

The Chair: — Bring the committee to order, please. I would like to invite Wayne to introduce some of his folks here this morning.

Mr. Strelieff: — Okay. Thank you. Chair, members, good morning. With me today are Ed Montgomery — he leads our work at STC (Saskatchewan Transportation Company) and SaskPower which are on the agenda today — and Scott Smith. Scott Smith is an articling student working for his chartered accountancy; just wrote his exams a couple of weeks ago and is waiting for the results in December.

Yesterday we had Joanne Matchett, also an articling student, and Jason Pion with us. So our practice is, as we go through these meetings, we bring some of our newer people to see the workings of the Public Accounts Committee because that's who they work for too. And they can see better the impact that our reports have and that the work of this committee is so important in making a difference.

And also of course Bob Black is here with us. Thank you.

The Chair: — Thank you very much, and welcome to all of the individuals that are new here.

We have just circulated a revised agenda and there is an error in it I notice. The change really was to include the SGGF (Saskatchewan Government Growth Fund Ltd.) item on the agenda this afternoon, but officials will be here. The reason we did it is to accommodate the officials being able to be here this afternoon, to accommodate the working of the Public Accounts Committee in its deliberations.

Public Hearing: Saskatchewan Transportation Company

The Chair: — This morning we have on our agenda to deal with section S, which relates to the fall 1995 report, chapter 16, on the Saskatchewan Transportation Company. And perhaps that it might be useful for you to outline, since we don't have officials here. The other thing that I think is important to note, that this item does come back in the fall '95 report.

Mr. Strelieff: — Okay. Thank you. Ed Montgomery is going to provide that review.

Mr. Montgomery: — Good morning. These matters have been reported by ourselves since our fall '94 report. They will again be reported when we complete our fall report for this year. And that's because at the time of STC's year end, December of '95, STC has not completed the work in addressing the weaknesses.

In my understanding, STC agrees that the matters reported should be corrected but they didn't want to get into doing it immediately because their computer system was really quite antiquated and subject to a number of failures, and they proceeded then to arrange for the purchase of a new computer system.

This has taken a little bit of time to get in place. And at the current time I think they've actually purchased the system now

and are in the process of doing some conversion and testing of the new system.

So we're hoping that when we get to examine the procedures at STC in this year's audit, the year ended December '96, that these matters will have been addressed at that point.

The Chair: — Thank you. Ed, I think that the detailed scrutiny of how this is working is sort of something that we can look forward to resulting from the fall '96 report when we get to those chapters. And by that time STC may be able to be in a position to more accurately report the results of the work that they are undertaking. So I'm wondering . . .

Ms. Stanger: — It is my understanding that STC has been working with LGS Group in the development and implementation of a strategic computer acquisition plan. And my question was, when I was asking why it was taking so long, it does take apparently a long time to get a full computer system on line.

And one thing I was very pleased to note, that they followed the auditor's suggestions. They have backup procedures in place which will prevent the loss of computer files, and also business interruption insurance.

So I think they are in agreement with the auditor; it's just to come to the conclusion and have all the plans finalized.

Mr. Montgomery: — That's my understanding, too.

Ms. Stanger: — Yes.

The Chair: — Are there any further questions or is it the committee's wish that we note the progress and that . . . or we agree with the auditor's recommendations, and note progress?

Ms. Stanger: — Mr. Chair, did you mean for all four of them?

The Chair: — We can do them individually. If there is separate direction on each of them, I certainly would be pleased to deal with individually because I think that's better for our record.

Ms. Stanger: — Okay, well then we'll do that.

The Chair: — I'm looking for overall direction.

Ms. Stanger: — Individually then.

Mr. Toth: — Ms. Stanger had already addressed it.

Ms. Stanger: — Not all four of them; that's why I'm asking.

The Chair: — Okay. Let's specifically deal with item S.1. Item S.1. We'll go specifically.

Ms. Stanger: — I concur with the recommendation of the auditor and recommend that we accept that.

The Chair: — Okay. We agree then with the recommendation

of the auditor and note progress. That's the way we'd like to handle that? Is that agreed? Agreed. Item S.2.

Ms. Stanger: — We concur with the auditor again and note progress and hope to hear from him again.

The Chair: — Okay. Again then we agree with the recommendation of the Provincial Auditor and note progress. Agreed? Agreed. Item S.3?

Mr. Toth: — I'd just like to ask the auditor a question regarding S.3. When you talk about establishing adequate rules and procedures for recording cash sales, I'm just trying to understand what you really mean by this.

Mr. Montgomery: — What happens, or what is happening under the old system, is at each of the depots they really had cash boxes for the receipt of cash or cheques for express sales and passenger. And there's no way of ensuring that all cash received was actually received, all cash due was received by the corporation, because there was no way of reconciling the actual sales with the amount of cash. And under the new system the computers will have a point-of-sale point where they reconcile the actual sales made from the tickets and express, and that will be reconciled to the cash received.

Mr. Toth: — So what you're basically saying is there was no check system. Like if someone went on duty and took over at a register, that that register would record that there was so much cash on hand at the beginning of that shift, and then at the end of the day that person, or the end of the shift that person on duty at that register, would then have to verify all the receipts that have come in and that there was the money to account for that. There's nothing in there that . . .

Mr. Montgomery: — Under the old system there was no way of reconciling the actual sales for passenger tickets with the amount of cash received. There was really no cash register as such — more cash boxes. Under the new system a cash register will tell you at point of sale.

The Chair: — Sounds like shoebox accounting, doesn't it.

Mr. Strelieff: — They also had a lot of trouble reconciling the payables from all the people who are paying on account and have a lot of manual reconciliations that were taking place and perhaps are still taking place to a certain extent, and very labour intensive. And so they changed to a new system is . . . they're hoping to help that out considerably.

Mr. Toth: — Well this new computer they're putting in, will that address some of this as well? Will that help work it in so that they can record it and it's all in one, I guess if you want, one accounting system regardless of the depots — it's tied together.

Mr. Montgomery: — With the new computer system the sales from all the tickets will be reconciled with the actual cash received.

Ms. Stanger: — Yes, it's my understanding, Mr. Chair, and the

auditor, that on August 1, 1996, STC implemented a point-of-sale system that records cash transactions at its front counters in Regina, Saskatoon, and Prince Albert. Each point-of-sale machine has security log-on procedures to ensure that only authorized express attendants can perform transactions at the machine. At the end of an express attendant's shift, a cash-out procedure has been established.

I don't understand why this was never done, but anyway, the cash-out report and money along with appropriate weigh bills are then turned over to the express staff members who make the bank deposit. This individual counts the cash and provides the express attendant with a receipt for the amount of the cash that was turned in. If there's a discrepancy between what the cash-out report says and the amount of cash should be, and the amount that is actually remitted, the express attendant must reconcile the difference.

So it sounds like they're following some of the auditor's suggestions and getting up to speed on accountability.

Mr. Montgomery: — I didn't know that they'd done it in August '96 but that's the way they were supposed to go.

Mr. Flavel: — Just for clarification here. Are you telling me that that corporation has been running and would sell me a bus ticket for \$80 and there would be no stub to record that \$80? There would be no receipt or anything in that cash box to record that there was an \$80 cash sale?

Mr. Montgomery: — I guess there may have been a receipt, but there'd be so many individual receipts and for such small amounts that they were unable to reconcile it. They had no procedure of reconciling the amount of cash received for sales with the actual cash received.

Mr. Flavel: — And this is still in place now until August 1. It was changed on August 1 apparently. But it was in place up until August 1, 1996?

Mr. Strelieff: — The more difficult process that they were dealing with was the courier . . .

Ms. Stanger: — And express.

Mr. Strelieff: — Courier and express deliveries which they were really having more trouble even than the . . .

Ms. Stanger: — Than the ticket sales.

Mr. Strelieff: — Cash sales on transport, transportation people.

Mr. Sonntag: — Mr. Chair, we'd like it on record that we can't see Mr. Flavel paying 80 bucks for anything.

The Chair: — I recommend we send him on the bus.

Mr. Flavel: — I want it on record that I can't believe that we would have any corporation, anywhere in the world, that would not keep an accounting of cash that they received for sale of anything. I don't care if it's a little shoe store on the corner or if

it is a popcorn stand, would keep better books than a Crown corporation like that has. This is appalling to hear, that they have no system of recording that.

Ms. Stanger: — Well they do now, Dale.

Mr. Flavel: — They do now but this operation has been on the run for some 20 or 30 years.

Ms. Stanger: — No. Since the '50s.

Mr. Flavel: — Excuse me.

Mr. Strelieff: — Mr. Chair, members. STC did have a revenue system. They were trying to keep track of the cash and trying to reconcile it to all the sales. But those reconciliations were, because of their computer systems, were very manually oriented and they just really had a lot of difficulty making those reconciliations. And in some cases, they just couldn't do it.

So it wasn't that they didn't have anything. The system that they did have just got out of touch with the amount of business that they were doing and was so labour intensive that they weren't able to keep control of public money that you would expect them to do. And now over the last few years they're trying to make it better. But yes, it is a very significant concern.

Ms. Stanger: — Well, Mr. Chair, not that I'm trying to defend somebody not reconciling the bank every night, as I call it, it's just the fact that you had all these ticket sale offices in many places in Saskatchewan. And like the auditor says, that was difficult. Now under a computerized system, there's no reason that they can't be totally accountable. And at every shift now, as I said, everybody will be responsible. Just because, like the auditor said, they had so many employees in many little offices and that was difficult. Now, thank goodness, they're coming into the 21st century.

The Chair: — I hear that we probably are ready to strongly endorse the auditor's recommendation and note progress.

Ms. Stanger: — I'll so move, that we support the auditor's S.3, the recommendation.

The Chair: — The suggestion is we strongly support the auditor's recommendation and note progress. Is that agreed? Agreed. Item S.4.

Mr. Toth: — Yes, I do have a question here. I'm trying to understand what the auditor means when he talks about a written contingency plan and testing that plan. What exactly are we talking about, of a plan? A plan of what?

Mr. Montgomery: — A plan really to recover in the event of a complete system failure or a partial . . .

Mr. Toth: — So this has to do with the computer system that they're . . .

Mr. Montgomery: — Yes, the same thing.

Mr. Toth: — Now would this relate to the new system they're putting in, or it's still relating back to what they had before that was giving them problems?

Mr. Montgomery: — The reason why they didn't implement that plan immediately was because they were in a process of switching to this new computer system and they didn't want to waste the time to document something for which was going to be replaced. So they delayed it until the new computer system . . .

Mr. Toth: — So the new system then should have a backup plan in it and have some contingency set in place.

Mr. Montgomery: — With the implementation of the new system, they should be designing this backup plan at that same time.

Mr. Toth: — Fair enough.

The Chair: — Are there any other comments on item S.4? From the remarks by Ed it seems as if this is as well being incorporated into the new computer system. So are we ready to again support the recommendation of the auditor and note the progress?

A Member: — Agreed.

The Chair: — Thank you. Any plan is better than the one they have in place.

Public Hearing: Saskatchewan Power Corporation

The Chair: — The next item on our agenda is Saskatchewan Power Corporation, section R. We have two recommendations. We will deal firstly with item R.1. Mr. Strelieff, do you have a comment on that specifically?

Mr. Strelieff: — I'm also going to turn this one over to Ed Montgomery as well.

Mr. Montgomery: — The first point here is SaskPower should obtain Lieutenant Governor in Council approval before selling real property held by Channel Lake, which is one of its subsidiaries.

And the issue here is one of principle. In essence SaskPower is not able to purchase or sell real property with a sale price in excess of a hundred and fifty thousand without obtaining the approval of the Lieutenant Governor in Council. However, there seems to be a gap, in that a SaskPower subsidiary may purchase or sell real property in excess of that amount and no order in council is received.

SaskPower believe they do not require an order in council for sales by subsidiaries in excess of the limits set out in The Power Corporation Act. We believe that a SaskPower subsidiary should not have, or cannot have, powers in excess of SaskPower itself.

The second matter relates to the tabling of the . . .

The Chair: — If we could, let's stay to just the one item and give the members opportunity to comment or ask questions on that item.

Mr. Toth: — Yes, I'd just like to say it's unfortunate we don't have officials here this morning to address this. I can appreciate where the auditor's coming from. And if I understand correctly, SaskPower at any time needs approval of Lieutenant Governor in Council or cabinet to approve of any sale above 150,000. Anything below they can make at their discretion, but above 150,000 . . .

Mr. Montgomery: — You're correct. Above 150,000 they need approval of Lieutenant Governor in Council.

Mr. Toth: — And then based on that then, it would seem that any subsidiary, in my opinion, would be responsible to hold the same rules and guidelines. At least that's what I would think. Otherwise I think, as the auditor notes here, the company could just break itself into little subsidiaries and then do its own thing without and . . . and that way not really be that totally accountable to the taxpayer. Because without the Lieutenant Governor in Council, or LG (Lieutenant Governor) approval, I guess if you will, it then puts itself outside of the purview I guess of the guidelines of the Legislative Assembly. And that's the concern you're raising with us this morning I believe.

Mr. Montgomery: — Correct. If the Assembly has decided that these are the rules for SaskPower, to us it doesn't seem logical that a SaskPower subsidiary can exceed those rules.

Mr. Toth: — Now the sale of this Channel Lake Petroleum Ltd. Now is this a little petroleum company that was handling . . . what was it dealing with, natural gas or oil.

Mr. Montgomery: — It deals with oil and natural gas. And then the oil and natural gas property is out in Alberta.

Mr. Toth: — Oh, I see. And I note by your report that the sale of the real property was for 335,000?

Mr. Montgomery: — Correct, in that year.

Mr. Toth: — 169. And this would be property outside of Saskatchewan that they had sold off?

Mr. Montgomery: — Correct — oil and gas probably.

Mr. Toth: — And who would have purchased that, do you know?

Mr. Montgomery: — I don't know actually on this purchase. It would have been a private corporation but I don't know.

Mr. Toth: — I don't have any other questions. I notice . . .

Mr. Koenker: — I think there are two sides to this coin, obviously. And you refer . . . the auditor refers to a gap and I think that is a legislative gap that leaves it open to interpretation as to whether the original legislation . . . what the intent of the original legislation is.

It can equally well be argued that it may very well have been the intention of the legislation not to specify anything about subsidiaries, expressly so that there was provision so that the SaskPower subsidiaries would not have to secure legislative approval. And this is in terms of business practices, especially where there is competition, in that it might take several weeks at best to receive order in council approval for transactions. There are issues of confidentiality in terms of having to require order in council approval. There's also the issue . . . in terms of oil and gas exploration activities, sales of real property of \$150,000 are relatively small. It might require quite frequent trips to Executive Council to secure order in council approval.

So I think the long and short of it is for me that there is a gap here and it's not clear in the legislation what the intent is. I think we need to note that there is a gap in the legislation.

Mr. Flavel: — I have a question. Why is Channel Lake Petroleum singled out? Why would it not be all properties that SaskTel . . .

Mr. Montgomery: — In this point, Channel Lake happens to be singled out because that was the only instance that we found in that audit year of a sale of real property in excess of that limit in any of the subsidiaries.

Mr. Flavel: — So do I understand that this has been corrected through Bill 87 of the last Assembly — that the limit has now been increased to 1 million?

Mr. Montgomery: — No. Bill 87 did not deal with the provision related to real property. It dealt with the provision related to personal property which had a limit of 1 million, which was removed to bring SaskPower into line with some of the other Crown corporations that also didn't have a provision for the 1 million limit on personal property.

Mr. Flavel: — Yes, I guess I would . . .

Mr. Koenker: — Mr. Chair, I'm just wondering why, when that amendment was made in terms of personal property, this matter wasn't addressed. And again I think there is a question of legislative requirement and interpretation and a gap here that . . .

The Chair: — Well I think the committee has to make a determination if we're in agreement to this and then we can make a recommendation, if we so see fit, that subsidiaries should be or should not be included by the same rules as SaskPower itself. And then of course the Executive Council responds to that and if they're in agreement then I would assume that they would make the appropriate legislative changes.

So we have to deal with the principle of how we see this rather than interpreting what the intent would perhaps be in legislation or lack thereof. I note Ms. Stanger on my list.

Ms. Stanger: — Pass.

Mr. Toth: — Yes, thank you, Mr. Chairman. I'm not sure what

our real discussion debate is this morning because what we're talking of here is the sale of property. There would be no real conflict. You're not really hiding anything here because you're dealing with . . . you've got a piece of property for sale. You've decided that it probably doesn't have a lot of value to maintain it. There's a good market-place so you put it up for sale. And I don't think you're going to be having so many confidentiality clauses about it because you're going to want to put it out to the highest bidder.

I think it's just a matter of . . . if SaskPower and the minister responsible look over their agenda, look over their properties or subsidiaries and say, this really isn't a benefit to us as a corporation or to the taxpayers, what's the potential of selling it? I think that that debate takes place long before a sale is in effect. So it would seem to me that there would have been some discussion between the corporation and the minister, and cabinet as well. And I don't think cabinet is just going to let a corporation go off and start selling off subsidiaries. And I think it would be . . . (inaudible interjection) . . . Well they sold property held by Channel Lake, yes, allowing Channel Lake — well any subsidiary for that matter — just to sell the property.

I don't have . . . I guess I don't have a problem in the fact that this discussion is centred around something after the fact, when I'm sure there was a lot of discussion and debate before sale of that property even took effect and that provisions could have been made to address the LG approval before the final sale.

The Chair: — Any other comments?

Mr. Koenker: — Mr. Chair, I think that given the fact that we do have a gap in terms of the interpretation of the legislation, I think at this time we need to disagree with the recommendation, given that gap. I don't know what the alternative is.

The Chair: — The alternative is that we could agree with it if we believe the gap should not be there. If it's this committee's opinion that we concur that the gap should not be there, we can concur with the auditor's recommendation and that goes into our report.

And then Executive Council responds and considers our report, which would include — if that's the wishes of the committee — that the gap should not be there. And then we would receive the opinion back from Executive Council as to maybe they would agree that they would close that gap, or they would give us reasons why they would not.

Ms. Stanger: — It's my understanding, in listening to John Wright yesterday and talking with Patti Beatch afterwards, that a policy is being developed by the Crown Investments Corporation for the disclosure of subsidiary financial statements and a very clear and open and accountable system. So I don't agree with this.

The Chair: — Are we in number two now?

Ms. Stanger: — No, no. Number one. I mean it was very clear from Mr. Wright's statements that they are — yesterday — that they are developing a policy at Crown Investments and it's

going to be very open and accountable, and I agree with him.

The Chair: — But I again think, members, that it's important that we deal with the issues and the recommendations of the Provincial Auditor. And either we agree with them that there's a principle involved here, or we disagree with the principle. And if progress is being made then it should be noted, and if compliance is occurring it should be noted and it'll go away as an issue.

But I think we have to deal with the issues as we have them, as outlined by the Provincial Auditor in the report of this date, and we can note the compliance or progress and things of that nature; that's fair ball. But I think we've got to stay on the principles of the issue that are raised by the Provincial Auditor for us to deal with.

Mr. Thomson: — I just wanted to say I really agree with Mr. Koenker's assessment this morning, that there's a gap here. The problem is I don't agree with the auditor's recommendation that the OC (order in council) should be obtained before selling properties exceeding 150,000.

So while I appreciate the argument that there's a gap, I would be very reluctant to support the recommendation itself, simply in recognition of what I had felt was already dealt with through Bill 87 this session. Now I've been told that Bill 87 doesn't deal with that. And then perhaps we need to take another look at that this coming year. But 150,000 I think is simply way too low a threshold in companies of these sizes. So I'm in a bit of a bind in wanting to recognize the gap and obviously have the problem corrected but I'm not sure that this is the right mechanism to do that.

Mr. Koenker: — Just in listening to the discussion, I'm feeling more uncomfortable with this than just in terms of the gap itself. I think we need to disagree with this, just in terms of the principle of the 150,000. To have Executive Council always approving oil and gas transactions for Channel Lake Petroleum whenever it's more than \$150,000 seems really unwarranted in terms of the reality of the functioning of either Channel Lake itself or Executive Council. So I'd recommend we defeat it.

Mr. Strelloff: — Mr. Chair, and members, I'd just like to point out a couple of things: that The Power Corporation Act that governs SaskPower requires SaskPower to obtain the approval of cabinet before selling real property with a sale price exceeding \$150,000.

So when you're talking about that \$150,000 is too low of a value for one of its very small subsidiaries, what The Power Corporation Act requires is that the whole corporation as a whole, when it does plan to sell real property exceeding \$150,000, that they do obtain order in council approval. And of course, for all members, when order in council approval is obtained, that makes . . . that's public notice of the transaction, so then you're aware of what has just transpired as well, through that mechanism.

The third point that I'd like to point out is that by not agreeing with the principle, you may be encouraging the idea that

corporations that are assigned very important responsibilities and authorities can create subsidiary corporations and give them broader responsibilities and authorities. And that's a very important principle to keep track of.

In my office, if I'm going to delegate some authorities, I don't want that person to go beyond those authorities. Just like when you delegate, as an Assembly, authorities and responsibilities to particular organizations. If you ... by not agreeing with the recommendation I hope corporations will not be encouraged to add responsibilities and authorities to their subsidiaries that they don't have themselves. And that's the point of principle, that we're wanting to make sure that it gets closely monitored and tracked. Because there are related issues in other corporations that have happened that go down that course. So I'd just like to bring those ideas to your attention.

Ms. Haverstock: — I would like the Provincial Auditor to comment on what practices and procedures are now ... for obtaining Lieutenant Governor in Council approval for selling property, what's already being done? I mean, what is the natural course of behaviour — by SPC (Saskatchewan Power Corporation), I should add.

Mr. Strelloff: — Some of the officials, maybe even the comptroller's office, would be far more familiar with this. My understanding is if the corporation is planning to sell real property in excess of \$150,000, it sends written communication to Executive Council for their approval, and the cabinet meets and approves or doesn't approve. And then it becomes an approved transaction in accordance with the powers of the Act and it also then is reported in a public way. But I'm sure the Provincial Comptroller would have far more experience in obtaining order in council approvals than certainly I. In fact I never have.

Ms. Haverstock: — So what I will do is ask you if you're familiar with how SPC generally institutes its practices and procedures in obtaining Lieutenant Governor in Council approval for selling property.

Mr. Paton: — Mr. Chair, unfortunately we're not able to speak specifically to the SaskPower situation, on how they go about this. Our knowledge of this is limited to what we're seeing here, as well in terms of the rules and procedures on obtaining that approval.

Ms. Haverstock: — I guess that would lead me then to say that if in general this is something ... in other words, as a principle, is generally applied by SPC, why would we be questioning the principle at all? I mean, aside from the fact that this in the Power Corporation's Act, if this is the general procedure when they're selling real property, I don't know why we would ever raise it as a question.

Mr. Koenker: — I know why, Ms. Haverstock. Because it's open to interpretation. That's why. It's open to interpretation. The legislation does not say that subsidiaries are required to obtain order in council approvals for transactions. It doesn't say that. So it is open to interpretation, and therein is, I think, what I've referred to as the gap.

Ms. Haverstock: — Well, Mr. Chair, I most certainly, just as a ... to close on this, I most certainly do agree with this recommendation. And I would far rather err on the side of caution always and make a suggestion from this committee to fix what we perceive as a problem — what you've identified, Mr. Koenker, as a gap — than I would to simply throw out the recommendation and say we do not approve of it.

Mr. Toth: — Mr. Chairman, as I listen to the discussion or to the debate this morning, it would appear to me that the guidelines are in place as such, as we've had the auditor share them with us, that require SaskPower to receive LG approval. And those are the rules that the recommendation has been based under and that's the recommendation that the auditor's come ... He must follow the guidelines, I would assume, as well, plus give direction to us as to whether these rules are being followed.

And while government members would argue that maybe there's a gap or maybe we don't need it, maybe this limit is too low, maybe it should be changed, the facts are this current recommendation is based on the guidelines as they are here today. If government members feel they should be changed, then maybe that's something they should be bringing up with the minister responsible, with cabinet, regarding addressing some of these concerns.

But I would feel that today we would have to accept the recommendations and if they want to change them down the road, that's their privilege. But as well, remembering that one day they may be sitting back here and they may want the old rules again. So I think that's something they have to weigh as well.

But I think it's imperative that this committee abide by the current rules as they exist and accept the recommendation of the auditor.

Mr. Sonntag: — Well in fact I would almost make the same arguments as Mr. Toth was; but using that rationale, I would disagree with the recommendation.

I think that maybe what we could do — and this is again a suggestion and then probably will provoke a bit of debate — could we not seek from the legislature some clarification on this in terms of asking them to — we used the word, gap — asking them to define this a bit better? And then based on that, oppose the recommendation or ... That would be my thoughts anyway.

But somehow I think we need to ask the legislature to define this a little bit better or seek clarification from the legislature. I don't know how exactly you would want to word that but ... Because it is my understanding that even the Department of Justice has obviously a different opinion on this than does the Provincial Auditor.

Mr. Flavel: — Thank you, Mr. Chairman. I think I need an afternoon on Mr. Toth's combine to understand this thing. SaskPower should obtain Lieutenant Governor in Council approval for selling property. I mean, somebody explain to me what difference it makes whether we agree or disagree with

this. The property is sold, long gone — is it not?

Mr. Strelloff: — That's right.

Mr. Flavel: — Should have, we can decide whether they should have, but "SaskPower should obtain . . ." It's a done deal. It's gone.

Now the recommendation should be that SaskPower should maybe, in the future, obtain. But this is . . . the wording of this . . .

A Member: — All of it is in the past.

Mr. Flavel: — Well but, you know, the recommendation, I don't see the relevance of the recommendation now.

The Chair: — If I may, I've been listening to this and I think we're missing the point, as I see it here, is that we agree that under the SaskPower Act that SaskPower as a corporation itself is limited to \$150,000. Now it's irrelevant if we agree that's too low or too high at this point; that's what's there.

The point is, is it appropriate for a Crown corporation who acknowledges that it has a limit of 150,000 at this point of selling assets without LG approval, is it appropriate for that corporation to create a subsidiary for the purpose of potentially exceeding the rules that are established for itself? And the recommendation seems to me to be, is that the subsidiary should follow the same guidelines as the parent Crown. And in this case it did not.

So the principle as I see it in dealing with this recommendation, do we in principle agree that the subsidiaries should follow the same guidelines as the parent Crown? It's irrelevant if we agree that the 150,000 is too small or large or not. I think that's another issue that isn't dealt with here. The reality is the subsidiary exceeded the limitations that were clearly put on for the Crown itself.

And so I think that's the basis, as I see it, of where we should agree or disagree with this recommendation. Do we want to create the impression that Crown corporations can exceed the mandate given to them themselves, by creating a subsidiary in order to do that? That I think is the principle, members.

Mr. Thomson: — Mr. Gantfoer, I appreciate your clarification on that because I think that is an important issue for us to deal with. The question is then, if it creates a subsidiary, does that subsidiary have all the same rights and privileges that the parent corporation does under its Act?

Well I would think that lawyers would tell us the answer is no, that powers and rights given to SaskPower in the SaskPower Corporation Act are specific and limited to that corporation, not its subsidiaries. So I think it's a . . . I don't know whether it's a transgression or a perversion of this to then say that the rules which are set out, the restrictions that are in place for the corporation, must apply to a subsidiary when in fact the benefits and the rights of the corporation, of a parent corporation, don't.

So from a matter of principle, I appreciate the gap and appreciate that as legislators we may want to deal with this issue at a later time in terms of the legislative change, but in terms of the oversight function we're performing today, the more I listen to this debate the more convinced I am that in fact there is nothing untoward about what happened with Channel Lake properties.

I appreciate the argument that we may at some later date want to ensure that subsidiary corporations follow what their parent corporation guidelines are, but I am now quite convinced that it is not required, and as such I see no transgression.

Ms. Stanger: — Thank you, Mr. Chair. I'm going to be very practical. The Channel Lake operates principally in the province of Alberta, and therefore SaskPower's competitors are mostly in Alberta and that's who they have to compete against. And the requirement to obtain an order in council would necessitate disclosing the party with whom the Channel Lake would be entering into a transaction. Everyone at this . . . in this committee would like to see SaskPower operating efficiently, profitably, and, now that we have competition, competitively. We cannot tie the hands of our corporations to the extent that they cannot perform tasks in this way.

You get an order in council, it would result in potential confidentiality concerns which will affect the Channel Lake's ability to conclude the transaction. It was a far different situation when we weren't in a deregulated and competitive market where we had total . . . didn't have to worry about that.

But Channel Lake . . . I know; my constituency is an oil constituency. This is a highly mobile, volatile type of industry. You can't muck around — I'm sorry, I'm going to be blunt — with orders in council when . . . and tie the hands of people when they have to do business. I'm sure some of the people on this committee would be the first ones in the legislature to complain if SaskPower was becoming ineffective and losing money. So I'm against this suggestion totally.

Ms. Haverstock: — Mr. Chair, I think that we should just deal with the question that's before . . . the recommendation that's before us. I think that you clarified, as Chair, what the real issue here is, and that is one of the principle that we're dealing with here and not specificity, specifics if you will. And I most certainly will be supporting this recommendation.

Mr. Toth: — Mr. Chairman, I would like to make a motion that you evolve the discussion, that this committee accept the recommendation of the Provincial Auditor regarding that, SaskPower and this item R.1.

The Chair: — Thank you. I'll give you a moment to word that, Mr. Toth.

Okay, members, I have a motion by Mr. Toth. Moved:

That the Public Accounts Committee accept the recommendation of the Provincial Auditor in regard to item R.1.

That's been moved. Is there any further discussion on the motion or any discussion on the motion? If not, are you ready for the question? All those in favour? Opposed? That's defeated.

Mr. Koenker: — My colleagues say we have a better one. I don't know if it's a better one but it's another one:

That this committee defeat recommendation R.1 and seek clarification from Executive Council as to the legislative powers of Crown subsidiaries.

The Chair: — Thank you. Members, I have a motion by Mr. Koenker:

That this committee defeat recommendation R.1 and seek clarification from Executive Council as to the legislative powers of Crown subsidiaries.

Is there a discussion on the motion?

Mr. Koenker: — Speaking to the motion, I think for me the real issue is the issue of clarification. And I think that's the debate here today. And the only way that debate is going to get settled is if Executive Council deals with the issue. I acknowledge the points of the opposition parties. I mean they're legitimate concerns, but it is a question of interpretation that we aren't going to settle here today.

We can debate it. And we can debate it longer than today. But at the end of the day Executive Council has to clarify this matter, and I think that's, for me, the issue in terms of this committee's responsibility vis-a-vis accountability.

There is a gap here. There needs to be an accounting for what the relationship of subsidiaries are in relation to the parent Crown. And Executive Council needs to clarify that. That's the issue for me.

Ms. Haverstock: — I most certainly concur with the latter part of the motion. And I think that it would have far greater impact if in fact we adopted this recommendation and sought clarification; that in fact it seems a bit bizarre to me that if we're talking about the actions of the Public Accounts Committee, that what we would do is simply disagree with the recommendation of the Provincial Auditor and then ask for clarification; that perhaps what we should be doing is saying that, while we adopt the recommendation of the Provincial Auditor, it became very clear in our discussions that things were unclear, and what we require is further clarification.

As was pointed out by Mr. Flavel, is that this is in fact an action that has taken place in the past. It's not going to be . . . this particular thing is not going to be changed. Do we agree or disagree that they should have at the time?

Well given what is in the . . . and I know where this confusion lies when we say the Power Corporation is access A, and we're dealing with a subsidiary. And that's where we should be seeking further information and clarification. But I don't think that is more readily accomplished by opposing what the

recommendation is.

Mr. Thomson: — I think the question here, addressing Ms. Haverstock's concern, is whether or not we agree with the auditor's recommendation that there was a transgression. I'll be supporting the motion and not supporting recommendation of the auditor because I do not believe it was a transgression. I do not believe the subsidiaries are required to seek OC approval.

Now we may decide that we want them to and that's I think what the focus of the latter part of this resolution is. But I think at this point what we are debating is whether in fact there was a transgression. And I'd have to say, having reviewed the evidence, in my opinion is, no.

Mr. Sonntag: — Yes, I would concur with what Mr. Thomson says. I think it is also clear — and my understanding as I said earlier — the Department of Justice has a different opinion on this. They have stated that there is no transgression of the legislation.

So I mean what we're dealing with here is simply an interpretation. I mean I would speak in support of the motion because I think to seek clarification from Executive Council would be the right thing to do.

The Chair: — Any further discussion?

Ms. Haverstock: — My curiosity has now been piqued. Why would the Department of Justice have been dealing with this?

Mr. Koenker: — Because it's been an issue before.

Mr. Sonntag: — It's been an issue before.

Ms. Haverstock: — This particular . . .

Mr. Sonntag: — No, just issues like this is my understanding.

Mr. Flavel: — The auditor brought it up.

Mr. Koenker: — *Ergo* the need for clarification.

The Chair: — Further discussion? If not, are you ready for the questions? All those in favour? Opposed? That's carried. Item R.2.

Ms. Haverstock: — I just have one question regarding R.2.

Ms. Stanger: — Mr. Chair, would you take that vote again?

The Chair: — It's carried.

Ms. Stanger: — It doesn't matter.

The Chair: — It isn't a recorded vote. It's carried.

Ms. Stanger: — Oh, okay.

The Chair: — You've got to stay in the game here.

Ms. Haverstock: — My question, Mr. Chair, to the Provincial Auditor is, does SPC now prepare and make available the financial statements of all the organizations and funds under its jurisdiction?

Mr. Montgomery: — My understanding to that is that up to now SPC has not tabled the financial statements of any of its subsidiaries or its superannuation fund. They have not been tabled in the Assembly. I don't know if they provide them to members though.

Ms. Haverstock: — Has there been any explanation provided?

Mr. Montgomery: — I think they're looking to move to . . . It's not just SPC, I believe, that don't table their subsidiaries; there are other Crowns that also have not tabled their subsidiaries and I think it might be wrapped up in a bigger picture than just SPC.

Mr. Strelieff: — I think we heard yesterday from John Wright that they were planning to ensure all financial statements of subsidiaries would be tabled in the Assembly unless — and I think he said — unless there's a confidentiality clause in some agreement that would prevent the tabling of a specific set of financial statements. I think that's what he said. So they have not to date.

Mr. Koenker: — I note that, apparently as recently as this morning, the Clerk's office has received statements for Channel Lake Petroleum and Power Greenhouses, and I'm wondering if the Clerk could confirm that.

The Chair: — Okay, I'm advised that they've received some of them, but they've been advised not to table them until the rest of them are received. So they're in the process of complying.

Mr. Koenker: — That's my understanding, that they're in the process of complying. I guess I would simply recommend that we note that they are in the process of complying.

The Chair: — So do we then again, in our custom, to support the recommendation and note the process of compliance?

Mr. Koenker: — I think we should do that.

Mr. Toth: — This is the '95 fall and the '96 will show that it's been complied with. But based on the '95 fall we just . . . the fact that it's something that's been brought forward. And certainly I think it's imperative that the committee listen to the recommendations of the auditor, and if they're complied with they'll show up in the '96, and we can at that time recognize that a recommendation made in '96 followed through by the committee was complied with and give recognition at that time.

The Chair: — So is it agreed then we accept the recommendation and note progress? Is that agreed?

A Member: — Agreed.

The Chair: — Agreed. Thank you. Are there any further comments or questions? If not, that completes the agenda as . . .

Mr. Toth: — Mr. Chairman, I'm just wondering, we've got a bit of time this morning. Do you want to do Friday morning's? We don't have officials for those two as well and I think they're fairly . . . they're somewhat housekeeping. The Sask Opportunities and Education. I seek the guidance of the committee.

The Chair: — I'm open for discussion as to how we should proceed for the rest of the morning.

Mr. Thomson: — Mr. Chairman, I haven't had a chance to review that far ahead and prepare for those sections, so I'd prefer that we simply leave the agenda as is.

The Chair: — That's fine. I think in light of the need of members to prepare for the agenda, I accept that opinion and we will recess until 1:30.

The committee recessed for a period of time.

Public Hearing: Saskatchewan Government Growth Fund

The Chair: — If we could come to order, please. Thank you, ladies and gentlemen. I would like to first of all ask Mr. Strelieff to introduce the people he has from his department with him this afternoon.

Mr. Strelieff: — Thank you very much. Mr. Chair, members, good afternoon. With me on my left is Ray Bohn. He's our person working with the Saskatchewan Government Growth Fund. Bob Black, again you know. On the left is Andrew Martens. He's helping me out on the summary planning information agenda item, as well as Garnet Harrison, who's one of our articling students, articling for his chartered accountancy as well.

The Chair: — Thank you very much. In addition, I would like to welcome and introduce to you Mr. Gary Benson, who is the president of the Saskatchewan Government Growth Fund . . . I'm sorry.

Mr. Paton: — Mr. Chair, I've also got two people from my office today — Cindy Ogilvie and Jane Borland. They're senior analysts in the financial management branch.

The Chair: — Thank you very much and welcome. I welcome you all here and before we begin, as the committee members are at least aware, I have a statement that I'm obliged to read into 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 may testify in any proceeding, 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 are reminded to please address all comments through the Chair. Thank you.

With that onerous admonition out of the way, I would like to ask if you have initially some comments to make. We're dealing with the matter out of the Provincial Auditor's fall 1995 report, chapter 13. On our item list, item P.1, recommendation .08, and, Mr. Benson, if you would have a few words to comment on it, that would be quite appropriate.

Mr. Benson: — Yes, Mr. Chair. The program in which we operate is really governed by the federal government — that's the business immigration program. And they set out regulations which they require funds like ourselves to comply with. One of the compliance issues is that within nine months of the receipt of monies in our fund, we must place 70 per cent of that capital with an eligible business.

One of the practical problems we have with adhering to that, particularly in the start-up of a new fund, is the cash flows in on rather a lumpy basis. And we are in the process always of vetting and finding new deals. The problem that we have is that we may approve a deal and it may not be disbursed for some time, and yet that, as far as we're concerned, is the legal commitment under the program.

So what we have is a situation, even today, where in all our funds, once when they're in the process of being disbursed, we may be over-committed in terms of meeting the 70 per cent rule but under-disbursed in terms of complying with the regulation.

And it becomes a bit of a practical problem in that — even on an ongoing basis — in that we have several investments that may repay capital during the term of the investment and we may from time to time fall below that 70 per cent requirement. We are required to report that quarterly to the federal government and they have the right to remove the fund as an approved fund if they deem this to be an action that they don't concur with.

They're fully aware of these situations that repeatedly happen where we are under-disbursed and have chosen as a matter of fact to continue to approve the marketing of additional funds subsequent to that time period. In fact we are just in the process of completing our marketing of our third fund, SGGF III, and are in the process of getting regulatory approval for our fourth fund, SGGF IV.

So while the comment that the Provincial Auditor makes is entirely correct, we have raised this as an issue that should be resolved by the federal government when they come out with the program regulation amendments in the new year.

The Chair: — Thank you. Are there any questions by

members? Mr. Toth?

Mr. Toth: — Yes, thank you, Mr. Chairman, and welcome, Mr. Benson. So what I'm . . . If I understand you correctly, you may have commitments — I guess, yes, commitments would be the word — of so many dollars that you would be able to invest but those dollars don't physically reach your possession or reach your hands for . . . They may come in sporadic amounts or does . . . when you've got an amount of money made available to you that isn't necessarily there all at the same time.

Mr. Benson: — They come in one investment unit at a time. As each immigrant investor subscribes, he or she must pay us \$250,000. Investments in eligible Saskatchewan businesses aren't necessarily in multiples of \$250,000.

And so when we do a deal we end up making a legally binding commitment to a company and often they will have a period of time to draw down that capital. And so even though we're bound legally to disburse that money eventually, it's really at the company's choice as to when they draw down — within certain parameters.

So during the process where we're investing a fund, we're often under the limit in terms of disbursed dollars. And we've told the federal government they should gauge this criteria based on committed dollars as opposed to disbursed dollars and they agree.

Mr. Toth: — So for example you've got an investment unit — is a unit 250,000, is that what you consider a unit? If just want to invest me in a 250,000 . . . You had a number of companies come to you and you decide to choose one or two, which may be a total of 175,000, you've got about \$75,000 still available that isn't invested. Is that what you're saying?

Mr. Benson: — No, it's . . .

Mr. Toth: — And that . . . (inaudible interjection) . . . fact that some of that 150 may not be disbursed immediately. While you've committed to two or three . . . those two businesses, they may not choose to . . . or draw out that fund for a period of six months to a year, whatever, is that . . .

Mr. Benson: — Yes, a better example, Mr. Toth, might be our average deal size is about million and a half to \$2 million. So we will have that commitment out there for as much as eight to nine months before it's drawn down.

Mr. Toth: — I guess that's one of the concerns I have with regards to the SGGF fund — your last comment about a million-plus dollars. And I raise the question because I get hit with it every day. People who've got ideas, small projects, and it just seems they don't qualify. Or they don't get anywhere and they're spinning their wheels. They're sent to an agency that suggests Saskatchewan Government Growth.

Maybe we need a vehicle that says Saskatchewan Government Growth is not for you because it doesn't deal in those small parameters of \$50,000 units, if you will. What parameters do you deal with?

Mr. Benson: — Well SGGF's mandate is to invest at a profit and we have a trust relationship and fiduciary responsibility to our investors. So I mean this is not public capital in the normal sense of the word.

But I would submit that SOCO's mandate, or Saskatchewan Opportunities Corporation, might well be an entity that could make that kind of investment. I mean we . . . our guidelines are our minimum investment size is \$250,000.

Mr. Toth: — You mention that you're already working on funds III and IV. What would have been the total amount of money available in funds I, II, and III? Is there a limit as to what's available in each particular fund or is that changed every time they set up a different fund?

Mr. Benson: — Well each fund right now . . . SGGF I was a \$100 million fund. But it's been fully disbursed and we've repaid virtually all of the investors as of today. SGGF II, III, IV, and V are all \$35 million funds.

Mr. Toth: — And I would take it since you're working on III and IV that number II you've disbursed most of that or you know where . . . (inaudible) . . . disbursed.

Mr. Benson: — Yes, it's fully disbursed. Yes.

Mr. Toth: — So what the auditor has talked about in his recommendation about investing the funds held is, if I understand you correctly, in most cases you have commitment to invest, it's just that in a lot of cases the businesses you're dealing with haven't necessarily withdrawn the funds or utilized them to that . . .

Mr. Benson: — Not entirely. I mean there are situations, where we're ramping up during the investment process, that these investments come to us really at the initiative of the proponents, although we have quite an array of people out there looking for deals for us, our investment managers. I mean we have to kind of manage that. And the federal government and the board is aware of these, I guess I would call them infractions, and yet at the end of the day they seem to be quite satisfied with what we're doing. But I don't take exception to the comment made by the Provincial Auditor.

Mr. Toth: — So I guess coming to the . . . It would seem to me that the recommendation made by the Provincial Auditor then is something that needs to be addressed at the federal level in regards to their legislation. So that when the auditor is auditing the books, then there's . . . I believe this recommendation is based on the legislation as it currently exists but there are some areas of the legislation that aren't quite easily, not to say complied with, but not easily to work around to quite meet the requirements. And therefore you . . .

Mr. Benson: — Well the federal regulators don't take issue with it. But the federal program is under review and we're quite expecting an announcement out of the federal government this November as to what the new program guidelines will be. And of course from that there will be new regulations.

Mr. Toth: — So as a corporation it would seem to me that a recommendation from the Provincial Auditor would be something that you would be concerned about. And knowing that you don't have a lot of control over it would be . . . Would you have, to date, taken the time to pass on these concerns to the federal government so that they are addressed in the future.

Mr. Benson: — May have.

Mr. Toth: — . . . and meet that? And have they been met to date, or they're working on it?

Mr. Benson: — Well I mean the federal government will do as it sees fit with respect to that policy. But they do contact us as fund managers to ask for suggested permits when they're looking at the legislation, yes.

Mr. Toth: — When you invest, what type of disclosures . . . Are you able to disclose all the investments in the businesses that the funds were provided for? Or what's the requirements?

Mr. Benson: — Yes. Unless we're bound by a confidentiality agreement, we list all those investments in our annual report.

Mr. Toth: — In your annual report.

I'd like to ask a question of the Provincial Auditor. In regards to some of the comments made by Mr. Benson, would it be appropriate then for this committee to just follow up on the suggestions from Mr. Benson to have this passed on to the federal government about the concerns that you're raising? Or have you had the opportunity to maybe raise them with the federal auditor, the fact that we do have, if you will, an overlap, the fact that the SGGF is basically living under the guidelines of federal legislation?

Mr. Strelieff: — Mr. Chair, members, I agree with what Mr. Benson has said, that they are . . . they have raised the issue with the federal government. And whether the federal government chooses to change the Act or the regulations is really in their jurisdiction and that we don't communicate with the federal Auditor General of Canada on issues like these.

Mr. Toth: — I guess that was the second question I was coming to. Wouldn't it be appropriate for a provincial auditor to raise a matter where a provincial body is administering something that's . . . but the legislation comes from the federal level, so that a federal auditor is aware of it? And the federal auditor then would have the opportunity to maybe have a little more impact than Saskatchewan Government Growth in making sure that federal legislation is changed or addressed so that we don't put local corporations at odds because of the way legislation is laid out.

It's not in your purview to pass this on to the federal auditor and just bring this to his attention about this shortfall?

Mr. Strelieff: — Mr. Chair, members, we can. We do dialogue with each other frequently. It hasn't been our practice to suggest to the auditor that he — the Auditor General of another jurisdiction — that he propose changes to legislation or

question legislation that has particular impacts on provincial jurisdictions.

Our normal course is to . . .

Mr. Toth: — . . . work through corporations.

Mr. Strelieff: — . . . that the corporation itself would be working through the federal system to make that happen. But it is an interesting suggestion and we'll consider that.

Mr. Toth: — Well I guess I view it on the basis of the fact that, as Mr. Benson has indicated, the federal government still has the choice at the end of the day. And I think the auditor's department, whether it's provincial or federal, in the public's mind is viewed as a body that is there to manage and oversee public expenditures and your voice just may carry a little more weight than a body like the Growth Fund.

While they can pass on the concerns that they have to deal with, if it's possible, that might be an avenue of addressing it to make sure it is addressed. Because while Mr. Benson of Saskatchewan Government Growth can certainly write the federal government and say this is a problem we're dealing with, it might just sit on the back burner.

I'm not sure what kind of positive response they've received. I guess I'm suggesting it may have just a bit more weight in addressing the concern here so that the Saskatchewan Government Growth Fund isn't left kind of out in the open trying to comply with something that they are working their best at.

Mr. Strelieff: — I'll leave that at your discretion.

Mr. Toth: — Yes, thank you.

Mr. Strelieff: — Good suggestion.

Mr. Sonntag: — Just a few questions, Mr. Benson. First of all, I get asked this question many, many times as well. Just to have it on the record, there's no public, taxpayers' dollars, either federal . . . I mean, whether it's contributed through the province or through the federal government at all in this pool of funds?

Mr. Benson: — No, all this money is from new immigrants to Canada. All the expenses of the Crown corporation and the fund itself are drawn from the revenues earned by those dollars when they're invested.

Mr. Sonntag: — Okay, and when you're talking about the \$250,000 units, does that go through a federal pool or is that in the province here of Saskatchewan?

Mr. Benson: — Perhaps if you could be more articulate with your question.

Mr. Sonntag: — Okay, you're talking about the \$250,000 units. Is that the amount of money that a foreign investor would need to contribute before they could . . .

Mr. Benson: — Qualify.

Mr. Sonntag: — Qualify, exactly. So normally would the investment be one unit of \$250,000?

Mr. Benson: — Yes. It's both the minimum, and in practice, the maximum.

Mr. Sonntag: — Okay, okay. My question then is how is that collected, at a federal level or a provincial level?

Mr. Benson: — The federal government has, or provincial government has, nothing to do with the collection of monies. Those monies go directly into the fund through a bank or financial institution.

Mr. Sonntag: — Okay, that actually answers two questions for me. Okay, and how does this . . . does this in any way tie to the Canadian . . . any Canadian citizenship then?

Mr. Benson: — That's correct. It's under the business immigration program, if I can speak on behalf of the federal government. It's designed to bring wealthy individuals to Canada who might not otherwise qualify under the normal immigration process. These are all high net worth people.

Mr. Sonntag: — And what is the connection to provincial here. What is the connection to Executive Council regarding the authorization of disbursement of any funds.

Mr. Benson: — None whatsoever.

Mr. Sonntag: — Okay, am I correct in this, and again I'm genuinely trying to get some answers and stuff because I have to admit I'm a bit embarrassed that I don't understand this quite as well as I should probably. Does Executive Council have an annual order in council that authorizes like a . . . once . . . an annual disbursement of funds? Like supposing there is a . . . I mean I'm just picking a number out of the air. Supposing there's 35 million in the pool. Does Executive Council authorize SGGF to lend, obviously sort of at their will, 30 million a year?

Mr. Benson: — No it's really . . . we're restricted only by the cash that flows in through our marketing efforts, so each fund where we have international agents who market, through emigration people, units in our fund, and those dollars flow in, and depending on how successful we are marketing internationally, determines the flow of the dollars. So if we sell more units we get more dollars, and as soon as we sell 140 units, the \$35 million ceiling expires and we have to go on to the next fund.

Typically we're raising in the order of \$35 million a year so that gives you an order of magnitude. Now in terms of how we're mandated, we are a Crown Investments Corporation order-in-council Crown, which means we report through CIC (Crown Investments Corporation of Saskatchewan) and on to Crown Management Board. So our mandate comes there.

With respect to the administration of the fund, each fund has a

separate board of directors who are responsible for administering the affairs of that fund. And they contract back with us, as the Crown corporation, to perform services for them on a fee for service basis.

Mr. Sonntag: — Oh, I see. Okay. So there's no annual approval by Executive Council on any . . . Okay. Well that's interesting. And the . . .

Mr. Benson: — What I should perhaps make you aware of, Mr. Sonntag, is that in fact cabinet has to approve the establishment of each one of these funds. So we have to go before cabinet on each occasion that we want to start a new fund. Now currently we have approval from cabinet to market up to and including SGGF V. But should we have continued success in the program, if we wanted to launch SGGF VI, we would have to go for cabinet approval.

Mr. Sonntag: — Okay. So that's where my confusion was before.

The SGGF board, is there a separate . . . There's an SGGF board aside from the separate funds, or are you . . .

Mr. Benson: — Each fund has its own board of directors. They're all private sector individuals.

Mr. Sonntag: — Okay. Okay.

Mr. Benson: — The Management Corporation or the Crown corporation is a traditional Crown corporation. Minister Lingenfelter is the chairman.

Mr. Sonntag: — Okay. And how are the boards set up?

Mr. Benson: — Well they're appointed. The shareholder, which in each case . . . each of those funds is owned by SGGF Management Corp., and the shareholder as such then, the board of directors of Management Corp., select, through a shareholders' resolution, select the board membership.

Mr. Sonntag: — Okay. I don't have any further questions. It's been enlightening for me anyway, even if I've bored other members.

A Member: — Right.

Mr. Sonntag: — We're even now.

Mr. Toth: — Who gives final approval for any of the disbursements of the funds? You had mentioned Mr. Lingenfelter is chairman . . .

Mr. Benson: — Actually the Crown corporation does not have any active involvement in the management of the funds.

Mr. Toth: — And your position is . . .

Mr. Benson: — In terms of the board of directors, I'm not on the board of Management Corp. We are contracted by the fund to perform services, which includes providing investment

advisory services.

Mr. Toth: — So your group then manages the disbursement. The board oversees, but they don't make decisions on where the funds go? The board is not involved?

Mr. Benson: — Yes, there's been an evolving delegation of authority. Currently I have authority to authorize \$1.5 million a deal; anything under 1.5. Anything above that has to go to the board for full approval. But we have very strict investment criteria, etc., etc. That's no different than Greystone, as an example.

The Chair: — Any further questions? If not, does someone have a suggestion as to how we . . .

Mr. Sonntag: — I would certainly be prepared to agree with the auditor's recommendation, note progress. I don't know whether it would be required to note rationale for why SGGF hasn't met the requirements. I don't know if we need to include that.

The Chair: — Well I'm thinking out loud. And following on Mr. Toth's advice, could there be some reference in this recommendation to the federal auditor? I don't know, that's maybe way out of line.

Mr. Sonntag: — Well I don't have any difficulty with your suggestion, Don. I think it's not a bad idea at all.

The Chair: — Or could we in the recommendation suggest that the Provincial Auditor contact your federal counterpart and raise this issue with him since it is a federal regulatory item that's creating the difficulty. I'm looking for some guidance here.

Mr. Toth: — I'm not sure of the process but it appears to me that Mr. Benson or the SGGF does have a process of informing the federal government about some difficulties they have in its administrative structure. But whether or not the cabinet listens to the SGGF group or board is another thing. Whereas, as I indicated earlier, the auditor may have the ability to give a little more direction and weight and whether or not there's the ability to converse with the federal auditor raising this point . . .

And that's why I raise it. I didn't know whether . . . If it's possible, I think it would be certainly appropriate for us to give the Provincial Auditor — maybe that's the best way to do it — give him that latitude, suggest that that be done. And then when a letter goes, it's coming from this committee, not specifically the Provincial Auditor. This committee has authorized the auditor to follow up and bring this . . . note this.

The Chair: — The reason I suggested it, it may mandate the Provincial Auditor to have this discussion or dialogue with your federal counterpart where you may be uncomfortable to initiate that on your own. On our direction it would be much . . . probably more appropriate.

Mr. Toth: — How do you put it in words?

The Chair: — How do we put it in words?

Mr. Sonntag: — Does it have to be in the form of a motion? I mean, we can . . .

The Chair: — Well we can . . . I think we're going to have it as a recommendation.

Mr. Sonntag: — Yes, that's fine.

Ms. Haverstock: — Mr. Chair, I suggest that we accept the recommendation of the Provincial Auditor with regards to the Saskatchewan Growth Fund Management Corporation and authorize him to contact his federal counterpart in order to discuss the issue that he raised with the Public Accounts Committee.

The Chair: — Thank you. Are we in agreement? It's agreed.

Thank you very much, and thank you particularly, Mr. Benson, in helping us through this. Thanks a lot.

Mr. Benson: — It's a pleasure being here.

The Chair: — I would like us to move on to the next agenda item, please. I would like to point out in our . . . Order. I would like to move us to the next agenda item.

And I would like to point out in our first report, under section C, planning information, we have a recommendation that we have made in that report. And in that process we directed the Provincial Auditor to find material related to other jurisdictions and other entities filing reports.

I note that the Provincial Auditor has circulated for us, over the summer, beginning with first report on August 15, August 28, September 5, September 19, and September 30, five packages that I will ask Mr. Strelieff to speak to now. And this, I do point out, results from direction given to the Provincial Auditor in our recommendation.

Mr. Strelieff: — Thank you very much, Mr. Chair, and members. As you know, in our previous reports, I have been recommending that the government provide the Legislative Assembly with a complete, multi-year plan, and that at the end of the year the government present the Assembly, and therefore the public, an annual report showing the . . . explaining what the complete financial results of the province were for the past year and setting out some of the key financial targets, indicators, and also discussing the future.

So in our discussion last spring, my understanding was that in your considering the merits of receiving a complete plan, some of the members were concerned that if the government presented the Assembly a complete plan, there would . . . summary plan, that summary plan would have reference to the plans of Crown corporations because that's part of what the government is all about. And that you were worried that having that kind of summary . . . having a summary information made public, might not be in the interests, best interests, of the province.

And then I said during the discussion, that in other jurisdictions there is a significant amount of planning information made public by Crown corporations or by private corporations who are in rate-regulated industries. And we discussed that for a bit.

And then finally your committee said to me, well can you provide us some examples of that planning information made available or made public in other jurisdictions. So over the summer Andrew Martens and me got together to begin to find out what is made available and bring that information to your attention. And we provided you a series of five letters. As we gathered information we provided it to you.

The first letter, dated August 15, is information that is made public, is provided to the parliament, the Government of Canada. What we did was look at the Financial Administration Act that governs the activities of Crown corporations, and that we found in that legislation that all the corporations, or almost all the corporations, are to provide, table with the parliament, corporate plan summaries. So that's required by law that there be a corporate plan summary provided to parliament each year.

And we also noted that in the federal government, they've moved beyond discussing whether planning information should be made public to actually sponsoring an award program for the best planning information and annual reports made public or provided to them as a parliament. And the reward program of course emphasizes the importance of setting out the objectives of the corporation, its key performance targets, the issues that it's facing, and how it's doing in terms of a multi-year planning sense.

So we provided you three pieces of information relevant to the federal government. It's a copy of the Financial Administration Act setting out some of the legislative requirements for corporations to provide parliament planning information.

Then we provided you a copy of the performance award program that is sponsored by the Auditor General of Canada. And Treasury Board also participates in that program.

And then the third piece of information on the federal government perspective, we gave you some examples of the corporate plan summaries that were provided. One was provided by the Canadian National Railway. As you know, a railway very much at a dynamic time for it and moving to certainly compete head to head with other corporations in similar businesses in Canada and elsewhere. And the Export Development Corporation, more of a multinational type of perspective in terms of its operations as providing development assistance and financing for ventures across the world. And of course Canada . . . well Canada Post would be another example and other kinds of corporations.

So that was . . . we started off with the federal scene to see if there is planning information made public at that scene. And of course, as I said, there are corporate plan summaries, annual award programs, and it's required by law, so the legislators there do have access to planning information of Crown corporations.

Then we went to the British Columbia practices and to determine what was going on there. And it came to our attention that there was a working group of deputy ministers and the Auditor General of Canada that have been working for a number of years on enhancing accountability for performance and I've provided you their second report. And also in that second report are explanations of the positions or the endorsements of the report, the joint report, that the Public Accounts Committee has.

And in the letter dated to you, August 28, I noted that in the Public Accounts Committee's report to the Assembly they did endorse the work of that joint committee that's moving forward planning information of departments and Crown corporations and is advocating multi-year plans with performance indicators in them.

And the quotations of the Public Accounts Committee saying that it confirmed that legislators want to know the results of government efforts compared to its plans — so that's the essence of assessing performance. What did you plan to do compared to what actually happened? They expressed interest in high-level results information about the broad sectors of government activity. They wanted that overview information. Encourage government to provide the public with information about its standards of service. So if a corporation or an agency is out there providing service, how do they know whether that service is being provided in a successful way, the standards of service.

Recommended that sectoral standing committees review the short- and long-term plans and annual reports of ministries and Crown corporations, and suggested that the current, sometimes cursory review of the estimates be replaced with a more in-depth review of ministry and Crown corporation plans.

So that is reflecting that the Public Accounts Committee in British Columbia is trying to also move practices forward in terms of planning and performance information. And I provided you with a copy of that joint report — very, very good, useful joint report with deadlines for what is supposed to happen in the next year or two in terms of bringing it to life.

Then I moved to Alberta in the letter to you dated September 5. And Alberta, as you might know from previous discussions, has moved forward quite quickly in terms of presenting the Assembly with a complete planning framework, planning proposals, and requiring individual organizations and corporations to ensure that they have multi-year plans with key performance indicators identified, the strategies that those corporations and agencies are going to use to make sure what they plan to do is actually achieved, and then of course the resulting report.

So we provided you, in terms of Alberta, some of the planning information that is brought forward by the ministries rather than departments in that jurisdiction.

What's interesting about the planning information that is being brought forward by each of the ministries is, if you note that each of the ministries also bring forward the plans and results

of the agencies that are responsible to the ministry. I mean, the example that I . . . I think I provided you two examples, and one on page 308 of the example that relates to the Department of Transportation, or ministry of Transportation. What was interesting was that they brought together all the financial results and plans and targets for the department, but also for all the agencies that are accountable to that department.

So there was a summary kind of plan for the department or ministry which of course rolls up into a government-wide plan which is presented to the Assembly for their review.

We also provided . . . another example is the department of treasury, which is on page 309, which in our government is equivalent to the Department of Finance, and the type of planning information that that department provides. And then also on the back page, 318, the roll-up of the department as well as the Crown corporations and agencies that are responsible to that ministry.

We also provided you a copy of their . . . the Alberta's 1995-96 annual report which brings together the financial results of the province based on the summary financial statements, of course. And in the notes to the financial statements in that plan, they show a comparison of what was planned compared to what actually took place.

And in the preamble or the management discussion and analysis that precedes the more financial report for Alberta, it discusses the key goals of the government, the plans in place to make sure those goals happen, the performance indicators they are using to benchmark whether they are successful or not, and then the actual results.

And if you notice, in the Alberta's annual report, they show examples of where they have been successful and also examples of where they need to do more work. So that was Alberta.

Then we moved to the Canadian Radio-television and Telecommunications Commission, the CRTC, the regulator of competitive utility telecommunication services in Canada. And we looked . . . we obtained a copy of their Act, and looked into some of their practices and procedures to find out what information do telecommunication companies and other communication companies, whether privately or publicly owned, what information are they required to make public when they are asking for rate changes and other changes to their operations.

And we received just an amazing amount of information in terms of the detail. We had a hard time pulling out information that would give you a sense for what is being provided because there was so much in terms of the requirements that the CRTC have. At the time that we were discussing the matter with the CRTC, they were going through a rate application with the Alberta Government Telephones, which is a subsidiary of Telus. So there was in Alberta a live example of what that corporation has to provide in a public way and also attend public meetings to answer questions. So that would give you, and also gave us, some insight as to what type of planning

information is made public by corporations in other jurisdictions.

In the letter to you dated September 19, we outlined some of the information that the CRTC asks corporations and communication companies in the rate-setting process, and we also provide you examples of some of the multi-year activities that the corporation, in this case AGT (Alberta Government Telephones), is contemplating.

In the letter to you, in the last part of the letter, it provides a summary of some of the, just the routine types of filings that are required by CRTC. For example, the overview information about AGT and its operating environment, the economic outlook, AGT's assessment of economic environment for '96 and '97, and details on AGT's economic forecast and the processes used to derive that forecast.

Demand, in revenue, describes the processes used to determine demand for services and provides a forecast of revenue for '96 and '97. Utility segment capital program review — a description of AGT's planned capital expenditures for '96 to '98, a comparison analysis of the 1995 capital expenditures to the 1995 plan. So in previous applications it would have set out its 1995 plan, so in this one they're asking well, you said you were going to do this in terms of your capital expenditures; what did you do? They wanted an explanation of what was going to happen in those areas.

The depreciation policies of AGT plan to fully recover its invested capital over the . . . (inaudible) . . . and have there been any changes in those depreciation policies over the number of years, which of course affect the costs of AGT and therefore affect the rates that it should charge.

The financial position describes the elements of the utility-segment revenue requirement, including detailed schedules showing the revenue requirements, forecasted income, average net investment base, etc., as well as the rates. They described AGT's proposed rate increases to address the revenue requirement shortfall for '96-97 and reduce the extent of cross-subsidies from long-distance to local service.

So they want that issue on the table as well. Are there going to be some changes in terms of how long-distance and local service . . . the cross-subsidy issues? And then all sorts of other types of questions that AGT was posed and answered to.

In the example that we provided, they do provide very detailed information about the utility component but less detailed information about the competitive component. And still certainly sufficient information to understand the total corporate plan of Telus and particularly to get an idea of the interrelationships between Telus and AGT — AGT being the utility. And of course the CRTC would be very interested in the interrelationships between the competitive side of AGT and the utility side.

But again the information is of less detail but certainly far more detailed than is contemplated in say a summary plan for the province — very good, interesting information. The

information we did provide you, or the schedules, is just sort of a flavour of what is provided to the CRTC.

By the way, in the AGT application the CRTC officials advise me that in August they were going through a two-week public hearing to discuss the application for AGT, at a hotel in Calgary. They suggested that we . . . well anyone can attend.

It's also interesting that if there is what they call an intervenor — so a public-interest group that wants to challenge some of the assumptions or proposals of the corporation — those intervenors are granted hearings. They are allowed to ask for information and the corporation is required to provide that information. And on the approval of CRTC, the expenses of the intervenor are funded by the CRTC. It's an interesting process. I was quite amazed at the extensiveness of the review of the rates and performances and plans of the telecommunication industry across Canada.

The last and fifth mailing that I provided to you relates to the public utility boards — the electrical and the energy corporations — the ones that are regulated across Canada through public utility boards. And of course, those boards regulate Crown corporations as well as privately held corporations.

So we asked what . . . we focused on Manitoba as an example of the information that they are asked to . . . or that board requires to be made public. And in the letter we provided you the typical minimum filing requirements — included forecasted revenues, expenses, and capital expenditures for each of the next 10 years. Interesting. The forecasted system load or the demand, revenues, and number of customers by individual customer class for each of the next 10 years, cost of service studies, rate design methods, objectives, long-term directions and impacts, information about the economic outlook and system-load forecast pertaining to the utility. Information about budgetary controls and financial objectives and targets and actual performance results.

And then we provided you an example of some of the information that is made public through the rate-setting process but that is required by the board as . . . and it's called the integrated financial forecast for Manitoba power . . . Manitoba Hydro, sorry. And then they have some management discussion and analysis and then the more detailed financial plans for that corporation.

So we did provide you five mailings, trying to give you some information on what planning information is made public in other jurisdictions to help you assess the implications of the government providing the Assembly a complete plan, and then of course an annual report.

Certainly from my perspective, a complete plan would help legislators understand and assess the performance of the government, would be an invaluable aid as you review the more specific estimates that are proposed, and be able to understand and assess better the plans and priorities of the particular government of the day.

So that's what I've done. I hope that it's been of some assistance to you. And if you have any questions, please ask.

Mr. Pringle: — I'm on the speakers' list but I want to ask you a question of clarification. Should I do that now or later? It's in relation to just a clarification of your last point.

The Chair: — Okay.

Mr. Pringle: — Provincial Auditor — sorry, Mr. Chair — are you saying that Manitoba Hydro does release a report, the kind of report you're talking about, to the public?

Mr. Strelieff: — The example of the planning document that we provided you, the integrated financial forecast, that's what they . . .

Mr. Pringle: — That's not released to the public though.

Mr. Strelieff: — They provide that to the Public Utilities Board which then . . . That information then becomes publicly available through the Public Utilities Board.

Mr. Pringle: — That's for sure? That's not my understanding, but I just wondered.

Mr. Strelieff: — That is our understanding, yes.

Mr. Pringle: — Okay, that's not mine. Okay, well we'll come back to that. Thanks.

The Chair: — On the speakers' list I have Mr. Thomson.

Mr. Thomson: — Thank you, Mr. Chairman. I, for obvious reasons, took a fair amount of interest in what was coming out of the auditor's office in terms of examples, and I have to tell you I'm somewhat disappointed in that I expected, given the hype behind this, that there would be a lot more unique information that we were not already providing.

But taking a look through this and having read through these reports, it appears to me that most of this information is already available to us either through the annual reports of the Crown corporations or through the five-year financial plan of the province or through the budget books. I'm just not sure what the . . . you know, is causing the obvious level of excitement with the auditor about this. Perhaps it's a packaging question.

But also, I want to address three different areas because I think the auditor has touched on three different areas. First is the question of the annual reports. I read Alberta's annual report and it to me is no different than the five-year financial plan of this province that we table in the legislature, that is part of the province's budget and is required under the balanced-budget law passed by this government.

I say that with one qualification. When we present the information to the legislature we do not include in it a political piece of propaganda that says what we promised, what we delivered, that you'll find on page 22 of their annual report, which is nothing more than a subjective, a partisan

advertisement.

Everything else that I see in this, virtually everything else, with the exception of . . . I'm not even sure what these pages 18, 19, 20, and 21 are in this report. Everything else is provided. So I'm not completely sure what the excitement is about. We have a statutory requirement now to present a five-year financial plan to the legislature at the beginning of each term of office. This government has made good on that. I would trust that the next, you know, whatever government happens to be formed after the next election would do the same. So I'm not completely sure why there is this excitement to go with this pre-formulated package out of Alberta, which is clearly an Americanized, corporatist vision of government. I just don't understand that.

The second thing I want to comment on is the multi-year summary planning information and this question of corporate plans.

My understanding is, and having our research people do some work on this, that the details and the examples you provided us with are not simply a sampling but almost an exhaustive example of what is going on in the country. What is happening, those organizations which are already abiding by this view or this concept, you've provided us with those examples.

But I go through the list. AGT doesn't provide a public plan. Alberta Power doesn't provide a public plan. Bell Canada doesn't. BC Tel doesn't. Western Canada International Gas doesn't. Edmonton Power doesn't. IPL (Interprovincial Pipe Line Co.) doesn't. Manitoba Hydro doesn't. Manitoba Tel doesn't. Maritime Electric doesn't. And you can keep on running through the list. This idea for these corporate plans that you call for simply aren't being done because it's not practical.

Now I think the CRTC example is an interesting one. I'm not sure if you're aware or not but SaskTel will very soon be under CRTC regulation. That is simply going to happen and we will be complying with the CRTC public hearing processes. But the information that's provided to these organizations and through CRTC is very tightly controlled. It is not an overall business plan. It deals particularly with rate increases or decreases.

And what I fear coming out of this discussion and this report is that the auditor is wandering into a political discussion on utility rate review, because that appears to be much of what we're getting into a discussion of here. It's not about the information that's provided, because I think if we were to go through the checklists that the auditor has listed in his previous report — and I'm looking here at the fall '95 report, chapter 3, paragraph .12 — he says that we should make available information on the government's accumulated debt. Well we've done that. The province's gross domestic product; that's available. The total personal income of Saskatchewan residents; that's available. Accumulated deficit as a percentage of GDP (gross domestic product); we do that. The federal government's transfers as a percentage of the government's total revenues; we do that as well. The debt cost as a percentage of total revenues. All of this is available.

But now what we're starting to move into is a discussion about

utility rate review. That's not the purview of this committee. I'm not sure that's even . . . It's perhaps the purview of the Crown Corporations Committee but certainly not our purview.

This is a committee of oversight. Our job is to make sure that we review the finances of the province and that we provide comment and make sure that appropriate statutes are being followed. What I see us drifting into though is a very Americanized version of what our committee system is supposed to be and how government should handle its planning processes. And it concerns me.

So I guess, while I appreciate the information the auditor has provided us with . . . Having seen it, if anything, I guess I have an added degree of comfort that Saskatchewan is already in many ways leading the pack in terms of the information we do provide. We have statutory requirements to provide much of the legislation through the five-year financial plan and that we are in fact making it available, and not in a partisan, politicized way that my good friends in Alberta have, but simply in a straight fashioned way.

So, Mr. Chairman, I guess at this point you probably want to have more of a free-ranging discussion, and we should do that. But I think that once we are concluded with the general discussion around the table it's time to put this issue to rest just in terms of the approach.

Mr. Pringle: — Thank you very much, Mr. Chairman. On the question of the annual reports and the Alberta example, I think I made my comments in the spring on that. And I really believe that that is primarily a political document. And fine, maybe we should do that. So I haven't changed my views on that.

I'm not sure that it will pull the kind of information that somebody appears to be looking for. And I think, you know, if it's a re-packaging problem, that perhaps, as Mr. Wright said, the Crown review will give some suggestions in that regard.

I wanted to address my comments, though, today primarily on the multi-year business plans, because I've done a fair amount of research on this too. And the Provincial Auditor outlined that many companies, including private, are doing this and presenting information to the public; and that the package we got from the Provincial Auditor's office was sort of a flavour as to what was happening across Canada. It's a flavour, but I wouldn't necessarily agree that it's a flavour of what's happening across Canada because I can find more companies who aren't doing that than are. I stand to be corrected on that.

But as Mr. Thomson had said, it's based on direct contact. It's my understanding that — our understanding — that Alberta Power, B.C. Tel, Maritime Electric, TransCanada Pipelines, Petro-Canada, Wascana Energy, perhaps Edmonton Power, Quebec Tel, Manitoba Tel, Canadian Utilities, north-west utilities do not release this kind of information. So to me that's another kind of a flavour. And these are primarily Crown corporations in other provinces.

And so I guess the question, and given the climate of deregulation and competition, I guess the question arises for

me, why have those companies chosen not to release the multi-year plans to the public? Again, the Manitoba Hydro example, we obviously . . . I'm not able to clarify that today because this feedback was based on direct contact too.

So I guess I'd like to pose the question to the committee. Why do we believe that these companies have chosen not to release their multi-year plans publicly, if it isn't some concern they may have about the competition environment?

And I think that that is a critical question that needs to be addressed. Thank you.

The Chair: — Thank you.

Mr. Koenker: — Yes, thank you, Mr. Chairperson. I found the information that was shared very, very helpful. It really clarified a lot of things for me. And it did this principally in the light of my concerns — and I'll speak to the issue of the annual report — principally in that light.

If what I saw from Alberta was any indication of a model that's being proposed for us in Saskatchewan — and I note that Alberta is the only province to prepare an annual report at this time — if that's the model that's being presented for us here in Saskatchewan, I want nothing to do with it. In fact I'll say that I was strongly offended by the politicization that I found in that document. I just found it utterly unacceptable and I hope we never produce anything like that under the guise of public accountability.

I will refer members to the news release that accompanied the release of volume 1 of the *Public Accounts* for the 1995-96 public accounts year. This comes from the Minister of Finance's office here in Saskatchewan and it's dated September 12. September 12, the press release notes, is the earliest date that volume 1 of the *Public Accounts* has been tabled. That's the earliest date that it's been tabled in the province's history. And the release goes on to note that this represents the fifth year in a row that the Government of Saskatchewan has set a record in early tabling of the *Public Accounts*.

Now the point I want to make here today is that I think actions speak louder than words. And when it comes to the tabling of information that keeps government accountable, it's the timeliness of the release of that information that is at least as important as the information itself. And I note, and I want to read this into the record, a quote from this press release that reads as follows:

Governments which are open and accountable must table their financial documents in a timely manner. The public can then judge if a government is successfully following its financial plans. In the 1995-96 Public Accounts the public can see that our financial plans are on track.

That's the press release. It's from the minister's office. I think it's right in making that statement.

But now I want to comment on some of the related documents that came from the minister's office, which are basically titled

highlight pages for the 1995-96 *Public Accounts*. And here in terms of the highlights, I find what I would call a more politicized version or accounting of what's found in the *Public Accounts*. It resembles to me more of what we have in the annual report to Albertans produced by the Alberta government.

And yet — I want to signal this or make a point of this — it's two pieces of paper photocopied, both sides. It's not an annual report that is full of propaganda and basically predicated on propaganda, in my view.

And so while the auditor says in his report that, quote, "We think an annual report for the government as a whole could contribute significantly to the information needs of MLAs, government officials and the public," and while the auditor goes on to say in paragraph 3, "An annual report is a key accountability document for every organization," I want to say that on the basis of what I've seen presented in the documents that have been gathered over the course of the summer, I really have to question the logic behind those two statements.

I think that an annual report could in theory, in principle, contribute significantly to the informational needs of the public. But it also could, based on the things that I've seen, contribute to the informational needs of the government itself far more than the informational needs of the public. It's under the guise of sharing information with the public, but it serves another purpose and very easily can serve that other, political purpose.

And to say that an annual report is a key accountability document for every organization simply isn't true — just by virtue of producing an annual report, whether it's for a non-profit organization, a church, or anything else.

And I've produced annual reports for churches. I don't think it is in any way, shape, or form necessarily an accountability document. It can be anything but that. Simply by virtue of producing an annual report you've got accountability? It depends on the content of that annual report. And that for me is the key issue here.

I think as you, Mr. Chair, have said in terms of attending the Public Accounts conference in Vancouver or Victoria . . . Victoria this summer, you found that Saskatchewan has the highest standards of public accountability that you know of. You were very impressed with what we're doing here.

Again I come back to say that I think our actions speak louder than words. I feel . . . I don't agree at all, based on what I've seen, the information gathered this summer, any logic to go with an annual report here in Saskatchewan.

The Chair: — Thank you, Mr. Koenker. For the record, I do say that the information that we received in Victoria indicated that Saskatchewan was indeed at the forefront of public accountability. It was not to suggest that we've reached utopia or perfection, and that there will be a constant process of improvement and refinement of this process, and we can be very proud of the progress made so far. Not to indicate that that is necessarily the end of the line, but important.

A Member: — I certainly concur.

Ms. Haverstock: — Thank you very much. I'd like to begin by thanking the Provincial Auditor and your staff for putting together this information. It was most interesting.

I only have one comment and that's perhaps in reaction to, not what you've provided but what members opposite have said. And that is that I do believe that the province of Saskatchewan, the Government of Saskatchewan, deserves applause for many of the changes they've brought about and much of what we've seen that has improved accountability in the province.

That didn't come in a vacuum. It came because they responded to different recommendations — by the Gass Commission, many of the recommendations of the Provincial Auditor and his office. And I think we would be amiss, very remiss, if we did not continue to be as open to suggestions that can continue to improve accountability, reporting.

I know that people don't think that there should be an educational kind of approach to this, but I think that much of the improvements to date have educated people in the way in which public accountability of finances can be assured. And I guess we're going to be going around and around here, because it will reflect very much the conversation of last spring.

I welcome anything where I think that accessibility to this information will be greater; where it makes it simpler to understand it in a more cohesive way; where we can go to one place. And I think that it's laudable that the decision would be if we went to an annual report, such as has been recommended by the Provincial Auditor's office; that it be done without being political.

I don't see why, given all the things that have transpired in the province of Saskatchewan which have been approached with its own unique way of solving its financial dilemmas, why in the world one would choose to say, well if we're going to do a report like Alberta, then I want nothing to do with it.

I don't see for one moment that we would do . . . you know, that given the information to date, the evidence that we have, that the province would choose to do a report like Alberta's. But that shouldn't simply throw out all of the . . . what's meant by this recommendation simply because there are parts of a report that we don't deem appropriate.

So I again say I appreciate these examples. I still see the value in what is being suggested. I see no reason why much of what is being suggested cannot only be accepted as a recommendation but put together in its own unique way without the political, you know, ballyhoo, and that we can have one place in which to go that would very much, I think, address some of what has been suggested.

The Chair: — Thank you. Before I recognize the next speaking order, I want to remind the members of the committee that we already have a recommendation in this regard in our first report. And this was information to add to the knowledge and request that we made in that recommendation.

Mr. Toth: — Thank you, Mr. Chairman. Just listening to a bit of the discussion — I'm sorry I wasn't here for all of it — just in the last couple of minutes, trying to gather some of the info I didn't bring down with me before. But I find it interesting, due to the fact that the committee did invite and ask the Provincial Auditor to put together some information, and I think the Provincial Auditor has gone through a lot of time and effort to gather information and it doesn't come easy.

It's not easy just trying to get other jurisdictions to take the time out of their schedules too to put information together. And I find it, I find it appalling to think that all of a sudden certain members appear to feel that we throw the baby out with the bath water. I think we need to commend the auditor for the work that has been transpired, the information that has been brought forward. And contrary to what Mr. Koenker mentioned about the Alberta government's report, what they would entitle their annual report, if you look at it closely, I suppose if the province of Saskatchewan wants to, the speech that the Minister of Finance gave or the report from the throne speech could be put forward in the same manner. It could be put in book form and sent out to the people of Saskatchewan as an annual report.

Now whether or not that addresses some of the issues that have been brought forward by the auditor will be for the public to address. I would assume . . . and I don't quite agree with Ms. Haverstock in this matter; I don't know if you can depoliticize when it is something . . . when it comes . . . Any party in power is going to, as they do a report, is going to try to put the best light on the situation regardless of who that party is. And they're going to try and project what they hope to do, and basically we're doing it on an annual basis.

I think what the auditor has been asking of us is maybe governments need to look a little further than just the annual report and project, look ahead to what they hope to accomplish in . . . and I don't think you can look ahead 10 years; I think you can look a term at a time — because there's no guarantee that from one election to the next government will not change, and somebody else is going to have maybe a different view.

And I think it's . . . As I look over some of this information, and I haven't had time to go through it piece by piece but I've looked over a fair bit of it here, and some is political, but so what? This is politics.

Anyone think that we're not going to have something political here? Anyone think that Mr. Romanow and his government in 1991 weren't going to do whatever they could to discredit the former government as much as they could, to try and build up . . . drop the expectations and so they can go into the 1990s looking forward to the year 2000 and try and build a better picture?

And if down the road when the next election's over and government members are sitting on this side of the table, they may be looking back and saying, well we need that information to hold the government of the day accountable.

But I think the auditor has brought forward some positive recommendations that we can certainly listen to and heed and

look to. We may not all agree as to how we . . . how they come about, how they're implemented. I think the government is still left with the choice of whether they totally . . . (inaudible) . . . what the auditor suggests or whether they follow it completely, or whether they choose to go a different route and say, this is how we feel we're meeting the recommendations of the auditor.

So I would like to thank the Provincial Auditor for the work that has been done in bringing this information to us. I know it's taken, probably taken, a fair bit of time out of his schedule in just looking over the accounts of the province just to get this information for us. We asked him to do it, and I thank him for the information that he's made available to us.

Mr. Thomson: — I'm prepared to move a motion. I just want to make a comment before I do that.

I found it interesting that Mr. Toth would note that Alberta's document is in fact a political exercise rather than one of accountability.

I also take great interest in his comments that our objective in 1991 when we were elected was to discredit the previous government. I thought it was convenient we were able to call on our good, close friends in the banking community in the U.S. (United States) to be able to come in and help us out in that regard. Clearly we just invented the fact that the province was a basket case of debt and failing economy and all the rest of that. That must have just been part of our political agenda.

But leaving the politics aside, I do want to say that I appreciate the comments of the Provincial Auditor in suggesting that we need to continue to be mindful of how to improve accountability and providing information. I think the approach that we have taken over the past four years though in many ways is a better one that simply doing an annual report. And I say that there are two very important pieces of changes we've made. One is The Tabling of Documents Act, which allows for a much stricter, much clearer approach to making sure information is available and not withheld as we saw during the 10 years of the Tory government.

And the second piece was The Balanced Budget Act, which requires a five-year fiscal plan to be presented to the legislature, and that that becomes part of the overall budget of the province.

This information . . . we have gone simply beyond having a recommendation from the Provincial Auditor. We have actually put into statute many of these accountability mechanisms. But we have done that according to what Saskatchewan wanted. It's the Saskatchewan way of doing it. It is a safer way, and I think a better way, because it ensures that no government can skirt the authority of the legislature, as we saw previously happening, to hide information from the public.

So, Mr. Chairman, if I may, I think we do need to conclude this. And what I would recommend is, noting obviously as the verbatim would, that we have had this discussion, I would recommend that . . . I'm not sure what the exact wording is here. We're discussing, as I understand it, recommendations B.1, I guess, on our schedule; paragraph .08 of the fall 1995

report. Which way do you prefer it be . . .

The Chair: — If I may, and I may be . . . I want to refer the members to our first report. And we have under 3, schedule of provincial audit recommendations section B, we have two recommendations that we now have tabled in the House and they are awaiting response of government. So the purpose of this exercise was not to rethink or redo recommendations that this committee has already agreed to and tabled to the House. It was to receive information from the auditor as directed by the auditor in this light. So I'm not sure what we want to be doing is redoing recommendations we now have tabled.

Mr. Thomson: — I would simply suggest that on the basis of the information we've received, we may now want to take a position as Public Accounts Committee on it. We've asked the government to look at it. I mean I'm not firm on it. I simply want us to conclude this issue so we don't end up revisiting it year after year after year.

The Chair: — Well I'm wondering, if you look at the recommendation, it requires a request . . . a response by government.

Mr. Thomson: — Right.

The Chair: — And I'm questioning if we should move to a new position before government has the opportunity to respond to a recommendation or two recommendations that are already tabled before the legislature in our first report.

Mr. Sonntag: — Just for clarification. Are you just saying that when government responds then, we will then have a . . . we will deal with it finally then? Is that what you're saying?

The Chair: — Well I'm thinking that that would be the more appropriate time than sort of doing . . . (inaudible) . . . before the government has an opportunity to respond to recommendations that this committee has already made and tabled.

Mr. Sonntag: — That would apply to this section with respect to annual reports as well as the summary review that's big on the multi-year as well?

The Chair: — The committee certainly has the decision making to decide in whichever way is appropriate. It just strikes me as that it's the timing, in terms of putting a new direction in place other than recommendations that are on the floor and awaiting government response, is inappropriate. Ms. Haverstock . . . or, Mr. Toth, you had your name forward. I'm just trying to get clarification before and I'm not taking you out of speaking order.

Mr. Toth: — Thank you, Mr. Chair, and I think — I concur with you — I think if we've made some recommendations, it would certainly be imperative that we at least wait to we receive a response. Are we going to try and . . . or is it the intention of the committee now to determine government policy in regards to the response?

Maybe at the present time we're kind of spinning our wheels until we have a response to the suggestions made in the report to the legislature. And what we're doing is we're really not accomplishing a lot until we've had a chance to see how the government responds to that last report.

But based on Mr. Thomson's comments just a moment ago, I think you'd have a hard time voting against the motion he's presently planning to propose.

Ms. Haverstock: — Thank you, Mr. Chair. A great deal has been said by members of this committee and I am most interested in having a response from the Provincial Auditor to what's been raised.

Mr. Thomson: — Well if I may, Mr. Chairman, I referred to Mr. Sonntag about the procedural issue. I'm not sure we've concluded that before we get into a . . . back into the debate. My interest is whether or not we are now in a position to accept a motion. What we were discussing was your recommendation on whether we should or not, that we weren't, in fact, back into general debate.

Ms. Haverstock: — If I may, I was going to comment on that as well but in part, what I wanted to do is not have this appearing to be concluding with a motion or anything else before the Provincial Auditor has even had an opportunity to respond, period.

But if we're talking about whether or not I think it is appropriate for a motion, I most certainly do not. In the first report we put forward, it indicated that this committee was going to await — and I think of the terminology is in my head — an investigation. Is that the words that are used — investigation? What was it? Something about . . .

Mr. Thomson: — Study the implications.

Ms. Haverstock: — Study the implications, yes, the government to study the implications of the recommendations. And I think that it would be respectable, on the part of the committee, if we in fact allowed them to study the implications and brought forward that information to us.

The Chair: — And I guess my point in deferring the motion, if we're going to deal with that at the conclusion of the discussion, I think it would be inappropriate if the Provincial Auditor did not have an opportunity to make some comments in the discussion, and then we can decide if a motion is appropriate or we finalize this section of it by acknowledging the receipt of these documents and waiting until the response to our first report is done by the government.

Mr. Sonntag: — I wonder if I can clarify this as well. Are you saying that . . . let me try and get this clear. With respect to recommendation 1 in our report to the legislature in June . . .

The Chair: — 1 and 2.

Mr. Sonntag: — Well, I'm talking about recommendation 1 right now. We specifically have said there that we are . . . in our

comments, we specifically said that we're waiting for government response there, at just below there on the bottom of page 2.

The Chair: — Yes, but that's also . . . this refers specifically to the survey that I conducted which was the next agenda item. The information that's been tabled primarily by the Provincial Auditor, I believe, relates to recommendation 2 on the multi-year planning information. And there again, the recommendation a), b), and c) you have before you, which asks the government to study the implication. It reiterates the recommendation 3 of the seventh report, and that was our decision when we made this recommendation which is now before the government as tabled in the legislature.

My point is, is that this was information to be received by this committee, both the information that the Provincial Auditor has tabled and the information that I will table and you've had circulated in regard to the survey of other jurisdictions. That's information to be received and that the intent, as I understood it, is that this information was to be at the availability of this committee so that when the response of government came before us imminently, that we then would couch our response to the government's answer based on all this information that we then had. I did not believe at any time that the intent of this information to be tabled was so that we could rethink or alter the recommendations that we already have agreed to as a committee and tabled.

Mr. Thomson: — Recommendations 1 and 2 of our spring report I think are fairly specific. And I'm not sure that even this discussion today or the information provided to us has dealt with either of them.

Recommendation 2 calls specifically for a joint report. It calls for us to be reported back the advice of the Institute of Chartered Accountants of Saskatchewan, the Provincial Audit Committee. So I'm not sure then why this item was put on the agenda if it's not dealing with the information we sought. I assumed that the discussion was that we would now attempt to dispense with the recommendation in the '95 report.

I mean perhaps what we should do is, at this point, since we're a little ahead of schedule, maybe break for coffee, have a brief informal discussion, and sort out how we proceed. But I just feel we should either not have this issue come back to us until the auditor is prepared to accommodate what we've asked of him in recommendations 1 and 2 or we should deal with the matter directly now based on the recommendations put forward in the report.

So I think probably this is a discussion best . . . somewhat informally to sort out our approach.

The Chair: — Well I think perhaps a break might be appropriate, but before we do that I think that for the record it's appropriate to let the Provincial Auditor give his response to the discussion and item raised in our deliberations now. I would then like us to break and if we can have some informal discussions as to the way we'll approach this procedural issue, then fine. So if I may, Mr. Strelieff.

Mr. Strelieff: — Thank you, Mr. Chair, and members. The last comment . . . the reason that I provided you this information is because you requested this information and that's why it's being discussed now.

During the discussion and comments, there were some comments made that I'd like to comment on. One was that in the information required by the CRTC and the public utility boards and the Parliament of Canada, it was mentioned that this information is already available to all members. As far as I know, the type of information that is required to be made public in Canada by the CRTC, by the public utility boards across Canada, is not available to legislators in Saskatchewan. I certainly have not seen that kind of information.

Two, the reference was made to The Balanced Budget Act as being a key component of the performance reporting of the government. I'd like to point out that The Balanced Budget Act does focus on the General Revenue Fund. So that's one bank account of the province. It's not focused on the total financial results for the province. For example, the total financial results for the province show, for the year end in March '95-96, that the annual surplus was \$570 million. I don't know if there is a plan that . . . I mean, is that what was planned, about 570? Or how that varies from the plan. One would find that kind of information if there was a complete plan provided to the Assembly.

A comment was made that the examples that I provided really is an exhaustive list of the types of planning information that is made public across Canada. In the sense that those organizations that are subject to the CRTC and those organizations across Canada that are subject to utility boards — there's private and public organizations — in that sense it is an exhaustive piece of information.

It's the type of information that is made, or that is required to be made, public through the Public Utilities Board, to be made public through the CRTC, for those agencies and organizations that are subject to CRTC regulation or Public Utility Board rate reviews — which there are many private and public corporations that are subject to those reviews.

Someone mentioned that the annual report of Alberta was the only annual report provided by a provincial jurisdiction. Well B.C. (British Columbia) does provide an annual report. The Clerk does have a copy of it. And also so does Nova Scotia. They also provide an annual report.

It doesn't mean those annual reports are the model to work with, the absolute perfection or the model that a particular government would want to go forward with. Each of them are different. Each of them reflect the flavour of the government of the day and the plans and priorities and financial results of that government of the day. So each of them are different. But there is more than the Alberta report.

The last point I'd like to make is that it was referred . . . The information that I provided you, there was an impression that that information is not publicly available. In a rate-hearing process, the nature of the rate-hearing process is to make the

process public. So that at the CRTC, whether it's various communications companies, public or private, that process is the means for which the information becomes publicly available.

So when the rate . . . when the filings are received by the CRTC or a public utilities board that information is also publicly available. I'm not arguing for a public utilities board or a CRTC. What I was trying to put on the table is that there is, right now across Canada in other jurisdictions, a significant amount of valuable information about the plans of various corporations.

And I hope that in the future, the government of the day will also see fit to provide the Assembly with a complete plan and also to therefore, within the summary financial statements, be able to show a plan versus actual comparisons so you know what was planned compared to what was actually done. And also that at some point that the government of the day would produce an annual report explaining where they're going, where they've come from, and the significant issues that they face.

I know just recently reading the MacKay report for universities, one of the main comments he made to enhance the public confidence and the accountability of universities, is for universities to prepare an annual report. Right now they prepare a report which just really is a set of financial statements, and they don't have the discussion and analysis of where they plan to go and where they've gone and the key issues of the day.

So I certainly continue to really strongly recommend that a multi-year plan, a complete plan, would be of significant benefit to the Assembly, and an annual report as well. Thank you very much.

The Chair: — Thank you. Members, I notice that members are referring to the document, where it says that B.C. does not publish an annual report. If you notice, in the letter that was received from Mr. Craig James as a result of our survey, he says, and I quote: "The Government of British Columbia does not publish an annual report *per se*." That was the basis on which we said they don't have a public report. But they do have what they call an annual report, which is when — and you're welcome to see it . . . that seems to be very similar in many respects to our *Public Accounts* documents, volume 1. So we may be getting a little hooked up on terminology here but it definitely . . . they do have this. Okay.

We will have a recess for 10 minutes or so.

The committee recessed for a period of time.

The Chair: — Ladies and gentlemen, we will reconvene.

Mr. Sonntag: — I guess we have . . . I have one question for the Provincial Comptroller's office. Put you on the spot. Do you know when it is likely that we will receive the response to the report that we tabled in the legislature? From the minister's office or from Finance?

Mr. Bayda: — Mr. Chairman, no, I don't have an answer to

that question at this time.

Mr. Sonntag: — Is Terry going to be back here for this?

The Chair: — The Clerk advises me that the committee has asked that it be no more than 120 days from the date of issue, which was June 13.

Mr. Sonntag: — That's right too. So that would be quite figurative.

Mr. Bayda: — That is true, Mr. Chairman, and I expect that report would be forthcoming within that time period, 120 days.

Mr. Sonntag: — Can somebody figure it out? Is that going to get us before our next meetings? Oh, it has to, of course. Okay.

The Chair: — Four months.

Mr. Sonntag: — Okay, then let me make a few comments, just a couple of comments. And I think that in light of the discussion that took place today, the views of the members from the government side of the Public Accounts anyway are fairly clear on the matter of annual reports and also multi-year plans.

We don't want to pre-judge the minister's response. And when we reviewed the document that we tabled in the legislature I think that we have to concur with the argument that's been made by yourselves and by the members opposite.

In that report we specifically say that we're waiting for the response from government. So in light of that we're prepared then to leave this until we meet the next time. I mean subsequent to the response from government. But again I want to say fairly clearly that our views, I believe, are very clear on these two matters and we don't want to be debating these issues over and over again. When it comes back to us from the minister we want to dispense with it once and for all at that time.

So we'll leave it and agree with the members opposite.

The Chair: — Then I think . . . Do we have to note that the documents have been tabled and received?

I'm advised that the committee should acknowledge receipt of the information from the Provincial Auditor. Is that agreed? Agreed. And that the committee agreed to address the issue after the response from the minister? That's agreed? Agreed.

Can we also then agree to acknowledge receipt of the information that was tabled from the survey that I initiated as well? That's agreed? Agreed. Thank you very much.

I think if I'm not mistaken then that would indeed complete . . .

Mr. Paton: — Mr. Chairman, there was an inquiry about the response from the minister.

The Chair: — Yes.

Mr. Paton: — That is what I understand. That response is in process right now and is almost complete and should be received by the committee very shortly.

Mr. Sonntag: — Okay, good. Thank you.

The Chair: — Thank you very much, Mr. Paton. I believe then as I look at my agenda that that completes the matters before the committee this afternoon. Therefore a motion to adjourn would be appropriate. Mr. Toth? Thank you very much.

The committee adjourned at 3:30 p.m.