

**The Chair:** — The first item that I would like to discuss with you and have you address is the protocol that we talked about in terms of dealing with these reports, the '93 through the spring '96 — that's coming in three weeks or so. The auditor has prepared a more detailed suggestion and recommendation in terms of the process.

Yesterday or last week we decided that we would start off in this direction and what we'd like to do today is have a further discussion on it and then have a motion to accept it as the basis for the methodology we're going to use to approach these financial statements.

And then the Clerk will be able to reference our discussion through this document instead of constantly referencing to '93 reports, spring '93. There is just so much referencing that he has to do. If we can reference it to this, if we're in agreement with it, that'll make it very useful. And secondly that doesn't in any way preclude that, by the direction of this committee, that we can deviate from it as we're going through, but I think it gives us a term of reference that will be most useful. So I open it up in terms of discussion.

**Mr. Toth:** — Do we have the verbatim for last . . . from the last meeting? I had three verbatims in my office but they're all March 19.

**The Chair:** — You should only have two, no. 1 and 2.

**Mr. Toth:** — I think what came up to my office was another copy of a rerun of the previous one. I don't have the latest one. That's what I'm asking, if that's been . . .

**The Chair:** — We'll check it.

**Mr. Toth:** — All I know is I checked and I had all three were the same so . . . that's fine. I was just wondering if they were getting printed out. Maybe I can have one sent up to my office.

**The Chair:** — We'll see to it that you . . . it's the no. 2 that you're missing?

**Mr. Toth:** — Yes.

**The Chair:** — Any other comments?

**Mr. Sonntag:** — How does this vary from the report that was given to us just the other day?

**The Chair:** — It's just more complete I believe, but I'll let Wayne perhaps speak to that.

**Mr. Strelieff:** — Thanks, members, and good morning. The report that we gave you today is more complete. What it does is it sets out those recommendations that are still outstanding. What I've done is deleted the recommendations that have been addressed by the government, handled; and two, the recommendations that will be in the spring report, the spring of '96 report, thinking that if the recommendations are going to be in the spring report, why address them twice.

So those types of recommendations, those two types of recommendations, are not within this document. The first one are the recommendations that have been handled by the government, and the second one are those recommendations which will be in the spring report.

Now this document compared to last week's document is just more complete. The last document I provided the recommendations that pertain to the general issues and recommendations that pertain to a couple government organizations. Now there's recommendations that pertain to more than a couple government organizations.

**Mr. Sonntag:** — Okay, let me be clear then. Are you saying then that — although I don't see it here — are you saying then that there are recommendations in here from the spring '96 report order?

**Mr. Strelieff:** — No, I'm saying that this document does not include those recommendations that we've made in the past that are still relevant but will be included in our spring '96 report. They're not included, thinking that it's more efficient to address them once, particularly if you want to get through the four reports in this session.

**Mr. Sonntag:** — Okay. I guess the only concern that I would have about this, and I guess you've left it open in the suggestion, Mr. Chair, is that it doesn't preclude any of yourselves or ourselves from calling any of the departments in the interim as well.

**The Chair:** — Exactly. I think it's a framework that will help us to deal with this in an effective and efficient manner, but it isn't something that is going to bind us.

**Mr. Sonntag:** — Okay.

**The Chair:** — Could we then, if there's agreement that this is the framework we're going to use, could we have someone move that so that it . . . do you want to write the motion?

I noticed with interest yesterday afternoon particularly when I was giving my budget address that most of the committee members were doing their homework, and I'm torn . . . (inaudible) . . . that's right. And I'm torn between chastising you or complimenting you, but I'm really glad that the work was done so we will be able to . . .

**A Member:** — Is that what was wrong with your speech?

**The Chair:** — You weren't listening.

I think we can . . . here we have the motion. A suggested motion:

That the committee adopt a schedule tabled by the Provincial Auditor at its April 2, 1996 meeting as a method of dealing with the business before it.

Someone move that? Moved by Mr. Sonntag. Any discussion

on the motion? If not, are you ready for the question? All those in favour? Carried. Thank you.

Is there any other business that needs to be brought to the floor of this committee before we move on to the process?

**Mr. Streliaff:** — Members, at the last meeting one of the members, Mr. Pringle, asked me four questions that we never really got through. I provided you my initial thoughts in response to each of those four questions as a document that Greg handed out. The four questions were: how did my office ensure our conclusions and recommendations are on target; from whom does my office seek advice; what accountability systems are in place for my office; and the last one, should all government organizations provide their business and financial plans to the Assembly, and what if the plans of some organizations involve sensitive information.

Those were my understanding of the four questions posed to me. I've provided my thoughts on those questions. If you have further questions on it or want to discuss it, that's fine with me.

**The Chair:** — Is that sufficient, Bob?

**Mr. Pringle:** — Yes. This is great. Thank you.

**The Chair:** — I think what we can do is leave this with the members. And if in reading it there are further clarifications required, we could deal with that at the next meeting. Would that be acceptable? If that's agreed, then let's move on to item A.1.

**Mr. Streliaff:** — Members, thanks. A.1, or the first part of going through these reports, we're proposing a two-step process where we deal with general issues first and then more specific recommendations dealing with individual organizations of government.

And the first agenda item is chapter 1 of each of my reports. Chapter 1 I call observations, and it provides me an opportunity to set out more general issues which I think have a significant impact on management and accountability practices. It also provides me an opportunity to provide a summary or outline of each of the reports.

In preparation for our meeting today, I went back to my first chapter 1, published in the spring of 1991 about two or three months after I started as the Provincial Auditor, to get a perspective of how things have moved along over the five years. It was quite useful and interesting for me to do that.

I then reviewed each chapter 1 issued in the reports — and there are seven — seven chapter 1's where I have the opportunity to set out some general issues. In general, I have seen some progress on some of the main issues that are in those chapters. And of course, as new issues arise, I bring them to the Assembly's attention.

In 1991, my first report, the general issues focused on a need for a summary financial statement, a need for a reliable accounting at the end of the year that the Assembly could rely

upon as being complete. If you remember, I had just completed seven-and-a-half years working in Toronto, and the task was getting agreement on how governments should prepare financial statements and also how auditors should carry out their audit work. So perhaps it wasn't that surprising to see that, when I came here, that was the first issue: make sure that the Assembly receives a complete accounting in the form of summary financial statements and also at a timely manner. At that point, the financial statements were coming out almost a year after the year was over.

I also talked about the need for more timely *Public Accounts*, the more detailed information, and also noted that our office had begun to examine broader or more in-depth issues related to management systems and practices using the value-for-money auditing standards recommended by the Canadian Institute of Chartered Accountants.

I noted that coming into the position I had to address the relationship with appointed auditors. There was a lot of confusion out there and consternation about the roles, responsibilities, duties of auditors auditing government organizations. I also noted that right at the beginning that, I think it was December of 1990, the then minister of Finance had asked the Board of Internal Economy to begin reviewing our business and financial plans and funding, rather than Treasury Board. And those were the issues, the general issues, that I put out in that first chapter.

In the next year — so I had 15 months under my belt — I put on the table the need for a complete financial plan, a complete business and financial plan for the government, and that to move away from focusing only on what the government plans to do through the General Revenue Fund.

The complete financial statements were still on the table, still pushing for that; complete set of summary financial statements; moving to the annual reports of each government organization; focusing on the need for better reports and also that the Assembly should receive the annual report of each government organization. At the time, the issue of the day was the annual reports and financial statements of subsidiaries of the Crown Investment Corporation. They weren't being provided to the Assembly and that was a key issue.

I talked about the need for stronger coordination of government, central coordination of government. I was finding at that time, a difficulty in determining, at a government official level, who was responsible for coordinating government-wide issues — where do I go to talk about the government's management of its pension plans? And I would be moving from the Crown Investment Corporation to the Department of Finance and to other individual organizations, trying to get a fix at who do I talk to about moving the government-wide coordination forward.

At the end of 15 months I continue . . . I said that the existing audit system needs change and explained why. And at that time the Financial Management Review Commission came out with its report and focusing on two major issues: the need for a complete accounting, just like what I've been saying; and

summary financial statements. Also, providing recommendations and concerns about the ability, or as they express, the inability of the Assembly and the public to participate in the decision-making processes of the government and to also hold the government accountable, focusing on strengthening the accountability of Crown corporations. In the Financial Management Review Commission's report, the majority of the recommendations pertained to CIC (Crown Investments Corporation of Saskatchewan) and its Crown corporations.

Then I moved to 1993, a year later, and was able to report quite a lot of progress. The summary financial statements that I'd been arguing for, pushing, were prepared for the first time. And for an accountant that's very important. The General Revenue Fund began using what we refer to as the accrual basis of accounting instead of the cash basis of accounting.

The accrual basis is a far more rigorous and more . . . provides more relevant decision-making information. Annual reports — the government said they were going to issue annual reports for all government organizations and provide those reports to the Assembly; continue to express concern about the existing audit system, that it needed to be strengthened.

And we published our first chapter on understanding the finances of the government, using the information in the summary financial statements as the source of information, trying to help you and others understand the finances in the context of the government as a whole. And Brian Atkinson, one of my staff with me today, will be providing an overview of that version of that chapter as it is in the fall of 1995's report. So there was significant progress reported in that year, which was the spring of '93.

In the spring of '94, the summary financial statements were issued, but I said they still exclude the pension liability costs, so they weren't quite complete yet. At that point, I think there was about a two and a half billion dollar unrecorded pension liability, and annual pension costs weren't complete, weren't included. I kept on raising the issue of the need for a complete financial plan. So that issue keeps on moving through chapter 1 of each of our reports.

And then begin focusing on the information that CIC provides you about its investments and its commitments. Having just gone through the Financial Management Review Commission where I was called a special adviser to that commission, I noticed in the work of the commission there was an absence of information, of management information, about the purpose of CIC's many investments, many large investments.

So we begin to set out a framework of information in our reports on what CIC could provide you about each of its significant investments. And the framework — some of you probably remember me talking about it in previous meetings — dealt with clear objectives for the investments, criteria to determine if those objectives are being achieved, the expected costs and revenues of the investment or commitments, and what was the management structure in place to make sure that the objectives are achieved. And if any corrective action needs to

be taken, it will be taken.

Then I identify some examples of management and accountability practices that were improving — so practices were improving — related to the government issuing annual report guidelines for its departments to make sure that departments prepared better reports.

CIC was beginning to be more proactive at the Crown Corporation Committee in terms of providing the Crown Corporations Committee more and better information. Also it was providing better information to its own board of directors. The Department of Finance had moved forward the accrual basis of accounting through the department world.

And then other items that signal there was more focus on stronger management and accountability were that the Department of Justice established an audit committee internally that they could use to monitor their practices. Department of Highways and Transportation was moving practices forward. And even SIAST (Saskatchewan Institute of Applied Science and Technology) and Social Services were beginning to move, what I thought, management and accountability practices forward.

And also on the audit system front, there was a breakthrough. The president of the Crown Investments Corporation and I agreed to establish a task force to examine how the audit system could be made more effective. I also said that beginning in the next fall, the fall of '94, I was going to begin publishing a fall and a spring report, the objective of being more timely in terms of our information that we do provide. And later that year, there was an amendment to The Provincial Auditor Act to put that in place. So that took me through the spring of '94 — again the complete plan a constant theme, but practices improving on other fronts.

In the fall of '94, that was the first of the two reports each year. Two good signals or messages that I provided — that the summary financial statements now were complete. The government recorded the full pension liability, so the total debts and liabilities of the province were complete. So that was the first time that I was able to say in my audit opinion on the summary financial statements of the province that they were reliable.

Still talked about the need for a complete business and financial plan and then identified opportunities to improve practices. We focused on the annual reports of Crown agencies and corporations, identified issues that could be addressed more rigorously. We started focusing on the pension liability of the province and provided chapters dealing with an overview of what the pension plans of the government are and some of the underlying issues.

As I've stated in the hand-out earlier today, there will be an update of that chapter coming in our spring report. I talked about the need for CIC to provide its board more complete planning information, noted that the board of CIC is not provided a complete, consolidated plan of all the corporations that it is responsible for to help it set strategic direction of those

organizations.

I also identified some problems with the Crop Insurance programs and STC (Saskatchewan Transportation Company) in terms of their ongoing problems with their information systems.

And at the end of that chapter, I was able to say that the task force on the audit process had reported and that both the president of CIC and my office was in agreement with the framework that they recommended at that time. We've now had almost two years working within that framework. At that point, Treasury Board also advised that they expected other government corporations using appointed auditors to follow that process. So that was the fall of '94.

Then it takes me into the spring of '95. Again talking about a complete plan is needed — constant theme all the way through. We also provided an update on the status of the recommendations of the Financial Management Review Commission. That will be one of the general issues that we bring to the table in the next week or two. And I noted that there was progress on moving forward the recommendations on accounting and valuation of some of the significant investments and loans, but there was little progress on improving the accountability of Crown corporations.

You remember one of the key recommendations of the Financial Management Review Commission, which is known as the Gass Commission, was that when the government of the day chooses to pull a dividend from one of the Crown corporations, the Gass Commission recommended that that dividend come into the General Revenue Fund and then the Assembly decide where that money should go to and vote on whether it goes to finance NewGrade or Bi-Provincial or something else. That was one of the key recommendations of the Financial Management Review Commission that they thought would allow the Assembly to be more active in the participation of the decisions related to Crown corporations. And as you know, the current practice is still that if there is going to be a dividend coming from a Crown corporation, it moves to the Crown Investments Corporation, and the decision on how it will be used is left within that corporation.

In that spring report, I also said that an alternative to having the dividend moved to the General Revenue Fund would be, again, to provide a complete financial plan to the Assembly so that when the Assembly approves the government's proposals for the General Revenue Fund, it would have the complete context. And I thought that might be a way of making sure the Assembly understands and can assess and challenge what the government proposes to do.

In the spring report, I also noticed that the Crown Corporations Committee had begun to change and, I think, strengthen its practices. It's now focusing on those organizations that receive their revenues from sources outside the General Revenue Fund, and that includes SaskPower, SaskTel, the Workers' Compensation Board, the Gaming Authority, — and many other organizations that raise revenues directly from the public. The corporation also has moved to talk about the future plans and objectives of those corporations.

In that spring report, I noted the transition to district health boards had begun. And that transition was a major addition to the work and responsibilities of our office, and we begin to set out our views on what work we're doing there and the results of our examinations. So that was the first time in the spring of '95.

I also provided some recommendations on how the Board of Internal Economy could improve or strengthen its administrative practices. I noted that in our review of the accountability for education spending and revenue raising that there was an issue that needed to be addressed, and that relates to a general principle of responsibility and accountability. And we pointed out that how we carry out our system of education is inconsistent with the principle that those raising the taxes should be answerable for how those taxes are spent, and we noted in the chapter on education that the General Revenue Fund provides I think about, at that point, around 800 or \$900 million for the costs of education. But the total costs of education are about 1.6 or 7 billion dollars. And that there's other sources of revenue for education through the property taxes and of course tuition fees.

We also pointed out that many of the major decisions involving what programs to put on in education and how much to pay teachers are out of the hands of school boards and are really addressed through provincial government mechanisms. So there was a . . . we pointed out that it's difficult to get a handle on who's responsible for making decisions in the education sector and then to hold them accountable for those decisions. The decision making is very diffused and the raising of revenue is also diffused. So we put that on the table.

And then we noted, as a result of our examinations, three general areas that we think require careful consideration and really represent opportunities to improve practices out there.

The first one relates to the internal reports that management groups provide their senior managers. We noted concerns with incomplete information provided deputy ministers and ministers. We also noticed that many organizations are more and more getting into service agreements with organizations closer to the community, where they were asking those organizations to deliver services on their behalf. And those agreements, we found, were needed to be strengthened.

And also pointed out in our examination at Social Services, their methods of carrying out case planning; that the case planning, we thought, case planning in Social Services is a very expensive technique, and we found that it could be focused better in terms of getting better results, and then set out our results accordingly. That is in . . . the case planning issue is in the material that we handed out this morning.

So that got me to the spring of '95. And then moving into last fall's report. In last fall's report, the 1995 report, again the first item, as an accountant, pointing out that once again you can rely on the summary financial statements of the province. They are complete, reliable, and in our view, in my personal view, first class. And I constantly bring them to your attention because they provide a good framework for understanding, assessing, and making decisions within government.

We then pointed out that the government doesn't provide an annual report that shows, that explains, what it does, what it has done in the year in the context of the summary financial statements and their total responsibilities. We link that annual report to chapter 3 of the fall report, which Brian Atkinson is going to lead you through later today.

In that, in chapter 3, we set out information that a government could put within an annual report to help people understand what has taken place during the last year. And we used information that is within the government summary financial statements, as well as some economic and other indicators, to bring it to life. But again, we recommended that the government should provide the Assembly an annual report, and publish that report as soon as possible after the end of the year.

Another item that we reported on in the fall report was our examination of boards of directors' responsibilities. And the question that we examined was, how well does the government ensure that its boards of directors understand and accept their responsibilities. As you know, many Crown agencies have boards of directors.

We found that we have two general themes in that chapter, and it was a very interesting and, I think, valuable chapter to guide the future. We found that the government does a pretty good job of explaining responsibilities to boards of directors in the context of the enabling legislation that creates the individual government organization.

For example, the SaskPower Act sets out the responsibilities of the boards of directors of SaskPower within that Act, and they do a good job of explaining what those responsibilities are. But we found that the government does a poor job of explaining . . . or advising boards of directors the extent to which what we refer to as general laws provide other elected and appointed government officials with responsibility for Crown agencies.

And the general laws include such items as The Financial Administration Act and The Crown Corporations Act. We recommended that boards of directors need to be helped in making sure they know which general laws affect their agency, in which circumstances those laws can be used, and by whom. If that happened, boards of directors would then know when they serve as decision-making bodies and when they serve as advisory bodies.

In our discussions with members of boards and advisers to boards — our examination took us to 16 different Crown agencies — we found that board members really were struggling with this. They wondered why, for example, that if the board of directors decided that they had to borrow some money to move their corporation along, that the Department of Finance is the one that did the borrowing and the Minister of Finance had to approve it. Remember the enabling legislation of individual corporations usually has a statement in it saying that the board of directors are responsible for managing the business of this organization.

So it seems like if you just look at that and you're not aware of other general laws that override that provision, as a board

member you come into your organization thinking that you have the responsibility for all of the major decisions. And then you find as you move along from meeting to meeting and issue to issue that other players come to the table when major issues are on the table, whether they're salary increases, union agreements, lending, borrowing, rate increases, appointments of presidents. And it's through other general laws like The Financial Administration Act and The Crown Corporations Act, they provide other officials, elected and appointed, with responsibilities, authorities that allow them to reach in and make decisions within boards of directors. So in our fall report, that was the key issue that we think needs to be handled better.

We also found that within the CIC sector they do have a system of corporate secretaries that work for CIC but are attached to each of the boards, and that system has helped and does help. In the other area of government that is quite often known as the Treasury Board Crown agency sector, those mechanisms are not in place. So that was the board of directors project.

We also in our fall of '95 report identified some information technology risks — two of them — that we set on the table, explained, and said we're going to have a close look at those issues over the next period.

So the first issue has to do with new systems development and the management structure that is put in place to make sure new systems come in on time, within budget, and meet expectations. We find, and this is common throughout Canada and elsewhere, that new information systems usually are late, they cost more than planned, and they don't meet expectations. And there's a lot of new systems being put in place throughout government right now.

The second issue has to do with system security, which relates to the methods that organizations put in place to make sure their information and their data is secure, that people can't access it unless they are authorized to access it, and it doesn't get lost or destroyed. In the spring we're going to report on our results of that second question — the systems in place to ensure security of information technology.

We also again in our fall report reminded people about the need for a complete plan. Again it flows right through each of the reports. And also, focus that issue at CIC as well, in terms of the planning information . . . or the incompleteness of the planning information that is provided the board of CIC.

In the end of chapter 1 of 1995, fall of 1995 report, we also noted that in some of the many complex assignments that we take on and that involve many organizations and individuals and groups, that we were receiving very good cooperation in getting those assignments done, particularly in moving forward the new audit system that was recommended by the task force, and also in the many cross-government assignments or audits that we carry on.

For example, the roles, responsibilities, duties of boards project took us to 16 different organizations. The central coordinating points for government were at CIC, the Department of Finance, and Executive Council, and we got good cooperation.

Also, the summary financial statements were beginning to . . . the deadlines were getting quicker, or sooner, earlier. And to get those done, there has to be a lot of coordination and cooperation throughout the system. It was happening.

Of course we also identified a few exceptions — problems at the Workers' Compensation Board in getting cooperation from that organization in carrying out our work, as well as Greystone Capital corporation which provides investment advice to the government, as well as SaskPen Properties and SP Two Properties, which holds pension investments. And we noted that we had problems in those organizations.

So that's an overview of the chapter 1's of seven reports that I've gone through as the Provincial Auditor.

One of the privileges that I have is that I get to see the overview. Very few people do have that opportunity to see the overview of how government is interacting amongst all its organizations, and that is a very interesting and valuable experience. So I get to see the trends in the general issues as they develop, and as they get managed or don't get managed.

Certainly the increasing pressure on public finances and the ongoing demand for transparency has been relentless, and it has resulted in some strengthening of management and accountability systems. I don't think it's fast enough, but when I talk to my colleagues within the office they think, in the grand scheme of things, there has been some significant steps forward, like the complete financial statements; a stronger audit system; the move to accrual accounting within the department world; the annual reports that are being provided to you are getting better and there seems to be just more willingness of government officials to actually seriously consider change and carry it out.

On the other hand of course, there's still some very important steps to take. The complete plan is still an issue that is very important to help you put in context what is proposed by the government through the General Revenue Fund. I still think you need to see all the pieces together to help you decide what to approve in the General Revenue Fund.

Also I think in the future you will see far more emphasis or focus on measuring what programs cost. There's very little information out there on what programs cost. You'll find very few government organizations know what their programs, services, activities, cost. Remarkable, but it's true.

You'll also see more focus on setting out clear objectives for programs with specific, measurable performance targets. That's coming; that's moving forward. And those objectives clearly define with performance targets for individual organizations, for sectors like health and education, and of course for the government as a whole.

So that's my review of some of the major issues over the past seven reports in five years.

**The Chair:** — Thank you very much, Wayne. I recognize that in this stage that this is an overview and there are no specific

recommendations to discuss, but I think it would be completely in order if any of the members would like to make some general comments or thoughts or questions for clarification of Wayne in this section.

**Mr. Sonntag:** — I'm just curious. I noted this in reading through this yesterday during Mr. Gantefer's presentation in the legislature. Seriously, I was listening carefully as well. So if this question doesn't make a lot of sense, it's because I was listening to Mr. Gantefer fairly closely as well.

Anyway to the question. I note the reports, the fall reports, are to the year ended December 31 for any . . . any year ends that end December 31, I should say. And then also the spring reports deal with March 31.

Are there year ends, first of all, that have January or February, or do also you deal with any reports where their reports have not been tabled on time? So if there was a report, for instance, that should have been due by December 31 — their year end maybe was October and it wasn't tabled — would you deal with that one in this report as well, in the spring report?

**Mr. Strelieff:** — Yes. In general there's two main fiscal year ends for government organizations — December 31 and March 31. There are other government organizations that have April 30 year ends, May 31, and June 30, mainly educational institutions.

And what we've done in our fall report, what we try to do, is address all organizations that have a December 31 year end or earlier. December 31 for the fall report; December 31, '94 or earlier that haven't been reported.

And for our spring report, we address all organizations with year ends March 31. And then also some of those organizations will have had year ends in April, May, or June. But if there is an organization that we haven't reported on, we will include it.

**Mr. Sonntag:** — Yes, I understand.

**The Chair:** — I note in the fall '95, appendix II, I think, has a listing of all the year ends.

**Mr. Sonntag:** — Okay.

**Mr. Strelieff:** — Because the main year ends are December 31 and March 31. The fall, December 31, as well as the summary financial statements. And then the spring, March 31, which is mainly all the departments and their related organizations.

**Mr. Sonntag:** — So then, just to be clear, if there was a government organization whose year end was prior to December 31 or December 31 and it didn't report on time, your fall report would indicate that they didn't report on time as opposed to just leaving it for the spring report?

**Mr. Strelieff:** — Yes. We would say that we have not included in our fall report but we will report it the next time, and we'll do it in the spring.

**Mr. Sonntag:** — Okay.

**Mr. Streliaff:** — So you know which ones we've examined and which ones we haven't.

**Mr. Sonntag:** — Okay.

**The Chair:** — Any other general comments?

**Mr. Toth:** — Yes, I'm just coming back to this comment about the government does not prepare an annual report, and I'm trying to figure out exactly where you're coming from. Are you basically saying the reports we're getting are basically coming from authorities outside of government? Are you talking of government Executive Council and some kind of report as to where they're heading with that? I'd just like to know what you specifically mean by that.

**Mr. Streliaff:** — Brian Atkinson will discuss this a little bit in more detail this morning.

Most organizations prepare an annual report and provide that to the Assembly, setting out: here's our responsibilities, here's what we plan to do, here's what we've done, and here are some of the key issues that we have faced in the past and we see in the future. And it covers the results of their responsibilities.

You don't receive a similar type of report from, I suppose from the Executive Council, saying okay, here is our full responsibilities. We carry out our responsibilities through over 100 different organizations. Here's what we plan to do; here's what we did — our results — and here are some of the key issues that we see on the table. Some of them we've handled and some of them are still out there and we have to come to grips with and here's how we're going to address that.

Like an annual report that you receive for the Bank of Nova Scotia or somebody, or SaskPower, but only taking into consideration the total responsibilities of Executive Council.

**Mr. Toth:** — That's very good, thanks. I guess what I perceived as the budget speech presentation debate generally is some sort of a report of government — the government's intent and what they're planning on doing. That's not what you would consider a real annual report.

Basically, it's an idea of where they perceive they're going as far as their finances, but as far as a business plan. And I... for example, I'm just going to throw this up and this is somewhat hypothetical, but possibly going back to 1986, the government should've said, rather than bringing in a deficit of one-point-some billion dollars, which basically reflected the loss in the Potash Corporation, they should have come out and said, due to the significant load the taxpayers have been carrying in PCS (Potash Corporation of Saskatchewan), we're going to break this dead off and we're going to work towards a privatization of the company. Something along that line where you're basically laying out a plan rather than just putting it down in numbers that people don't understand.

**Mr. Streliaff:** — Well there'd be two key documents that

would be provided to the Assembly. One is that comes out in January, February or March, and that is the plan of what the government proposes to do for the next year and two or three years. But what you don't receive is, as soon as possible after March 31 of any year, a report on what happened during that past year.

You get a proposal of the intention of what's going to happen, what they plan to do in the future, but not a report on the past year. And also discussing some of the key economic and financial indicators that are out there.

**Mr. Toth:** — Well maybe government does have that, but I was just thinking back to the years when I was involved in government... had a part, I remember discussions and debates on where you were trying to head. And maybe a lot of that takes place in caucus and in cabinet committee but really never comes out into the public and a lot of that's probably because of the political atmosphere that people don't want to... any political party doesn't necessarily want to lay out where they're heading two or three years down the road, for fear of the fact that it may be used against them. They may be hindered in that opportunity because some of the things you've just discussed, I remember some of the debates we had about where are we going to be tomorrow if we do this today.

And what you're saying is, that government should be kind of laying out that plan to the public rather than just discussing it within the inner circles of caucus.

**Mr. Streliaff:** — Yes, I think they should be laying that out in public but that does come in... the vehicle for doing that is when they present their complete plan to the Assembly in February or March. And that's the focus of: here's where we're going in the future. The annual report, the primary focus, is on a reflection — here's what we've done in this past year. They have audited financial statements. If there are some key economic and financial indicators that the government is focusing on, monitoring, then it's laid out. And it also touches on some of the issues and directions that are expected to take place in the future. But the future report is primarily in that, the complete plan that's brought before the Assembly in February or March. The annual report is more of a, here's what we've done.

And I find that other governments across Canada are beginning to do that; beginning to prepare more complete financial plans that come to the Assembly. And also publishing as quickly as possible an annual report saying: okay, here it is; here's what has happened as of March 31 of '96.

**The Chair:** — I want to acknowledge, and I won't cut you off, Don, but I think that a lot of the discussion is leading us to this point B in our outline: understanding the finances of government, because I think that's where you deal with these annual reports in much more detail than what you're recommending.

And I wonder if we can pick up the details of the conversation on these reports as we go through this, because I think here we're starting to deal with specific recommendations and also

what the Provincial Auditor has in mind. Having said that, I'll acknowledge . . . want to go on further?

**Mr. Toth:** — I just want to make one quick comment, is that I was just going to say when you look at the long term, and you mentioned about laying out where you're going today, tomorrow, where you perceive you'll be, coming back to . . . (inaudible) . . . if we had laid that out, we may not have had the government, which was nine years later at a different government funding, doing final privatization bill on PCS, as we saw last year.

**Mr. Thomson:** — Well I'm not sure I completely agree with Mr. Toth, but I am a little bit confused in terms of this common theme now throughout all these reports about the annual report for government. And to be honest, I'm a little resistant of it because I think that it is nothing more than a corporatist agenda here. This is a government. This is not a corporation.

There are differences between the financial accountability issues, which I appreciate and understand need to be documented and need to be tightened, no doubt about that, but what purpose does an annual report provide in that regard? Now we have a throne speech which lays out the government's priorities. We have a budget speech which lays out the financial priorities. We have published a mid-term financial report. We now have legislation that requires a four-year financial plan. I'm just not sure where this is headed in terms of some sort of glossy document that says this is what we did. I'm not even sure around this table we could agree on the recent history and what happened in the past year and what the various pieces were that influenced the economy.

I think that this is . . . while I appreciate the need for us to provide simpler, clear information to the public, I think that we need to separate out what are clearly policy issues that deal with the larger aspects of government involving a social contract with the people and its constitutional responsibilities, from the financial accountability issues, which are really under the purview of the auditor and the legislature and this committee. And I am . . . maybe I am completely misunderstanding what you're saying in terms of what we need for an annual report and maybe you can just clarify that for me.

**Mr. Strelieff:** — I see an annual report as an opportunity for the government of the day to explain the financial results of the province as of the end of the year.

So for example, the end of the year just took place, March 31, '96. I think it's important that the government come out and explain, once the audited financial statements are all done and everyone knows what actually has happened in terms of the financial results of the government, to set on the table: okay, Assembly, the public, here's our explanation of the financial results of the government. They would include a summary of the summary of financial statements — so the assets, liabilities, revenues, expenses — and provide some historical five-year or thereabouts trend on types of spending and also discuss some of the key economic events or trends that have happened during the year. It's an opportunity for the government of the day to explain in an understandable way.

**Mr. Thomson:** — How does this differ then from the interim financial report that's already presented mid-year, and how does this differ from the budget papers that are already presented? Because these issues now are addressed . . . at least the papers that I've seen, and I think that this was the case under the previous government too. I mean the budget papers improved significantly during that time in terms of level of detail and economic activity. But how would this annual report differ from what's already presented? Is this just a packaging problem?

**Mr. Strelieff:** — The interim report that is issued in November or October, what it does is it updates you on the current year's financial plan. So for example, if in the '96-97 budget the government has said that we plan to spend \$1.5 billion on health for example, the interim report will say, here's what we think we'll spend to the end of the year. We said in our plan 1.5 billion. It looks like it's going to be 1.49 billion. And it's also an opportunity for the government to explain why that's changed, if there's some significant changes in what they forecast.

So that interim report focuses on the current year and where the government of the day expects the current year to end. So it isn't the vehicle that used to explain what the financial results are for March 31, 1996. The budget then, the budget papers and documents, there is no . . . when the budget comes out and is prepared, the year isn't finished yet, so that isn't the vehicle where the government reports on the financial results for the year. There just not in there yet. Plus the budget papers focus on the General Revenue Fund. Again the budget papers isn't the vehicle for explaining what has happened for the year. It's the vehicle for setting out the plan for the future.

So there's a gap there. There's no vehicle that the government of the day uses to say okay, March 31, 1996 has completed. Here's what's happened. Here's what our revenues were, here's what our expenses were, here's why; and to set that out in a clear and simple way that people can understand.

**Mr. Thomson:** — So just one final supplemental then. What I hear then is that really what we have is a packaging problem, in that we have a throne speech which sets out budget priorities; we have a mid-term financial statement which tells us where we're at mid-year; we have budget papers which look at where we were and where we're going; we've got your reports which analyse the financial statements for that year end; we have then the government's responses to it — we essentially have all these pieces already done. What we have then is a packaging problem?

Because I mean this is what I hear from you, is that it's just . . . it's not all in one document and yet that seems at variance with some of the comments. And I'm looking now at '95 spring report, that says that we're missing — where are we here? — no, that's not the piece. Sorry, I don't have the reference right in front of me, but it says the legislators weren't provided with sufficient information to make . . . oh, here we go. It's actually in the '94 report, point 19 under your observations. And specifically referring to Crown agencies, you note that the government's agencies do not provide MLAs and the public



with information they need to assess the performance of Crown agencies.

I assume that what you're talking about then is a kind of general problem with the government in that regard. I mean it just sounds like what you're asking for in an annual report we already have; it's just not very conveniently packaged.

**Mr. Strelieff:** — In a general way, if you wanted to pull together the 190 or 80 different individual organizational annual reports that come to you and then try to put together trends, you have that information, but it's certainly very difficult to do. You do have a CIC general annual report that pulls together a group of organizations, and that helps.

But really to me, an annual report is an opportunity for the government of the day to set out, okay, here's what's happened. And it's a very useful vehicle that every organization uses. And I think it would be also useful for Saskatchewan.

Now what I've been doing in the fall of '95 report, the fall of '94 report, and other reports, is to set out some of the information that a government might choose to put within an annual report. So in essence I'm helping the government of the day to explain the financial results to the Assembly, when the normal practice would be that the organization itself would do that within the vehicle of an annual report.

**Mr. Thomson:** — Thank you, Mr. Gantefer. I look forward to probing this in much greater detail as we get into these chapters.

**The Chair:** — Exactly. Under B we're going to be talking about . . . here's a recommendation that's specific about annual reports and their appropriateness. Further, if we're in favour of that concept, what should be in them and a lot of details.

**Mr. Aldridge:** — Just another . . . about the . . . under general observations here. With respect to the four worrisome exceptions in the fall of '95 report as far as a lack of cooperation with your office? Do those carry forward into the spring report?

**Mr. Strelieff:** — Yes.

**Mr. Aldridge:** — Would there also be any additional agencies or instrumentalities of the government that would be included on a list such as this? Would there be any additional worrisome exceptions and . . .

**Mr. Strelieff:** — No.

**The Chair:** — Does that cover your questions?

**Mr. Sonntag:** — May I just interrupt you? That is covered as well, in the specific reports later on as well, isn't it? Just for clarification purposes, like . . .

**Mr. Strelieff:** — That being?

**The Chair:** — These worrisome areas.

**Mr. Sonntag:** — Yes, very specific reports dealing with that, is it not just in this general coverage.

**The Chair:** — Do we have to deal with those?

**Mr. Sonntag:** — Yes, that's what . . .

**The Chair:** — Yes, are they going to be covered in one of these subsequent items? Or should they be dealt with under observations?

**Mr. Sonntag:** — Yes, that's what I thought. I'm sure I've read them later on. Yes, I'm sure you'll deal with them.

**Mr. Strelieff:** — Yes. One comes in on the chapter on roles, responsibilities, duties of boards. One comes in on the chapter, I think, of the Department of Finance, and another comes in under the chapter of Greystone.

**The Chair:** — So all of the outstanding . . . what about Workers' Compensation?

**Mr. Strelieff:** — Roles, responsibilities, duties of boards.

**The Chair:** — So that all of these worrisome items will be covered in the detailed discussion as we're moving through forward?

**Mr. Strelieff:** — Yes.

**The Chair:** — Yes, I think that's the assurance that you needed.

**Mr. Koenker:** — My question or comment has to do with process. I'm finding this a little bit frustrating in terms of . . . already we've talked about the annual report, item B.1, and I'd certainly like to say some things there. I'm wondering . . . I was going to say, when we were talking about that, aren't we at recommendation B 1, and shouldn't we start focusing on some of these recommendations because we're going to get ahead of ourselves, and we're going to be all over creation.

I think we simply have to use the recommended procedure that we have here and begin to zero in a very focused fashion on these things and then let the debate go far ranging to the item on the agenda. And that way, we'll begin to clear these issues. I'd like to speak to the annual report.

**The Chair:** — It's a point well taken, and I tried to steer us into that point, that it's going to be dealt with. And the way I would like to deal with it is have the presentation on that specific point and then have the discussion of it, because many of the questions that we're raising prematurely may be easily answered in the presentation. And so we're going to end up defeating our resolve to have this protocol in place.

**Mr. Koenker:** — Do you see us going to recommendation B.1 today, annual report?

**The Chair:** — I think we're prepared to at least have presentation made in that regard, in no way suggesting that we

have to conclude the discussion but that we will move forward on an ongoing basis. So yes, we're prepared to have presentations on item B, right after we have a very quick coffee break. If that's okay? Five minutes.

**The committee recessed for a period of time.**

**The Chair:** — Okay, ladies and gentlemen, if you're in agreement that there are no further comments or general questions in terms of section A.1, we will move on to section B. And, Wayne, I'd like you to . . .

**Mr. Strelloff:** — Members, with me today is Brian Atkinson. His group in our office carries out the audit of the summary financial statements of the province of Saskatchewan. And he's going to lead you through chapter 3 of our 1995 fall report.

**Mr. Atkinson:** — Thank you, Wayne. Mr. Chair, members . . .

**Mr. Sonntag:** — Sorry. Just to be clear again then, we're not going to deal with any of the other chapter 3's then of the other reports, just to this one? Good. Okay.

**Mr. Atkinson:** — In this chapter, we make three recommendations, and we also set out some additional financial information related to the state of the government's finances.

As Wayne mentioned earlier — and I'm sure you're all eager to get into — the first recommendation we make is that the government should publish an annual report. And as Wayne indicated, an annual report includes more than just the audited financial statements. It also includes a number of other things that the government would put in that report to help explain what has happened to the province's finances and why they've happened.

The other recommendation we make, the second recommendation, is that we recommend the annual report should include the status of key financial and economic measures, the targets for each of those measures, and the government's thinking on the underlying financial and economic issues. On page 19, schedule 1, we provide a summary of those key financial and economic measures that we think were important.

Our third recommendation in this chapter is that the financial information in the government's annual report should be based on the information provided in the government's financial statements.

The first reason is that the information contained in the government's summary financial statements is complete. As you're aware, the government provides its services and delivers its programs through a variety of organizations, including departments, boards and commissions, special purpose funds, and Crown corporations. And I think it's important that you have all of that information in one place, and the summary financial statements is the document that does bring it all together.

The remainder of the chapter is information that could be

presented in an annual report if one was presented. It's based on the information contained in the government's summary financial statements.

If you look at page 21, you'll see that we've presented some information on the government's accumulated deficit, total revenues and expenses and the province's gross domestic product. When you look at this information together as shown in exhibits 1 and 2, you can better see the relative size of the government's financial requirements and its activities.

If you have any questions as I'm going through this, please stop me. I'll be pleased to try and answer them. Maybe the first question is, is everybody comfortable with the concepts of accumulated deficit, debt, and annual deficit? Everyone's comfortable with those concepts.

**Ms. Stanger:** — If you didn't understand that, you shouldn't be here. I mean just those three . . .

**Mr. Atkinson:** — Okay. If you turn now to page 23, this information shows trends in the government's revenues, expenses, in terms of general programs and enterprises. Exhibit 3 at the bottom of the page shows that the total government revenue increased 19 per cent from 1991 to 1995. The total government expense increased 6 per cent from 1991 to 1995. The consumer price index in Saskatchewan increased 14 per cent over that period and the gross domestic product of the province increased 11 per cent. So it gives you some idea as to the relative nature of those amounts.

If you turn to page 25, this shows the revenue trends in more detail. It shows you the first line that enterprise revenues as a percentage of total revenue increased to 35 per cent. It shows you taxes increased to 30 per cent. It shows you that the federal government transfers decreased to 17 per cent as a percentage in total revenue during the period.

**The Chair:** — Do you have a question at this stage? Go ahead.

**Mr. Flavel:** — Yes. I want to back you up to page 23 if I can, please. On the graph that you just went through, total government revenue 19 per cent and so forth . . .

**Mr. Atkinson:** — Yes.

**Mr. Flavel:** — You have total government expenses have been increased to 14 per cent. Okay?

**Mr. Atkinson:** — No, the total . . . I believe the second column is the total government expense increase, 6 per cent. The third column is the CPI (consumer price index), increased 14 per cent.

**Mr. Flavel:** — Okay, the 6 per cent. Okay let's go with that. Does that include the interest charges on the accumulated deficits over the past years? Is it included in there?

**Mr. Atkinson:** — Yes.

Any questions on page 25 or any additional questions on page

23? I think what it's trying to show you on page 25 is that there's a . . . you can take the information that's there and if you plot it over time you can see some trends. And one of the significant ones is that federal transfers are decreasing to this province while our taxes and enterprise revenues are increasing. I mean that just makes . . .

If you turn to page 27, it shows the expense trends in more detail. It shows you that as a percentage of total revenue, agriculture expenses decreased to 6 per cent. The interest costs have remained relatively constant at 19 per cent as a percentage of total revenue. Enterprises expenses have increased to 31 per cent, and spending on social programs has decreased to 35 per cent over the period presented.

**Mr. Flavel:** — It's not that you're going too fast; I'm just going too slow, so I'm going to back up to page 24 again, if I can.

**Mr. Sonntag:** — He must have been listening intently to your speech yesterday, Rod.

**Mr. Flavel:** — Point 34 — enterprise revenue was 33 per cent of the total revenue; it's now 35. What is enterprise revenue, please?

**Mr. Atkinson:** — Okay, if you look on page 25 at the top in schedule 4; it shows you the enterprise revenues there. And this is derived from the summary financial statements. It shows you the total enterprise revenues from energy, insurance, liquor and gaming, telecommunications, and other was \$2.4 billion in 1991 and was \$3.053 billion in 1995.

**Mr. Flavel:** — So it is all Crown corporations then?

**Mr. Atkinson:** — No.

**Mr. Flavel:** — By that list, I would assume.

**Mr. Atkinson:** — No, it's not all Crown corporations. What it is, is those Crown corporations enterprises are defined in the summary financial statements as . . . and I'll give you a foggy definition, but those corporations that raise primarily most of their revenue from sales of goods and services to individuals or non-government agencies. That's what's defined as an enterprise.

**Mr. Flavel:** — Okay, you've got listed there . . . all that are listed are government agencies though.

**Mr. Atkinson:** — Yes.

**Mr. Flavel:** — Except the others. So I would assume . . .

**Mr. Atkinson:** — There are some Crown corporations that would not be classified as enterprises because their primary source of revenue would not be from the sales of goods and services to individuals or to non-government agencies.

**Mr. Flavel:** — Can you give me an example, please?

**Mr. Atkinson:** — The Saskatchewan Property Management Corporation.

**Mr. Flavel:** — Do they not sell to other government agencies?

**Mr. Atkinson:** — Yes, but they . . .

**Mr. Flavel:** — They may lease property to the Highways department?

**Mr. Atkinson:** — To be classified as an enterprise according to the summary financial statements, it has to have its . . . its primary source of revenue has to be from the sales of goods and services to individuals or non-government agencies. So if your primary source of revenue is from the sale of goods and services to other government agencies, you're not classified as an enterprise corporation.

**Mr. Strelieff:** — Mr. Flavel, on appendix 6, page 28, right at the end of your report. No, right at the very end — the last — if you go right to the very end. Appendix 6, page 28, there's a list right there of all the organizations that are in the summary financial statements.

And in the bottom right-hand corner, there's a listing of enterprises, and those are the enterprises that are referred to in this chapter. And that schedule that you're looking at is part of the government's summary financial statements explaining what organizations are included in those statements.

So if you move back to page 25, then you've got the enterprises; we summarized them a little bit.

**Mr. Thomson:** — So how does this list of enterprises then compare with, I guess, what in statutes is referred to as the type 2, type 3 Crown corporations?

**Mr. Atkinson:** — If I could refer you perhaps back again to appendix 6 which is the government summary of financial statements. If you look at schedule 3 . . .

**Mr. Thomson:** — What page are we on?

**Mr. Atkinson:** — It would be page 16, appendix 6, page 16 and 17. That's a complete list across the top of each of the organizations within government that are classified as enterprise corporations. There's also, as Wayne indicated at page 628, is a complete listing of all the government organizations and which ones are classified as service organizations and which ones are classified as government enterprises.

So if you're looking to determine if, for example, SGI (Saskatchewan Government Insurance) is an enterprise corporation and if you wanted to see well, why isn't Saskatchewan Property Management Corporation here, you just look to the back. Schedule 13 provides a complete list of organizations and whether or not they are deemed to be a government service organization or an enterprise corporation.

And when the Department of Finance prepares these financial

statements — I'm sure Gerry will be glad to correct me if I'm incorrect — they look very carefully at the classifications of how these organizations are classified and ensure that they're placed in the proper grouping depending upon the criteria that are issued by the Canadian Institute of Chartered Accountants. So it's fairly rigorous how these organizations are classified.

**Mr. Thomson:** — Okay.

**Mr. Atkinson:** — Any further questions on pages 23 or 25 or 27? Okay, if you turn now to page 29, this provides additional information on the government's accumulated deficit in more detail. It shows, in exhibit 6, the accumulated deficit and the debt of the government as a percentage of gross domestic product. What you can see is that since 1993 both the accumulated deficit and debt as a percentage of GDP (gross domestic product) have decreased. And what this means is that the debt and deficit are not growing as rapidly as the provincial economy. So that gives you some information, shows you something about the relative size about the accumulated deficit and debt.

And lastly, on page 31, it shows the components of the government's liabilities and debt in more detail. And the components we've shown are bonds and debentures, unfunded pensions, and other. And the other is defined in paragraph .53.

**A Member:** — Paragraph which?

**Mr. Atkinson:** — Paragraph .53. It goes through ... other liabilities include trade accounts payable, accrued interest, unpaid claims of SGI, and the Workers' Compensation Board, as well as amounts owing to producers and the federal government from the gross revenue insurance program — GRIP.

The interesting comment that I would have on exhibit 7 is that you can see since 1994 that the debt from bonds and debentures has begun decreasing; however the debts from unfunded pension obligations and other have been increasing. So the total debt in fact has increased from 1994 to 1995 even though the debt from bonds and debentures has decreased.

Anyway to summarize, we make three recommendations in this chapter, and, like I said, the information that we've provided here is the information that's included in the summary of financial statements along with some other economic indicators that could be presented in an annual report.

And we make three recommendations: one is that the government should publish an annual report; second, it should contain the status of key financial and economic measures, the targets for those measures, and the government's thinking on the reasons underlying those financial and economic measures; and thirdly, that it should be based on the government's summary financial statements.

**The Chair:** — Okay, I think at this time now it's appropriate that we focus back on our agenda. This is an overview that has been presented by Brian, and I thank you very much for giving us that perspective of the recommendations in this chapter.

There are the three issues, and I think that we really have to discuss the first one because if we are in concurrence with the recommendation, then it makes sense that we discuss what items are in that report. If we're not in concurrence with this recommendation, then it probably makes little sense to discuss what details should be in a report that we don't support.

So I think, at this stage, I'd ask the members if they would like to enter into discussion as to the appropriateness of item B.1, recommendation .08: that the government should publish an annual report as soon as possible after March 31 and deal with that philosophical approach firstly.

**Mr. Koenker:** — I'll just be blunt and say, Wayne, I don't buy this. And I don't buy it because I think you ignore a very important feature of the operation of government, and that is the role of the Legislative Assembly itself. I view the Legislative Assembly as the forum for annual public reporting. Okay. And I say that, that that is the vehicle for an annual reporting to the public. And instead of getting a one-dimensional report from Executive Council, you get that — as Mr. Thomson has indicated — in the documents that we've talked about earlier today.

In addition to that, you get something far more valuable. You get a public critique of government's assumptions, its information or lack of information, and a critique of the larger public issues, economic issues, that you talk about in the recommendation 3.15.

So I would argue that instead of a monolithic report, okay, in the form of a monograph — which is a document, I take it, you're talking about — you get a very multifaceted report. You get a report not just from government; you get a report from opposition parties as well.

I think that the perspective of an annual report in a sense diminishes the role of the legislature itself, or it certainly doesn't take into account the value of the public process that takes place on the floor of the Legislative Assembly. You do have the budget papers that are part of the budget document that can be critiqued by any member of the Assembly. You do have ... the whole process of estimates should not be overlooked in this regard. That's a very far-reaching process that gives members, any member of the Assembly, a lot of latitude to really scrutinize and demand an accounting and a reporting from government ministers. And I would argue that there the salient features of reporting are identified in fact, if the opposition is doing its job.

You have other provisions in the Assembly — private member's motions, even interim supply debate — that focuses on the assumptions, the information, or lack of information. And so in that respect, when you call for the publishing of an annual report, I think *Hansard* in some respects is an annual report on the business of the public, and I think that we can't underestimate the importance of that. Just simply because you put a document together that you call an annual report doesn't necessarily mean that anything more will happen in terms of the scrutiny.

I don't have any problem with the call for more information, and I think you do us a service in providing the kind of analysis and the kind of graphs that Brian has just taken us through, but these then are part of the public record that are then debated and examined in public.

So I think we've got the vehicle for annual reporting. It takes a very different form than the corporate vehicle. Which corporation would conduct their business in such open fashion as any government? Therefore I don't buy this recommendation. But in that respect . . . and I'm a legislator, and the longer I've been here, the more appreciation I've come to have for that floor of the legislature and that process, which is very public.

**The Chair:** — And what I'm doing here a bit is I'd like the members to have a discussion about their philosophical feelings about this recommendation. I don't think we want to get into a debate with the Provincial Auditor. He has this recommendation before us. It's incumbent on us to share our feelings as to how we feel about it. At the end, maybe there's a point if there's questions of clarification.

**Mr. Flavel:** — I think Mark must have looked at my notes when he started off because I really believe strongly in most everything that he has said, that the Legislative Assembly, through *Estimates* and through accounting in there, is the best annual report you can get. If you get most annual reports, they come out, as most auditors believe that everyone in the world lives on figures, and they don't live on figures. So where you get into the Legislative Assembly, in estimates with verbal questions to . . . you can ask the Premier or any other department of where they were going. Have they accomplished what they set out to do?

And the verbal responses, which are easier to understand, are in *Hansard*, as Mark has said, for everyone to see. And if the opposition is asking the questions on behalf of the public, not just themselves, and we're responding and getting those answers back out to the public, I think that it is a better form than an annual report.

I mean, I've read a lot of annual reports. And when you're done looking at all the figures, you don't understand any of it. But if someone has asked the question, and the Premier or whoever the minister is has his officials there that do understand the figures and can put it into a verbal explanation which goes into *Hansard* then . . . is even a better system than me looking at a bunch of numbers, wondering — as some of these do — wondering what they mean.

We can have clarification on these numbers because we have the auditor here to give us a verbal explanation. And that's why I think that Mark's right on — that the estimates and all this through the Legislative Assembly, which is open to everyone; the *Hansard* is available to everyone, and I'm sure that the opposition gets many letters, people asking questions which they again transfer into questions in the Legislative Assembly under estimates. So I would have to agree with Mark that I think we've got a better system now than an annual report will give you.

**The Chair:** — Thank you very much, Dale. Ms. Haverstock?

**Ms. Haverstock:** — Well I happen to concur with the recommendation in the report, and I don't think that we should be fearful of greater public accountability. And I think that it would be enhanced, public accountability would be enhanced by any increased opportunity to have an overview of key financial realities in this province or any province for that matter.

I find it extremely valuable to look at this and to see trends for there to be some evaluation, at a government level I'm sure, of the measurability of what had been projected and what actually happened and what didn't happen and why that didn't happen. I think these things are very, very important. And I don't think that this has to undermine the political process, which I'm sure is worrisome to people who are in government. And I don't think that governments have to feel threatened by this kind of scrutiny.

I would very much appreciate a place where one could go . . . and to see in a much more focused way all of the information without having to go from one report to another or from one forum to another. And I most certainly do not believe for one moment that the public is better served by questions being answered in the Legislative Assembly in any forum whether it be question period or estimates or anything else. The public — and let's deal with reality here — is most certainly not going to go to *Hansard* and to read *Hansard* in order to find out what the responses have been to some of their questions.

And I think that what we're talking about here in this particular meeting which is called Public Accounts is how can we increase accountability to the public, as far as financial matters are concerned, with their money. So I concur with the recommendation.

**The Chair:** — Thank you.

**Mr. Thomson:** — In respect to Ms. Haverstock's comments, I find them interesting. But the problem . . . or I guess it's not so much a problem. The concern I have is the subjectivity of the information that goes into these reports. And I appreciate reading further on, and I don't want to get us off of .08 here, but I notice that we talk about how we should include information on accumulated deficit, the GDP, personal income, Saskatchewan residents, accumulated deficit as percentage of GD. All of these different pieces already are presented. I already have access to all of that information. The government already provides all that and provides an overview of it.

What concerns me though is how do we deal with the more subjective issues. It's not simply an accounting here that we're all of a sudden starting to drift into. We are starting to take a look at other issues like affordability, vulnerability, flexibility, which I note in point 11 are mentioned. Now even there it says that we should look at issues as to the degree to which government can increase its financial resources to respond to changing economic and financial circumstances.

I have no idea how you could present an argument that would

have any sort of general consensus on that issue. I mean conventional wisdom is one thing, but this is asking for a very subjective set of statements. That would be my concern. I don't have a particular problem with us dealing with public accounting, which is what the public accounts are. Public accounting absolutely must occur. And it should be presented in an easy-to-use fashion.

My concern however is that annual reports, particularly if we're looking at the Crown model, begin to drift into analysis of various programs, their cost efficiency. I don't know how you determine what the cost efficiency is of some of these issues.

For instance, we have legislation before us today concerning reduction of the .08 in alcohol consumption for driving. The assumption is that'll save a certain number of lives. Well there's a cost obviously attached to it in policing. At what point do we end up with us determining well the cost of a life is X?

This is calling for a very cold, hard approach to us taking a look at government policy, and I think we really must resist that. Government is a very fluid and flexible operation and must respond to a variety of different pieces. And I think for us to drift much beyond that is troublesome.

The other point is I do think we need to refocus on what this committee is here for. It is to deal with public accounting, not public accountability. Public accountability is dealt with through the floor of the legislature during question period and estimates. This is a review of public accounting and I think that we should refocus our initiatives to look at that issue.

**Mr. Toth:** — Thank you, Mr. Chairman. Mr. Chairman, I find this a very interesting point as we got into some of the discussion just a little earlier, before Mr. Atkinson started to give his understandings and his overviews.

While I don't understand totally what the auditor, where he's coming to, but I would like and certainly appreciate having any examples of other governments that do offer a report. And maybe that could be made available to the committee so committee members could review those reports.

But as well, I guess a concern I have is the fact that while members may argue that the legislative floor gives you the avenue to really address government spending and where government's going, the realities are we do not have access to the officials as we do in Public Accounts or Crown Corporations now. The responses to questions made by or offered by members of the Assembly are still all controlled by the minister.

So I don't specifically look at the Legislative Assembly as being a real public forum where you can really assess government spending and get real answers to your questions. And in some ways, I would be more than willing to suggest that maybe the Assembly should give even members of departments the opportunity to respond. Sometimes they must fume at the responses the ministers give to a question.

But I don't really have a problem with an annual report where a

government is basically stating where it would like to go, where it perceives that it's heading. And I guess I'm going to have to reserve total judgement until I have an opportunity to review and assess what other governments have done in this annual report and how they perceive this annual report being provided to the Assembly. In a lot of areas, I really don't have a problem with some of the suggestions being brought forward by the auditor.

**The Chair:** — I think, if I may, there are two sample reports that are available, one from the Government of Canada and the other from the Government of Alberta, that I understand. And I wonder, since there are the two copies, if it would be useful if there would be a reproduction of at least some of the highlights of those reports that could be made available to each of the committee members. And perhaps in looking at some actual annual reports — maybe not in its complete form; I don't know what is in them — it would give us an idea of exactly what the auditor has in mind, and that may help us with the philosophical debate.

I think that, from what I'm hearing a bit, is there's . . . I don't sense any reluctance for the information to be made available to the public. The argument seems to be sensing around, is it already available in a reasonably accessible fashion? And I think the argument, as I hear it, is coming forward is that it may be very useful to have a document that would bring it together,

However, people remain unconvinced if that's necessary or not. So perhaps an actual copy or the main points in those reports, maybe if not every single page be reproduced . . .

**Mr. Toth:** — If we just did the English and forgot the French . . .

**The Chair:** — I would leave it to the discretion of Brian and Wayne to pick out the parts that are important.

**Mr. Thomson:** — I'd think we'd need to see the entire report. Just staring over Vi's shoulder, this is a very partisan document produced by the Government of Alberta, and I think we should see that the potential abuses of these reports are. So I would think if you're circulating, it would be interesting to have the entire report in front of us.

**The Chair:** — Okay, now I don't know how . . . do we have access to extra copies of that or is that a very difficult process? It's not difficult? Otherwise I was going to maybe refer us to the library or something. So it's reasonable to have copies of these two samples?

**Ms. Stanger:** — Am I on the speaker's list, Mr. Chairman?

**The Chair:** — Well, I'm also mindful of the time, and I don't think that this debate is going to end today. I think it's going to carry on . . . (inaudible) . . . Yes, and I have the list.

**Ms. Stanger:** — Some people have spoken two or three times, Mr. Chair.

**The Chair:** — All right. I have one housekeeping motion that

we need to deal with, and then I'll allow us to continue as long as the clock allows ... (inaudible interjection) ... There's hopefully time.

And the motion has to do with meeting dates. It's my understanding that ... or at least to my knowledge there hasn't been a complete decision in terms of what the legislative schedule is for next week. However there is some possibility, I understand, that Monday or perhaps Tuesday, both may not be regular sitting days, in which event if either one or both of those dates are adjourned, or whatever the appropriate terminology is, that it creates difficulties for our next meeting. And so I have a motion here:

That notwithstanding the regular meeting time adopted on March 19, 1996, the Standing Committee on Public Accounts shall not meet on April 9, 1996, but shall reconvene on April 16, 1996.

If someone would be willing to move that? Mr. Flavel. Any discussion? Ready for the question? All those in favour? That's carried. I'll go back to my speaker's list then and the next person I have is Mr. Pringle.

**Mr. Pringle:** — Thank you, Mr. Chairman. Well I wouldn't say that you can never improve — you can always improve. But I look at .03 in the report that says the financial statements are reliable and they present fairly the government's financial position and results of operations.

And then .04 says that these statements provide essential information for understanding our province's finances and for assessing resource allocation, alternatives and decisions.

I would combine that with the budget speech which seems to me has, of any government, has a philosophy. It has assumptions. It has key economic, financial social indicators. It has trends. And it obviously is prepared by the government, but it has fairly detailed information and increasingly more detailed information.

I guess I tend to agree with some of my colleagues that we ought not to minimize the usefulness of the floor of the legislature as somehow not ... where you have access to deputy ministers and program managers and so on. And you ... I mean it's hard work in opposition to dig up the facts and to do your research. But I think that the information is there.

I think about last year in Social Services when I was a minister, there's a half a billion dollar budget, a half a billion dollars. And I'm not being critical of the opposition, but the official opposition spent one hour on the analysis, on the critique of that expenditure. The third party wasn't even present during the estimate process, weren't even in the House.

So there's a ... I mean there's a half a billion dollar expenditure in the ... and one hour spent on it. And so there were ample opportunities to discuss, to question the minister on all the expenditures, the program issues, and etc., etc.

So to me, there are forums that exist that aren't even being

accessed now. And the ultimate accountability, I think, occurs on the floor of the House. And if you choose not to show up for that, then that's, I guess, your decision. But I think that this is not really required at this point, or at least I need to be convinced that the annual report is required.

**Mr. Sonntag:** — Well just so ... I think the discussion was good and I've ... If this sounds a bit disjointed, I'm going to make a recommendation and so some of it came about while you were making your speech, and I've made a few amendments as we've been listening here. So excuse me. I think this covers off almost everything that everybody said.

Might I suggest the following then: that the committee recommends that the government consider this recommendation and report next year — and that would allow us to deal with stuff like that — report next year on whether any information would be provided to the public through such a report that is not already provided through the provincial budget or the provincial accounts, and through departmental and Crown corporations' annual reports.

And I think that would cover off almost everything that we've ... almost everything that has been discussed this morning.

**Mr. Aldridge:** — ... it off until next year. I've heard that there's ...

**The Chair:** — Just a minute. You're not in the scheme of things yet. I think this is maybe a very opportune time to adjourn the discussion. For two reasons: we will have a copy of your specific recommendation in *Hansard* which allows us to think about it and then we can continue the discussion at our next meeting.

I think that way ... I don't want to have this be just the end and it's moved and passed and it's all over with. I think we need further discussion on it.

**Ms. Stanger:** — And you will keep your speaker's list from today?

**The Chair:** — You are first up next. Exactly. And I will attempt to do that on the order that I recognize people raising their hands — is the way I'm keeping a list — and I'm trying to keep it as fair as I can that way. So be assured you're first up on the discussion in two weeks.

**Ms. Stanger:** — Thank you very much.

**The Chair:** — You're welcome. This meeting is adjourned.

The committee adjourned at 11:30 a.m.