and tabled but that they be prepared to discuss the issue further in terms of some workable way of approaching the matter, especially . . . and I guess addressing the position as it is until the boards are elected and the positions that might be after the boards are elected. Because I suppose there's a possible, or at least difference between the two.

The Chairperson: — Is there a role in the committee's responsibility to interview, call as witnesses, the Saskatoon board? Is there — and I'm only raising this as issues that maybe we should talk about — a rural board? Is it in conjunction with the Department of Health in sitting them down here and visiting with them together with the comptroller and with the auditor and making sure that all of what we perceive

as a committee that our bases are covered?

Ms. Crofford: — Mr. Chair, the thing that I find a little confusing in this whole piece is the fact that when we do the arrangement of third-party funding we turn over some legislative authority, delegate authority, to those groups. So to me a part of this discussion would also require a legal opinion on what it means when we start mucking around. And essentially what we have delegated to them is their authority. And so to me that's a little piece of it.

But I'd like to see the discussion first of all take place at this level with the Department of Health and with our own folks who we rely on for advice and whatnot and then talk about whether it's appropriate legally for us to be moving to that second level of discussion with the community health boards and what not. Because I do see there being for me a little bit of an issue of who really has the right to put their hands on this stuff. And if we find out that we don't have and we should have, well that's maybe one discussion. But if we find out that we should have and we haven't been, then that's another kind of discussion. But I'd like to see some of those issues hashed out a bit at that level first before we bring in community people to talk about it.

The Chairperson: — The other thing that happens, just going one step further on what you've raised, Ms. Crofford, and that is that if we aren't involved in the planning stage and we have to adapt ourselves afterwards to what has happened, then we're frustrated by that process as well. And how we have to fix it after the fact is something that needs to be considered as well.

Mr. Strelloff: — Mr. Chair, members, the Saskatoon Health Board, if you look in the compendium in *Public Accounts*, their name is there; we have examined them and therefore . . . I mean you have the right and responsibility to discuss issues with them, if you choose. Now whether you want to first discuss how the framework is being put together with the department and then move to a specific example, I mean that . . .

Ms. Crofford: — I would prefer that myself, because you know how it is when you've got a lot of different people coming at you, you start to wonder, well who's the boss in all this. And I don't want to confuse lines of authority and responsibilities for having those kinds of discussions with the health boards, so I'd like to have the department first.

Mr. Kraus: — The reason I mentioned that, and again I leave it to the committee, but I recall there was some questions about computer security a number of years ago and there was innuendo and so on. You could see throughout the committee members and they'd heard things on the street. And finally it was decided, why wouldn't they call in SaskCOMP Corporation.

And the officials came in, and because it dealt with computer security, they didn't . . . they wanted to go in camera. But they put on a presentation and that really settled members down. They had a better

appreciation of what security they had in place, maybe where some of the weaknesses were that they were working on.

But by hearing directly from the people responsible, it provided a lot of useful information. The committee began to understand the issue a lot better than having the auditor and myself, or maybe some other department that's unrelated, dealing with security of computers. You hear directly, you hear it firsthand, and I think it can be quite beneficial to the committee.

The Chairperson: — I hear we're skirting the point of making ourselves available for an occasion like that and we've talked around it. Shall I pin it down and ask you the question directly? Do you want to do it as a part of this committee, invite the Department of Health to come in together with the auditor, together with the comptroller, to give us an audit plan and detail it for us? Do we want to do that?

Mr. Cline: — Yes.

The Chairperson: — Okay.

Mr. Kraus: — Mr. Chairman, could I also just say I would hope they'd put an emphasis on how they're planning to manage the health board districts, what they expect, what they're going to tell these people, what their roles and responsibilities are, not only of the district but the boards; and then how they expect their systems that they're having, I think, as Wayne was saying, put in place; how those systems in the end will report back to Health and Health will be able to, for the government then, monitor the activities so they talk about the bigger issues, just not the financial and the audit side.

The Chairperson: — Do you agree with that . . . (inaudible interjection) . . . Pardon me?

Mr. Van Mulligen: — Not next Wednesday . . .

The Chairperson: — We will leave next Wednesday out. But since you've raised the point, is there a day when we should be doing that within the next two weeks? Is two weeks too soon or is three weeks too late? Or in the next six weeks? I'm just asking the question to move the issue along.

Mr. Cline: — Well I think we should discuss . . . perhaps we should defer that discussion till we discuss our agenda for our next series of meetings, because I think we probably want to pick out a week to go through the balance of this report in the departments. And we might, depending on when that week is, which we'll have to determine, we may want to get the Department of Health in at the same time. And Mr. Strelloff and Mr. Kraus may need a certain period of time to have their discussions as well.

So should we discuss the time that we do this right now or should we discuss it in the context of when we're going to meet again? And I think we should discuss it later, when we discuss when we're going to meet again.

The Chairperson: — Okay. We'll make a note of that and then we'll discuss that tomorrow as one of the items.

Mr. Van Mulligen: — Can we just ask, Wayne, if you have any concerns in terms of timing on this?

Mr. Strelieff: — Mr. Chairman, members, I was just assessing what needs to be done. As far as my office is concerned, we're working on this right now. And the structure and proposal that I described is what we've written down and we met with the Department of Health last week or the week before and Mr. Kraus was at the meeting. And what we were . . . the purpose of the meeting was whether the elements of, sort of where we were coming from, made sense. And how to, if they did — and they seemed to make sense at the meeting — how to move that through to the 24 other boards. We thought we had a mechanism for moving that structure and those concerns through six.

So then the next step for us is when we meet with the Board of Internal Economy — and I think it is supposed to be sometime in early December — to describe that process and what that means to our office, and also what it means that we're not going to examine directly 24, and whether the board thinks that's a reasonable approach to do it. So in that sequence of events, where does the Public Accounts Committee . . . when can they be of most benefit to me? And I am just one player involved. In the middle of November would be very useful for me. But if it is after as well, it will help.

The Chairperson: — I suppose that brings . . . and what I will do now . . . and we'll conclude this discussion with this unless you want to continue it. I'll summarize this way: the health care discussion on boards, district boards, probably would be best done before Christmas when I think we had contemplated doing the additional after New Year's. And so it's . . . that's where we have to leave it. So you think about it until tomorrow and then we'll have the discussion.

Mr. Van Mulligen: — Can I make a suggestion?

The Chairperson: — Yes, sir.

Mr. Van Mulligen: — Will people bring their diaries with them tomorrow?

The Chairperson: — Okay. And we can discuss that tomorrow at the conclusion of our meeting. Agreed? Thank you very much. Chapter 4.

And now chapter 5 deals with a number of recommendations as well. What I will do is what we've done earlier. The first recommendation is item no. .10. And it says:

The Government should comply with the request of the Public Accounts Committee for a comprehensive response to each report of the Committee.

One of the things that was said at the beginning of the report . . . it says that the government should respond within 120 days of the report being given. And I'm not sure that that's happened, and I think that is kind of what that addresses.

Mr. Strelieff, your observations first.

Mr. Strelieff: — That was an accurate description of the issue.

The Chairperson: — Okay, item .10.

Mr. Kraus: — There were two reports, I think, since the new government has taken office — I think it's just two. One has been reported on and the other one could be here momentarily — I mean it has been completed and it's just a matter of working its way through channels.

The Chairperson: — Is that this one? Do you know whether that's this report, the third report?

Mr. Kraus: — Yes, the one that you issued.

The Chairperson: — In March.

Mr. Kraus: — Yes, you issued the report. It's the last report you issued. I'll just get the front page here.

Mr. Van Mulligen: — It's called the third report.

Mr. Kraus: — There is a response that, if it makes its way through channels, I'd hope perhaps it would be here today or tomorrow, so hopefully it will be.

The Chairperson: — Item no. .10.

Mr. Cline: — I don't disagree with item no. .10. But I think if it's agreeable I would like . . . The Provincial Auditor has stated our status report — this is in paragraph 6 contained in appendix VI — indicates an impressive number of recommendations have already been implemented by the government. And I would like to note that in our report, along with recommendation .10, if we adopt that so that it isn't taken as an implication that we're not mindful of the fact that the government has acted on an impressive number of them.

So I would propose, if it's agreeable, that we state that the committee notes that the government has acted on an impressive number of our recommendations and implemented them and the committee concurs in recommendation .10 of the auditor.

Mr. Van Mulligen: — Can I just ask . . .

The Chairperson: — Mr. Van Mulligen, yes.

Mr. Van Mulligen: — You say you have a report now in response to the third report which was given in March?

Mr. Kraus: — Yes, it's here. Of course it hasn't been signed by the appropriate officials yet, so I couldn't

give you a copy. But it's the third report, yes.

Mr. Van Mulligen: — And is that within 120 days?

Mr. Kraus: — I didn't count the days; it could very well be over 120.

The Chairperson: — It's March 17, I think we read earlier when this report was delivered. So it's a little over.

Mr. Kraus: — We acknowledge it's late and there's no reason why it can't be completed and provided to you within 120 days. That's an administrative problem and nothing to do with the people that eventually sign the reports.

Mr. Strelloff: — In paragraph 5 we note that you adopted a mandate statement and code of operating principles and practices. That was a very significant step when you compare practices across the country. Your operating principles and mandate statement is far clearer; far, I think, more useful to all members and to anyone else that wants to understand the role of the Public Accounts Committee.

And perhaps on sort of retrospective or hindsight when guests are invited to the committee like were on Tuesday evening, we should provide the mandate and the operating principles of the Public Accounts Committee because it gives them a more, a better understanding of exactly what the role is here. I'm sure the group at the table on Tuesday evening didn't really know exactly what the role of this group is. And your mandate statement and operating principles really do describe the important role of this committee.

So just in the future it's a good thing to do and just in a general comment, it was a very important step that this committee took last year, very important.

Mr. Van Mulligen: — If I might, in looking at paragraph .05 is that I agree. I note also that we adopted this mandate . . . it was patterned after guidelines. We just didn't adopt someone else's guidelines holus-bolus and say that . . .

The Chairperson: — Mr. Cline made the observation about including a portion of .06, the last paragraph . . . or the last sentence in item .06 as a part of item no. .10, is that — in our report — is that in agreement with the committee? Okay.

Mr. Hunt: — That's the first report that's been referred to. Just to put that in context, there is no government response to first report of March '92, if you look at appendix VI . . . or May, 1992, I guess, tabled its first report and that's the one being referred to . . .

The Chairperson: — Oh, so that May, 1992 is not the same one as what we're talking about — the third report.

Mr. Hunt: — There have been three reports since the new administration. Now granted that first report had

a combination of matters that were discussed in the previous legislature and the last half dealt with in this legislature.

The Chairperson: — Well it will have to reflect that then.

Okay, let's deal with item no. 13 in chapter 5:

The Legislative Assembly should consider providing research assistance to the Public Accounts Committee to help the Committee achieve greater effectiveness.

Mr. Cline: — Well that would be nice, but as we all know we do have a fiscal, you know, a fiscal problem in the province and we're cutting down. And I want to say for my part, and I know that all members agree, if we have . . . I have some trouble with increasing the budget of our committee and paying somebody to do research for us at a time when we are cutting back in other areas of government and increasing the work load, in some cases, of people that work in government or for agencies funded by government. And although, you know, I have some sympathy for what the Provincial Auditor is saying here, I do feel it is part of my responsibility as a member of the Public Accounts Committee to do some research on my own and to try to keep abreast of the issues.

For my part, I think we just have to live with that until the government balances the books of the province. You know, it's not that it's not a good idea, but I have trouble recommending that we should be spending money to help us do our work here as opposed to trying to do it reasonably and effectively ourselves. That's how I respond to it. But I know what the reason for the recommendation is, but I don't think we can do it right now.

The Chairperson: — I would agree with you. I will say though, that there are a lot of other jurisdictions that have this added dimension. And I don't want to belittle the thought either, but I think that provision of this week's information base that we have had as Public Accounts Committee members has given us the capacity more directly to understand what our roles and responsibilities and duties and the dynamics of that are than having the money go into some research assistant's pocket.

I'm not saying that I don't want to hire people, but that has value that is very significant. And we are members of the committee and we have had a good education here in this week already from the observations that have been made by the witnesses to the committee. And I see the value of that in relation to the item of more significance because we are supposed to be the decision makers. And I would say that that is where we need to spend the limited resources that we have, rather than putting it into research assistants.

Mr. Sonntag: — I don't want to be argumentative, but I would suggest that maybe in some of the other jurisdictions, when they start to deal with the financial problems that they have, this might be an area that

could be cut pretty quickly, too.

But I won't add anything more than that. I think what both of you have said is valid, and I would agree that when we are back in a situation where maybe we've got the money for those sorts of things, I think it would be very useful. But right now I don't think there's anything that we can do.

Mr. Van Mulligen: — I agree with the recommendation that we should do that as resources permit. I think this morning we probably would have saved half an hour, three-quarters of an hour, maybe more, that we could have spent on other items if we'd have had a researcher here to help look at the recommendations of the auditor and to report to us on how that relates to recommendations that we've made in previous reports, what has taken place since that time, if any further decisions are required from the committee at this point, or whether it's something that simply should be monitored until the next time the committee has an opportunity to deal with the item.

It would have saved us some time. And I think that a researcher would help us to sharpen our focus a little bit more on the decisions that we need to make, as opposed to rehashing sometimes, ground that we've gone over a lot.

In the final analysis, no new decision having been made, I think it would be valuable and helpful. But I think that we should . . . nevertheless, we should continue to make the recommendations to the Legislative Assembly. But I would like to add the words, you know, as resources permit.

The Chairperson: — Okay, does that find agreement within the framework of the committee?

Ms. Haverstock: — I would prefer if there were something added to that, and that is that it would be considered a priority as resources permit or when resources permit.

I happen to think that it would move us in quite a different direction that we couldn't even anticipate at this juncture. And with someone available to us with particular expertise and being able to not simply collate information, interpret information, it would be of extraordinary value, and I really do think that it would move us in quite a different direction from what we've been taking. It would enhance our role in a considerable way.

So I hope that we make it a priority, that it's not simply . . . It sounds too much like a gratuitous comment to say "as resources permit." That may be never by some people's accounting. So I would like to see it considered a priority.

Mr. Van Mulligen: — Sure. I agree.

The Chairperson: — Okay. We will note that in our remarks in our report.

One observation as it was in Washington, the

education department had specific access to the congressional library who were responsible in a certain area. They had different areas. I think they had 800 employees in congressional library, and there were 200 . . . no, a hundred of them responsible for the education side alone. And that was the research component for the Majority House Leader in the committee dealing with that component.

And so it's maybe the need to look at it just broader than just the Public Accounts researcher but one who. . . Maybe it's from the library side. But that's just an added note to the discussion.

And we're prepared now to move to no. 16. Item no. 16:

Members should continue to make use of analytical aids suggested by the Canadian Comprehensive Auditing Foundation and the Financial Management Review Commission. These aids will assist Members pursue more in depth examinations of administrative actions of government organizations.

Agreed.

Item no. 21:

The Crown Corporations Committee should continue the practice of questioning officials directly.

Mr. Cline: — I don't disagree with it, Mr. Chair, but I think we might note the observation of the Provincial Auditor. But I think that's a decision ultimately for the Crown Corporations Committee. I don't think we should recommend that they should continue unnecessarily.

The Chairperson: — What we could do is write that somewhat differently. We could say that we compliment the Crown Corporations Committee on their willingness to ask the questions of the officials directly rather than indirectly as in past practice. Would that be sufficient? It says something for you and it says something for us. Okay?

Mr. Cline: — Sure.

The Chairperson: — That concludes chapter 5.

Chapter 6. We have chapters 6, 7, and 8 yet to deal with prior to closing off. We probably have a good deal of discussion that will occur on chapter 8. We could run through, starting with chapter 6 after lunch at 1:30, and deal with that beginning then. Is that in agreement with the committee? Okay. Thank you very much for your attention and we will reconvene at 1:30.

The committee recessed for a period of time.

The Chairperson: — I want to start on chapter 6 and Wayne's office. I think Brian Atkinson is going to deal with chapter 6.

Mr. Strelloff: — Yes, thank you, Mr. Chair. Brian Atkinson is with me. He's been directly involved in this special assignment all along and he's going to update you on the comments and progress to date.

Mr. Atkinson: — Thank you, Mr. Strelloff, Mr. Chairman, and members of the committee. Chapter 6 is a report on the special assignment our office did for the Public Accounts Committee. A brief history: in April of 1992 our office presented this committee with a special report on the assignment that you asked us to do. Your committee considered the report during meetings in 1992 and 1993, and in March of 1993 your committee reported to the Legislative Assembly in its second report.

Your committee made a number of recommendations in that report to the Assembly, and we reproduced those recommendations on pages 44, 45, and 46 of the annual report.

Our special report included one additional recommendation. We recommended the office of the Executive Council provide all goods and services that are required for the operation of ministers' offices. We also recommended that the office of the Executive Council be responsible for ministers' travel expenses as well.

The government released an action report in January of 1993 in response to our report. The government said it was looking at payment of ministers' travel expenses by the office of the Executive Council. In our view, the office of the Executive Council is the appropriate place to report all ministers' expenses. Public accountability would be strengthened in our mind if all these expenses were reported in one place.

As I indicated before, the government released an action report in January of 1993 in response to our report. That report indicated the government had taken action on several of the recommendations included in our report, including prohibiting ministerial assistants to be posted in constituency or caucus offices, and budgeting and reporting ministers' salaries in the office of the Executive Council. In addition, the action report indicated that the government agreed with nearly all the recommendations of the committee.

We recommend the government improve the documentation and monitoring of its policies to address the recommendations of the committee by including those recommendations in a manual like the Treasury Board accounting and reporting manual or a manual that would have similar authority, and having these policies applied to all government organizations rather than just the departments.

The last part of chapter 6 is a follow-up to the report on our special assignment. In 1992, we continued to use similar procedures that we used to prepare that report. The results are reported on page 48 of the annual report. Those transactions that are reported there were incurred before the release of our report in April of

1992. We intend to continue applying those types of procedures to our audits in the future and will report back to you in future reports if there are expenditures of that nature to be reported. Thank you.

The Chairperson: — Questions and comments from the committee.

Mr. Cline: — Yes, as I read it, Mr. Atkinson — and you can correct me if I'm wrong — when this committee dealt with this special report, with respect to the recommendation no. .18 in the Provincial Auditor's report, I take it that we . . . I think what we did is we handled the situation of ministers' travel, furniture and equipment, support services, assistants, and any other goods or services required for the operations of ministers' offices in recommendation .10 in our second report presented to the legislature March 3, 1993.

And would you agree with me that the recommendation .10 does cover the items with respect to which there can be a cost associated mentioned in recommendation .18, but what recommendation .18 does is, it says that they should be dealt with in a slightly different way? Would that be fair? In other words, that the items of expenditure referred to in recommendation .18 are also referred to in recommendation .10 of our second report.

Mr. Atkinson: — As I remember it, recommendation no. .10 indicated that the office of the Executive Council be responsible for ministers' salaries; that ministers not accept goods or services without charge from Saskatchewan government organizations; that the appropriate departments, agencies, and Crown corporations which are legally permitted and which appear before the Committee of Finance provide all furniture and equipment, support services, ministerial assistants, and any other goods and services required for the operation of the ministers' offices. Where goods and services provided to the ministers' offices do not appear in the *Public Accounts* documents, the expenses incurred should be disclosed in the annual report of the appropriate entity; and that the *Public Accounts* identify ministers' salaries, travel, and other expenses by minister; and that the office of the Executive Council record all furniture and equipment for ministers' offices; and that the office account for the furniture and equipment where there are ministerial changes.

I think that recommendation is a little different than what we're proposing here.

Mr. Cline: — I acknowledge that, but that was not my question. My question to you, and I think you've answered it by reading recommendation .10, was whether the items of expenditure, i.e., travel, furniture and equipment, support services, ministerial assistants, and any other goods or services required for the operations of ministers' offices, whether those items were covered by our recommendation .10 in our second report.

And I would suggest to you that paragraph .10(c) of

our second report does indeed cover the same items, in the sense that the words are identical. In terms of starting at the second line of recommendation .10(c), we recommended to the legislature that the appropriate departments — dot, dot, dot — provide all furniture and equipment, support services, ministerial assistants, and any other goods or services required for the operation of ministers' offices.

You are saying — that is, the Provincial Auditor, in recommendation .18 — that the office of the Executive Council should provide and report all travel, furniture and equipment, support services, ministerial assistants, and any other goods or services required for the operations of ministers' offices. And I think the words are all the same except for travel, which is dealt with in item .10(d) of the recommendation that we made.

But my question to you is whether the items of expenditure were all covered both in your recommendation .18 and in our recommendation .10.

Mr. Atkinson: — I think, Mr. Chairman, and Mr. Cline, my understanding is that the objects of expenditure have all been covered. It was where they would be reported was the issue, not what was being reported but where it was being reported.

Mr. Cline: — So you're simply saying that you think the office of Executive Council should report those costs rather than the appropriate departments, agencies and Crown corporations. Is that correct?

Mr. Atkinson: — That's correct.

Mr. Cline: — Okay. And well I go back, Mr. Chairman, to what is perhaps a too-much-repeated theme that I have which is that we reported to the legislature on March 3, 1993, making a recommendation no. .10 to deal with the issue. And for my part I . . . that report having been adopted by the legislature, I am quite content with what we said not too long ago in this regard.

The Chairperson: — Am I to take it then that you want to agree with .18 under chapter 6 and go with it that way? Or defer it to item .10 in the second report of the.

Mr. Cline: — Well I'm suggesting that we note in our report to the legislature that in relation to the Provincial Auditor's recommendation no. .18, that we did deal with the issue and made a recommendation in our second report, which is recommendation .10.

Mr. Strelloff: — Mr. Chair, members, the main difference is that we recommend that it be disclosed in one place publicly. And you concluded after discussion the last time that yes, we agree that it should be disclosed publicly but we would like to keep it in the different reports that are issued to the public, either in the Public Accounts or in where ministerial costs are incurred within a Crown corporation the costs would be disclosed in the

annual report of that Crown corporation. So the main difference between our recommendation and your recommendation or conclusions the last time we went around this was that instead of having it all in one place publicly, you thought it was reasonable to put it in the organization that relates to it, but it's still public. Is that . . .

The Chairperson: — Can I ask this question? What about those ministers that don't have a department today? I think there's one that doesn't have a department, and that's Mr. Lautermilch I think, doesn't have a department. He has Crown corporations. Where would that fit?

Mr. Strelloff: — Mr. Chair, your recommendation in the spring said that where ministerial costs are being incurred by a corporation or other Crown agency, the annual report of that corporation or agency would report the minister's costs. Now so if there's a minister responsible for SPMC and there are costs incurred to support his activity related to SPMC, those costs should be recorded, disclosed in the annual report of SPMC.

The Chairperson: — Okay. Mr. Van Mulligen has some words of wisdom here.

Mr. Van Mulligen: — We dealt with this in a very exhaustive discussion a year or so ago and I don't know if anything has changed that would make me want to revisit this whole argument and say that something's happened in the intervening year here to make me want to change my mind.

The Chairperson: — What I need then is to have somebody tell the committee what Mr. Cline said and make it a kind of a recommendation for . . . instead of .18. That's what I need to have.

Mr. Cline: — Well I think we should report that in connection with the auditor's recommendation no. .18 we feel that the committee adequately covered the concern expressed in the recommendation in its recommendation .10 in the second report presented to the legislature on March 3, 1993.

The Chairperson: — Okay. We will note that. Is the committee in agreement with that? Okay, it's been noted, and that takes care of item .18.

The recommendation .22:

Policies established to deal with Committee recommendations should be documented in the Treasury Board Accounting and Reporting Manual or in a comprehensive manual with similar authority.

And then .23:

The policies should apply to all government organizations (at present, much of the Treasury Board manual is considered to apply only to departments).

The policy should apply to all government organizations. That's repeated on the other side.

Mr. Kraus: — I agree that the policy should be put into some type of accounting or a reporting manual of some sort, some type of manual with authority. I don't dispute that. But I think some of these policies wouldn't necessarily apply to all government organizations. And I'm not going to . . . I don't want to sort of get into details on it, but I know for example that the Crown Investments Corporation has policies that often times are different than departments.

And again I think a good one you can . . . everyone can understand very easily is in the neighbourhood of donations. I mean departments simply don't make donations. But it is considered to be appropriate for SaskTel or SaskPower to get involved with supporting the Riders, and I'm sure they spend some considerable amount of money in that regard or other public community activities.

And so we just simply can't write these policies up and put them in a Treasury Board manual and say they'll apply to all departments, to everyone. We should clarify who they do apply to; I would agree with that. We should make it clear that they not only apply to departments, but probably to almost every Treasury Board Crown. I can't think of any that it wouldn't apply to.

But when you get over into that other Crown, then to the CIC set, it's a different story. And they may have to modify some of these things from time to time to make it work in their situation.

And I'm not sure if any of these are in that category. But I just wanted to make sure you understand there are things that don't always just automatically transfer to the CIC sector.

The Chairperson: — Did you want to deal with this?

Mr. Strelieff: — Mr. Chair, members, the recommendation of the committee does move it . . . recommendation .10(c) does move it to when there's ministerial costs incurred by a CIC Crown corporation, a Crown corporation, that those costs would be reported in their annual report. So how do those Crown corporations know that this is something that they're supposed to do without some direction from some group?

Mr. Kraus: — Yes, in general I agree with your comment, Wayne. I guess it's just that it isn't necessarily always going to emanate from us.

Mr. Van Mulligen: — Well I certainly agree that, you know, the policy should apply to other government organizations other than the ones that report to Treasury Board, you know, where that's appropriate.

I don't want to get into it today, into a long discussion on the difference between the departments and the Crowns and, you know, one supporting the Roughriders, or you know . . . But I think that they

should look at the recommendations that we've made. And I think that where appropriate that they should be following them.

But I don't want to get into . . . Again like it's . . . We've got a black and white, or a universal, comprehensive dictate here. You've got to say: well do it exactly the same as the government departments. But they already operate differently than they do in government departments. So we're back to the question of, well there shouldn't be a CIC. I know that you kind of, you know, espouse but I guess in kind of a back-door way saying that: well we want them to operate exactly the same as Treasury Board even though that they have differing responsibilities.

So I guess at this point I'm happy to say that, you know, where it's appropriate it should apply to other government organizations as well.

Mr. Strelieff: — Mr. Chair, Mr. Van Mulligen, the conclusion that you have in tendency is your conclusion that it does move it to Crown corporations. And if you remember, the reason that you made that recommendation was that ministerial costs were being moved out to organizations which you couldn't determine whether those costs were being incurred. And therefore decided that it's important that all government organizations show the cost associated with ministerial duties so that the Assembly could understand the full extent of what was happening.

And so what we're discussing here is what kind of mechanism do we need in terms of communicating that concern of the committee to all of the government organizations? One could . . . And whether it's through Treasury Board, which is responsible for all government organizations, or through CIC, which has a more direct involvement with the Crown corporations.

The Chairperson: — I'm at the committee's discretion here. Or did you want to add something?

Mr. Strelieff: — Just another thought. The recommendation that's cut off on page 48 states that:

The Government should examine what measures are required to ensure compliance with policies intended to apply to all government organizations.

Maybe that's the . . . You probably haven't got the erratum that states what that full recommendation is supposed to be. Some of our copying may . . . or we made a mistake. But that recommendation says:

The Government should examine what measures are required to ensure compliance with policies intended to apply to all government organizations.

Maybe that's the mechanism that's required to be looked at to determine how to ensure that all government organizations know that specific parts of these recommendations and direction from the

committee applies to them.

So if the government can come back and say, here's how we're monitoring compliance, to do that they'll have to make sure that each of the government organizations know which parts of these recommendations apply to which government organizations. And for Crown corporations, the direction is that where ministerial costs are being incurred by a Crown corporation, those costs should be reported in the annual report of the Crown corporation. So the government would come back and say, now here's how we're making sure that the Crown corporations know that that's the wish of the committee and here's how we're ensuring that that's getting done.

So moving that recommendation forward, that would make sure it's being addressed and it would also give the government . . . they would be able to consider the recommendations as a whole and be able to make sure that the ones that you've wanted to apply to various types of organizations are applied.

Mr. Kraus: — I would agree that what we should have is perhaps in Treasury Board accounting reporting manuals or others that we issue that it should be clear as to which organizations they apply to and which they do not. I agree with that.

I think what I'm having problems with here is that this thing seems to be . . . if you kept it in context of the special assignment chapter, it might work; but it's sort of like it's tacked onto this one and you could probably put it on any one of these chapters. The committee makes many, many recommendations and many times they don't apply to SaskPower Corporation or anywhere near that.

And what I'm trying to do here — I hope the committee appreciates — if this isn't worded correctly, the auditor is going make a . . . or the recommendation will be made in a certain way which we will not agree with and then we won't do it, and the auditor will come back and say we're not applying your wishes. And of course I'll say, well that wasn't really your wishes in the first place. So that's why I'd like to get this straightened out.

Am I making something out of nothing here? Or . . .

Mr. Strelieff: — Mr. Chair, members, the recommendations .22 and .23 and .24 are in response to the action report of the government saying that here's what we — in whenever it was issued, in January '93 — here's what the government plans to do. And now what we're saying is well make sure that all government organizations know what you're planning to do.

And, Mr. Kraus, what possibly could happen is that the way it could be dealt with in the context of the Treasury Board manual would be that you, on behalf of that manual, write to CIC and say, now here's a recommendation or an action plan of the government and here's how we would wish CIC to organize their

group of corporations to make sure that the actions of the government are moved forward and also in concert with the recommendations of the committee.

Mr. Kraus: — Okay, now again though, just so you can see why I was a little confused. This says, policies established to deal with committee recommendations. And again, the committee has made many, many recommendations. You mean recommendations pertaining to the special assignment . . . (inaudible interjection) . . . Then I understand it. But if I retake that out of context, that would apply to every recommendation they ever made, you see. That's the way it reads to me. It doesn't say, as per this chapter. Okay, I understand then.

Mr. Hunt: — In the context of the previous paragraph.

Mr. Kraus: — Okay, fine.

The Chairperson: — I'm again asking the committee to reach a conclusion here.

Mr. Cline: — Well I would suggest that we, given the context that Mr. Kraus's concern has been clarified, that we simply agree with all three of those recommendations.

The Chairperson: — Okay. Carried.

Chapter 7. There's one recommendation:

Agencies should obtain proper authority for the pay and expenses of directors.

Mr. Strelieff: — Mr. Chair and members, this issue has surfaced in the past and it relates to how the pay and expenses of boards of directors of various government organizations are approved. And in many cases the method that is used to approve them requires an order in council to specifically set out what the pay and expenses will be.

And in the past there has been some uncertainty or various boards, government boards, hadn't realized that they had to get approval by an order in council. And my understanding is that we've been dealing with this issue more recently. And in some responses to the issue, we've been advised that the government . . . that a comprehensive government-wide policy document is currently being developed for boards, agencies, and commissions. This document will contain a policy statement addressing the establishment of remuneration rates and expense reimbursement as raised in our management letters and annual reports.

Perhaps Mr. Kraus knows where the status of that government-wide policy document which would explain to boards of directors how they're supposed to set their pay and expenses . . .

Mr. Kraus: — No, I cannot give you an update on that. You're still back on chapter 7.05?

Mr. Strelieff: — 7.05, yes.

Mr. Kraus: — Yes, I understand that that was supposed to be done, but quite frankly I can't assure you that it's being done in each and every case. I think there was general agreement with the recommendation.

The Chairperson: — In going through this, many times it's an oversight by a department or a Crown corporation that they just haven't got their ducks lined up. And I guess maybe it's time to say, get your ducks lined up or what are you going to do with them?

I did ask a question in the Assembly on this issue and Mr. Tchorzewski said it was going to be looked after.

Mr. Van Mulligen: — I don't think you used the word "oversight" though.

The Chairperson: — I was just a little bit more emphatic than that. Is there a . . .

Mr. Cline: — Yes. I think we should note that the Provincial Auditor's recommendation no. .05 in chapter 7 was previously dealt with and that we . . . in our recommendation .18 of the third report presented to the legislature March 17, 1993 which is in the same words as recommendation .05.

The Chairperson: — Do we have agreement on that? I guess my observation is that we . . . It probably is here because it hasn't been concluded yet. And my . . . (inaudible interjection) . . . Pardon me?

Mr. Van Mulligen: -But this report was issued, like . . .

Mr. Strelioff: — The drafting of words probably February, March of last year.

The Chairperson: — You're probably right that it wasn't . . . it was prepared.

Mr. Strelioff: — Mr. Chair, members, just to . . . The reference to a comprehensive, government-wide policy document being developed — we were advised by one of the boards of this in October of '93, so this year. Yesterday it was. A couple days ago.

Mr. Kraus: — But there is a new policy . . . (inaudible). . . remuneration, that's for sure.

Mr. Strelioff: — That's being developed.

Mr. Kraus: — That was established already. But your issue was whether or not agencies will always obtain proper authority for paying expenses. Is that not what you're talking about? That's the real concern here? Not that there's a policy that says: here is the kind of remuneration you get for this type of committee or that type of committee because they did do that, and that's certainly been established.

Mr. Strelioff: — Mr. Chair, members, when I read the reference to a government-wide policy document, I was assuming that the issue of approval of board pay and expenses would be carefully set out in that policy

document, but maybe that isn't the case. It still is an issue then.

Mr. Kraus: — It may be, although I . . . It's my understanding that there's . . . that no one disagrees with your recommendation.

The Chairperson: — But again to go back to it, has it been done?

Mr. Kraus: — I can't conclusively say yes or no.

The Chairperson: — Can we agree with your observation earlier, Mr. Cline, on that we agree with it according to item no. 17 on the third annual report and that we say it that way. And then when we come to the Department of Finance, we can see whether this has actually been done.

Mr. Cline: — Yes, except it's item no. 18 of the third annual report,

The Chairperson: — What did I say?

Mr. Cline: — Seventeen.

The Chairperson: — Seventeen. Oh, I'm sorry.

Mr. Cline: — But other than that, yes.

The Chairperson: — Okay.

Mr. Strelioff: — Thank you, Chair, members. We're now moving to chapter 8 and this has to do with the annual reports of government departments and what information MLAs and other people look for in annual reports to assess the performance of government departments. And we did a review of the annual reports and the review was led by Judy Ferguson in our office, a senior person, an executive director in our office, and she is going to lead you through the discussion of annual reports. And we are now doing the same project in the context of Crown agencies and Crown corporations. That project is going on as we speak, Thank you.

Ms. Ferguson: — Thank you, Wayne. Mr. Chairman, and members, as Wayne mentioned, my job is to provide you with a brief overview of chapter 8. Basically what I'd like to do is explain to you why we felt annual reports was an important area for us to look at as an audit office. To highlight what the objective of our audit was in respect to annual reports, I'll take you through a process of what we did in the audit process because it is a little bit different than what we would normally do in a financial statement audit. I'll touch base on what we found in the course of our audit, our conclusions, and our recommendations that we've made, and lastly, linking into what we're aware of in the government's actions.

So as Wayne mentioned, this is annual reports, chapter 8. Firstly, us as an office felt that annual reports was an important area to look at because we recognized that the annual report is one of the main accountability documents that are produced by

virtually all government organizations. Later on I'll make . . . there are some exceptions to that. It is also a document that you as members have requested in law that organizations prepare on an annual basis to provide you not only with financial information but non-financial information.

So basically what we felt is that, since annual reports is an important accountability document, that we as an office should look at it to see if it is fulfilling those accountability needs. So what we did in our audit is that we focused on — let me get this right — on determining whether the annual reports of government departments, and we focused in on government departments, provide you as MLAs, and also the public, with the information that they need to help assess the performance of the department so that you can determine whether or not they are doing the job that they're set out to do. So that's where our audit focused, was just on that itself.

What we did in this audit is we examined the annual reports of government departments. At the time that we did the audit there was 18 government departments in place, and the most recent annual report that was available at that time was the annual report for the year ended March 31, 1991. Due to the timing of the writing of the chapter, you'll see that we actually looked at the 1992 annual reports too, and did a follow-up on that. For findings, I'm going to focus in on the 1991 annual report and update you on that.

So this is what we focused on for an audit. So my next step is to determine, as an audit office, what an annual report should contain. Like, what is useful information? To do that as an audit office, the first thing that we did was survey the MLAs and the public. We actually developed a survey and sent a survey out to MLAs and the public and had a very good response rate to that survey. We surveyed 152 individuals. Fifty-six per cent of the current MLAs responded, 19 per cent of the former, and 65 per cent of the public responded, which in terms of survey-response rates it was very high and very useful.

In that, we used the information that we gathered in that to help us determine what information should be in annual reports. We also recognized and did some research in the area and recognized that there was a large body of information available for information to be contained in annual reports. There is institutions such as the Canadian Comprehensive Auditing Foundation have put out publications on reporting on effectiveness, which we linked into the annual report criteria. The Canadian Institute of Chartered Accountants again did a research study on this whole area, and the research study is information contained in annual reports to shareholders, and again we used that in the criteria.

Another third important source that we looked at was the society of management accountants actually have guidelines for annual reports, so there's a wealth of literature that we used to develop the criteria, and basically what we came down to were six major areas

that annual reports should contain information and how information is presented.

So for informational content, there's four areas there. Quickly speaking, it's what the department is all about, what the department has done, where is the department now, and what the department plans to do.

Under what the department is all about, what we've looked for is do they have a mission statement? Do they make reference to what legislation or what their mandate is under the legislation, significant legislation that they operate under. What are the department's broad objectives? Which way are they going? Are those objectives written in a manner that's measurable so that a reader can tell where a department is focusing on, where they're heading, how they themselves measure their own success.

Does the department articulate what are their annual goals or their priorities for the upcoming year? Do they mention what their key assets are? Do they have expertise on staff? Do they rely on very sophisticated information systems? Do they manage large infrastructures? What information are they providing under working environment? Are they operating within a very unionized environment, a non-unionized environment? Are they concerned with public safety and that type of information? That falls under what is the department all about, just basically providing the reader with a description, in a concise manner, to explain what business the department is in.

The second area, what the department has done, that focuses in on what activities does the department undertake to achieve its mandate or its mission? What programs do they deliver under that department and providing a description of that and an indication to the reader what they actually did.

The third area of where the department is now is basically giving the reader a snapshot at a point in time where the department is at with respect to results: its financial results and non-financial results, providing financial information, making some . . . providing non-financial information in terms of statistics or whatever else that makes sense for the given department, and demonstrating what they've actually achieved with the resources that they've expended.

The fourth area is what the department plans to do, and that's giving the reader some indication of what the future intentions of the department are. Are they going to continue on in the same vein? Are they going to continue delivering the same types of programs or listing programs? Or is there a shift in emphasis? Is there programs that are going to be downsized or eliminated, etc.?

So that covered the information content. The next two areas dealt with basically the form and presentation of the annual report at a very high level. We weren't looking to see what type of paper it was printed on or

whether or not they used pictures, but rather we looked to see how effectively is that information communicated. When a person picked up the annual report, can they actually understand what is written in that report, or is the vocabulary written at a level that they don't know what it means. Are they using a lot of jargon, a lot of technical terms, etc.?

And what we did as an office to measure that is we actually used software programs and ran departments . . . the verbiage in the department against the software program, and actually graded the department on its grade, its readability, how much passive voice used, how many syllables were in sentences, and length of sentences, etc.

The last area that we looked at is when is the information available. When is it . . . the timeliness of the information. We all know for a document to be relevant and useful, you should receive it in a time limit, in a timely manner. So we looked to see when the information was available. We used The Tabling of Documents Act as a guideline there because we felt that it provided a good time frame- the 90 days to the minister, you know, and hopefully out to the public.

So basically that's where our audit focused in on, looking at the annual reports.

So the next step, what I would like to do is to tell you what we found when we examined the annual reports. With respect to the top area of what the department is all about, we found that about two-thirds of the reports that we looked at did provide a good description of their business. But in most cases the description was very long and elaborate.

Two-thirds of them also provided a good description of their legislation and related it to their own business. Less than one-third of the departments provided us with an indication of what their broad goal was, what their major focus was. So less than two-thirds. And the ones that did provide that, did not do it in a measurable manner. So that you didn't have . . . as a reader you didn't have an indication of how they would gauge their own success as a department in their activities.

Very few of them provided anything in the way of annual goals or priorities for the upcoming year. Most of them mentioned what their key assets were in regards to infrastructure or information systems, etc. But again fewer had information on what their working environment was.

So overall on the first heading of what the department is all about, we felt that as a whole there is a need to have clearer and more concise descriptions in the annual report. There is a need for more measurable goals and objectives to be articulated in the annual report.

When we looked at from what happened to the 1991 reports to the '92 reports, we did see progress in that area. There was improvement from the one year that we did the study to the next year. We already noted

some improvement. We encouraged that improvement to go forward and we asked the departments to continue working on that.

The second area, for what the department has done, we found that again most departments do a very good job of detailing out the activities that they do. But the weakness in this area is that as a reader you're often left with wondering why they undertake a particular activity. They don't link the activities very well into their objectives and their goals. And part of that is because they're weak in defining their objectives and goals. What it leaves you with in trying to assess what the department has done, is it's hard to determine what they actually achieved because you don't know what they were trying to achieve because it's not articulated.

Under what the department has done, we found that most departments tended to structure their report based on how they organized themselves. So they would report on a particular branch or a particular division as opposed to reporting on what their major lines of business or their major programs were. So as a reader it made it more difficult to try to put the pieces together because often there was a very strong overlap.

So in that area what we do is we encourage the departments to provide better information on why they're undertaking specific activity and what the department is accomplishing by those activities.

The fourth area, of where the department is now. Basically, the main area that we had problems in there was in the area of financial information. Less than one-third of the departments provide financial information. That's very unlike a Crown corporation where they actually are required to put in a set of statements, set of financial statements. Less than one-third do not have . . . provide financial information in their annual reports.

And as a result, it was very difficult as a reader to determine how much a particular program costed because the information wasn't there. You were just left with activities. So we encourage departments to improve their financial reporting and to provide some cost by their programs or their lines of business.

The last area, of what the department plans to do. Very few reports provided information on planning, on what their future intentions were. And we were surprised by this because the existing government guidelines on annual reports actually encourages them to provide planning information where appropriate. And very few reports provided the information.

So again, we encourage them to work in that area. We feel planning information is important as a reader to be able to assess how a department can adapt to changing conditions in the market-place, downsizing of governments, changes in available funding, etc. It demonstrates how they're adapting if they provide that information.

In regards to how effectively the information is communicated, we found that the departments, if you picked up their reports, most of the departments' reports were visually very pleasing. But because they missed a lot of important information you almost were left with very limited information to assess how effectively it was communicated. We found that they used a lot of passive voice which makes the verbiage longer and it's less to the point so it's harder to figure out what's going on. So in regards to effective communication . . . effectively communicating, they have a ways to improve on that.

The last point. When the information is available, with respect to the 1991 annual reports, they weren't available to the public until nine to ten months after the year end. Now this did improve for the 1992 reports where they were available about five months after the year end. But the problem seemed to be not so much in the preparing of the annual reports, the timeliness of the preparation, but it linked into the availability to the public as to when the House was in session. And when the actual annual reports were made available to the public seemed to depend whether or not if that 90-day window when they made it available to the minister, if the minister could make it . . . table it in the Assembly.

So I guess what we would . . . what our office is doing in that respect is encouraging the Assembly to . . . or the reports to be made available more timely. We recognize that tabling them in the Assembly does provide a rigour, allows opportunity for the MLAs to debate anything that is contained in the annual report, but I think there needs to be a balance as to when the reports are available because you don't want things to become too dated.

So overall, what we concluded is that annual reports need to be improved significantly. There's a lot of areas to work on. What we recommend is that there is . . . the government does have some existing annual report guidelines. If you look at the response to our chapter of the governments, it indicates that they have set up a subcommittee of the Financial Management Review Commission? Council? They set up a subcommittee to address this whole area of our recommendations and the guidelines and asked them to draft new guidelines. Gerry may be able to provide us with an update of the status of the new guidelines.

We recommend that that vehicle be continued to be used to strengthen annual reports, of an accountability document, to provide better guidance on what should be in the annual reports for the preparers of the annual reports.

Secondly, in the course of this audit, we noted a number of times where people were relaying to us that they were concerned that the annual reports may not be read. And they weren't sure who really their target audience was. So in saying that, we recommend that the annual reports be actually referred to a standing committee of the Assembly. Now we're not contemplating a separate committee be struck to just

review annual reports. Rather what we would purport is that they use the existing committee structure and the members of that committee use the annual reports to augment the review process.

For example, the next chapter is Agriculture and Food. What we would purport is that when you go through Agriculture and Food, you use the information in the annual report to help you assess what's happening in Agriculture and Food, to understand their organization, and to really be able to ask questions and debate the organization.

So we feel that the second recommendation of referring the reports to a standing committee will provide additional rigour to the process. It'll give the preparers a very tangible way of knowing what the audience is.

I'd also like to highlight that the annual reports of the Crown corporations, part 11 Crowns, are already referred to in committee, and departments are not.

The second conclusion that we reached is that not all departments prepare an annual report. If you note in our report, there's three departments — Finance, Executive Council, and Provincial Secretary — that have received exemptions from preparing annual reports. We feel that annual reports are an important accountability document. We do recognize that those departments do prepare other documentation that is public documentation.

But I feel that the information contained in the annual report is a little bit of a different focus and those three areas do provide a lot of very important services to the government and carry out a lot of important government business, and that you as members may or may not be receiving all the information.

The third conclusion is that, as mentioned beforehand, that sometimes the reports aren't released in a timely manner. And our recommendation of that is that you require more timely reporting. The Tabling of Documents Act does provide a very good time frame for the preparation of the annual report. But there is sometimes delays in getting that report out to the public because it does . . . the availability to the public does hinge upon the timing of the Assembly being in session or not being in session.

Thank you very much.

Mr. Kraus: — Yes. I just might provide you with a brief update as to where we are. This thing has been underway for . . .

The Chairperson: — Would you just mind, until we get ourselves set down here, Gerry, and then we'll go to that.

Mr. Kraus: — Sure.

Okay. The subcommittee of the financial management council has essentially completed its

work. And definitely the committee agreed with better accountability, trying to improve readability, a timeliness. Those were definitely things that everyone felt could be improved upon.

I think, though, I had a discussion with a number of deputies and of course you get the kind of reaction you might expect. Several were quite keen on it, particularly one department who has the type of activity that's easier to measure. The other ones that I talked to were lukewarm. It isn't that they didn't totally disagree with the notion.

But it's interesting, as Judy was saying, these are to be additional reports. It's not as though you're not getting a lot of information. And so, you know, you always have to keep in mind, how much do you want. I suspect why departments often don't provide you with financial information, because they probably think well, look at the information we already provide through the *Public Accounts*.

Now I know you're coming at it from a different perspective. But in all fairness, you do have a lot of information, at least in some fashion, for departments.

I know that one of the departments — perhaps I could mention Health — said that they're going through so much change that there's no doubt that some of the documents there and some of the documents that they've produced have done a very good job of identifying what they're doing, where they're going. And I don't really like to speak for Health, but that they're spending so much time on that, that while they might not disagree with the general thrust here, they might have to continue to work on what they're working on. They might have to continue to provide documentation on the new health model and on the new districts and so on, which would sort of accomplish the same results anyway.

But the long and the short of it is that what we're trying to get to is we're giving the departments one last look at this thing. I've coincidentally asked for some final opinions in a week or so. And I would think that unless we hear any serious objections, we'll take it on through the Treasury Board process and have these standards adopted.

But what we have done — and I would hope everybody thinks it's a reasonable approach — is that we wouldn't expect that all of these criteria that will be set for annual reports would be met in year one. They're going to have to be worked at. I know from my own experience, certain programs you might be able to measure the effectiveness. In some others you might have a tough time thinking, figuring out some decent measures.

So I mean I can see this thing evolving. And I think that's what we would be recommending, is that it be not imposed with a short deadline but give them some time to work towards it. I know one department is taking it extremely seriously and has been working on it for some time; at least my understanding is they are. And so I think you're already seeing some progress in

that way.

I wouldn't say that the . . . and finally I wouldn't say that the committee will adopt each and every recommendation as laid out here. But certainly the spirit will be picked up in the final recommendation.

Ms. Crofford: — Thank you, Mr. Chair. I've got some questions and some comments. I liked the presentation very much. In fact I was thinking about my annual report that I give at my MILA accountability meeting and how I might use the guidelines provided to think through what I need to tell people about what I do and what my role is. So it's kind of personally helpful too.

The question of exemption from annual reports, that does concern me a bit. I was wondering, is the auditor . . . do you provide an annual report of your own activities separate from your reporting on the activities of . . .

Mr. Strelieff: — Mr. Chair, Ms. Crofford, chapter . . . or appendix 1 is in addition to this annual report, but it does describe the work of the office. It's right here, appendix 1, page 235.

Ms. Crofford: — I see, okay. Well that's good to know that because I do think that's important. And I wonder, what's the rationale of the departments that are exempted from providing reports?

Ms. Ferguson: — I would like to actually defer that to Gerry, if I could.

Mr. Kraus: — I think that — and I can only speak from Finance's perspective — I think the feeling is that they are already produced in the estimates. They're produced in *Public Accounts*; they're produced in quite a few other reports. I realize that's not what we're talking about here, but I guess also why I think maybe the question you had has also been raised. I would question — and I mean this sincerely — I don't think this is the kind of annual report that you're looking for from departments in appendix 1, and I wouldn't think that that would be too difficult for us to put together. But I see where these standards take you a lot farther along the road than that, and that's a fair observation.

Mr. Strelieff: -That's right. We're trying to improve the way we report as well. For example we use the . . . Judy referred to the software to measure grade of language and complexity of language. We use software to measure our whole report and try to bring it down to active sentences and clear writing style. It sometimes ends up being quite succinct and terse because you really have to be pointed when you're trying to make a simple statement, but it's a very good exercise in making sure you know what you want to say, and so we do that, and we'll continue to try to improve our report.

Ms. Crofford: — As far as the departments that don't report, at the risk of offending, I would think there would have to be an awfully good reason for them not

to because I don't know who wouldn't share that same responsibility for reporting on their yearly activities.

As far as the actual reporting, I can see some of the problem for departments that have really integrated objectives. For example there's starting to be a lot of cross-department efforts going on, for example take Health, Education, and Social Services or even if you move into the area of Labour, Justice. There's a lot of linked areas where really the outcome in one department might be a little more dependent on what the other department's doing, but hopefully if they all tighten up a bit it would help out. I can see some problems there.

The other difficulty is, myself having gone into organizations that couldn't have produced an annual report because they didn't have the proper data base in order to generate the information needed to produce the report. And that's where your comments come in, Mr. Kraus, where you can see where it would take some time because quite often they've just not been geared up to even produce the kind of data you might produce for reporting. They might be producing your data for accounting purposes or for other types of purposes but not for evaluation and reporting purposes.

And I guess what I'm wondering is who would give some support to this? Because I come out of a research background and I know the organizations I've typically got into have no idea even how to figure out what they should be keeping data on, how they should be doing that, and I just wonder how support would be given to the departments in meeting this objective because it's really not as straightforward as it appears.

Mr. Kraus: — You tend to be on your own to a great extent on these exercises, although I know the Department of Justice had a management session in June where they addressed, by the way, some of their concerns about frauds that had been occurring, so they had a big day where they had a person talk about fraud. They had Wayne and myself talk, and they had deputies speak, and they had others speak. And then after they went through all of that, then they had an afternoon session on this particular reporting methodology, and I think they had Judy there to speak to them.

I know I've talked to . . . So their executive director of administration or director of administration is kind of trying to lead this in the department. I suggested to her one thing she might want to do . . . for example the auditor is going to have a session — I think you put it on yourself — value-for-money auditing. You might wonder, well why you would go to an auditing seminar for that, but I mean, when you attend the course that talks about how you audit for these things, that would give you some insight perhaps as to how you would go about establishing these criteria. But other than that, I'm just not sure what would be done centrally or whether there'd be, you know, concerted effort. I suppose we'd have to give that some thought after the policy was adopted.

Ms. Ferguson: — If I could just speak? Really, reporting is the close of your planning loop and the entering into a new planning loop. So a lot of the guidance and what information you should be tracking as an organization, when you're managing that organization and entering into your strategic planning cycle and operating-planning cycle, etc., that's when the decisions of what information you should be tracking should be made.

The reporting end is just a matter of pulling that information together, analysing that information to see what makes sense and what doesn't make sense, so you can enter into your new planning loop.

And really, that's what an annual report is. It's just the documentation of what happened for your plan. So when an organization is going through its normal management process, they have to have information to make those key decisions, and it should be the same or very similar information that's being tracked.

So the support, I'd suggest, is the same manner that . . . it's a management support. Part of it's probably coming from the Public Service Commission which were involved in some of the departments that did enter into strategic planning. So I'd suggest the support will come from a number of different areas within the government as a whole.

Mr. Strelloff: — One of the reasons that we moved this project forward was that it's not, as Judy said, it's not just the reporting end. If you look on pages 56, 57, 58, about the questions that you want to answer in an annual report, it really provides some good rigour in managing, making sure that you know what you plan to achieve before you go out there and do something. And that, as Judy said, they closed the cycle, and then you report.

So by questioning what's in the report, what ends up being questioned is how are we managing. And there's some very good, solid questions in there. So it has a very good, long-range benefit to it.

Ms. Crofford: — Yes, I can agree with all that. I guess my closing comment on it would be again in the same way as we've discussed the auditing issues and in this reporting issue, I would hope that everyone's bottom line in the whole thing is how well does it deliver a service to someone. Because I do worry about again getting caught up in our paperwork level and not really getting anything out at the bottom end. So thanks very much.

Mr. Kraus: — And that's just an observation we always have is that certain . . . you have to be practical about it. Some things are very difficult to measure.

Another thing we find is very strange is that we'll go into a year and never know what our task is going to be that year. And I'll just choose the most . . . in the year — what? — the '91-92 year. And when we were planning our year in March-April of 1991 we had no idea we'd be producing summary financial statements

before the year was out and that's one of the biggest projects we've ever undertaken in our history.

And you know, it's odd sometimes, but strategic planning sometimes is just tossed right out the window. A brand-new focus and you oftentimes find yourself reacting. That's not an excuse not to do this, but it's interesting.

Mr. Streliaff: — Just to comment on that. I find the planning function allows you to handle those kinds of arrows from who knows where in a way that you know what the impact is on everything else that you've planned and can assess, okay, we have a new initiative, now here's how we're going to . . . here's how it's going to affect what we previously planned. Away we go. And it really does contribute.

In terms of ensuring that the focus is on the delivery of the services, as Judy mentioned before, we found that the existing reports for year-end March 31, '91, didn't provide that kind of information. They were more of a, it would seem to be, a public relations document rather than an information on what was delivered and what and why and what happened.

Ms. Ferguson: — I may also add, too, I think some organizations may have to think about the way they write annual reports a little bit differently. It shouldn't be a year-end task. It should be . . . because a lot of the information you have at the beginning of the year or throughout the year and you're just putting in the results at the end of the year.

And so in saying that, if you gear . . . they probably have a lot of existing documents that they're generating that would lend themselves to what's in their annual report. So instead of regarding it as a separate task to do, it should perhaps be integrated into their whole management cycle a bit better.

Ms. Crofford: — Thank you.

Mr. Cline: — Ms. Ferguson, generally speaking, is what you say with respect to departments equally applicable to government corporations also?

Ms. Ferguson: — We're currently in the midst of examining the annual reports of Crown corporations and there is some differences. We'll be reporting on that next year.

Mr. Cline: — Once you had done this examination of the departments, and I notice you . . . the departments had access to the criteria used in your assessment which assisted them in improving somewhat their next year's reports for '91-92, did the criteria, albeit it relates to departments, go out to the government corporations as well?

Ms. Ferguson: — Yes, we did. Actually what we did is we made the criteria . . . we sent the criteria to a number of Crown corporations. It was also made available in the Public Service Commission's library. They maintain a library. And we did make it available.

We found that we actually received a number of phone calls. I don't have the figures with me, but we received a number of phone calls where people were requesting copies of the criteria and we did provide it out to them. And I know Gerry's office also had the criteria and I think their subcommittee was providing it.

Mr. Cline: — Now when you . . . this recommendation at no. 11

All annual reports should be referred to a Standing Committee of the Assembly for review upon tabling in the Assembly.

Do you know is that intended to be one of the existing standing committees; that is, you know, the reports within their jurisdiction would go to various committees?

Ms. Ferguson: — I would purport that yes, instead of creating another structure, you'd use the existing committee structure and just use that information to augment your current review process that you're undertaking.

Mr. Cline: — Okay. So it is not . . . yes, so it is not a separate standing committee or a new committee but the existing committees.

Ms. Ferguson: — That's what we would recommend; it would be ultimately your decision.

Mr. Cline: — Okay.

Mr. Van Mulligen: — You'd need a new one for Health. There is no Health committee. When these committees were set up, Health wasn't a provincial responsibility. Most of these committee haven't met for 90 years.

Ms. Ferguson: — No, I guess what we were thinking is it could even be this committee, Mr. Van Mulligen.

Mr. Cline: — Okay, now that gets to my next question. When you say all annual reports in this recommendation, do you mean department reports only, or do you mean all annual reports including the government corporations?

Ms. Ferguson: — At this point in time, since the chapter did focus on government departments, when we were drafting this chapter we were contemplating it for government departments. We'll probably have to reassess that when we do the Crown corporations.

Mr. Cline: — Okay. Because what I'm wondering is, and I know how many departments there are, but how many annual reports are there altogether? Do you know? if you include the departments and the corporations and agencies that you would put out . . .

Ms. Ferguson: — I can make a guess, but I guess around 200.

Mr. Cline: — Okay.

Mr. Kraus: — That would be reasonable. There's certainly a list of the entities we have in the summary financial statements. You can see that takes a page, and I think the majority of them would have an annual report requirement. So maybe 120 . . . yes, 20, 25, somewhere in there.

Mr. Cline: — Well okay, because I just . . . I want to be clear on this and clear about what we're doing. Your recommendation is, when you're talking about annual reports being referred, you're talking about departmental reports only.

Ms. Ferguson: — Yes, in this chapter.

Mr. Cline: — Okay. All right. And you're thinking of most of them probably landing in the Public Accounts Committee, I guess. Okay. And obviously we'll have to have a discussion about that, I guess, because I'd like to hear what some of the other members think. Because there is some expense associated with that, I would think, and perhaps some duplication — I don't know. We can have a discussion about that.

Mr. Streliaff: — Mr. Chair, members, when we're thinking of asking or recommending that you refer the annual reports of departments to the committee, what we're thinking about is to help you ask questions. So as Judy mentioned earlier that as we move to the Department of Agriculture, you have beside you the department's annual report and we'll help you understand what the department is all about better and be able to ask questions and discuss issues related to that department. So it should improve everybody's understanding and debate.

Ms. Ferguson: — So the intent is not to go on a page-by-page basis through the annual report of a government department. That's not our intent of the application.

Mr. Cline: — But we have to be clear by what we mean, I think, in the sense that, okay, if I read all annual reports should be referred to a standing committee of the Assembly for review upon tabling in the Assembly; I mean I can read that to mean that the Assembly is going to refer it over to the committee for review and expect some kind of report back from us as a result of that review.

That's different from my having a report beside me, which I suppose is referred to me as a member of the legislature, when I get it, for my assistance. You know, that's a different kind of thing. And I'm not taking issue with what you're trying to do. I think it makes sense.

What I think we have to avoid is setting up a meaningless pro forma kind of procedure that has got so much work associated with it, with not . . . with resources that are limited, that it isn't going to be meaningful anyway, if you see what I mean. So it just struck me that that recommendation was maybe written in a language that's fairly broad and we have to be clear about what it is we're saying.

Mr. Streliaff: — So one step could be, all annual reports of government departments should be referred. There is a starting point, a focus, I mean.

Mr. Cline: — Well, referred, I don't know. Referred upon a motion of the Assembly or is it recommended simply that we reference them ourselves, you know? Referred for review: does that mean that there's a formal motion from the legislature and that there has to be some report back from the standing committee to the Assembly saying what the result of the review is? Do we have time for that? Does it make sense? Does it duplicate what the Provincial Auditor does, you know, concerning the department which we have to review when we review his report? What is it that we're trying to accomplish there?

Mr. Kraus: — I just want to also point out that when the auditor reports on Agriculture he also, in that departmental section, is often covering off all the organizations that are related to them or they may be responsible for. So you have to keep in mind, you want to give it some thought, that in addition to the Department of Agriculture's report, you could be looking at the Agricultural Credit Corporation, the Agricultural Implements Board, the agriculture development board, and then I'll just . . . there's 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11 that are agricultural related in addition to the departments. So you have to know what you're wanting to deal with and whether you, you know, just what you want to sort through.

Mr. Streliaff: — One way of focusing it more could be that something like we recommend, upon tabling in the Assembly, all annual reports of government departments should be referred to a standing committee, should be provided to a standing committee of the Assembly . . . sorry, referred to a standing committee of the Assembly to assess the committee in its review of the reports of the Provincial Auditor.

We've tied it to . . . you still have the responsibility as to review the report of the Provincial Auditor. And these annual reports of departments are designed to help you in that review, so you're not required to review 160 reports and report back. That might be a way of making it more reasonable.

Mr. Cline: — Yes, I think that's right. That's all I'm getting at; that I think it — as a practical matter, yes — it makes sense. Do what you're saying.

But I don't think we should pretend that there would be any kind of meaningful actually review process if you tried to formalize it any more than that because I just don't think there would be unless we meet, you know, twice as long as we usually meet as a committee at probably twice the expense. I think what you just suggested would be, from my point of view, would be quite in order.

Mr. Vaive: — A comment on Mr. Cline's words that indeed any document referred from the Assembly to a standing committee is really a mandate from the Assembly to the committee and therefore requires the

committee to report back on what it has done on it. Whereas Mr. Strelieff's suggestion that such a reference qualified by the words that the annual report would assist the committee in doing what it does with the Provincial Auditor's annual report, well then probably would not necessitate a report back to the House because of the qualifier, I would think.

The Chairperson: — I have some observations that I was going to make. I think that I'll start with when I was the minister responsible for Agriculture, we did a mission statement. And the department did it. And it was a participatory kind of function by the department. And the department took at least a year and a half to complete it because of the process within themselves. They had to find out who they were and what they were and where they were going. And that was a significant day when that was completed.

I don't know how many of the other departments have ever done that. I haven't been involved with the others, so I wouldn't know. However it does take some time to deliver that mission statement. And I think that it's time to do that because when we did it we measured ourselves in relation to where we had been and what we were planning on doing. And that is an important part of a department. If you don't aim for something, you'll generally hit it. And that's where this is at, and I believe that. What a department is all about is what it needs to identify for itself.

I think I have some logistic things and I'm not sure just how they can be done. But one of the things that I think is significant, the way the auditor's office has put together all of the areas that the Department of Agriculture is responsible for. If you take different departments as they're amalgamated and as they're put together, it becomes a hodgepodge to try and identify all of the agencies that that minister is responsible for or that they have some relationship with.

And if you turn on page 70, you'll notice, as Mr. Kraus has said, that you've got a whole list of agencies that the Department of Agriculture is responsible for. And when the Department of Agriculture comes forward to talk about what their department has done, those become a part of their mandate. And so I think it would be equally important to tie that — the function of the annual report — in together with this, not as it's been described, not to refer it to this committee but to refer it on the basis to assist the committee in developing its analysis of that department.

If we take a look at how the reference is made in Crown corporations to each of the Crown corporations, that reference is made to have a report on that department and that's what they then do. If you go to the Department of Agriculture, you don't have a report except to say that the auditor has . . . we have reviewed the auditor's report in relation to that department. And there really is no conclusion as to what the department has done, whether they've met their mandate, whether they've done anything of significance in relationship to that.

And so, it perhaps has a merit to include it as a part of the mandate to conclude the evidence as presented to the Assembly by the report because the departments don't have to have a report back to the Assembly to show that they've been approved, which a Crown corporation does. And that's why I say that it perhaps needs to be involved similar — and I'm not going to go so far as to say that it has to add to the time we take but it will include the items that we're already going to discuss as a part of the Department of Agriculture or the Department of Health or whatever. So that's the point I wanted to make there.

The attachment of the report by the Department of Agriculture to where the auditor's statement on what the Department of Agriculture is, is also of value. And I would even add that if the Department of Agriculture would put together for the purposes of the Legislative Assembly — not that they have to do it for the general public — that the public accounts, as it relates to the Department of Agriculture, would be included in the statement that they would make in their annual report so that that was a part of the same paper.

And if you take a look, if you want to find out what all the things the Department of Agriculture has done, you have to take a pile of books this big along with you because you're dragging Social Services and all of the other components. And there are many people in society, they don't want to know what Social Services did, they would just prefer what Agriculture did or the Department of Energy and Mines, what they did in relation to their business.

And I think that those are some of the things that I would see as a benefit to the Legislative Assembly. And I'm not sure what the cost is, what we would have to perhaps do to initiate that development of that package within the framework of our own research assistance. But those are the kinds of things that would assist not only this committee, but members of the Assembly in delivering some positive sense as to what the value of an annual report was.

Those are some of the things, that I see as a sidelight of what has been discussed here in this chapter by Judy, and I think it's well done because you have to start some place; it's a good place to start.

Is there anybody else wants to get on the speakers' list? Okay, well then we'll deal with item .09. Perhaps what we should do is have a ten minute break and then come back and deal with this. Okay, let's do that.

The committee recessed for a period of time.

The Chairperson: — We will resume our discussion on chapter 8. There are three recommendations in chapter 8, and they are:

.09 The Government's existing annual report guidelines should be strengthened to make annual reports a more useful accountability document.

.10 All government departments should be

required to provide annual reports on their activities, and to do so in a timely manner.

.11 All annual reports should be referred to a Standing Committee of the Assembly for review upon tabling in the Assembly.

Those are the recommendations. Wayne has made some adjustments to them, and I think that they are in part of what we could be including in our discussion and also in how we adopt them. I need some direction from the committee as to how you want to handle that.

Mr. Cline: — I would suggest we agree on .9 and .10.

The Chairperson: — Okay. Then do we have agreement on .9 and .10? And then we will deal with no. .11 in an adjusted fashion, as the auditor has made some adjustments. Is that in agreement with the committee?

A Member: — Agreed.

Ms. Haverstock: — Mr. Chairman, I'm just wondering if I can make a comment on both .9 and .10 even though I'm in agreement with them.

The Chairperson: — Yes you may.

Ms. Haverstock: — It is just regarding these recommendations relative to what the Financial Review Commission had stated and I know that they do pick up on some of those recommendations. It appears from the Gass Report recommendation that the annual reports . . . it states here, and I shall quote directly:

The Commission recommends that the Government should adopt standards (similar to what is required by securities regulations in the private sector) for the preparation of annual reports, with the primary emphasis being placed on the role that these reports can play in improving public accountability.

And in November, 1992 the government responded in its progress report by stating, and I quote:

The Government . . . agrees that Crown corporations must prepare annual reports in a manner that is compatible with companies in similar commercial environments, and hence agrees that the securities regulations of the private sector be followed where appropriate.

The reason I raise this in .09, although I'm in complete agreement with the recommendation, is its relevance to 8.10. And that is because I'm not quite convinced that the government has carried through in the manner in which it has commented in its progress report. And if I may, I'll just go through the different points that I have.

It was recommended by the Gass Report, and I quote again that:

The Commission recommends that, with respect to the annual reports of government organizations, amendments should be made to *The Tabling of Documents Act* to require these reports to be tabled with the Speaker within ninety days of a fiscal year end and to require the Speaker to release these documents to the public when they are received, regardless of whether the Legislature is sitting at that time.

The government's response in the progress report, again of November, 1992, stated:

The government . . . agrees with the intent of this recommendation and is considering the most appropriate way to meet the spirit of it.

Our current requirements for the tabling of documents require departments to provide an annual report to the minister within 90 days of the year end. The minister must lay the report before the Assembly within 15 sitting days after he or she receives the report. Year end for most departments is March 31, so the minister must be provided with the annual report by June 30 and the annual report is then tabled in the Assembly within 15 days, but only if our House is sitting.

Given that the House was adjourned on June 22, the annual reports for this past year, 92-93, will not be available until 15 days after the next session begins, which is the spring of 1994. That means that for the public the information will be a year old. Now I can stand to be corrected.

I'm wondering, I think we need comment on this kind of delay which I think is serious given especially that we're not only talking about adopting certain standards but being consistent with the way in which things are done elsewhere.

There is an existing precedent in that the *Public Accounts* are tabled with the Clerk of the Legislative Assembly whenever the Assembly is not sitting and we know that that's in section 65(4) of The Financial Administration Act. A simple amendment to section 4 of The Tabling of Documents Act is going to allow for annual reports to be tabled in the same manner as *Public Accounts*. And I really am concerned because I think that if the minister has the report, as Gerry pointed out earlier, why is it then being withheld from the public?

There's historic data . . . I mean it is historic data. It's not going to change over the time that the minister has from receiving it until it's tabled. I don't think that it's the best way of dealing with business.

And if we look at the Toronto Stock Exchange, for example, it requires that businesses issue audited financial statements to their shareholders within 90 days of their year end. And in the government's case, since the minister gets, these statements within 90 days but the real shareholders, the taxpayers, are often denied this information up to a year, I think needs to be addressed.

Mr. Cline: -I want to say that I agree with that; I think that's right. I think the legislation — and I'm speaking for myself — but should be amended. I don't see why the same shouldn't apply to Crown corporations annual reports that apply to the *Public Accounts*.

And you know, personally I don't feel that there's any hidden agenda or I don't attach any significance to it in the sense that that's how the legislation reads. And I suppose from the point of view of the ministers in charge of those corporations, out of respect for the legislature . . . and I don't know that they have any choice in the matter, but in terms of the way it should work, I think it should work the way that Ms. Haverstock says.

Mr. Strelloff: — Mr. Chair, members, we thought about this as well and we agree with what both of you have said. We also would like to add the comment that I don't think there needs to be any legislative amendment. The current legislation is more of a no later by the 15 days after the next session starts. And in our conversations with organizations, Crown corporations and Crown agencies, they would like to make their report public because they have a story to tell, and they use it in part as a marketing vehicle, and they would like to get their messages out there.

And I see no real obstacle other than convention; the convention is that we wait until the session begins. When the next session does begin, the minister still can table it and that shows the minister's responsibilities, and the members then engage in debate on the report. But I don't see any reason why it just can't happen. It would be good.

Mr. Cline: — I don't know that. I don't take issue with you. I don't know whether there would be any legal argument on the other side. I mean maybe somebody would have another argument, but I think you're quite right. I mean the Crown corporations, I mean presumably they don't put things in their report they don't want the world to know about, so I think they'd be quite happy to have their reports out there.

I was quite flabbergasted frankly by the report on CBC (Canadian Broadcasting Corporation) on Monday about this — that the government had some kind of hidden agenda because these weren't out. I mean I thought that was just a nothing story. Although it was advertised on the weekend about some supposedly scandalous behaviour on the government's part and there was absolutely nothing to it as far as I was concerned.

The Chairperson: — One of the things through the 70s was that the session sat in the fall which allowed the time for it to be done in the fall session. And I know in '82 and '83, we had to put in a tabling of documents extension to take it to the first of the year in order for it to . . . because they weren't ready. And so I think it's more of a time when we should be saying to the Crown corporations and to the departments, when you've got them ready, put them out. I agree with that.

Just something to think about when we conclude our

discussions for an item .12, if we want a different item .12, and that is that we could take and make a recommendation to the Assembly that the item be addressed either through changing the legislation or the precedent or what has been established through tradition be adjusted to accommodate this action.

And maybe what we should do is put that in the hopper for tomorrow and talk about it tomorrow in the context of this and then we've got a little bit of time to think about it and reflect on it and see what has to be done and deal with these two items — yes, Gerry? — deal with these two items first and then . . . Gerry, you have some observations?

Mr. Kraus: — Yes, just that you're not talking just about departmental reports, you are talking about all of the government organizations as Ms. Haverstock was talking about.

The Chairperson: — I'm referring to that, yes.

Mr. Kraus: — I'll have some comments probably in the morning on that too.

The Chairperson: — Good. Then we'll have a discussion about that in the morning.

Did I interrupt you? Okay, thank you. No. .9 and no. .10, do we have an agreement on . . . Okay, it's been agreed.

Item no. .11. Mr. Strelloff, would you like to give us the revised edition?

Mr. Strelloff: — To replace paragraph .11. Upon tabling in the Legislative Assembly, all annual reports of government departments should be referred to the Standing Committee on Public Accounts to assist that committee in its review of the *Report of the Provincial Auditor* . . . (inaudible interjection) . . . to review the *Report of the Provincial Auditor* and the *Public Accounts*. So, to assist that committee in its review of the *Public Accounts* and the *Report of the Provincial Auditor*.

Do you want to see it?

Mr. Van Mulligen: — Can I just ask you, this doesn't include . . .

Mr. Strelloff: — Just the government departments.

Mr. Van Mulligen: — You might want to add to that: and agencies, boards and commissions reporting to the Treasury Board.

Mr. Strelloff: — On tabling in the Assembly all annual reports of government departments and agencies, commissions, and corporations reporting — it's almost all Crown agencies — annual reports of all government departments and Crown agencies reporting to the Treasury Board and Crown agencies reporting to the Treasury Board.

Upon tabling in the Legislative Assembly all annual

reports of government departments and Crown agencies reporting to the Treasury Board should be referred to the Standing Committee on Public Accounts to assist that committee in its review of the *Public Accounts* and the *Report of the Provincial Auditor*.

The Chairperson: — We're waiting for Mr. Cline. If we're not waiting for you, then we can move forward on this.

I guess it's a recommendation that has been amended from the auditor's report to state, as we have mentioned earlier, that upon tabling in the Legislative Assembly all annual reports of the departments and Crown agencies should be referred to the . . . No, I missed it. Upon tabling in the Legislative Assembly all annual reports of government departments and agencies reporting to Treasury Board be referred to the Standing Committee of Public Accounts to assist them in their review of *Public Accounts* and the *Report of the Provincial Auditor*.

Have we got agreement? Agreed.

Okay. Thank you very much. We have done a significant amount of work. At the beginning I didn't know whether we were going to get done.

We have some other things that we need to do tomorrow that I think would be of significance. We need to go through the different indexed items that are from chapter 9 until the end and determine which ones of those that each one of you would like to have witnesses called and then establish the order that you have as a preference.

And then we talked earlier today about the audit plan for a meeting with the Department of Health as it relates to the boards, the Health boards. And that probably should be done sometime before Christmas, before December I preferably.

And the last item that has to be discussed is when in January we would like to consider the rest of these items, chapter 9 and on. Those items need to be discussed tomorrow, along with the item that Ms. Haverstock brought up about the timely tabling of documents and that. So that constitutes what I have on the agenda for tomorrow starting at 9 o'clock.

And if there are other things that this committee needs to have, needs to deal with, don't hesitate to provide that for me during the course of events tomorrow. And we'll deal with that and hopefully we can conclude sometime by 12 o'clock. Do I have a motion to adjourn? Done. Thank you very much.

The committee adjourned at 4:03 p.m.