

The Chair: — Good morning, ladies and gentlemen. We now have enough members present for a quorum so I'd like to bring the meeting to order.

This morning we're dealing with our protocol agenda items no. D, the annual reports of Crown Corporations, and I would ask Mr. Strelieff to introduce these topics.

A Member: — Unless I've missed something I don't think we've concluded C.1 did we in the . . . I don't think there was a recommendation made on behalf of the committee.

The Chair: — There was a discussion and a motion and it was defeated. I guess that's where it ended. Does that mean that we now . . . I'm sorry, if that . . . do we now try to deal further with that? I assume that did deal with it.

Mr. Sonntag: — Yes, well it was a motion that was made. I would . . . it would be my understanding, unless there's other members who are more experienced than myself, that that was a motion that was defeated and is still open for further discussion and a recommendation.

The Chair: — Okay, I accept that. Is there then . . . the suggestion that has been made is that since at our last meeting the last item of business was a motion that was defeated and then the meeting adjourned, Mr. Sonntag is indicating that the committee's wishes may be to continue discussing item C and I will open the floor then to any discussion in regards to item C.

Mr. Sonntag: — It would simply — unless there's some other discussion on it — would be my recommendation that the committee formally reiterate recommendation no. 3, I think it is, in the seventh report and take note of the minister's response.

Might I also suggest, unless there's some other way of dealing with it, that we handle these the same way as we have in the past reports, Greg. I think . . . I'm just looking back at the seventh, I think it was the seventh report. Let me look at the seventh report here just so that I know what I'm talking about.

The Chair: — That's the last one that was received on May 10, '95.

Mr. Sonntag: — Yes. I don't know how to describe it but I can see in the back where we've dealt with previous reports, I think that's the easiest way to deal with it unless somebody has another suggestion about how we deal with that. To me, that seems to me to be the obvious way. It's attached as an appendix to the report so that it's easy to follow. Because I think unless we do it that way it will be difficult to have any order to it at all.

The Chair: — All right, the suggestion is that we deal with the seventh report in a similar fashion to what has been the precedent in the past and that is that the committee addresses the minister's response to this seventh report. And that we then summarize our response in a fashion similar to what you see as an appendix to the seventh report which is the responses from the sixth.

Mr. Sonntag: — I think that's . . . yes, that's correct. You'd referred to the seventh report, I'm thinking that we'd deal with the eighth report as we have with the seventh report, is what I'm actually saying. But I think we're saying the same thing, Mr. Chair. Because the report that we will table to the legislature this session or whenever we do it will be the eighth report, is that not correct?

The Chair: — I understood you to mean though that we should be responding to the minister's response to the seventh report which will be an appendix to the eighth report.

Mr. Sonntag: — Correct. Absolutely. You're getting good at this.

Mr. Putz: — This report will be the first report because we started a new . . .

The Chair: — Oh yes, I'm sorry. You're right. Now that we got the record totally . . .

A Member: — The next report will be the eighth report.

The Chair: — No, it will be the first report because there's a new legislature.

Ms. Stanger: — Oh, I see. This is the seventh report of the last legislature.

The Chair: — Of the twenty-second legislature. So our report will be the first report of the twenty-third legislature which will deal with the minister's response to the seventh report of the twenty-second legislature.

A Member: — Okay, that makes perfect sense now.

Mr. Toth: — When are you doing that?

The Chair: — Just don't ask me to say it again.

Now the question is of timing, of when we should do that. Should we deal with that as a section of agenda on its own? We have attempted to weave it into the protocol agreement in terms of the agenda so that if we're going to deviate from that I need direction from the committee, because our direction had been to follow our agenda protocol.

Mr. Sonntag: — As to when we table this report?

The Chair: — As to when we deal with our responses to the seventh report of the twenty-second legislature.

So do I understand you to say that . . . (inaudible interjection) . . . Okay, because we're on the topic of C. 1, which dealt with the recommendation no. 3 from the seventh report, then we should deal with that issue at this time with item C. Then if further recommendations come up as we go through the agenda, we'll deal with them, and if there are any outstanding at the end of the process, we will then complete any outstanding recommendation . . . (inaudible interjection) . . . Okay.

Then since we are now having the discussion, continuing the discussion, in regard to our schedule item C, included with that discussion we can discuss our response to the minister's response to recommendation 3 of the seventh report, because it's topical.

Is everybody thoroughly enough confused about where we're at . . . (inaudible interjection) . . . You are now?

The point was that before we proceed to item D, we will open the discussion for completing item C which includes our response to the government's reply to the seventh report recommendation no. 3. So that . . . Because these are all on the same topical theme, it's item C.1 There's just one subsection, but C on planning information, and it also relates to recommendation no. 3 from the seventh report of the twenty-second legislature, so we'll deal with that topic area.

And as well the minister's response on the letter dated October 31, on page 3, there is the recommendation no. 3 and the minister's response. So those are all the items of topic if you like for the discussion. So who wishes to address this topic?

Mr. Sonntag: — Well unless there's other discussion, I think we've discussed this fairly thoroughly already. If there's anybody else wants to say anything, feel free. I would just again then formally recommend that the committee recommends that we reiterate recommendation no. 3 of the seventh report and take note of the minister's response. And note the minister's response. Maybe not take note, note the minister's response. I should say, be more formal and say the Finance minister's response probably, probably shouldn't say the minister's.

The Chair: — Okay the suggestion that I hear is that we reiterate the recommendation no. 3 of the seventh report of the twenty-second legislature and that we take note of the Finance minister's response to that recommendation.

Mr. Sonntag: — Yes.

Mr. Toth: — Mr. Chairman, I'm going to have to get a little bit of a clarification since I was tied up in another meeting last week. I didn't make the meeting here. You're talking of . . . presently we're discussing C.1. We're under the planning information. And the recommendation here I believe is . . . and now is this coming from the Provincial Auditor's report? We're talking about the fact that the Legislative Assembly should ask the government to publish multi or government-wide summary of planning information. That's what we're dealing with right now.

The Chair: — Yes.

Mr. Toth: — And I'm trying to figure out where Mr. Sonntag's coming from. He's saying the government's study. The recommendation 3 is . . . the government study of the implications and issues related to the achievement of the goal of a multi-year plan. Whereas the auditor is saying it's not a matter of achieving. It's a matter of the government actually publishing and laying out a government-wide summary plan.

That's what I understand, correct?

The Chair: — And where we ended at the last meeting is that there was a motion brought forward that we recommend these three items, .11, .12, and .13 of the auditor's report.

Mr. Toth: — Well if I . . .

The Chair: — That motion was defeated.

Mr. Toth: — If I understand it correctly though, with the motion that .11, .12, .13, which . . .

A Member: — That was the auditor's report.

Mr. Toth: — The auditor's report. Okay. That has nothing to do with the recommendation 3 out of — get their numbers right — seventh report.

The Chair: — Okay, I'll read the motion that was moved and defeated last week:

Given that the government has now had the opportunity to review recommendation no. 3 in the Public Accounts Committee's seventh report, the committee now recommends that the government publish multi-year, government-wide summary planning information.

That was the motion that was defeated at the end of the meeting last . . .

Mr. Toth: — So basically the committee just called for the status quo.

The Chair: — That's where we left off, and the suggestion was this morning, is because we hadn't made any definitive decision, that's why I agreed that we could allow completion of this discussion, because there is no recommendation. Mr. Sonntag is making the recommendation as you heard now today. So that's where we are.

Mr. Aldridge: — I would just maintain that . . . while as Mr. Toth had made reference to us maintaining status quo, that is in fact what Mr. Sonntag would be proposing here this morning, and I think it should be the objective of this committee to make progress in such matters as this.

And I think that perhaps we were a little bit off track last week. I know when Mr. Pringle was drawing reference on a number of occasions to a summary plan that was devised by the Alberta government as being an example of why we shouldn't have one, where perhaps what we should be looking at instead is drawing on that as a poor example and building perhaps a better model for ourselves here in this province — all parties present — that we should take and establish what would be the correct parameters for a summary plan for this government.

I know a number of members expressed concern about too much detail being in such a summary plan, but I think some of those concerns, some of those fears, were a little bit misplaced in that I do believe the auditor — and the auditor might clarify this for myself as well — but that such a plan that we're talking

about is more of an overview and it doesn't possess the sorts of detail that perhaps some of the members had concerns for. But perhaps if the auditor would mind just clarifying that for us, I'd appreciate it.

Mr. Sonntag: — Just excuse me. Just before we respond, I might be misunderstanding Mr. Aldridge here, but you're dealing with the annual report versus . . .

A Member: — We're not talking about that.

Mr. Sonntag: — We're talking about the multi . . .

Mr. Aldridge: — The summary plan.

A Member: — Yes, we're talking about the multi-year . . .

Ms. Stanger: — We're not talking about the annual report or the Alberta annual report or anything like that.

Mr. Aldridge: — Well Mr. Pringle made reference to a summary plan as well that the Alberta government also publishes, and he did draw reference to that summary plan as being a reason why we shouldn't have one here in this province.

Mr. Strelieff: — Chair, members, Mr. Aldridge, what I am proposing is a summary plan that would be at an aggregated basis, that would be perhaps 20 to 30 pages that would set out the plans of the government for the next year, and three or four years after that. And that would show the plans of all government organizations in a summary way, and also provide some of the key financial and economic targets and indicators that the government of the day thinks are important and where they are planning to move those targets. So the plan would be a summary one. And that's the proposal.

Mr. Toth: — Okay. Thank you, Mr. Chairman. I think, and I'm just going to raise this in view of the report just released yesterday by the auditor, that it certainly is imperative that governments come to realize that it would be . . . the taxpayers of the province of Saskatchewan need to see the total picture. And the auditor I think again pointed that out yesterday when he released his report — the fact that the public pension plans, the unfunded pension plans, are a liability.

I think when we were looking at his recommendation from the fall of '94, the government . . . Legislative Assembly should ask the government to publish multi-year, government-wide, summary planning information. And I think what the auditor is saying here, and you can correct me if I'm wrong, he's looking for a statement, and I think he just mentioned that, in a 20-or 30-page document that lays out the total expenditures, the total disclosures of government spending, in a summary that the public can understand.

And I don't have a problem with that. And I'm not exactly sure why government members would have a problem with a summary statement that lays out the total expenditures and the financial plans of the government. And then at the same time going beyond and laying out what would be a four-year plan.

We can talk about the minister's four-year plan in the budget document, but the realities are that basically sticks to the General Revenue Fund; it has nothing to do with the total expenditures. So I don't have a problem; in fact I agree with it.

I think it's time we had some kind of a summary statement that laid out the total involvement of government in our lives so the public can follow up with it. And I have a hard time understanding why government members would be opposed to that broad disclosure in a summary statement that the public could follow, that even I as a legislator could follow.

And I think it would be appropriate that this committee would make that recommendation and follow up with the suggestions that the auditor is making. After all, isn't it the auditor's job to try and make the *Public Accounts* a little more easy to understand, and his recommendations to government asking government to make it easier for the public to understand. And that's I guess a concern I have and the issue I would raise.

The Chair: — Thank you, Mr. Toth. I would like to . . . and I'm not a trained parliamentarian here, but I think it's important that since we have a motion that was actually defeated, we do not re-debate a motion that was debated and defeated.

I think there's two ways for us to go in this. And because the motion was worded in the way it was, it tied together somewhat of the response from the recommendation and some of the Provincial Auditor's recommendation. We can go . . . I think it would be fair to say, if we want to come up with our own recommendation, that we can arrive at a consensus at here, that that is a fair matter for debate. And it can have components of these other things in it, but I think it's appropriate that we don't re-debate a motion that's been on the floor specifically.

Mr. Toth: — So what are you . . . What you're saying, Mr. Chairman, is then . . . I'm trying to understand where Mr. Sonntag is coming from.

The Chair: — Mr. Sonntag is saying is . . . or recommendation I would call it, since I don't have a motion before me, or suggestion I guess is the appropriate word, is on the floor which virtually continues the status quo. Now we can debate that because I think that's appropriate, and if you take exception to that position, then that's fair — or are supportive of it.

And I also think that we also can make recommendations that may be of our own design. For example, we may want to specifically say that we would ask the government to issue a report that includes specific items in it.

Ms. Stanger: — Yes. Just before we leave this, I'd just like to clear something up that I had investigated last time. If you remember, Mr. Strelieff had said to us:

Mr. Chair, and Ms. Stanger, the major utilities in every other province . . . through rate-regulated bodies, publish, make public multi-year business and financial plans in a detailed way.

I have some information that says Bell Canada does not make

public its business plans or publish its budget before the year is over. I also have information that business plans are management tools and not external reporting tools. The Canadian Institute of Chartered Accountants exempts profit-orientated enterprises from the special disclosure rules that other levels of government are required to adopt. These rules are covered in the Public Sector Accounting and Auditing Committee recommendations of the CICA (Canadian Institute of Chartered Accountants).

And to the best of my knowledge, few of any other utilities provide detailed business plans for public disclosure. The public utility review commission of other jurisdictions require generally only regulatory filings which consist of a forecast of revenues. Expenses and capital expenditures for the one year, in some case two years, uses the basis for determining a rate adjustment. No strategies with regard to customers, employees, and markets, competitors, etc. or long-term plans are disclosed as part of a utility regulatory filing or hearing.

And this was my concern, and this is the information that I've been able to find. I just thought I'd give you the information that I have got.

Mr. Strelieff: — Mr. Chair, and, members, would you like me to provide you at a future date the type of information that is provided to public utility boards in other jurisdictions to give you a sense of the detail and whether the information that you have is consistent with what the practices are?

Ms. Stanger: — Any information that I can have only improves my knowledge.

Mr. Strelieff: — Okay. So, I'll undertake to do that, to provide you information that is publicly available by other utilities in Canada.

Ms. Stanger: — Yes, that would be great. Okay. Thank you.

The Chair: — We have the suggestion on the floor made by Mr. Sonntag. Is there any further discussion on it? Otherwise, if I don't get a clear agreement that this is a recommendation of this body, then it will for ever sit as a suggestion.

Mr. Sonntag: — Again, just to clarify here. I'm just going on the way that it was done here with this committee in the past and it doesn't . . . Maybe I should be closer here. And we don't have to follow the same format, but I'm making it as a recommendation. If there's not general consensus, then I guess it has to go to a motion. But for now I'll make it as a recommendation of the committee. And then, just ask whether there's disagreement.

The Chair: — We have a recommendation or a suggestion for a recommendation — if we have consensus by the committee that this recommendation is acceptable to the committee, then it will be reported as a recommendation.

If there is no consensus, then the choice of the person making the recommendation is to move it to a motion, at which time there would be a vote which would decide if the

recommendation is followed or not.

Mr. Toth: — I would just like to add that I think it may as well go to a motion because I don't know if there's consensus around the table in regard to that. It seems to me that the recommendation is just following the status quo and we have it moved. If we're going to follow the status quo, I don't even know why we need a recommendation; just move on and get on with life.

So if Mr. Sonntag wants to move a motion and then we can vote on it.

Mr. Sonntag: — So moved.

The Chair: — I have a motion by Mr. Sonntag that reads as follows:

The committee reiterates recommendation no. 3 of the seventh report of the twenty-second legislature and takes note of the Finance minister's response.

Is there any discussion on the motion?

A Member: — Question.

The Chair: — The question's been asked for. All those in favour? Opposed? Carried.

Mr. Toth: — On division.

The Chair: — Noted.

Mr. Sonntag: — Just going back a little bit. If Mr. Auditor is going to get some of the stuff, might I suggest that he try and get some private sector business plans as well.

Mr. Strelieff: — Rate reviews involve Crown corporation utilities as well as the private sector . . .

Ms. Stanger: — And private sector ones.

Ms. Ferguson: — I think like TransAlta gas.

Mr. Strelieff: — They're the same. They're subject to the same utility review.

Ms. Stanger: — Yes, that is the point. You know, we'd like to see what they have to disclose, you know.

The Chair: — I'll note that if information like this will be provided, it'll be provided to all committee members, so that there'll be copies to everyone.

Mr. Aldridge: — Thank you, Mr. Chair. And also I noted that members opposite are encouraging the auditor to provide some more information, and that I see as a good opportunity to become a little bit more familiar with the issues here. But could it also perhaps be that we recommend that the government, after studying the matter further, at least when they report, that they make some specific comment as to what impact on governance

that they feel this would have, that would prevent them from proceeding with a plan, just to . . . I think it would be appropriate that they could at least make some comment on what impact they feel it would have.

The Chair: — I think that that's appropriate to be noted in *Hansard*. And also by my interpretation would be, is, if this committee is recommending that the government, re-recommending that the government look at this seriously, I would think implied in that is that just the same response is not necessarily what we're looking for; that we're looking for something more than that. Because we note the response as is; we note the recommendation; surely now we're looking for something, implied in that, a little further

Mr. Thomson: — I think the committee needs to be cautious not to read more into the motion than what is intended. I think the motion speaks for itself and should be accepted as such.

The Chair: — Is there any further discussion on item C on our agenda? If not, we will move forward to item D as the general category. And we'll ask Mr. Strelieff and his staff to introduce the topic.

Mr. Strelieff: — Chair, members, agenda item D.1 relates to the annual reports of Crown agencies. Several years ago, MLAs (Member of the Legislative Assembly) expressed a lot of concern with the quality of information in the annual reports of government departments, agencies, corporations. So we decided to have a look at what information MLAs and the public expect to see in annual reports to help them assess the performance of government departments, Crown agencies, and corporations.

The first part of our study focused on the annual reports of government departments. We provided the results of that study in a previous annual report and the Public Accounts Committee of the day debated it. They supported our recommendations and I think practices have improved in the quality of the information in annual reports of government departments.

The second phase of our examination was examining the annual reports of Crown agencies and corporations. And that's the subject of today's meeting, and it relates to chapter 4 of the 1994 fall report.

With me today is Judy Ferguson. Judy was here last week, discussing the need for a complete summary plan. She also is the one in our office that led our project on annual reports of Crown agencies. So Judy is going to lead you through chapter 4.

Ms. Ferguson: — I'm actually going to stand up and walk around today. I find it hard to speak and sit at the same time. Thank you, Wayne. Thank you, Chair, members.

A Member: — As long as you stay near a mike.

Ms. Ferguson: — Yes. I'll do that. As Wayne indicated, what I want to talk today about is annual reports, focusing on annual reports of Crown agencies. Earlier reports to the Assembly reported on the results of annual reports of government

departments. And you'll notice in the report that we tabled yesterday, in chapter 7 of that report, we actually have a follow-up to the work that was done here.

So what I'm going to do is just sort of intermingle the results of the follow-up with my presentation today. You'll find that chapter 7 of the spring report doesn't contain any recommendations, so in essence you'll be able to deal with one chapter without worrying about it too greatly.

Mr. Sonntag: — I think you're being presumptuous in noting that we've already made notes about chapter 7. I'll speak for myself.

Ms. Ferguson: — It's a follow-up, it's a follow-up here.

I note that this committee has made recommendations in the past about annual reports, and they've actually been very supportive and recognize that annual reports are key accountability documents. The government's actions have actually done the same. They've issued guidelines with respect to annual reports for government departments and they've encouraged the use of those guidelines for Treasury Board Crowns.

Today chapter 4 focuses on annual reports of Crown agencies. We've left out a group of Crown agencies when we did this work and that group was the agencies that related to the health districts. At the time that we were doing this work was the time that The Health Districts Act was being introduced and we recognized that there was a number of organizations, Crown agencies, that were going to be impacted by those changes. So what we did is we excluded them from our work. And you'll find that, again in our spring report, we report on that sector, which is the health district sector. So there is some further work done on that area.

Basically what we did is, in our annual reports work, we came up with three criteria. And the overall objective was to see whether or not the annual reports of Crown agencies contained information so that members of the Assembly, such as yourself, could assess the performance of that organization.

We had three general criteria. The first one was that the laws and policies that provide guidance to the preparers of the report, and also to members that were responsible for providing that report to the public, on the purpose of the report, the forum, the content and timing. We were looking for very general guidance, not prescriptive guidance, at that level — very general so that people knew why they were preparing an annual report, which is the purpose.

The forum is timing — is it once a year; do they expect interim reports, etc., is what we were looking for. Content, which is in essence what the guidelines for the department is setting out, which is what is the key things that should be in annual reports. And timing, when should an annual report be prepared and when should it be made public?

What we found is that with respect to the laws and policies, in most cases there is adequate law with respect to requiring

organizations to prepare annual reports. There's a little bit of variance though. We recognize for our pension plans there is no requirement for them to have a public annual report, so we noted that.

There's also some other organizations that have been created under things such as The Business Corporations Act or through an order in council that do not have requirements for annual reports. So there's a lot of Crown agencies. There's about 110 Crown agencies. The CIC (Crown Investments Corporation of Saskatchewan) Crowns are covered off with the exception of their subsidiaries — don't require annual reports if they're created under the business corp Act.

For the Treasury Board side, most of them have requirements for providing annual reports, with some exceptions, like SPI Marketing Group doesn't require an annual report, and the pension plans don't require annual reports.

Another problem that we noted with the laws and the policy is that for annual reports of Crown agencies outside of the CIC group, there was good timing and requirements as to when they were supposed to prepare the annual report and submit it to their minister. But we found that they are . . . it often resulted in a lag as to when that report became public. And the reason being is that, under The Tabling of Documents Act, those organizations have to submit the report to the minister within 90 days, and then the minister is responsible to table that report in the Assembly within 15 sitting days if the House is in session.

Now the problem arises when the House isn't in session within that 90 to — what? — 105 days after March 31 or after December 31. And the problems were really mainly focused on organizations with a March year end. And you'll find . . . such as this spring where a flood of reports that relate to last year are finally becoming public, so there's a hang up there. That problem doesn't occur for the Crown Investments Corporation and their main subsidiaries in that, as with *Public Accounts*, the law does provide for a public release of that report and a protocol as to how that report is released.

So there's a problem area with respect to Treasury Board Crowns primarily with the March year ends, so that the reports are coming out 11 months after their year end. And that makes information less relevant and less timely and decreases and diminishes the report as an accountability document. It also, I think, at times has created a bit of inefficiencies in the government where some organizations actually prepare a second document that isn't an annual report but contains similar information so that they can get that information out publicly. Okay, so we've got some inefficiencies happening here.

Our second criteria is that annual reports should contain useful information on a timely basis. When we develop this criteria, we looked to a lot of work that was done in other organizations. Ms. Stanger, hon. member, mentioned the CICA. They did a study on what information should be contained in annual reports and you'll find that our criteria mirrors quite closely with that.

We also looked at the guidance that was put out by security commissions on management discussion and analysis. The federal government has guidelines for federal government Crown corporations on information for annual reports, and there has been a number of studies being done elsewhere. And what we did is we used that information to develop the criteria for what should . . . what would be, constitute, useful and timely information.

Using the format set out by the CICA, because it was just very basic questions — there's four basic questions — they suggested an annual report should tell the reader what the agency is about. What is its mandate; what's the purpose of that organization; what are its main, broad goals and objectives? Okay? So describe to the reader what their organization is about.

Next one: what has the organization done? So basically what it's looking for there is what programs or activities is the organization using to achieve those goals and objectives. Okay?

The third one is where the organization is now. Simply put, that is, that's the reality check. What's the current state; what has it achieved to date against its goals and its targets, both in a financial perspective and an operational perspective on the twofold.

So that's where your financial statements come into play and really the information that's contained in what most organizations would call their management discussion analysis.

And the last piece is on a broad basis — where does the organization . . . what does the organization plan to do? And what you're looking for, what we look for in there, is were they planning for any major shifts in their organization. Were their goals or objectives changing on a broad basis? Were there programs that they were going to be implementing or programs perhaps they were going to be adjusting?

So what we did is we reviewed a sample of annual reports and looked for information under those categories. And generally what we found is that most organizations did a pretty good job of explaining to the readers what they were all about. You could get really quite a good handle as to what business the organization was in, how they were structured, what its main lines and thrusts were.

For what the organization has done, again what we found is that they would describe their activities and their programs, but what wasn't quite as clear is what were the goals and the objectives that they were trying to achieve through that program. Generally it was more sort of an activity listing without sort of an idea of, well, were you on the mark or were you off the mark. It was hard to really determine that, is what we were finding, both on a financial perspective and an operational perspective.

Keep in mind here we have organizations that, for the most part, are running on a non-profit basis, so you're not sure if their objective is really at times to break even or to turn a profit, or what. You're not quite sure. You can't make the assumption

when you're reading at times. Where the organization is now, I've sort of blended into that already. Again, it was hard to determine how successful they are because of the, really, the vagueness in which some of the objectives were articulated. Often they were articulated in very broad terms and not measurable terms. Okay.

And for the organization's plans to do, we found that varied quite a bit. Some organizations were quite good in setting out their general directions or thrusts, whereas the next organization provided very limited information in that area. So it's a bit variable.

We were very pleased to note that when we looked at the guidance put out by Finance that they actually suggested, for where the organization is now, to provide a comparison between actual and budget. And we also note that the financial statements of a lot of the Treasury Board Crowns are providing that information. And as a reader, that helped a lot. So that was very positive and we encourage others to move forward and look at that, to help the reader assess where we are now.

On our third criteria, with respect to the referral — annual reports being referred to a standing committee — what we found is that the annual reports of the Crown corporations are referred automatically to the Standing Committee on Crown Corporations. And we found in practice that committee generally looks at about 20 annual reports from 20 corporations.

So there is a large number of Crown agencies where their reports aren't reviewed on a methodical basis at all. What we were looking for when we were asking, when we were looking in this area, was to ensure that the preparers knew who was going to be using their information and sort of in what manner.

And also, it sort of is a closure of that accountability — the users are preparing that information and it's somebody looking at it to make sure and doing the monitoring of the performance from a government vantage point, a government point of view.

So in that case, the Crown corporations, the CIC Crowns, are reviewed by the Standing Committee on Crown Corporations, and then their focus tends to be the ones that are revenue-generating organizations, such as the ones affiliated with . . .

So that's basically where we were at with respect to results. We made three recommendations and they're on page 38 of the report. And I just want to quickly go through them.

The first one is that we actually . . . we proposed that the government propose changes to the law to ensure there's a more timely release, timely public release, of the annual reports of all Crown agencies. And the reason for that is to try to make sure that the information that the members obtain, and also the public obtains, is current, relevant information.

I think we heard, I don't know how many times, that it is a very frustrating experience for the preparers to meet their deadline of 90 days and then have the report sit there for a number of

months.

I'm sure if you asked the officials from Finance and the officials from Justice, they've probably received a great number of requests from agencies asking if there was a way to get the report out. And right now I think you'll find most of them, or all of them that I'm aware of, respect the legislation as it currently is.

So I'd encourage the government to look at The Tabling of Documents Act and to see if there is any means that we can get the information out on a more timely basis.

On the second one, is that we recommend the government should develop and issue annual report guidelines. And then we go on to sort of reiterate the purpose of those guidelines. And in summary, we want the guidelines to make sure that the annual reports remain useful accountability documents. The guidelines should ensure annual reports describe what the agency is all about, what the agency has done, where they're now, and what they plan to do.

And we feel that by having guidelines in place it just helps preparers of annual reports be a bit more focused and understand what their role is for preparing annual reports. It helps them balance that need along with the need to create a public relations document and have a historical record for the organization and obtain that proper balance.

And the last recommendation is the one that I just discussed, that the Assembly should refer annual reports of Crown agencies to a standing committee of the Assembly to help legislatures review the performance of the Crown agencies.

And that completes my presentation.

The Chair: — Thank you. Before I open the floor for discussion, I would like to refer members to related topics. There's sort of two things that I think need to be mentioned in terms of . . . and they come out of the seventh report of the twenty-second legislature in two parts.

Firstly, in the sixth report, the committee asked for, under paragraph 38 on appendix page 3, "Release of Annual Reports when the Assembly is not sitting." And the comments there are, and I quote:

The Committee noted that the government is considering the recommendation that annual reports be released through the Office of the Clerk when the Assembly is not sitting. The Committee again encouraged the Minister responsible to act on the recommendation.

I also note what the committee's feelings were in the seventh report. It's under chapter 7, and I quote, chapter 7, page 5:

. . . With respect to the question whether annual reports should be referred to the Standing Committee on Public Accounts, your Committee notes that annual reports of government departments and Crown agencies are important accountability documents and, thus, the

Committee and members may use and refer to those reports in its review of public accounts and the report of the Provincial Auditor. It is not the Committee's intention that annual reports should be the subject of a formal review, as is the case for reports referred to the Standing Committee on Crown Corporations.

So I just reference those two — what I think are relevant, previous discussions — and I now open the floor for discussion.

Mr. Kraus: — Just on that last point, Mr. Chair, we were looking at the recommendations of the auditor and looking at the deliberations of the standing committee on this third item. I also looked . . . I think the committee, previous committee, discussed this at one of the . . . in a meeting in October, 1994 and that's how they ended up with this recommendation. And I think they felt that it was resolved from their perspective; that they, again, they didn't want the annual reports referred formally to the committee because then the committee might feel it that was obligated to write a response back on each report.

But it definitely thought it would be a good idea if they used the annual reports to refer to when they're questioning officials from various departments. But we thought at the time that that issue had been resolved.

I also just want, if I could, I just wanted on one of the other issues . . . because, I think, I think as far as issuing guidelines for annual reports as to what should be contained in annual reports, the government, as was indicated by Judy, has already dealt with that issue and I think it's just a matter of time now, over some period of time, we would hope that the information in the annual reports would improve slowly but surely.

But there is this other issue about providing annual reports when the House isn't in session, and I just wanted to point out the government has considered that issue but they have not yet forwarded legislation to that effect because they would have to table the . . . or rather amend The Tabling of Documents Act in order to permit the provision of these annual reports through the Clerk, and that legislation has not yet been forwarded to the legislature.

The Chair: — Thank you, Mr. Kraus.

Mr. Koenker: — Yes, with respect to recommendation D.3, I really concur with what Mr. Kraus just said. I think that, Mr. Chair, what you refer to in our seventh report, chapter 7 on page 5, that we really did deal with this last time around. I'm surprised to see that it's back again.

And so with respect to a disposition of D.3 at least, having been party to the discussion of that very recommendation back on October 26, 1994, I would simply indicate that we reiterate what we included in our seventh report, and we regard this matter as being dispensed with. That's speaking very directly to the recommendation D.3.

The Chair: — Okay, should we deal with them in order or deal

with all the . . . (inaudible) . . . D.3 is where you're referring . . . and I'm open to any suggestion that way. If you want to deal with D.3, it's not of great significance that we necessarily deal with it in order. But I want us to stay in the topic of, you know, the topic.

Mr. Koenker: — Let's stay with D.3 since Mr. Kraus started there and we're there.

The Chair: — Mr. Koenker has suggested that we reiterate the position that was taken by the committee, as outlined in the seventh report. Is there further discussion, or is there consensus on that?

Mr. Thomson: — I just wanted to pick up on a point that was raised in the presentation. As I understand, all Crown agency annual reports are already referred to a standing committee of the legislature. Is that correct?

Ms. Ferguson: — Pardon?

Mr. Thomson: — All Crown corporation annual reports are already referred to a standing committee of the legislature.

Ms. Ferguson: — Yes, they are for Crown corporations. What's interesting is that the term "Crown corporation" as you, I think, if you go through the *Hansard* of Crown Corporation, the Standing Committee on Crown Corporations, is that they struggle with what is a Crown corporation. There is no real definition of that. And so what they in essence, I think, have come up with a working definition for that committee and a protocol to select which ones fall within their purview.

So the question I guess is that whether or not various boards, commissions, and other organizations fall within that definition. I think if you look to the Crown corporation, I think they've, for the most part, have excluded them so . . .

Mr. Thomson: — But the annual reports are in fact referred to that committee.

Ms. Ferguson: — As they define them, yes.

Mr. Thomson: — So in fact, D.3 then is already to a certain extent . . . apart from what Mr. Koenker is saying in that this committee has already dealt with that. But in fact the practice is already in place.

Ms. Ferguson: — Yes. And we acknowledge that in our findings that the Crown Corporation Committee, Standing Committee on Crown Corporations, does in fact review about 20 organizations.

Mr. Thomson: — Well given what Mr. Koenker said then and the fact that this is already referred, I see no reason to belabour the point.

Mr. Aldridge: — Thank you, Mr. Chair. I wonder if perhaps the auditor might be able to answer this for us. But I'm just curious how many Crown agencies, entities might you be referring to who at this time do not table such an annual report

to the Assembly? Would you have a some record of that?

Mr. Strelloff: — Mr. Chair, and, Mr. Aldridge, members, there are about . . . in our most recent report that was tabled yesterday, we say that the MLAs and the public continue not to receive annual reports from more than 20 Crown agencies. And those agencies include such organizations as SPI (Saskatchewan Pork International) Marketing Group, SaskTel International Inc., and SaskPen Properties Limited. Most of these agencies are created by government officials under The Business Corporation Act, and the laws do not require these agencies to provide MLAs or the public an annual report.

So there's about . . . somewhat more than 20 Crown agencies that do not now provide an annual report to the legislature.

Mr. Aldridge: — Mr. Chairman, further on this topic, and again I might ask the Provincial Auditor here for some assistance here. How many of those over 20 Crown entities would actually file an annual report, at least to the Crown that they are under supervision of? Like how can we, as a committee, be assured that indeed these 20-some odd agencies are at least filing an annual report to the Crowns?

Ms. Ferguson: — We find that some of the organizations are subsidiaries of another organization. They don't file an annual report with their parent company; rather they would file a set of financial statements only with their parent company.

Mr. Aldridge: — So then there is at least some information being transferred through to the Crowns. Is it a satisfactory amount of information that would be flowing through to the ultimate Crown responsible for some of these agencies?

Ms. Ferguson: — Consolidated financial information is certainly forwarded, and I think the level of information with respect to the individual organization would vary, you know, between organizations, depending how they structure their annual reports.

Mr. Strelloff: — Also, where SaskTel, for example, has a number of subsidiaries, they do have SaskTel's management group, and SaskTel's board of directors certainly have access to detailed information about those corporations, those subsidiary corporations.

Mr. Aldridge: — Mr. Chair, then, I would maintain that some of these entities we're referring to here are engaging in activities that are significant enough, certainly in terms of both risk and dollars invested or contemplated to be invested, that it might be more appropriate that they are in fact tabling more substantial information and perhaps an annual report of their own to the Assembly.

I use as an example in the case of SaskTel International where they had the LCL Cable company in Britain. Well there were reports in the British media — this was prior to the election last year — where they were contemplating putting in a bid to purchase what was in effect a British Crown corporation at that time — British Rail . . . Telecom and the purported price was something which would have approached . . . like a half a

billion dollars in total, I believe, if you converted it from British pounds to Canadian dollars.

And an investment to be contemplated that is that significant, I would think, would warrant a little bit more information than just a footnote in a SaskTel's annual report tabled to the Assembly, which in some instances may be all that we would end up obtaining with respect to those sorts of activities. But I would just like to hear some further discussion from the members opposite and if the auditors may wish to comment as well.

The Chair: — I guess I'm informed. And I understand that, for example, the kind of detailed information that you're alluding to would be the kind of information that the Standing Committee on Crown Corporations could probe into. And perhaps some of you are on those committees and could make sure that I'm on the right track.

But I believe that these questions are appropriate to be asked so that when the review of SaskTel was conducted by that committee that those detailed questions and detailed information could be requested. I'm not sure what the obligation is to provide it, so I believe it can be asked.

Mr. Koenker: — I think the germane point here is that, given recommendation D.3, the Crown Corporations Committee receives the reports of these Crowns, okay. And whether or not they're wholly owned subsidiaries have . . . Whatever kind of statements they submit to the parent Crown, that's in the ambit of the Crown Corporations Committee, as you've said, Mr. Chair.

And so I think, in terms of this recommendation, that we need a standing committee of the Assembly to help review these. I think we've got the vehicle for that review in place. That's been noted in the seventh report. And again I say I think that the provision . . . there's no question but that the review takes place, if it's going to take place, in Crown Corporations. So I'd like to see us move on.

Mr. Toth: — Yes, I was just going to mention the fact that Crown Corporations Committee does have . . . and the auditor does come and make some opening remarks regarding each Crown and brings forward recommendations. And I would hope that the auditor, especially if there are agencies involved with the Crown, would take the time to bring forward and make sure all members of the Crown Corporations Committee are aware of the different agencies, whether it's SaskTel or SaskPower or any other Crown that's involved before the committee, that you would bring these forward.

But it seems to me, with the number of Crown corporations that we specifically, having been on the committee, looked at, in a lot of cases, we devote our time to the major Crowns where there's substantial public monies involved. And I don't think we've got or really moved or made an effort to look at the total Crown agencies. And with the list that we have in front of us, it's so endless. The committee would be forced to sit on a number of days, and it just belabours the point.

And so I guess we need to find a more simple format that lays out this information. And I think maybe one of the reasons the auditor is pointing that out here is because the auditor has more access to the Public Accounts Committee than he does to the Crown Corporations Committee, and that's opening up. But his involvement in Public Accounts, from my experience, has been greater access and greater ability to question the auditor in Public Accounts than we have had in Crown Corporations Committee, and that's why I think some of these recommendations are coming forward.

But do you need maybe to give the Crown Corporations Committee the ability to and the auditor the ability to have more of an opportunity to meet with and discuss some of the points that . . . the shortfalls he is seeing and recommending here. Make sure it's available to the committee that addresses Crown corporations expenditures in this province.

The Chair: — Thank you. I don't want to belabour this at all, but I do believe that Crown Corporations Committee, both through their mandate and through rules of the Assembly, which I can quote to you briefly, has the authority to choose to investigate these issues.

And I'm not sure that we should be imposing it from our side. I will just refer to rule 100(1):

The Standing Committee on Crown Corporations is empowered to review the annual reports and financial statements of the various Crown corporations and related agencies, as received; and the said Committee is authorized to question the operations of the Crown corporations and related agencies for periods outside the year under review.

And 100(2):

All reports and financial statements provided to the Assembly by the various Crown corporations and related agencies stand permanently referred to the Standing Committee on Crown Corporations.

So I just . . .

Mr. Toth: — Yes, and that's what I've been saying. But the unfortunate part is when you look at the number of agencies, the number of Crowns, so many are small subsidiaries that you're not really aware of what's going on. If you're not getting the reports and if they're not really been laid out, then how is a member supposed to keep up and find out what's going on?

I think that's why the auditor needs to have that, if you will. Maybe not here in this format, but maybe the auditor needs to have the same ability to raise these same questions with the Crown Corporations Committee to bring forward all of the . . . make sure the committee is aware of all the reports so that they're following up.

Well for a good example, just the last meeting of Crown Corporations Committee back in the spring of 1995; in a lot of ways many of the government members were saying we don't

have to deviate from the major expenditure Crowns. Why would we waste our times on these small subsidiaries?

If I hear the auditor mentioning to us right now, some of these small subsidiaries or agencies actually play a major role. They may seem insignificant, but there's public monies involved and decisions being made. And whether that's for this committee . . . I realize the Crown committee has access but just as I reiterate again . . . that the auditor doesn't have the same access in a Crown Corporations Committee as he does here at the Public Accounts Committee, other than he'll give his report, his recommendations.

And I think maybe he should take the time, when he's making his recommendations or reporting to the Crowns before they get into the discussion of a specific Crown, of broadening their report to include all agencies that may be subsidiaries. And then maybe Crown Corporations Committee has to invite the auditor in to give them an overview, an overall view, of all the Crown agencies so they are more aware of the expenditures in all the agencies, their dealings with government, so that the committee members then know how far they should expand their review.

The Chair: — A few comments and then we'll break for coffee and hopefully move on . . . (inaudible interjection) . . . I'm sorry?

Mr. Koenker: — I was on the speaking list I believe. Before we break for coffee, I'd like to try to dispense with item D.3 if we could.

I mean this is part of the problem, I think, is we've had . . . here we have a recommendation before us in item D.3 that was dealt with in our seventh report. And again we . . . I mean it seems to me to be quite clear. I accept what Mr. Toth has to say about the need for the review of these, some of these minor Crowns, but we find it impossible to deal with the items in front of us.

And that's my concern — that we begin to focus on our responsibilities and not live everyone else's life under the sun. Could we please deal with item D.3 before we take a break?

The Chair: — Is that your comment? The question and suggestion has been made. Is there some short comment that you'd like to make in regard to this, or I think we've ploughed the ground pretty thoroughly. And I think the point is well taken. I mean we're going over and over and over, and I'm sort of reluctant to sort of stifle open and fair debate, but I also take . . .

Mr. Strelloff: — I'm okay on this.

The Chair: — Okay. Then the Provincial Auditor's indicated he is all right. Is there any further discussion? If not, is there a consensus that item D.3 has been dealt with as in the past reports?

Mr. Koenker: — Referring specifically to chapter 7 of the seventh report, pages 5 and 6.

The Chair: — Yes, referring it to those specific topics out of

the seventh report. Is that agreed? Agreed.

Now it's coffee break.

The committee recessed for a period of time.

The Chair: — We will now proceed to item D.1 on the agenda, and that recommendation of the auditor is:

The Government should propose changes to the law to ensure timely . . . release of annual reports of all Crown agencies.

Mr. Kraus I believed indicated that the limiting factor in this regard is the way that the current legislation in regard to the tabling of documents is worded, which is The Tabling of Documents Act. And if we would want to deal with this issue in terms of asking for the agencies of government to release their reports in a more timely manner, we would have to recommend that this particular Act be changed to make that possible. Is that . . .

Mr. Koenker: — I'd like to, I guess, recommend that the government amend The Tabling of Documents Act to allow for tabling through the Clerk if the Assembly is not sitting.

The Chair: — The recommendation by Mr. Koenker that this committee recommend that the government amend The Tabling of Documents Act so that documents could be tabled through the Clerk intersessionally. Is there a discussion on that recommendation? If not, are we agreed with that recommendation?

A Member: — Agreed.

The Chair: — When the Assembly is not sitting that that would be so.

Item D.2, the recommendation as stated. Is there discussion or an agreement to deal with item . . . or recommendation .12?

Ms. Ferguson: — As Gerry indicated, since we wrote this recommendation, there is now guidelines in place for departments and Treasury Board Crowns. So the only sector that doesn't have guidelines at this point is the CIC Crowns. So when you consider the recommendation, consider the current state and the follow-ups in the spring report.

The Chair: — Mr. Kraus, is there any process under way where the CIC Crowns are moving in this direction, or can you update us?

Mr. Kraus: — I'm not aware of that, Mr. Chair. We don't deal with them directly on issues like this. They have their own administrative processes. I mean, there can be situations where I know that they're working on something like this, but in this case I'm not aware of where they stand on it. Although I know they are fairly active with the various Crowns and so on, as I know the auditor is aware of that. But I'm just not sure whether they are issuing guidelines.

Mr. Koenker: — We simply need to acknowledge the progress that has been made and we concur with the recommendation with respect to CIC Crowns.

The Chair: — The recommendation made by Mr. Koenker. Is there any further discussion on that recommendation? If not, are you in agreement? Carried.

Mr. Koenker: — Where are we now?

The Chair: — We're moving to item E, and I'm just waiting so that Mr. Strelloff can introduce his topic and we will move forward at least as far as we can until 11:30. So for the record, we are moving forward to section E — Financial Management Review Commission, and I'll ask the Provincial Auditor to introduce his topic.

Mr. Strelloff: — Thank you very much. This pertains to our 1995 spring report, chapter 3 of our spring report, where we provide a status review of the progress in implementing the recommendations of the Financial Management Review Commission. In the 1995 spring report, we also provide an appendix — the appendix VII — which sets out each of the 42 recommendations of the Financial Management Review Commission, which has been called the Gass Commission, and the status of each of those recommendations.

As you might remember, I was asked to serve as a special adviser to this commission and I did. And the chapter 3 provides an overview of some of the progress that has been made and some of the issues that are still outstanding. With me is Fred Wendel, the assistant provincial auditor, who is going to lead you through the chapter 3, our recommendations, and some of the background for our chapter. Correct?

Mr. Wendel: — Yes, Mr. Chair, first some background on this chapter. In November 1991, the government established a commission to inquire into the financial activities of the Government of Saskatchewan. That time there was considerable public concern about the following matters.

The first one was the public wanted to know the financial position of the overall government, including its Crown corporations. At that time the government did not produce financial statements that showed the financial position of the government as a whole. The financial statements focused mainly on the General Revenue Fund.

Second major area of concern was the public accountability of Crown corporations. Many Crown corporations didn't give their financial statements to the Assembly. Crown corporations didn't give the Assembly information on the persons who received money from them, and the Assembly did not have sufficient control over activities carried out in Crown corporations.

The third major area of concern, the public wanted information on the government's significant investments and commitments such as NewGrade, Saskferco, and Bi-Provincial, to help in understanding and assessing them.

The commission made 42 recommendations. The underlying principle for the recommendations was building public confidence in government. The commission felt the best way to do this was to change laws and government practices, so the government reports directly and fully its financial position, prepares the annual estimates for the government as a whole, is properly accountable for its activities carried out in Crown corporations so the Assembly can exercise more control over those activities, enables the public and legislators to participate in a meaningful way in the decision-making process.

The purpose of chapter 3 of our '95 spring report is to provide status report on the government's actions on the commission's recommendations up to March 24, 1995. We don't intend to report separately on the government's activities or actions on the commission's recommendations in future reports to the Assembly.

Therefore we make two recommendations in this chapter. We make those recommendations for the following reasons. The government has changed several of its practices to those recommended by the commission. However the government has not changed many other practices to those recommended by the commission. At the date of the 1995 Spring Report, the government had not publicly released the results of its reviews or studies of the actions they should take on six of the commission's recommendations. These reviews are discussed in paragraph 10 ... chapter. For these commission recommendations, we recommend in paragraph .11, the government should publicly release the results of its reviews.

Also the government has decided not to act on seven of the commission's recommendations that we think are key to improving the government's accountability and allowing the public and legislators to participate in a decision-making process. These recommendations are discussed in paragraph .13. For these commission recommendations, we recommend in paragraph .15, the government should re-examine the commission's recommendations to see if the basis for the commission's concern can be addressed.

Appendix 7 contains the commission's recommendations and an update on the status of the recommendation. So I'll ask you to turn to appendix 7, page 4. And I'll go through the commission's 13 recommendations that are related to our two recommendations.

A Member: — That's spring '95.

Mr. Wendel: — Spring '95, I'm sorry. Yes, spring '95 report ... and go through the recommendations with you. Now I'm not sure how the committee wants to proceed on this, Mr. Chair. I can either read what's here, or I can point you to the recommendations and you can then read them yourself if you like, or however you'd like to handle that ... (inaudible interjection) ... Okay, starting on page 4 then, recommendation 4.1, 4.2

Mr. Strelloff: — Fred, when you're pointing to the recommendation, what does that mean?

Mr. Wendel: — These are the ones that are related to our two recommendations. Now would you like me to signal as to which recommendation it is related to? Would that help you?

Mr. Koenker: — Which Gass recommendation?

Mr. Wendel: — These are the Gass recommendations I'm referring to. Now we've made two recommendations in relation to these 13 that I'm identifying here. Now I can relate them to each of the individual recommendations we've made or just give you the 13, however you want it.

Mr. Strelloff: — So one recommendation relates to publishing the results of reviews that the government was going to undertake. And another recommendation relates to reconsidering whether the substance of the recommendation could be adopted by the government rather than ... the present status is disagreed by the government. Is that correct?

Mr. Wendel: — That's right.

The Chair: — It would probably be useful to reference them to your two recommendations. It won't take much time.

Mr. Wendel: — Okay.

Mr. Thomson: — Mr. Chair, if I'm not mistaken, what we're going through is an exercise which is already done for us in paragraphs .10 and paragraphs .13, where these are already identified and commented on. And so we have them already referenced to the particular paragraph. So, for instance, under paragraph .10, the recommendations that refer to are under 11.

The Chair: — Are these the ones that are listed here?

Mr. Wendel: — They're there, but the recommendation numbers aren't there. Like if you want further information on them, they're here. Like this is just additional information, that's all.

Mr. Koenker: — Let's deal with them as they're found in chapter 3.

The Chair: — They're listed on page 35, 36, 37, 38; right?

A Member: — Good point, Andrew.

The Chair: — Thanks, Mr. Thomson. Are we then ready to ask questions? On item E.1, which is recommendation 1(1), is there any questions that you would like to put to Mr. Wendel? Any comments? Are you ready to make a recommendation?

Mr. Thomson: — Generally, Mr. Chair, what I understand to be the case here is that for the most part the Gass Commission report recommendations have been implemented or at least initiated. And what we are now looking for, really, is a status report on what has happened, as well as disclosure of some of the reports that have been undertaken but not yet released. Is that correct?

The Chair: — Does that summarize these two

recommendations?

Mr. Strelloff: — So for recommendation 11, we're suggesting that the government release the status reports of its reviews of the issues set out in paragraph .10. Those reviews were to be undertaken but nothing has been released publicly.

Mr. Kraus: — I just wanted to . . . see I think I said this one of the last meetings we had. I can't speak for the government, but the point is the government, as you know, addressed a lot of the recommendations made by the Gass Commission and successfully implemented many of them.

And there were some issues of course that they pursued, like review of SPMC (Saskatchewan Property Management Corporation). They did that internally. They chose to leave it as an internal matter.

There were some of the other issues, of course, that they probably are still considering or may not act upon — who knows? — through the fullness of time. They did issue a report, probably in late '92, on what they had done to date regarding all the Gass Commission recommendations.

And I guess the point I'd made then and would just make now is that I think in many respects they've dealt with the recommendations as they saw fit. And while there would be some outstanding issues that, as a result of that review, that the auditor may continue to advance and believe should be implemented by government, I would put forth, I suppose, that in some ways the government's dealt with the recommendations.

The Chair: — If I may just . . . Again, in the seventh report, recommendation 5, the committee recommends the government report annually on its progress in implementing the recommendations and guidelines of the Financial Review Commission. And the minister's response:

As indicated in our response to the sixth report of the Standing Committee on Public Accounts, the government will continue to inform the Assembly and the public of accountability improvements as they occur.

It might be our recommendation to reiterate that or something similar.

Mr. Thomson: — With regard to paragraphs .11, or recommendations I guess E.1 and E.2, they both seem to deal with the issue of moving along to get a report on what is happening with Gass and to encourage some recommendation or some movement in that regard. As such, I'm just wondering whether the committee might want to recommend that the government provide the legislature with a final report on the implementation of the commission. And outline that it should deal with which recommendations have been implemented, which have not been implemented, what the plans are in place to move along on these, and that they should then also release the, obviously the background paper, and the studies which can reasonably be expected to be released.

I mean obviously if we're dealing with issues which are before the cabinet or before Treasury Board, those wouldn't be within the domain. But if there are other studies that can be released, we should encourage them to do so. I don't think there's anything wrong with that. I would maybe go with a little bit softer wording than what the auditor is recommending.

But I think the intent is clear. Especially for those of us who were big supporters in, you know, the early '90s with the open the books, jail the crooks campaign that the public was so keen on. Books are clearly open. Not such a great job on jailing crooks lately, but hopefully we'll continue to push the government in that.

Ms. Haverstock: — I would very much support what Mr. Thomson has indicated with the — not that I don't concur with the last two sentences — but his suggestion for how we approach these two items, I concur with totally.

The Chair: — Are you then recommending . . . Are you prepared to provide a different wording or are you recommending that we adopt items E.1 and E.2?

Mr. Thomson: — I would provide just slightly different wording. How far off was I from what . . .

The Chair: — Pretty much is what is here I think is what it sounded like.

Mr. Thomson: — I should reread what we said then.

The Chair: — If you're prepared to move or recommend those two individually or in total, then we can accept that or agree on that as a recommendation.

Mr. Thomson: — The only caveat I would have to recommendation 11, or paragraph .11, is the results of all reviews initiated, as some are clearly still under active consideration. But I think we should get a report on this.

The Chair: — If the government would indicate that, it would be part of their response, would it be not? We could ask for it.

Mr. Thomson: — Closure on the Gass Commission is what we're seeking.

Mr. Sonntag: — See, I think Mr. Thomson's recommendation goes a bit beyond what's recommended here.

The Chair: — Well I'm fully prepared to consider a . . .

Mr. Thomson: — Well what I — sorry — what I had scribbled out, and maybe I can just read it, is that the committee recommend the government provide the legislature with a final, concluding report on the implementation of the Gass Commission.

This report should detail which recommendations have been implemented, which recommendations have not been implemented and should be; and what plans are in place to do so; and which recommendations should not be implemented,

and the reasons why not. And that finally the government should release background papers, studies, and all other materials that can appropriately be released along with this report.

The Chair: — The recommendation has been read and wording accepted. Is there any discussion on the recommendation as presented? If not, are you ready for the question? Are you in agreement with the recommendation as presented by Mr. Thomson?

Agreed. Thank you very much.

A Member: — Will you be able to get the wording off the *Hansard*?

The Chair: — Or off your napkin. Between that and *Hansard* we'll get it right.

I'm looking for direction in terms of the remainder of the time. Are we prepared to introduce F which is section on board of directors of Crown agencies. I don't expect we'd have much discussion on it. But if we'd be prepared to introduce it I would certainly entertain that.

Mr. Strelieff, if you'd have general comments, it's on chapter 4 of '95, spring '95 . . . fall '95, I'm sorry.

Mr. Strelieff: — I'm not quite ready for that chapter. How about item I, working with other auditors. It's more of an information chapter. I can address that one. It's in the spring report and what it is is a joint evaluation of an audit process that was introduced a year ago. I could . . . so if you're wanting to move off of, move agenda items, I can deal with that.

The Chair: — Okay, we can accept the point that we are now moving to our agenda item, no. I, working with other auditors. Mr. Strelieff.

Mr. Strelieff: — Yes . . .

Mr. Sonntag: — Just let me say . . . I don't . . . It's fine if the auditor wants to introduce it and talk a bit about it. But I mean we have agreed to a process here. And I just don't want to get too disjointed about this, so I'm not sure that . . . I don't know about the rest of committee, but I'm not ready to go to recommendations yet about it. But as far as talking about it, that's fine.

A Member: — Well we'll get it introduced at least.

Mr. Strelieff: — In this case I don't think there are any recommendations, so that's why I thought it would be an easy one to deal with.

Mr. Sonntag: — Okay. Sorry. Where is it?

Mr. Strelieff: — Okay, there's the fall 1995 report and spring 1996 report, so chapter 6 of the fall and chapter 6 of the spring.

Now I'm just going to give a little bit of a history of this. There

was a lot of discussion and debate about the responsibilities and goals and duties of auditors, particularly when the government chose to hire a public accounting firm. And then the legislature, through The Provincial Auditor Act, instructs me to work with the appointed auditor and try to do my best to rely on their work and reports. Over the years that I've been here, there was a lot of confusion, debate, and controversy over that working relationship. Eventually this Public Accounts Committee in 1993 recommended that:

Your committee recommends that the government work cooperatively with the Provincial Auditor by involving him in the process of choosing appointed auditors, establishing audit plans, maintaining solid communications through frequent audit updates, and ensuring the Provincial Auditor has sufficient time to comment on the final audit report prior to its public release.

That's what that committee in 1993 recommended. I went away with that recommendation and approached the president of the Crown Investments Corporation, and I asked him if he would join with me and set up a task force of relevant participants to examine the audit process and come up with a series of recommendations that would make it more effective and more effective particularly for the Legislative Assembly.

A task force was struck in 1994. The task force was chaired by George Baxter, a professor at the University of Saskatchewan, college of commerce. Participants were representing public accounting firms: Mr. Bob Bundon from Deloitte & Touche in Saskatoon; representing CIC, Richard Hornowski, the then vice-president of Finance; representing Crown corporations, Greg Mrazek from SaskEnergy; and representing my office, Brian Atkinson who you've met in previous meetings.

That group met 16 full days to debate how it should work and came out with a report that established a framework for management, public accounting firms, and my office to work together more closely in getting the task, the audits done, and the reports agreed to and made public.

The essence of the recommendations of the task force have four elements to them. One is that when the government chooses to appoint a public accounting firm, through the tendering . . . oh, the focus of this task force was on the Crown Investments Corporation of Saskatchewan, CIC, and its Crown corporations. The recommendations had a framework of four elements, that when the government chooses to appoint a public accounting firm that we be asked, be involved in the tendering process. So before they choose to appoint a firm, the government is to advise us and ask for our views.

The second point is that when the audit plans for the particular year are prepared, we prepare them together, and we go to the board of directors of a particular Crown corporation, saying here is the audit plan. Here's what our responsibilities are. Here's what we plan to do. Have you any questions?

The third element of the protocol is that if there are any issues during the audit that surface, either from my perspective or from a public accounting firm's perspective, that those issues

get on the table as quickly as possible, that we both have responsibilities to advise each other and meet with management to try to resolve those issues.

The fourth element of the protocol process, and the final element, is that before public reports are agreed to, before financial statements are signed off, before auditor's reports are signed off, we go jointly to the board of directors of the particular Crown corporation and present our conclusions and views.

So there's the four elements. Be involved in the appointment. Move forward in preparing a audit plan, making sure that if there are issues surfacing during the audit that we're in communication. And before public reports are signed off and issued, that we go back to the board of directors, the audit committee of the board of directors, to make sure they know our views.

The key part of that framework is that before public positions are taken, everybody knows where everybody's coming from. In the past, before this framework was moved forward, that was not the case. Our office would not be given access to information until after public reports were tabled, were released. And if we disagreed, it was very difficult to get people to move from their positions.

And so we had this set of recommendations, this framework recommended by this task force. They came to the Public Accounts Committee to discuss their recommendations. The Public Accounts Committee agreed with the recommendations, and they also came to the Crown Corporations Committee. The Crown Corporations Committee also supported the recommendations.

Part of the recommendation of the task force was also that a joint evaluation of the success of the process be done after the first year and after the second year. In the chapter 6 of the spring report . . . And that joint evaluation be done by the president of the Crown Investment Corporation, and me, and my office.

So chapter 6 of the spring report of '96 is that joint evaluation. And that joint evaluation says in general that the president of Crown Investments Corporation and my office strongly support continuing this process. There have been hiccups along the way in terms of missed deadlines, missed schedules, but in general the process is worthy of continued support, and we urge all the people involved to continue supporting the implementation of that process.

In coming to that evaluation, both of our . . . the Crown Investments Corporation sought advice from public accounting firms, Crown corporations, and boards of directors of Crown corporations. And our office kept track of how we thought the process was working, and we came together and said, here's what our joint evaluation should be; we should strongly support it.

We also note in this chapter that early in '95 Treasury Board decided to issue advice or a directive to Treasury Board

agencies and corporations that they would also expect the protocol process set out in this task force to be followed virtually across all government agencies and corporations, and so that is happening. And that's the status report, the joint evaluation, the fall of '95 chapter and also the spring '96 chapter of the new audit process.

The Chair: — If there are questions, I will entertain them briefly, but I'm wondering if it's maybe appropriate to acknowledge, have an acknowledgement or an expression of support for this continued effort or something of that nature because it sounds like it's been a very positive thing. So I open it up. I think it deserves a comment on the record, and potentially and then in our report.

Mr. Thomson: — As Chair, I'm saying just so note it.

Mr. Sonntag: — Yes, I think that's good.

The Chair: — If that's agreed then, we will work up an acknowledgement and the committee's support for this ongoing effort.

Ms. Stanger: — Yes.

The Chair: — If that's agreed?

Mr. Thomson: — Could I just ask one question before we move off this issue? How many corporations are reviewed by outside auditors rather than directly by your office?

Mr. Strelieff: — We usually publish a list like that in our appendices to some of our reports, and we're just going to one of the appendices to see if it's in there. We work — just as Fred's looking up the information — we work with a lot of public accounting firms right across the province in big organizations, small organizations, education institutions, health boards, just an amazing amount of interaction. The protocol process has really helped make sure that that work gets done in a structured, understandable way, and everybody understands their roles, responsibilities and duties.

Do you want us to come back with that list at our next meeting because we just don't have quick access to it? But we do have listings of that nature.

The Chair: — Well at least if we could reference it, if it is in one of the reports, if we could at least reference it to a report or to a section or an appendix.

Ms. Stanger: — That's good.

The Chair: — It being now noted that it is . . .

Mr. Strelieff: — Mr. Chair, members, the next item on the agenda is the chapter on the responsibilities, roles, and duties of boards of directors which is next Tuesday's agenda. Both Judy Ferguson and I are unable to attend next Tuesday's meeting, and we're very intimately involved in that chapter. Can you move to item G and H next week and then come back to F? Item G is the information technology risk chapter, and item H,

if you get that far next week, relates to pensions and the various pensions issues.

The Chair: — Members?

A Member: — Certainly.

Mr. Streliaff: — Well thank you very much.

The Chair: — Okay. Then we will note that the items for the agenda next week are items G and H, if we get that far.

Mr. Koenker: — But just a concern, having dealt with information technology risks in the past, I don't see that as being that . . . taking up that much time.

A Member: — Lengthy.

The Chair: — Do you suspect H might be?

A Member: — Yes, H might be.

Mr. Koenker: — Well I don't know. I'm just wondering . . .

Mr. Streliaff: — I can provide some sense for that. The information technology risks, there's two chapters. One is in the fall 1995 report. And what that does is describe two key information technology risks and then say that we're planning to examine those risks. The spring report in chapter 5 or 6 . . . 4, sets out the results of our examination of one of those risks which relates to the security mechanisms that government departments put in place to secure their information technology.

Mr. Koenker: — I just don't see us spending a lot of time on that issue. I've done it in Public Accounts before, and we've dealt with that with reasonable dispatch. And I'm wondering about the same in terms of the pensions.

And then just in the interests of moving things forward, whether we couldn't add something else to the agenda should we finish those two. I don't want to come here and devote a morning and find that we dispense with these two in the course of an hour or an hour and a half, and we have a half an hour hanging over. We're here to work.

The Chair: — Okay. Where are you in terms of J as well then, if need be?

Mr. Streliaff: — Well J is the district health boards, which moves us into the spring report.

Mr. Koenker: — Yes, I think we need to keep our eye on the ball.

The Chair: — Can we do that without . . .

Mr. Streliaff: — I need to be here for that. Is there another issue that is in our spring report now? We're moving into the spring report.

Mr. Koenker: — But surely you have people who can sit in for

you.

Mr. Streliaff: — Yes. I'm just looking at a . . .

Mr. Thomson: — I would suggest . . . (inaudible) . . . That would appear to be next in the order.

The Chair: — I think we have to be prepared in the eventuality that the discussion moves forward that we at least are able to initiate a topic of the day. And even if it is . . . can someone make that presentation in your absence even though . . .

Mr. Streliaff: — Can you move to the Department of Agriculture? How about that?

Mr. Koenker: — I think that Mr. Sonntag's comments earlier about getting ahead . . . I think we need to follow the process we've outlined. And I just think that we can . . . I'd like to suggest that we initiate J if there's time. We won't conclude with it. But in the interests of just dealing with this in some kind of structured fashion, we need to keep to an agenda. And we need to keep our eye on the ball.

That's my concern in terms of identifying another item for next week's agenda should we progress. And I think the logical one is to . . . We've already jumped over F, so I suggest we initiate J.

Mr. Streliaff: — And when you're considering initiating J, that's the point where you're inviting officials from the Department of Health to come in and discuss with you the chapters to 8 and 9 of the spring '96 report. So we're changing gears now.

The Chair: — May I suggest that the Vice-chair and myself will have a meeting and discuss this before next week, and we will set the agenda.

Mr. Koenker: — Yes, that's good, that's acceptable.

Ms. Haverstock: — I was actually going to raise the point that the Provincial Auditor just made. And if we're looking at the timeliness and going through the recommendations in an efficient way, I think to change venue at this point. And particularly beginning next week is not going to accomplish what everyone here wishes to do.

I would feel far more comfortable taking some direction from the Provincial Auditor in the way to most expeditiously go through what is remaining. And if his suggestion is not to proceed with having officials come in at this time, and especially in his absence, I think one of the things that I would prefer is for him to suggest to us, if we're dealing with G and H next week, what will be the most logical item to deal with following G and H in your absence.

Mr. Streliaff: — In my absence, the Department of Agriculture, in our spring report, would be one that . . . I mean, the senior people in our office would be available for that. But again, that involves inviting people . . .

The Chair: — No, I think the question was, what was the best way to deal with items G and H, which did not include Agriculture.

Ms. Haverstock:— No, following G and H.

The Chair: — Oh, following. I'm sorry.

Ms. Haverstock: — If we get beyond G and H, what would be the most logical item to proceed with, in your absence?

Mr. Strelloff: — In my absence, I would prefer the Department of Agriculture. But remember, when you invite people and you're not . . . In the past, when we invited representatives from each of the departments or agencies or corporations, quite often the committee wouldn't get to their agenda item, and then they would be sitting outside which is really . . .

The Chair: — I think the points are well taken. The Vice-chair and myself will deal with this and have an agenda for next week.

Mr. Kraus: — Just one comment. If you do want a department to appear, you should give them lots of warning because it'll shock them if they even heard today they were going . . .

The Chair: — We will meet this afternoon and deal with that. I note it's now . . .

Mr. Toth: — One further question . . . (inaudible) . . . Agriculture, you're still talking about bringing in officials from the department . That's what you need to know. Where do you start bringing . . . all the areas where you're bringing officials in, so you're aware of that versus where you don't need them.

The Chair: — I note it is now past 11:30, and I declare the meeting adjourned.

The committee adjourned at 11:35 a.m.