

The Chair: — Will people come to order, please. I would like to welcome you here this morning. We have at least one item of business that I would like to tend to before we begin the discussions today. That's the disposition of the meeting next week. It being a long weekend, and that our standing agenda is that we meet every Tuesday morning, the suggestion has been made that we would cancel next Tuesday's meeting.

Mr. Sonntag: — So moved. If you want the actual wording, I will move then:

That notwithstanding the regular meeting time as adopted on March 19 '96, the Standing Committee on Public Accounts shall not meet on May 21 '96 but shall reconvene on May 28, 1996.

The Chair: — Thank you. The motion has been made. Is there any discussion? Question? All those in favour? Carried. Thank you.

We will then move forward to our discussion on the boards of directors of Crown agencies, and ask Mr. Strelieff to introduce the topic.

Mr. Strelieff: — Okay, thank you very much, Chair, members. The topic today is chapter 4 of our 1995 fall report on boards of directors of Crown agencies. And also in the summary of the protocol listing, it's item F, and the recommendations are F.1, F.2, and F.3.

This project has a long, fairly long history. Several years ago, we reported concerns with the performance of several of the boards of directors of Crown agencies and corporations. And we began to examine more carefully some of the board governance issues that face the government and its boards.

I began to suspect there was a fair degree of confusion as to what exactly is the responsibility of the many boards of directors that are appointed by our government. We have over a hundred boards of directors. On the surface, it seems that the role of boards is to oversee the management of the organization — fairly clear responsibility. In the private sector, this responsibility is certainly clear. Boards are responsible for the key decisions of organizations and the performance of those organizations. In the private sector, that's quite clear. In the government sector, it is not as clear as to who is responsible for the performance of organizations, who actually makes the key decisions of the day, which of course are faced by all organizations.

In the government sector, many elected and appointed officials and central agencies participate in the key decisions of organizations, many of them. With so many people involved in decisions of boards of directors, there is confusion, and there certainly is a risk of confusion. And the complexity of the many people involved brought us to examining in a more focused way the issues the government has to manage well to make sure that boards of directors perform. Again, as you know, there are over a hundred government-appointed boards in Saskatchewan.

With me today is Judy Ferguson. Judy has been at previous meetings of this committee. She has led our work in this area and is here today to explain and answer questions about the chapter on . . . or in our fall 1995 report on the boards of directors of Crown agencies.

Ms. Ferguson: — Where I want to start off today is, as Wayne indicated, is that we did a bit of background work before we actually did the audit on the area of boards of directors. And what I want to do is to share with you and highlight to you five issues that we identified that relate to boards of directors.

When we started this area of looking at boards, it wasn't an area that was undergoing a lot of research across Canada. But in between the time that we started our work in this area, a number of other organizations have identified this as an area of extreme importance. And as a result, you'll find, if you look through literature, there is a lot of literature nowadays written on boards of directors.

And I've just actually brought a couple of pieces with me today. Some of you may have seen them. If not, I would actually encourage you at some point in time to, either yourself or if you have . . . (inaudible) . . . to have a look at them.

Our office often goes to the Canadian Institute of Chartered Accountants. They are a research body. They set standards for both accounting and auditing. They too have looked at the area of boards and actually have put out a publication called *Guidance for Directors — Governance Processes for Controls*. Anybody that deals with a board, this is actually a good source of information.

More of a public sector focus is provided by the Canadian Comprehensive Auditing Foundation, the CCAF. And they actually have a couple of publications that relate to boards of directors. The more recent one that just was actually released this last week is called *Governance Information: Strategies for Success*.

And this actually has a short little video that's about 12 minutes and with a number of companion pieces focusing in on not only the role of boards but the information that board members should be receiving. So two pieces of literature that are quite relevant to board members.

Also some of you may be aware of the task force on governance that was put in place by the Toronto Stock Exchange, and their publication, *Where are the Directors?* Again dealing with the roles of the boards and the duties of the boards and the information that they should be receiving and the information that they should be providing publicly.

We are actually very pleased in that the five issues that we've identified, which we've outlined within chapter 4, in the very back of the chapter in exhibit 1, and exhibit 2 on page 52 and 53 . . . and the five issues that we've raised that we thought were very critical and had identified as issues that were important for boards to be successful and the organizations that they managed to be successful.

And the first one is, is that the board members actually understand what their responsibilities are. In Saskatchewan, given that we're in a very legal environment for Crown corporations, often the starting point for that is their mandate in law. But it's important that board members understand what their responsibilities are, what their roles are, what their duties are. So that they know if they are a decision-making body or an advisory body or a mixture of both.

The second one is that they understand the environment in which they're operating. In Saskatchewan we have a very complex governance environment where board members aren't . . . their stakeholders aren't immediately identifiable, and so again it's very important that they understand the interactions between themselves and their minister, between themselves and central agencies, and other organizations both within the government and outside the government.

The third one is that the board members collectively possess the appropriate qualifications and expertise. So really that aspect is dealing with who's sitting around the board table. Are they collectively the right mix of the people so that they can be in a position to fulfil their responsibilities that they are to fulfil around the board table.

And I'd like to emphasize the word collective. The idea is that boards are a group of people and that together they blend together and have the appropriate knowledge, skills, and abilities to carry out the job.

The last one is that the board must establish adequate systems and practices to carry out their responsibility. This is one item that was actually reinforced quite strongly in the "*Where are the Directors?*" report by the Toronto Stock Exchange, and raised the profile that it is the board's responsibility to make sure that the organization itself has appropriate systems and practices in place, not only to handle the financial aspect of their operation but also to make sure that the organization complies with the law and that the organization is meeting its goals and fulfilling its mandate from an operational sense.

And the last one links into what our office has talked about on a number of occasions, is that boards must report on their performance. Again when we're talking about reporting on performance, we're talking on a broader basis. Report on their financial performance — usually that's done through financial statements — but also whether or not they comply with the law or other relevant authorities that are in place. And thirdly, that they indicate to their stakeholders whether or not they've achieved their goals and objectives that they've set out to achieve.

So in a nutshell there is five issues, that if you're dealing with boards or you're considering boards or reviewing the work of boards, that you should be keeping in mind.

Our audit focused on the first issue, which is the understanding of the responsibilities, roles and duties. And the reason that we focused on the first issue is that when we looked through the issues themselves, we thought in order for the board to have an opportunity to be successful on the remaining issues, they had

to firstly understand what their role was. Are they a decision-making body or are they an advisory body? So that was the focus of our work.

So basically you'll find that when you look at our audit objective, it is a twofold audit objective. Firstly we looked at whether or not . . . firstly we looked at . . . we did not look at whether or not board members themselves understood their roles, responsibilities and duties. Rather we looked at whether the government had an adequate system and practice in place to ensure board members understood their roles, responsibilities and duties.

And the reason that we focused on looking at the government's perspective is because for Crown corporations, the government is responsible for appointing the board members to the boards in most cases. So they're appointing them through order in council. So the perspective that we took is that when they're doing that, the government should have a system or a process in place to ensure that the board member that they're appointing to the board has an understanding of what they are being appointed for, what the government expects of them in their role as a board member.

You'll find that we focused our work on Crown corporations and agencies. As Wayne indicated there's over 100 of them. What we did exclude due to the time frame that we were looking at this area, is we excluded any organization that was affected by The Health Districts Act. And you'll notice that our work focused on systems and practices in place between April 1 of '92 and January 1 of '94.

What you'll find also is that we did some updating and follow-up work to make sure the recommendations that we are making in this report are valid and that work extended our work up to July of '95. So the information that you have here is relevant and current to the point of July of '95.

So the comments that I'm talking about today will focus on Crown agencies that exclude those affected by the health districts. But in saying that, I think the issues that we're raising are relevant also to the health districts themselves.

The way that we carried out this audit is that we decided to do what we call a cross-government audit and looked at what was happening across the government as opposed to focusing in on one organization. What we did is we looked at the systems and processes and the role that central agencies such as Finance, such as Crown Investments Corporation, and Executive Council played with respect to ensuring board members understood their roles, responsibilities and duties.

We selected a sample of Crown agencies. We selected 17 and there was one agency that decided not to participate in the audit, so it left us with a sample of 16 agencies. And at each of the 16 agencies we did an in-depth review and audit of what systems and practices they were impact . . . that they used to ensure that the board members understood their roles, responsibilities and duties.

In the audit itself we developed some key criteria, and basically

the criteria was that board members should have . . . that the government should clearly define what the roles, responsibilities and duties of the board members are. So define is number one.

The second criteria was, is, that those roles, responsibilities and duties should be appropriately communicated to the board members themselves. And the third one is that the government should have a system and practice to ensure that the board members understood what their roles, responsibilities and duties are.

So it's a three-pronged criteria: define, communicate, and understand is the three main focuses that we had. In the development of that criteria we worked with Finance, CIC (Crown Investments Corporation of Saskatchewan), Executive Council, and a sample of Crown agencies that we audited. And all organizations agreed with the criteria that we developed within the audit.

What we found is that there was a difference in our findings between the two streams: between those Crown agencies reporting to Treasury Board and those Crown agencies reporting to CIC. Overall we found that the agencies reporting through CIC did a better job. Their systems and practices that the government had in place were a little bit better than those reporting to the Treasury Board side. We found that the ones reporting through the Treasury Board side, that the responsibility rested with the line department. For example, those agencies that are connected into the Department of Agriculture, as opposed to central agencies such as Finance and Executive Council.

We found that CIC did a better job in trying to set out what the roles and responsibilities of their board members were and communicating those roles, and follow-up mechanisms on them. So there was a bit of difference between our findings between the CIC sector and the Treasury Board sector.

However in saying that, we found that CIC often used very informal structures to do the communications; a lot of the communications were verbal as opposed to in writing. And as board members would change and rotate through, sometimes the verbal communication worked. Sometimes it may not have worked as effectively as it could have.

And in saying that, you'll find that our overall conclusion is a twofold conclusion, in that overall we found that the government did have good systems and practices in place to make sure board members understood the laws that they were created under and the roles and responsibilities that related to those laws. And we found that the government does not have a good system and practice in place to make sure that board members understand general laws.

In saying that, it's important to understand what general laws are and enabling laws are. If you use SaskPower as an example, an enabling law is The Power Corporation Act. It's the Act that creates the corporation. And we found that organizations, by and large, did a good job to make sure board members understood what their responsibilities were under The Power

Corporation Act.

However where things tended to fall down a little bit was when an enabling law . . . when general laws were layered on top of enabling laws, which happens all the time for Crown corporations. Every Crown corporation is subject to both enabling laws and general laws. And what the general laws do is they give powers to other individuals or bodies. For example, The Financial Administration Act gives powers to Treasury Board over the financial administration of any government entity including Crown agencies.

The Crown Corporations Act gives powers to the board of CIC over the subsidiary Crowns. Those powers are powers that those bodies, whether it be a minister or a Treasury Board or the board of CIC, those groups have the discretion as to whether or not they want to use those powers. And how they use those powers and when they use those powers can change a board, even a board such as SaskPower, from a decision-making body to an advisory role.

So it's very important for the individual boards to understand when the government . . . whether it be Treasury Board, the minister responsible, or else the board of CIC (Crown Investments Corporation of Saskatchewan), or the Provincial Comptroller; he has powers also. It's very important that that individual board have a sound understanding of when those organizations are using those powers and which powers they're using, and secondly, how they impact the roles and responsibilities of that individual board member because the bottom line is, is that they can change that board member from a managing, decision-making function to an advisory function. And so board members need to know when those parameters are in place upon them. And they're very much so legal parameters.

So based on that, what we did is we made three recommendations. And those recommendations are the ones that are set out in F.1, F.2, and F.3 in your schedule. And simply put, what we're asking is that the government — and they're also on page 44 of chapter 4, the fall report — we're asking, our recommendation is, that the government should advise each Crown agency, boards of directors, which general laws provide broad powers and duties to specific government officials or groups. So that's the first one, so that board members know which general laws they're responsible for and applicable to.

The second one is that the responsible party, whether it be a minister or Treasury Board or the board of CIC, should provide written guidance to the boards so that they know which powers affect that individual organization.

And thirdly, there should be a system in place to ensure that the boards are informed of the nature and effect of how the individual's power is currently being used.

So basically what we're asking for is a system in place to make sure that the board members have a sound understanding of what general powers are applicable to them, when those powers are being exercised, and lastly how those powers are affecting

their role and responsibility. So at the end of the day, the board member knows whether or not, for a particular matter, if they are to make a decision on that matter or to provide advice on that matter to another body or organization.

And that concludes my presentation.

Mr. Strelloff: — Just a couple of things. Thank you very much, Judy. Part of this project . . . as we move through this project, we've found that practices began to change as the project unfolded, that some of the central agencies began to strengthen how they ensure their board members know their specific responsibilities, particularly when they're serving as an advisory board and when they're serving as a decision-making board — and on which issues. As you probably can guess, that when there's confusion as to those responsibilities, there's potential for management practices not to be handled well. So our recommendations are moving forward, ensuring that boards understand their responsibilities, roles and duties — very important in terms of the government's management systems and practices.

The Chair: — Any questions or comments?

Mr. Flavel: — I've got a couple of comments and I guess some questions for Mr. Strelloff. No. .20 on page 44, and — .19 and .20. I guess it's your second recommendation — responsible government officials should provide the board of directors with written guidance. And then I go to page 49 of the auditor's report. And you say there that over half of the agencies now, support staff provide with a board manual, guide or briefing book and a copy of the enabling law. This manual interprets the board's powers and provides guidance. So I assume then that half of them are doing it now — giving the guidance that are needed to their board members.

And I look all the way down, all under no. .50 on page 48 and over to 49. And most of them, the boards receive, at a minimum, a brief overview of their Crown agency's mandate; most agencies hold tours of their facilities; and boards receive training shortly after appointment; and boards receive other information through the meetings.

So your recommendation .02, I guess, I wonder how many boards — you say about half of them — are doing it now. And are they doing it sufficiently, and what problems are there to the boards that aren't having this done, is my number one question.

Mr. Strelloff: — Mr. Chair, and members, the second recommendation asks for written guidance. And the written guidance really focuses on the general laws. We found that for the enabling legislation, as Judy says — for example, the power Act — for the enabling legislation, board members are provided pretty good guidance to understand what The Power Corporation Act says and therefore which responsibilities are assigned to the boards of directors.

What we found, where the weakness was, was pertaining to the general laws that will affect SaskPower, SaskTel, SPMC, all the different organizations — general laws like The Financial Administration Act. For example, The Financial Administration

Act will give responsibility to the Minister of Finance for borrowing. Well that means that someone else is coming to the table to decide whether a particular organization will be able to borrow money.

Or The Crown Corporations Act. The Crown Corporations Act assigns responsibility to the board of directors of CIC for approving capital budgets, operating budgets, for utility rates — major decisions.

So for the issues related to general laws, we found that much improvement is needed. On the other hand, as Judy also said, that in the CIC sector, the CIC has a system of corporate secretaries which they assign to each of the Crown corporation boards. Through that system, CIC does a better job of explaining to boards what their responsibilities are. In fact they have a template that they provide each of the boards saying, here are the key decision-makers for the following 7 to 10 decisions. So that's written guidance. They do a better job.

In the Treasury Board sector, as far as general laws and central agencies are concerned, there needs to be much improvement there. So general laws versus enabling laws is the key on the first part of that question.

Mr. Flavel: — I guess my second question would be to Mr. Kraus of what he feels out of Finance — I guess his overall opinion of this.

Mr. Kraus: — Well I think as the government responded in section .61 that generally they accept that the auditor has some valid points and we think that the systems in place are not too bad but they could be made better.

And I think there is some work being done to see just what could be done on the Treasury Board side. The Treasury Board side is a little bit different because as opposed to CIC, which has a direct relationship with the Crown corporations, there's the departments between the Treasury Board . . . not all of the Treasury Board accounts, but some — for example like SPMC (Saskatchewan Property Management Corporation) — relate directly to the Treasury Board.

They actually come for the funding directly to Treasury Board. Whether it's written or not . . . it may not be written down as well as it could be, but they have a pretty good understanding of the authorities that govern them. But when you get into some of the other arrangements like SIAST (Saskatchewan Institute of Applied Science and Technology), for example, they would not come directly to Treasury Board.

There is the intermediary, the department known as Education. And so Education would be more like CIC would be. And therefore if there's going to be some changes made or some documentation of how some of the things may be implemented that the auditor is recommending, it would seem to me that it would be different than the CIC-SaskPower relationship. There would probably be some directives given to departments who in turn would have to liaise with the agencies that are accountable to them.

But again it's a little bit trickier on our side because we don't always have that one-to-one relationship that you'll see with CIC and SaskPower. So it's different and it's a bit more complex.

But again just to summarize, I think that there's an acceptance of the auditor's position in part and that we can do better. We don't think things are . . . that there's any serious problems but we acknowledge that we could improve.

Mr. Flavel: — I guess the next one would be back to Mr. Strelieff. Does this same issue exist in other jurisdictions across Canada; and if not how do they get around it, or if so how have they addressed it?

Mr. Strelieff: — Mr. Chair, members, we haven't examined other jurisdictions. My best guess . . . I've worked in B.C. (British Columbia) and Ontario and now Saskatchewan again and I sense that the same kind of issues exist in other jurisdictions as well.

Now in Saskatchewan, the government through the CIC is far more present in the Crown corporation community. For example, by law the minister responsible for a Crown corporation has to be the Chair of the corporation. So there . . . and there's a CIC organization and a board of directors that oversees the finances of the major Crowns in a more direct way. So in Saskatchewan, we tend to be . . . the government's more involved in the economy, and the government of the day tends to be more directly involved in the management decisions of Crown corporations.

But I do sense across Canada that the responsibilities, roles and duties of boards of directors is not that clear in the public sector. The normal guidance and academic research and authoritative guidance usually relates to the private sector, and in the private sector the board is clearly responsible for the performance and major decisions of the organization.

In the government sector, the responsibilities are more diffused, and because they're diffused, it's particularly important for board members to understand that. That, for example, if you're a board member of SaskPower, well — and the major decision of the day relates to utility rates — I mean, the board, CIC board, and probably cabinet are going to be involved in that decision. And it's important for the board of directors to know that. It doesn't mean that they should not be carrying out the responsibilities with due diligence; that still is important, but that they should know that there will be other authorities, other ministers, and other responsible players involved in the key decisions.

Mr. Flavel: — Following up on that, you said that it is not clear in the other jurisdictions what, you know, what goes on there. So therefore, I guess . . . and you say that here we give the training and that to the boards then. I guess, in your opinion, are we ahead of others across Canada in, I guess, training of the board or the board's knowing their responsibilities? Are we leaders now?

Mr. Strelieff: — I can't answer that question. I like to always

say that Saskatchewan is ahead on everything, but I can't answer that question because I'd have to examine the practices of the various jurisdictions. One of the things that . . .

Ms. Ferguson: — If I could interject actually . . .

Mr. Strelieff: — Judy will go on the limb.

Ms. Ferguson: — There's an article in the *CA Magazine*, that's the May issue of the *CA Magazine* that I actually just got last night. I haven't read it, but I think Bob Black has here. Basically they do a bit of a comparison between jurisdictions on the areas of governance that . . . and it ties a little bit into boards. And I was at a conference last week, and I think you'll find that it's really quite variable across the different jurisdictions.

I think what you'll find though is Saskatchewan has more Crown corporations and Crown agencies than other jurisdictions, and also I think you'll find that Saskatchewan plays a greater part in the economy than some of the other jurisdictions, and the Crown agencies and corporations are an important part of our economic factor. So I think the significance of Crown agencies and corporations increases because we have more, and they do play a larger role in our economy too.

So it's hard to make just sort of blanket comparisons because the environments are a bit different in them. I do know though that some governments are tying in their Crowns a bit more closely into their line departments, as Gerry is suggesting. For example, Alberta, which is . . . I know that you don't like the Alberta planning information, but Alberta actually prepares consolidated ministry budgets where they consolidate the activities of the line department plus the activities of the Crown corporations and agencies that are responsible to that line department. And they bring the activities together on a business plan and a financial plan. And then through that process, it's my understanding that they use that process to communicate what we're setting out here that needs to be done.

So it's variable across jurisdictions. A lot more Crowns in Saskatchewan and I think they play a bit larger role in our economy. Does that help?

Mr. Kraus: — Just a positive note, as is again noted in the government's response in paragraph .61, that the report does talk about a hundred provincial Crown agencies, and that the boards manage about \$3 billion in annual revenues. But it's important to note, as it says here, that the vast majority of that revenue is under the CIC umbrella. And the auditor does acknowledge that to a great extent the CIC is meeting a lot of his recommendations. I mean, he believes they could go further, but the positive news is, is that at least where there's money being generated in large amounts, that the system in place is pretty good. It could be a little better, but that's where it's the strongest.

So I would suspect that where we can make the most improvements isn't where most of the money's being generated. And I think that's positive.

Mr. Flavel: — I guess just one last remark. When I look at this and then I . . . picking up on Mr. Kraus's. We've got a hundred boards out there, or a hundred provincial Crowns. We have Acts that all of them fall under — The Financial Administration Act, which you said, The Crown Corporations Act, The Interpretation Act, The Tabling of Documents Act, and so forth. And I guess it looks to me like a pretty complicated issue.

I guess during your time of looking into this and all the time that your office has spent studying this, did you come up with any way that this can effectively be done . . . or this training and education can be done? I mean sure, we've got recommendations that it should be done, but you've spent the time and the effort digging into it. How can it be done?

Ms. Ferguson: — I think it can be done. I think what it does require is like what Gerry is indicating, is for the involvement of a line department or Crown Investments Corporation or some central agency to act as a central point. I think we've got Mr. Adams joining us this morning as an observer. But he is an example where they've actually done some of this with respect to the health districts. The ministry of Health has put out an accountability framework document that does achieve part of this, you know.

So basically what they're doing is they're setting out and recognizing what the responsibilities of the ministry of Health is and what the responsibilities of the health districts are. So I think we have an example even in Saskatchewan where this is starting to be done, and it is certainly plausible.

I think to do it efficiently you'd have to have some central point, whether it be a line department or Finance or Executive Council, you know, or . . . CIC has certainly taken up that role in doing that. And doing it in that manner, it can be done, I think, quite efficiently and effectively.

And what it does at the end of the day, I think it saves time for the board members when they understand what their role is so that they can more efficiently and expediently make the necessary decisions or recommendations that they need to make.

Mr. Flavel: — Just one last . . . you have here that the cabinet, or the government, appoints the members to most of these boards. And then you just threw into the mix here health boards which are elected. The parallel between the two, does it matter — elected or appointed? Is that a great distinction between how the boards are handled?

Ms. Ferguson: — It goes back to the law and whether and what . . . and going and looking at the law and trying to determine what the responsibility of those central groups are, whether it be at the Minister of Health or Minister of Finance. And so there's no clear-cut answer.

I think you'll find for the health districts, although they are elected, they by law are required to operate within objectives set by the Minister of Health. So in that case, they're elected, but again there's this umbrella, general law that impact how they can manage. And I think the ministry of Health has

recognized that in their accountability framework document that they've put out.

Mr. Strelieff: — From my perspective, the elected portion of members of district health boards has increased the complexity of their responsibilities and accountabilities. They're also directly accountable to their publics because they're elected by the public. They also have responsibilities and accountabilities to the minister, who has responsibilities and accountabilities to the legislature. So for the district health board community, these issues are even more important because their responsibilities are very complex and important.

I keep on hoping that perhaps the University of Regina or the University of Saskatchewan or some group like that will take the initiative of developing training programs for board members on an ongoing basis and offer those programs to board members within the public sector, within the non-profit sector, and develop that expertise. That hasn't happened to date, but I think there certainly is room in the market-place for that kind of training and guidance. It would be very useful. And there's a lot of pressures on everybody as well.

Mr. Thomson: — I have three very quick questions. During your audit review, did you find any boards in which there was an abdication of fiduciary responsibility?

Ms. Ferguson: — No.

Mr. Thomson: — Did you find that there were any boards where they did not have adequate legal counsel?

Ms. Ferguson: — Pardon me?

Mr. Thomson: — Were there any examples of boards where the board did not have access to adequate legal counsel?

Ms. Ferguson: — We never looked at that directly. We didn't measure . . . the audit was to focus on what systems and practices the government had in place to ensure the roles, responsibilities and duties. So we didn't look at that, so I have no answer on that one.

Mr. Thomson: — Did you find in the course of your audit that there were any places where the government was placed at financial risk due to the current structures in place?

Mr. Strelieff: — As Judy said in the earlier question, we didn't focus on trying to measure financial risks. In general, when there is uncertainty, confusion, complexity, to the responsibilities of groups, the organization, the government, the taxpayer then does become at financial risk in terms of riskier than if it was clearer. So in that sense there's an increased risk in terms of financial health of the organizations and of the government.

Mr. Thomson: — Can you quantify that?

Mr. Strelieff: — No.

Mr. Thomson: — My only final question is, what was the cost

to taxpayers of undertaking this project?

Mr. Strelloff: — We don't have that information right with us but we can get it for our next meeting.

Mr. Thomson: — Okay, thank you.

Mr. Sonntag: — Thank you. Well first of all, not being afraid to go out onto the limb and noting that Saskatchewan does lead the way in many regards, but grudgingly acknowledge that we still do have room for improvement, I would suggest, unless there are some others who want to make some comment, I would suggest that we note the recommendations in .19, .20 and .21 and that the committee would concur with those recommendations. Because I think they're reasonable recommendations.

Mr. Koenker: — I would concur in that. That's precisely what I was going to say.

Mr. Aldridge: — Just one other comment would be that there was . . . this undertaking having now been completed, what is there in the way of follow-up? Is there some future role for the Provincial Auditor's department, for example. And then we're speaking of over a hundred boards involved here that government appoints. And you've been in and looked at 16 out of 17 agencies, I believe is what we were told, that you had requested the cooperation of in the matter.

If you might make some comment about the 17th, the Workers' Compensation Board. Has there been any communications with them in this regard? Now that they've seen what a positive process this could be, is there any future undertaking in that regard to look at cooperating in this matter? If I might just get a comment.

Ms. Ferguson: — The first question was on the follow-up. Our policy within our office on these types of engagements and works is to follow up the recommendations for two years after we put forward the recommendation. And what we'll do is we'll do work on the recommendations to give a progress report to this committee through our reports to the Assembly as to the status of the recommendations and implementation of the recommendations.

The second question with respect to the 17th organization, Workers' Compensation Board. At the time that we went to them they were under an operational review by an outside consulting firm. And we acknowledged at that point in time that perhaps it wasn't a good point in time for them to be involved in this project.

We did share with them the criteria on the project and the summary report on the project and the recommendations on the project, so that they did get the information. The only thing that they did not receive was sort of the benefit of the detailed review. And they felt as an organization that their operational review would probably be covering a lot of it off.

And it's my understanding too that they shared the criteria that we developed on this project with their outside consulting firm

that was doing the operational review.

The Chair: — I asked for a clarification by the Clerk in terms of the way that we're going to deal with these. He indicates that if we adopt these recommendations they would be listed, included as items that we're adopting in our report. If we concur with them then it will be noted that we concur with the auditor's recommendations. And it may be semantics, but we've been adopting them I think up until now. If that's agreeable, or if you prefer the other route.

Mr. Sonntag: — Adoption is just fine.

The Chair: — Okay, it's been suggested that we adopt item .19, .20, and .21 of chapter 4 of the 1995 fall report.

Mr. Strelloff: — Members, Mr. Thomson, you asked about the cost of the audit. The cost is reported in our annual report on operations, which for March 31, '95 was made available to you in June, and for March 31, '96 will be made available to you in June of this year as well. We also include the cost of this audit and other audits in our business and financial plan that we provide to the Board of Internal Economy and to the Standing Committee on Estimates. But we'll still provide more detail on it at our next opportunity as well.

The Chair: — Okay, thank you. We have a suggestion that we adopt these items. Is there any further discussion on this issue? If not, are you in agreement that they be adopted? Thank you very much. We will have a five-minute coffee break and then we will move forward to the next topic.

The committee recessed for a period of time.

Public Hearing: Department of Health

The Chair: — We'll come to order please. We're moving forward, ladies and gentlemen, to our discussion on district health boards and the issue surrounding that. I would like to welcome the members of the officials from the Department of Health, particularly Deputy Minister Adams, and I would like you to please introduce your officials.

Mr. Adams: — Thank you very much, Mr. Chairman. To my immediate left is Kathy Langlois who is the executive director of the finance and management services branch, whom you've met for quite a long time. And to her left is Barry Lacey who is the director of administration of the finance and management services branch. To my left is Naomi Mellor who is the director of integrated financial services in the finance and management services branch. That's a component that deals specifically with the districts in our financial branch. And Lois Borden who is the executive director of the district support branch.

We thought you might want to be talking about the districts this morning so I made sure that we have the people here to answer the questions. Thank you.

The Chair: — Thank you very much. I'm also made aware by the Clerk that I have an obligation when we bring people to these committees, to read a statement in regard to your

responsibilities before the committee, and I will read that for the record.

Witnesses should be aware that when appearing before a legislative committee your testimony is entitled to have the protection of parliamentary privilege. The evidence you provide to this committee cannot be used against you as a subject of a civil action. In addition, I wish to advise you that you are protected by section 13 of the Canadian Charter of Rights and Freedoms which provides that:

A witness who testifies in any proceedings has the right not to have any incriminating evidence so given used to incriminate that witness in any other proceedings, except in a prosecution for perjury or for the giving of contradictory evidence.

A witness must answer all questions put by the committee. Where a member of the committee requests written information of your department, I ask that 15 copies be submitted to the committee Clerk who will then distribute the document and record it as a tabled document. You're reminded to please address all comments through the Chair. Thank you.

I will now turn the meeting over to Mr. Streliaff to introduce the topic.

Mr. Streliaff: — Thank you very much, Mr. Chair, and members, witnesses. A significant portion of our '96 spring report does pertain to our examinations of the provincial health system. I don't think that should be a surprise since that system is going through a significant transition, and has to deal with complex planning, management, and reporting issues.

I plan to provide an overview of our work as it's written out in chapter 2 of our spring report and then move to chapter 9 as it pertains to the district health board sector specifically.

I'm assuming the purpose of today's meeting is to have a general discussion of the work of our office in this area and to answer your questions. At future meetings, we'll be getting into more detailed recommendations and conclusions.

I'm going to provide a review of chapter 2, and Mike Heffernan is going to introduce chapter 9, which is the district health boards. And Jane Knox, with me, will lead you through our audit of the needs assessment process within the district health board community which is particularly important to the long-term planning, management, and delivery and success of the provincial health system.

As you know, over a billion point seven . . . or almost \$1.7 billion of money was spent on our provincial health system in the year March 31, '95. About a billion dollars of that was managed through the district health board community. The transition taking place is significant, and the boards and the department are dealing with complex planning, management, and reporting issues and responsibilities. Integrating 10 to 20 separate organizations into one cohesive district operation is not an easy task, to put it mildly. They've been going through amalgamations, service agreements with affiliates, new

information systems, integrating operations, and dealing with difficult decisions related to personnel operations and infrastructure.

Paragraphs .04 to .07 of chapter 2 describe the purpose of the chapter: setting out the sources of revenue; our audit approach; our main conclusions and findings; our understanding of the department's view as to the purpose or complexity of the transition; and what work we plan to do in the future.

Chapter 8 of the spring report deals with the Department of Health. And chapter 9, which we'll be discussing later today, focuses on the district health boards.

Paragraph .08 provides a financial overview of where the money is coming from and what it's being spent on in terms of objects of expenditure, the \$1.7 billion in the provincial health system.

Our audit approach . . . we have in paragraphs .10 to .12, we set out our audit approach. We participated in the audit of all 29 district health boards, and now there's 30. And our examinations focused on their management systems and practices, the compliance with legislative authorities, and of course the reliability of the financial statements issued publicly.

We also examined two important planning and accountability issues faced by all district health boards, the first one focusing on the process used by district health boards to assess the health needs of their district residents. And also the annual report information that's provided the public and the Minister of Health the information they need to assess district health board performance. Those two latter audits were discussed at a Public Accounts Committee meeting back in late 1994 in terms of the planning and approach to those projects. Now it's the results of the audits.

Paragraph .13 to .26 sets out in general our main conclusions and findings divided up into two perspectives. The first related to the department, our work at the department and several Crown agencies and organizations. We found, as in paragraph .14, the department did set forward an important accountability framework to help the department and district health boards ensure that they understand the responsibilities and expectations, the measurement systems out there, and the reviews that take place. We found that that framework is a good starting point for making sure that the accountability relationships are clearly understood.

Then we move onto the annual service agreement that the department enters into with each of the district health boards. Those service agreements describe the services to be provided, the basis of payment, the objectives to be achieved, and the reports to be prepared. They're a very important part of establishing what will be happening in the district health boards.

In 1994-95 we noted that the service agreements were not established, that the agreements were not set in place. However in '95-96 they now are established or they were established.

We also note that the department enters into and approves health plans proposed by the district health boards. Those health plans set important operational and financial targets. We noted in '94-95 the health plans were not approved by the department until mid-year.

In .17 we describe what the Assembly has put in place in terms of . . . in the context of The Health Districts Act. They require the district health boards to prepare, publish, and submit to the minister important planning, management and accountability information related to the cost of services and activities — very important— and the health status of the residents, and the effectiveness of district health board programs. Very important legislative requirements put in place within The Health Districts Act. So far that information is not available yet. A lot of it takes new information systems and those systems are not in place.

We also note in paragraph .17 that it would assist district health boards if the department or the minister through the department helped district health boards identify which services should be costed by all district health boards so that there begins to be developed a common information system on district health board services and costs. And also we think that it would help district health boards if the minister, through the department, set on the table what he believes are the key indicators of health status. So that if the objective is to improve the health of the community, how do we know that that's happening through health status indicators?

We also note that the department itself needs to strengthen its internal reporting, and also in paragraph .19 to .20, point out the importance of the annual report of the department to the Assembly. We note through The Health Districts Act, that district health boards do not provide annual reports directly to the Assembly. That's an important part of the district health Act. They provide annual reports to the minister as well as to the public. But there's no direct annual report from the district health board to the Assembly. So the contents of the annual report of the department will be very important for the Assembly.

The department is in a position to gather significant improved information about the operations of district health boards through annual reports and through other required reporting responsibilities, but the report of the department will be the key vehicle for which the Assembly will have to look for to examine, to scrutinize what's happening in the district health board community. So we're really stressing the importance of the department's annual report, and it certainly needs to be improved.

In paragraph .22 we focus on the results of our audits of district health boards. The financial summary in .22 sets out the total revenues and expenses exceeding a billion dollars. It's a big part of the legislative spending authority and approvals. In general the district health boards use three different kinds of funds to track their finances. They have an operating fund, a capital fund, and a restricted fund.

A summary of the financial results of each of the district health boards is in chapter 9, part E. So all the district health boards

are lined up in that chapter 9 and the total financial results are there.

In paragraph .24 we note that our audits focused on three general areas — the planning that's going on in the district health board community, the management processes, and the systems and practices that are in place to ensure that the district health boards are publicly accountable.

In .25 and .26 we review the importance of the needs assessment process used by district health boards. Jane Knox is going to talk about that project in more detail a little bit later.

Paragraphs .27 to .29 describes the importance of establishing sound management systems and practices within the district health boards. And our main recommendation is for members of boards to clearly define to their management groups what information they need to manage their district — that the board members must put on the table the type of information that they need to oversee and direct the operations of their district health board and then to make sure that that actually happens.

We found a lot of gaps in that process where the information needs of boards were not clearly identified, and therefore the information one would expect to be provided to a board of directors was not being provided. Now again they're at the start of a complex transition, and this audit relates to the year ended March 31, '95, so I'd expect those practices are improving.

Paragraph .03 also talks about the external reporting requirements of district health boards. They're to report to their residents and to the minister some really important information on planning and on what they're doing with the money that they receive.

We think the accountability expectations set out in The Health Districts Act and approved by the Assembly are really good, really strong — actually represent a leap forward in the state of the art, if it actually happens. And we're trying to make sure that actually does happen. Making sure that the costs of services are actually known and reported is an important step. Most government organizations don't know that.

And also that the boards are to report on the effectiveness of their programs in moving forward the health status of their community, a very important step. And if the districts, with the support of the department, can make that happen, there will be some very valuable planning, management, and accountability information on the table. Our examination of the process used by districts to assess the health needs is moving that forward, trying to make sure that that kind of information is gathered, used, and reported publicly.

Paragraphs .31 to .38 titled, "The Department's view of the purpose and complexity of health reform," we put that in there to put some context into our conclusions and recommendations, to make sure that readers of our report know that there's a lot of issues going on in the health sector. They're not going to be resolved next year. Some of them can be handled quickly; others are going to take a longer time frame because new information systems will have to be put in place.

The department's view of the complexity and the purpose of health reform sets out two key stages — the structural reform, and then the second stage involving more of the operation and service delivery reform.

The first stage involving the set-up of 30 district health boards, their funding globally, the moving to provide services and funds based on health needs rather than on past usage, that's a very significant structural part of the reform taking place.

The second stage focuses on providing services and programs and delivery methods that are consistent with the goals and objectives of the government.

In addition to the major reform, as I mentioned earlier, the department and districts are expected to move to a higher standard of planning, management, and accountability information. And some of that is set out in The Health Districts Act, very important. And other parts of it is set out in the accountability framework that the department prepared and provided the districts in '94-95.

In the last part of the summary we talk about what our office plans to do in the future. We plan to continue focusing on the planning, management, and accountability systems and practices being put in place within their district health board community. We think and hope that most of the basic financial management issues should be in hand in the next two or three years.

There is a working committee of district health boards, CFOs (chief financial officer), and representatives of the department and our office, as well as other people that are put in place to make sure that some of the basic financial management issues, there's a forum for which to discuss them and to make sure that common solutions are likely to be provided and used across the waterfront.

We've also created . . . our office has created an advisory group to ensure that as we examine the key issues facing district health boards and the community, that we're examining the right ones like that. The examination of the needs assessment process is a very important first step to make sure that districts know what the health needs of their community are and therefore are structuring their programs accordingly.

So far I think what we've done, and from what I've seen, has helped move practices forward quite significantly. Just in terms of something as basic as financial statements, we're getting close to having comparable, reliable, financial statements. They're not quite there yet, but they're getting close where districts and members of the Assembly can rely on those statements and make meaningful comparisons from one district to another district, and in terms of also the programs that are being delivered by those districts. So I'm quite pleased with that part of it. There's a lot of work to do, but there's much good effort and work being done.

Now Mike is going to focus you on the chapter 9 which focuses on the district health board work.

Mr. Heffernan: — Mr. Chair, I'm going to lead the members through part A of chapter 9; it starts on page 129. And I'm going to take you through the first 12 chapters. Some of what's in part A has been discussed by Wayne already, so I'll go quite quickly through this.

In paragraph .02, we set out some of the challenges that district health boards face. And as Wayne said, some of these can be addressed quickly in the next year or two, and some will take longer. I guess an example of something we think districts should be able to handle in the next year or two are putting in place financial information systems to integrate their records with various hospitals and health organizations. A longer term challenge is reporting to the minister and the public on the effectiveness of programs.

The health system in Saskatchewan is really starting almost from the ground floor on this. There aren't a lot of generally accepted performance criteria for health status indicators, and so that's an evolving area.

In paragraph .05 and .06, we note that the total expenditures for the health districts as a group is over \$1 billion and a comparable amount of assets. In part E of our chapter 9, we give detailed information, the financial information, on each district health board. In paragraph .08, we set out the standard audit opinions that we provide on all organizations and government. We report on the adequacy of financial management systems, on compliance with legislative authorities, and on the reliability of financial statements. And we've worked with many public accounting firms throughout the province to develop those opinions.

There were four districts at the date of this report that the audits weren't completed on. Those are now completed or very near to being completed. In paragraph .09, we indicate two other audits that we did this year that Wayne's already talked about. One is the health needs assessment that Jane will describe in a minute. We feel that was a very important audit because an important aspect of health reform is that resources are allocated according to health needs and not past utilization. So in making decisions and setting priorities, district health boards need to know the health needs of their residents.

I'll turn this over to Jane Knox now. Jane is a principal in our value-for-money auditing area.

Ms. Knox: — Good morning, Mr. Chair, members. It's really a privilege for me to speak with you this morning about a very complicated process that has already involved thousands of Saskatchewan people and is going to touch on many more. When we work in the value-for-money unit, we ask whether or not management has safeguarded public resources in ways that ensure that it's economical and efficient and effective.

And to do that, we try to identify the issues that are significant . . . I'm having a little trouble with my trifocals this morning. This is a learning process for me, so you get your head in the right place. Maybe I'll do this. Is that all right if I do that?

A Member: — Sure.

Ms. Knox: — It's much better. When we identify significant issues that need to be well managed, then we select some key issues or complex processes for audit and we try to make recommendations that will improve management practices.

People have already spoken this morning about why we feel that needs assessment is important. I guess three main things: it will help to meet the legal requirement for a health status report; it helps to allocate that \$1 billion that we've been talking about, particularly through the strategic planning process as well as contributing to needs based funding. And it truly will make a big difference, I think, in contributing to the success of the districts and the health reform process, as it helps us to change the direction of our health system and respond to newly identified and changing needs.

So the objective of this audit was to determine whether the districts have an adequate process — not a perfect process, but an adequate process — to assess the health needs of the residents in their district.

And because it does touch on so many people, I've provided you this morning with some extra materials. This document just reiterates what you already have in the Provincial Auditor's report. And you also have received a one-page summary that you may find helpful to have in your hip pocket even over the summer, as many people in Saskatchewan have been involved and are asking questions about the process.

When we set out our objective, we recognized that the time period we were looking at, '92 to '95, was a period of great turbulence and enormous change for Saskatchewan. And the process of needs assessment itself is very complex, a very long-term process, so we wanted to be quite careful in recognizing the challenge that the districts are facing and also in choosing a sample that was large enough that we would be able to have, you know, a reasonable understanding of what was happening throughout the province.

So we selected a sample of eight districts and together they cover over 60 per cent of the population and represent both very small and very large districts, with a whole range of services.

So I move from that to talking about what is needs assessment. We have used the literature, and discussions with department and other people, to identify three main chunks, if you will, to needs assessment. Community opinion is extremely important, but we need to balance that with statistics and a close look at what kind of resources do we have.

I wanted to highlight that. When we talk about community opinion, we look at three different pieces. We look at what does the general public have to say, what do special needs groups — whether that's the elderly or youth or people with psoriasis perhaps or the mentally ill — what do those people have to say. And also service providers, I think, have some important contributions to make in this area.

When we look at demographics, we think about . . . I'm sorry; when we look at statistics, we think about at least three

different kinds of statistics. Those demographics are the people numbers that tell us how many people there are, how many are married, what their incomes are — those kinds of things.

The epidemiology looks at the disease patterns, the lifestyle patterns, and the injury patterns. And then the utilization is how are people using the health services and resources that they have in their community, as well as identifying . . . oh, that's the next piece, so let me not get ahead of myself.

When we look at resource inventory, we ask the districts to look not only at the facilities, which are such high profile in our communities, but also at the whole range of services that they were offering, at the kinds of regulated health care providers that they had in their districts. For example, some have practising physiotherapists in their communities and some don't.

We ask them to look at volunteers because that's a very important part of the health system in Saskatchewan and at healthy public policy. In other words, is the district conscious of the need to fluoridate its water, keep its highway system at a reasonable speed, and those kinds of things. So I'm clicking along; am I going too fast? So far, all right?

So perhaps I'll slow down a little bit at this point. When we set out to do this audit, as we do for every audit, we establish criteria. We review the literature. We ask for comments from the people involved. And in this case, we had three rounds of comment from all 30 district health boards on the criteria that we set as well, of course, as the department itself. And the department was very helpful in reaching agreement on these criteria, and we used an expert external adviser to ensure that the criteria were going to be useful to us as we went along.

To give you a sense of what we were looking for when they were planning, we asked them if they had goals. Have they a framework? In other words, we just expected them to do some thinking about what were they undertaking — to plan, to think about what information did they need to collect and have a plan to collect that, to figure out how they were going to combine all the information that they were collecting, how they would analyse it to bring meaning to the data — whether it was public opinion data or statistics — and then to report that back to the public.

So I wanted to spend most of our time this morning talking about what we found. So we'll just move to that now, if that's okay. So if we look at the findings in the area of the plan, when we look to see whether or not districts had goals, we had an interesting and sometimes challenging time because although we found that very nearly all districts had goals, they were not always clearly labelled, you know — these are the goals. It would have been easier if they had done that.

But many of the districts had goals, and they were excellent goals. Some sample goals are reported in the Provincial Auditor's spring report. All of them had plans to do work in the needs assessment area. But all were short-term plans with really only one exception. One district planned over an 18-month period, and that was actually the longest time period. It took

them three to four years to actually do that 18 months of work. So their plan ended up being the longest-term plan that there was.

But for the most part they planned one project, for example to look at the needs of one special group, or they planned for one year. And that's a difficulty in a process that is so big and complex. And with data becoming available, for example census data, only once every five years, you really need to plan to use the data when it's reasonably fresh and then, you know, not intend to re-gather until you have new data again.

One piece of the plan that the districts had troubles with was in the area of a framework. Virtually all of them had a framework of some kind, but many districts used what I would call a service-oriented framework. They used the information that they received from the department, and they perhaps misunderstood or misinterpreted that. And they ended up trying to collect information just about the five service areas that are described in the needs assessment framework. And then it gave them some difficulties later on because they asked people what do you think about this kind of service and this kind of service and this kind of service.

And when the came to analyse their data, that's all they had was information about present services. They didn't have very much information about other services that might be needed or changes in services that they would be looking for. But they did all use a framework of sorts. And that's very helpful when you're collecting large volumes of data. You need some way to organize it.

We found that the districts collected a wide range of data. They had lots of demographics and utilization statistics which were provided by the department through their community profile document. I believe many of you . . . That's not true. Some of you would have seen the department's presentation here of the community profile system last year, but perhaps some of you would not have seen that. But the department provides lots of statistics in these two areas, and they were available and in the districts. They didn't always know what to do with them, but they had them there.

The epidemiology was a little bit more difficult. It is available . . . many, many published papers that provide the disease pattern and lifestyle pattern information, but usually on a Canadian or a provincial basis. And the districts were really looking for something that was more specific to them, but perhaps an unrealistic expectation at this point in time. And they really needed to make better use of the broader information that is available.

Some districts did surveys. Sometimes before they realized there was other information available, they did local surveys. One district undertook a survey, for example, about teen sexual activity which I thought was very brave of them actually, because if they had known the statistics in this area are quite consistent and their survey bore out that Saskatchewan is no different. Sexual activity among teenagers is really pretty high, and it was alarming for the community to receive that message. But I think it was helpful to them then to have some provincial

and national statistics to say, well at least this is not beyond the norm.

One of the pieces that was missing in the epidemiology area was the injury statistics. Only one district asked for injury statistics to be provided to them. And the department was very helpful in giving the district that made the request the statistics about accidents and injuries that they asked for. But those statistics were not provided to anyone who did not ask. So there was a very important and preventable piece of information that was only available to those districts that made a request for it.

So this was an area that was weaker for the districts, but they certainly all had made an effort in various ways.

All of them had lots of public opinion data at all three levels that we spoke of: the general public, the special needs groups, and the service providers. They had lots of information. They've didn't always have the skills to combine it, as we'll speak about in a moment, but they have an enormous amount of very valuable information that was collected over the last three or so years.

You'll see there's an X beside public policy because we didn't find any district that had tried to identify what public policies were in place in their district. And generally speaking, with few exceptions, there was very limited understanding of how public policies might influence the use of health services or the need for health services.

Ms. Stanger: — Could you please just expand on that.

Ms. Knox: — I will indeed. It's a really important area.

A healthy public policy might be anything from fluoridating water to lower the number of cavities and therefore lower the number of, for example, low income people that the province is paying for dental care.

Or a healthy public policy can also be a speed limit on a highway, or whether or not there is a stop sign at a particularly difficult intersection. So if we talk about that example for a moment . . . We have many districts that have important resorts in their areas, so they have a lot of people travelling through their district who are not residents. Because they're not residents, they're not part of the needs-based funding formula. So the district needs to think about if the speed limit is allowed to be too high or there's the tricky part of the highway that hasn't got a stop sign where it needs or whatever, then it becomes a public policy issue for that district.

Because people who — and I'm sure the deputy will correct me if I'm wrong here — but people who use the services of the district at an out-patient level, the district doesn't get funding for that. Is that correct? But if they get admitted to the hospital, they get . . . So there are some adjustments that are made, I understand, in the base funding.

But generally speaking, the district can be out of pocket if it doesn't pay attention to the healthy public policy, particularly the ones that might result in people using out-patient services.

Are there other questions about the public policy piece? No? Okay.

So if we look then at the next area, so what we're saying is, yes they had, you know, pretty reasonable plans, and they collected a lot of data, and then they had some difficulties. They had all this data, and many of them had a lot of data. One district presented at least 25 reports to its board in basically a three-year period . . . and just lots of good stuff in there.

But it was difficult for the districts to use the data that they'd collected. In one case, the raw data was presented to the public in a public report. So they said, we circulated this questionnaire, and 10 people said yes, and 15 people said no, and 25 people said I'm not sure. And that's the way the data went to the public. So they really had a hard time with the combining of the data in a way that would help them to make sense of it.

They didn't always make the connections that we would have liked to see them make. They didn't notice the relationships. If they saw, for example . . . they couldn't have because they didn't have this data. But you might see high motor vehicle accidents, and then you look at your speed limits, and you say, okay, is there a link. That's where we would expect this kind of thing to start to happen, where you make relationships between different parts of your data.

If you have a sexually active teenage population, then you look to see what your teenage birth rate is like and what happens to those teen moms over the long term. Do they become the poor of your district? So you use your data. You combine it in ways that helps you to make sense of it.

And then once you have it in a meaningful format . . . and the framework is a very helpful piece there. And perhaps I should, before I go on to analysis, I should talk for a moment, quickly, about the framework piece. The service orientated framework didn't help them to make links between their data. It kept the data in sort of those stovepipes or silos that we sometimes talk about. A framework that might have been more helpful, and the department certainly talks about this with districts, is something that looks at a broader piece.

And we can go back as far as 1974 to the Lalonde report which uses basically four different pieces. It talks about what people are born with, the biology and genetics piece; sort of how they live, the behaviours or lifestyle that they choose; the environment that they live in, and that's both the physical environment and the social environment in which they live; and then the fourth major piece is the health care system itself. And I think that too is a very important part of the ability of our population to be successfully healthy.

So if they would have had a broader framework, it would have been easier for them to make the relationships and combine their data in helpful ways. They lacked that in many cases or needed to improve it.

When it came to analysis, then the districts still had all this data, often in sort of separate piles, not very many relationships

drawn between the piles of information. And they didn't have, in most cases, anything to help them focus their attention. So they had a lot of information and I think often were just overwhelmed by all the good stuff they'd found. Sort of, what do we do now . . . is where they were thinking.

I think there were two districts that said initially we want to focus on the health of women and children and the mentally ill . . . or that, you know, kind of focus. And that helped them a little bit in this area. They knew that they were looking for specific kinds of information. But generally speaking, the province has not yet identified indicators to help the districts.

At the national level, in 1986 there was a committee struck, and 56 indicators were chosen, and there are documents in the literature which support a whole range of indicators. But there's a cost to indicators, as well. And so we haven't said specifically the province must have indicators right away, because the more indicators you choose, the more information system you have to have to collect that information.

So we certainly support the intention to go slow and be careful before one leaps in this area. But it would be extremely helpful to the districts if we had even three or four indicators that they would be able to focus on, and we would be able to have a provincial picture of what's happening in those areas.

So the districts had a hard time to identify significance. They weren't sure what was most important, and in that area it was because they didn't look at the trends. So if they had had that epidemiology data to make the comparisons, they would have had more trend information to say, well teen pregnancies in our district are at this level. Is that the same as at other levels, or is it a lot more or a lot less? And that's not to say you shouldn't be concerned about teen pregnancies just because they're lower than somewhere else. It's a value judgement that the community makes, and that's the community opinion piece that you bring together at this point of your analysis.

So some districts received literally hundreds of recommendations from all the different pieces that they were looking at and had no way to set priorities. They didn't have a mechanism or screening process to say these are important, but they're just not feasible ever. These are important, and you'll look at them over the next five or ten years. And these are urgent, and we need to deal with them right away. There didn't seem to be any process out there, with one exception, where they did better.

And I should probably name the exception since I've mentioned that several times. The Regina district has done very well with their needs assessment process, and we were very pleased to see that in many areas they were quite successful in coming right to . . . bringing their process down to goals and more specific objectives at the end.

The reports themselves that were made to the public were timely. They were in writing, and they had in many cases . . . they set out, well here's what we tried to do and here's what we found. But they didn't always have . . . because they lacked this piece of . . . so what shall we do with this. They didn't always

have a clear plan for what action are we going to take on this.

So as Judy mentioned earlier, we do follow-up audits when we undertake audits of this kind, and over the next couple of years we will not only be going back to ask the districts how they're doing with their needs assessment process, but we will also be talking with the department about the possibility of undertaking an audit in the area of allocating resources based on the needs assessment process.

But generally speaking, in summary, we found that they did very well overall, given the turbulent times and the amount of change they were dealing with. And as a result, we made three recommendations. We'd like to see them planning for a longer term period, for at least three to five years, if not longer, so that they make best use of the data as it becomes available, and they're not asking the public the same questions every year.

We'd like to see them find ways to organize and combine their information so that we could develop a health status picture for the whole province because, if they don't all do some of the same pieces, then we lose that ability to have a provincial picture. And we'd also encourage them to improve their ability to analyse and set priorities for action for the future.

So in summary, we were pleased with what we found. We felt really that the districts had done much better than we were expecting initially. It was a lot more work than we anticipated, as a result. But we are pleased that they have come as far as they have in a very short period of time. Thank you, Mr. Chair.

Mr. Strelieff: — Thank you, Jane.

The Chair: — Thank you. I recognized a couple of members that asked to enter the discussion.

Mr. Pringle: — Thank you very much, Mr. Chairman, and welcome to the officials. It's good to see you. And also thanks to the Provincial Auditor's office for the good overview.

I've a number of comments to make; I'll try and be as brief as I can. I guess the first point I want to put on the record is to commend the deputy minister and your staff members, and also the citizens of the province all over Saskatchewan because, as has been pointed out this morning, the health care reform initiative was a huge undertaking which required systems to change — not only systems but a high degree of involvement in an undertaking where everything needed to be changed. And I think the point that was just made, about 25 reports to one board, is an indication of the hard work and dedication by the district health board members.

And I also think about my experience over 25 years in the human services, and I remember the Lalonde report very well . . . that very few of us think in an integrated or a holistic fashion. And even if we do, the mechanisms aren't in place to help us move that agenda along. And I'm thinking of the action plan for children and how it took a lot of work to get various departments and sectors realizing that they had something in common with each other.

And so when you take volunteer board members, and many of them are professionals in many ways too and a lot of good volunteer experience across Saskatchewan . . . that in many ways this was a sort of mutual education process not only on issues all the way from — as was pointed out — acute care to speed limits to teen pregnancies and so on, but all the organizational things that were required. I think this is a major undertaking.

In my reading of the Provincial Auditor's report, which I thought was very well done in this area, I think there's some good tips for all of us, and certainly the Department of Health and the district health boards. I think it was highlighted; there's a lot of good will in the department and with the boards. And also there has been some recommendations I think that will help sort of address the priority of this first. So I feel good about that.

I also found in reading the report, and this morning from the Provincial Auditor's office, a sensitivity and understanding with regard to the very significant challenge. And so this impatience around the . . . putting the accountability measures in place. But also some useful guidance which perhaps is really what's required to continue to improve. I think that was pointed out that the accountability framework is a good starting point with regard to those accountability relationships starting, and of course the service agreements which have now been established and the district health board plans.

I picked up a comment that I thought was very important that was made this morning with regard to health care reform, and the comment was that it's important that resources be allocated according to health needs, not on past allocation patterns. And I think that is very significant because I think that's been perhaps, say, one of the points of dispute. We've funded something in the past; therefore we should continue to fund it because we've always funded it. And I think what the importance of the needs assessment process and the integrity of that process . . . I think you've highlighted that in your presentation. I mean, obviously we need to make sure that we're spending limited money in ways that are addressing all the health care needs in the broadest sense, that are in our communities, not based on what we've done in the past.

So I agree that the health needs process is important. Otherwise how do we do adequate planning? I think that's a critical starting point. You define the problem first. And that with the rapid changes, it's important that we recognize that there'll be some incomplete information. There was some development, some new skills required and so on, and that'll take some time.

I guess what I'd like to do is, in the interest of moving along a little bit, I would like to propose to the committee that with regard to chapter 9, part B, which deals with needs assessment, I would like to propose that we combine recommendation .16, .17, and .18 and make the following motion, if I could, Mr. Chair, seconded by the member, Mr. Thomson, from Regina South:

That the Public Accounts Committee recognizes that it will take some time before districts are able to fully implement

their needs assessment processes, i.e., four to five years, and recognizes the good work district health boards have done to date in the areas of needs assessment. Furthermore, the Public Accounts Committee recommends that the Department of Health and the district health boards work together over the next few years to improve needs assessment processes and address those concerns raised by the Provincial Auditor.

And I think that that motion, that is reflective of the recommendations of the Provincial Auditor. I so move.

The Chair: — Thank you, Mr. Pringle. Mr. Koenker, I recognized before . . . is again this taking care of what you were going to make?

Mr. Koenker: — I'll pass.

The Chair: — You're going to pass. Okay then we will deal with this motion.

A Member: — Can you read it?

A Member: — Take it as read.

The Chair: — We'll accept it as read. Is everyone then in understanding of the intent of the motion and comfortable with it? Agree that we have accepted it as read? Any discussion on the motion? If not, are you ready for the question? All those in favour? Agreed. That's carried. Thank you very much. Mr. Sonntag asked to have a comment.

Mr. Sonntag: — Just two very quick things. I don't mean to offend anyone but . . . and it's just a question for in the future. We get so much paper. I think that this report is redundant and also maybe an unnecessary expense for us here because we've got all the information as committee members already. I don't know whether you'll be doing this in the future. It's not a big deal, but I don't think it's necessary at all for us here. This summary sheet is real nice, by the way, the little summary sheet we have here, I think anyway. And that's only a very . . . I've not discussed it with any of the other members, but that would just be a personal observation.

And the other thing that I do want to recommend, just to suggest for the next agenda in two weeks from now, Mr. Chair, is should we be dealing with the motion, this motion for the 17th annual conference within two weeks?

Ms. Stanger: — Yes.

Mr. Sonntag: — Because pretty soon we're going to . . . if we don't deal with it, we have to deal with it in committee, and if we don't within two weeks . . .

The Chair: — We can deal with it now if you like.

A Member: — Let's deal with it now. Get it done.

Ms. Stanger: — Yes, let's do it now.

Mr. Sonntag: — Oh, it's here already. Oh, I didn't realize that. Okay. Do we have to specifically . . . Okay. I'd prefer not to make the motion.

May I ask, before the motion is made, if something happens that one of us are not able to attend, does it require a separate motion of the committee?

Mr. Putz: — Maybe what you might want to do is add on the bottom there, "and if one of you can't attend, that designate another committee member to attend in your place."

Mr. Sonntag: — That either one of can do that?

Mr. Putz: — No, on that motion, so that either the Chair or the Vice-Chair could designate somebody to go on there.

Mr. Sonntag: — Okay, you'll do that?

Ms. Stanger: — I'm writing it down.

Mr. Sonntag: — Okay.

The Chair: — What the motion that's being prepared is the 17th annual conference of the Canadian Council of Public Accounts Committees is to be held in Victoria on September 8. An invitation for us to be in attendance of that has been circulated to you, and I believe the motion indicates that the Chair and Vice-Chair and the Clerk would be the members of our delegation. And that if one of us cannot attend, that we could designate someone in our absence.

A Member: — Someone on the committee.

The Chair: — Someone on the committee, in our absence. That's been moved. Is there any discussion on the motion? Ready for the question? All those in favour? Agreed. That's carried.

It now being 11:30, I declare the meeting adjourned.

The committee adjourned at 11:30 a.m.