

The Chair: — Good morning, everyone. I think we'll get under way here this morning in consideration of the Provincial Auditor's fall of 1996 report in chapter 2, understanding the finances of the government. I would probably right from the outset will just turn the meeting over to the Provincial Auditor. He can introduce his officials and present us with an overview of this chapter.

Mr. Strelieff: — Thank you, Mr. Chair, and good morning, members. With me today are Fred Wendel, the assistant provincial auditor; Brian Atkinson, in charge of the presentation today; Bob Black, who coordinates our work with this committee; Corinna Mitchell, who carries out many of the difficult responsibilities that are contained in these financial . . . in this chapter related to the Department of Finance and the General Revenue Fund and the Crown Investments Corporation. Corinna is a chartered accountant and is from Regina. Also with us is Deann Dickin, one of our valuable administrative assistants who has seen many versions of this chapter over the past five . . . four or five years.

So today's topic is chapter 2 in our 1996 fall report, understanding the finances of the government. I think it's one of our most important topics that we bring to your attention because it's important to understand how the finances of the government work and the trends over the last five or six years.

For six years now the government has presented or published financial statements setting out its full responsibilities in terms of its total revenues, expenses, financial assets, and liabilities. These are the statements that show how much the government raises in a particular year in terms of the revenues and how much expenses it incurs during a particular year.

As Brian will explain, we think the government should provide you as legislators a complete plan showing what it plans to do in terms of its total revenues and expenses. So Brian is going to lead you through the chapter.

Mr. Atkinson: — Thank you very much, Wayne. I have some overheads here that I hope will help us understand some of the things I'm going to be talking about.

Okay, in this chapter we present information for assessing the government's financial condition using the concepts of sustainability, vulnerability, and flexibility. These concepts are based on CIC (Crown Investments Corporation of Saskatchewan) research report on indicators on financial condition. The information that we used in this chapter is derived from the government's summary financial statements.

Sustainability is the ability of the government to meet its existing program commitments and creditor requirements without increasing its accumulated deficit. I think that's important, that you understand that concept of sustainability. Flexibility is the degree to which the government can increase its financial resources by either expanding its revenues or increasing its accumulated deficit.

And lastly, flexibility — or vulnerability — is the degree to which the government becomes dependent upon revenue

sources outside of its influence or control. So those are the three concepts that we're going to use to look at the financial condition of the government.

The trend in the accumulated deficit as a percentage of gross domestic product is key to understanding sustainability. If you can see from 1991 to 1993, the trend is going upwards, and what that means is in the long run the government's fiscal policy for revenue raising, spending, and borrowing would not be sustainable. From 1993 to 1996 you can see the trend is going downwards, and what that means is that the government's fiscal policies in the long term are probably sustainable.

The trend in the debt costs as a percentage of total revenue provides some insights into flexibility. As you can see from 1991 to 1993 the trend is moving up, and what this means is that the government is using more and more of its revenues to pay for interest rather than to deliver its programs. Also, as you can see from 1993 to 1996 the trend is coming down, and what that means is that the government is using more of its revenues to deliver its programs rather than to pay interest costs.

This trend is sometimes called the interest bite, and that's the total debt cost as a percentage of revenue.

The trend in the federal government transfers, as a percentage of total revenue, provides some insight into vulnerability. And you can see the trend from 1991 to 1996 is downwards quite significantly. And that means that the government is becoming less and less dependent on funding sources outside of its control. We conclude, since the trends in sustainability, flexibility, and vulnerability have been improving since 1993, that the government's financial condition has improved overall. However, it does remain fragile.

We also present information for understanding the government's revenues and expenses and debts. This shows you the percentage change in total revenue, total expense, the CPI (consumer price index), and the gross domestic product from 1991 to 1996. And as you can see, the total revenues increased 22 per cent while total expense increased 4 per cent. That's why the government's annual deficit in 1991 went from \$740 million to a surplus of \$572 million in 1996.

You can also see that the government's total revenues that it's got available to deliver its programs increased faster than the consumer price index, and it also increased faster than the gross domestic product of the province.

We present the government's revenues and expenditures in two categories. One, general programs, and that's programs that are usually delivered by government departments or agencies funded by government departments — for example, Education and Health and government agencies funded by them, like regional colleges and district health boards.

As you can see, general programs from 1991 to 1996, revenues increased 18 per cent while expenditures actually decreased by 4 per cent. In the government's enterprises — now those are usually what we call our Crown corporations — you can see that revenues increased by 31 per cent from 1991 to 1996 while

expenses increased 28 per cent. So it gives you some kind of a feeling . . .

Mr. Pringle: — Sorry, I didn't understand the first part, again. Just general programs expense. Can you go over that again, please.

Mr. Atkinson: — Certainly. General programs are the programs the government delivers, typically through government departments and agencies funded by government departments. Like, for example, Health, the Department of Health, and the agencies funded by it, the district health boards. Or if Education is the focus, then you look at the regional colleges. And that includes all of those programs.

Ms. Stanger: — . . . 18 per cent.

Mr. Atkinson: — The total revenue percentage change from 1991 to 1996 was 18 per cent.

Mr. Pringle: — And the expense one is . . .

Mr. Atkinson: — Expenditures was a negative 4 per cent. In other words, it decreased 4 per cent.

Ms. Stanger: — Well we've done a darn good job, haven't we?

A Member: — Brian, what are the sources of general program revenues for that . . .

Mr. Atkinson: — Sure, the general program revenues, the sources of those revenues, are corporation taxes and sales taxes, transfers from the federal government, okay? Two sources of revenue for the enterprises is the amount it charges for its goods and services — for example, how much you pay for your telephone bill or your SaskEnergy bill. Any other questions?

We also provide some information about the government's total debt. And as you can see, the numbers of the top here are the total debt of the government. It had increased from 1991 to 1995 — peaked out at \$20.827 billion — and from 1995 to 1996, for the first time since 1991, actually decreased to \$20.571 billion.

I think you can see the amount there's . . . we've broken the graph out by different categories of debt — bonds and debentures is supposed to be red, it doesn't quite show up that way; the pension liability is supposed to be yellow, it's more like olive; and the other, which is the blue part, I think the significant thing to notice from this graph is that, while the bonds and debentures have sort of increased and decreased, that this section here is becoming more important to the government, and that's the pension liabilities. So that part of the debt is becoming more significant.

Mr. Thomson: — May I ask a question on that?

Mr. Atkinson: — Certainly.

Mr. Thomson: — What constitutes the other component?

Mr. Atkinson: — The other? The other component is all the rest. If it's not bonds and debentures, if it's not for pension

liabilities; it would be deferred revenues, it would be liabilities for paying . . . pension . . . auto fund claims, liabilities for insurance claims, those types of things. Any . . . is there . . .

Mr. Thomson: — I'll wait. That's fine. We're just looking at . . . (inaudible) . . . I can see that from here.

Mr. Atkinson: — Okay. In addition to presenting information for assessing the government's financial condition, we recommend three steps the government could take to provide MLAs (Member of the Legislative Assembly) and the public better information.

First we recommend the government provide the Assembly with a complete financial plan based on the government's summary financial statements. As you all know, the current budget is based on the General Revenue Fund. The government provides about 40 per cent of all its goods and services through agencies not funded by the General Revenue Fund. As a result, planned spending and all public policies are not on the table when you discuss the General Revenue Fund's budget. For example, the General Revenue Fund's budget includes priorities and trade-offs for health, education, economic development, and transportation. However it doesn't show you all the trade-offs in that area because you're probably well aware that it doesn't include the economic development initiatives funded by Crown corporations.

CIC Industrial Interests Inc., that's a subsidiary of CIC, has about a billion dollars of investments. Those investments include HARO Financial Corporation, Millar Western Pulp Ltd., Saskferco, and the Bi-Provincial upgrader. Those investments are supported by dividends from other Crown corporations like SaskPower, SaskEnergy, SaskTel, and SGI (Saskatchewan Government Insurance).

Without a complete financial plan, MLAs and the public have difficulty knowing what the government's total planned revenues are, their total planned expenses, and their planned surplus or deficits. And we think that the government — or the MLAs — and the public need that information to understand and analyse all of the priorities and trade-offs that the government has on the table; so that they know whether or not their plans trade-offs and performance are all being looked at.

The GRF (General Revenue Fund) statements are not appropriate to use to assess the government's overall financial activities for two reasons. One is that they don't include everything. They don't include all of the financial activities of the government. And secondly, to some extent they can be controlled by . . . the results of that fund can be controlled and decided by the government.

This overhead that we currently have up shows the annual surplus or deficits from 1991 to 1996 where the government's financial statement's the solid line, and the General Revenue Fund's financial statements, which is the dotted line. As you can see, in 1996 the annual deficit in the General Revenue Fund is about \$90 million, where the government's financial statements show a surplus of about \$572 million. So I think there are significant differences between the two. And that's why I say we shouldn't use those financial statements to

understand and assess the government's overall activities.

Our second recommendation is that the government should produce an annual report in volume 1 of *Public Accounts*. That annual report, we think should contain the government's summary financial statement. It should include the government's key financial and economic measures, its targets for those measures, and its thinking on the underlying economic and financial issues. Other jurisdictions like British Columbia produce an annual report. We also recommend that the MLAs and the public use the government summary financial statements as the key financial decision-making and accountability document, because those financial statements report on the overall activities of the government.

And thirdly, we recommend the government put the General Revenue Fund statements in volume 2 of the *Public Accounts*. Volume 2 of the *Public Accounts* currently includes the details of revenues and expenditures for the General Revenue Fund. We think by moving those statements to volume 2 of the *Public Accounts* would send a clear message that MLAs and the public should not use those financial statements to understand and assess the government's overall financial activities.

In summary, we make three recommendations: (1) for the complete financial plan of the budget; (2) for an annual report; and (3), make it clear that the General Revenue Fund statements are not to be used to understand and assess the government's overall activities.

That completes my presentation. Do you have any questions?

Mr. Toth: — A couple of questions I've got here. You talked, Brian, about the cut in federal transfers to the province and the impact of this. What about the impact of offloading onto local governments by the provincial government since 1991 — how do you assess that?

Mr. Atkinson: — I think you have to look at what the government's total revenues are, its total expenditures and its planned surplus or deficits. I mean for you to know what their priorities are and the trade-offs and their ultimate performance, I think you need to know that in the total. And you can't figure that out by looking at a specific fund of government; you have to look at it in total and then you have to assess that.

Mr. Toth: — The interesting thing is, Brian, coming back to 1991 . . . And you were here in 1991?

Mr. Atkinson: — Yes.

Mr. Toth: — You were aware of the budget that was presented to the Assembly in 1991, the spring of 1991, and then as a result of the election in October, 1991 and the figures that were then thrown out at that time, there was a budget presented which was . . . the opposition vowed they would never allow to be passed, which brought in a \$250 million deficit for the year. But by the time the final figures came around the government had close to almost 100 million — I mean, \$1 billion.

A Member: — That's a big joke.

Mr. Toth: — It is not a joke. You guys . . . Well it's interesting . . .

The Chair: — Focus on the questions. Focus, please. You'll have your opportunity to make some comments later.

Mr. Toth: — It's interesting how when you bring something like this out, this debate all of a sudden accelerates here.

But the realities were there was a budget presented that was about showing a \$250 million deficit in 1990 in the spring, and then we ended up with almost 800 million when the government changed exactly in the following year.

And I think that's what you were just talking to us here shows how numbers can be moved from one area of government to the other — like writing off . . . doing write-offs and all of a sudden accelerating that . . .

And I guess what I'm trying to figure out is — I've come back to the point that you're pointing out — is in fact how are we to assess government performance when you can certainly bounce and write off losses in one area of government and move it into the General Revenue Fund. And that's where the General Revenue Fund shows that major loss, when previous to someone else could say, no it isn't, by leaving certain numbers in the Crowns or in another sector of government finances.

Isn't that what you're talking of — the fact of how easy it can be moved from one . . . how you can present a very good picture on one side and the very next minute all of a sudden you have a very different view of government expenses?

Mr. Atkinson: — Mr. Chair, members, I think you've hit on one of the key things that I was trying to get across in the presentation is that the General Revenue Fund is only a part of government. You can influence the results of the General Revenue Fund by transfers with other government agencies, other government funds. If you want to eliminate all of those impacts of moving money from one fund to another or moving entries from one fund to another, you have to look at the government as a whole. You have to look at the summary financial statements.

And I think that was the key of what we were talking about is that you can't understand and assess the government's plans, priorities, or performance if you're not focused on the correct fund, or on the government's financial statements. If you're focused on an individual fund of government, you may not be able to assess those things.

Mr. Toth: — And I guess that's one of the concerns I've had since first being elected is the fact there really has never been over the long period of time something that you could look at that gave you an overall picture of or view of government revenue and expense. Like you say we're basically tied into the General Revenue Fund. We're tied into the statement the Minister of Finance gives which basically just relates to the general revenue pool but leaves the other entities of government out of it.

And so at the end of the day you wonder how come all of a

sudden different figures . . . someone throws out a different number at you and says, well that's not what the Finance minister statement said. Because you are only getting one view of expenditures. You're basically just keying in on the general revenue pool.

Mr. Atkinson: — Well I think the government has provided a very excellent financial statement for you to use, and that's one of our recommendations that we encourage the MLAs to use the summary statements, the government's financial statements, as your key accountability and decision-making document. In other words, if you want to try to assess the government's plans and priorities and performance, look to those financial statements.

Mr. Toth: — The summary financial statements.

Mr. Atkinson: — The government's financial statements, the summary financial statements.

Mr. Toth: — Now when you're looking . . . when you talk about summary financial . . . I don't think I have the one here, but on page 26, does this have the total . . . you got analysis here from 1991 through to '96. And does this have a lot of the government's financial statements here on this chart right here, or is this just still part of it? Because I think there's another one that has even more detail.

Mr. Atkinson: — Okay. Mr. Chair, members, the table on page 26 and 27 includes an analysis of the government's revenues and expenditures for the years 1991 to 1996. This information is derived directly from the government's summary financial statements. Those financial statements are included in appendix VI.

What we've done is, because many of the measures that we've used to try to explain the government's financial condition included total revenue, what we've done is we've taken the revenues and expenses that were reported in the summary financial statements and added them together.

In other words, the revenues and expenses for the enterprise corporations, instead of bringing in the net amount as one number, we've just grossed them up. We've said, here's what's behind that number — these are the total revenues and these are the total expenditures. And they're all available for you.

If you look in appendix VI, you'll find the revenues and expenditures of the government programs are on this page — the 5.856 billion of revenue. If you look under the government programs, 1996, you'll see 5.586 billion. If you look under expenditures, you see 5.845 billion. That's the same as what's on the government's financial statements if you look at appendix VI, page 6. Those are the same numbers.

Mr. Toth: — Pardon me, what was that number you gave again?

Mr. Atkinson: — For 1996, if you looked at table 1.

Mr. Toth: — 5,855,736?

Mr. Atkinson: — Yes, 5,856 is what it's rounded to. This is in

millions.

Mr. Toth: — Okay.

Mr. Atkinson: — It's the same as 5,855.7. I mean the number that appears on appendix VI, page 6. You see it's just rounded up to another thousand. This is in thousands and the table we have is in millions.

Now the numbers for the enterprise corporations comes directly from schedule 3, and that's on appendix VI, page 17. Now you see for total revenues there, they have 3.233 billion and we have it rounded to 3.234 billion.

Under enterprises, table 1, page 27, second last column, you see where it has \$3.234 million as a total of the enterprise revenues?

Mr. Strelieff: — So, members, Mr. Toth, you asked whether the schedules on page 26 and 27 includes all of the government organizations. Yes, it does. Yes, it does. It does not focus on the General Revenue Fund; it focuses on the total financial results of the government.

And as Brian has said, one of our key recommendations is we think you need a plan — what was the planned total financial results. Then you can compare that to the actual and ask questions when it will vary — there will be variances because that's the nature of life — and what the government has done to manage those changes.

But as you said also earlier, that the current focus on the planning side is on the General Revenue Fund, and the General Revenue Fund, as Brian said, is incomplete and is also subject to decisions made by the government to transfer to and from the General Revenue Fund, whether it's revenues or expenses.

And those can be . . . those are decisions of the day rather than based on what actually has happened during the year. These financial statements, the summary financial statements, show what the total revenues raised during the year were and what the total expenses incurred during the year were by all government organizations.

The General Revenue Fund also includes as revenues, transfers from other organizations of government. And that's where it's very difficult to understand the finances. And we, over the last number of years, have recommended that the government provide all legislators with a complete plan along with these complete financial statements.

Mr. Toth: — And I think from what you said too, like I think you pointed that out on a number of occasions the fact that one year you may have a major dividend paid to the General Revenue Fund from government enterprises; another year you may not. Which like you say just points out how transfers can certainly change the figure in the public's mind. Basically all they're saying is the general revenue pool.

And while the public may complain about the fact that SaskPower made good money or SaskTel made good money, I'm wondering why. These Crown corporations I thought were

just set up to provide a service at cost. They are a revenue generator but it's based on whether the dividend they put into CIC and then whether a dividend is paid from CIC into the general revenue pool.

And of course that comes back to the politics of the day as well. Whether you pay into . . . whether you draw from that pool or whether you don't draw from that pool. And when it's most convenient to draw from the pool to certainly present a brighter picture on the general revenue pool.

And I really don't understand a lot on finances. I'm still trying to grapple with it myself, but I appreciate the summary. I usually go through these pages here. I find them a lot easier and I think that's certainly appropriate. But when you're flipping back and forth to find where all the money comes from, it's still not all that easy.

Mr. Streliaff: — Members, Mr. Toth, you mentioned that the financial results are often quite different between the General Revenue Fund and the total activities of the government. On page 15 of the report it shows that in a way focusing on the annual surplus or deficit. You can see the differences. As Brian said, the solid line represents the activities of all government; the dotted line is the activities that the government chose to record through the General Revenue Fund.

So in '91, '92, '93, the financial results of the General Revenue Fund, the deficit was less than when you put it all together, and then in '94, '95, '96, it moves the other way. The actual financial results, there is actual surpluses rather than the deficits that are shown in the General Revenue Fund.

And the solid . . . So there is a significant difference between what actually has happened when you put everything together and what the government of the day has chosen to record in the General Revenue Fund. And of course choosing . . . to some extent they choose what to record in the General Revenue Fund and that's where it, at least in my view, can get confusing and not very useful to understand and assess the financial results and plans of the government of the day.

Mr. Toth: — So would that change there? Like on this graph on page 15 where you show the solid line is now well above the broken line and you're basically saying the general revenue pool is only showing a surplus of so many but the reality of government is actually even higher. What basically is shown . . . Does that tie into the . . . There was a chart there that had revenue had increased by — what was it? — 28 or 32 per cent, expenditures by 4 per cent. Is that what that one chart was reflecting you're referring to? There was a broad . . .

Mr. Atkinson: — Yes, the charts were based on the government's summary of financial statement. In other words, they were based on the government as a whole.

And the point that was being made that the deficit in 1991 of \$740 million for the government as a whole, and if you look at the chart on page 15, the very beginning number, that would be \$740 million as a deficit because your revenues have increased by 22 per cent and your expenses increased by a smaller amount. That's why you'd have at 1996, you have not a deficit

any longer, you have a surplus of \$572 million.

And you compare that to the deficit that's reflected in the General Revenue Fund's financial statement of about \$90 million.

So in one case you have a deficit of \$90 million; the other place you have a surplus of \$572 million. Now that's a significant difference.

The Chair: — Anything further, Mr. Toth?

Mr. Toth: — For the time being I'll let somebody else respond.

The Chair: — We have Mr. Thompson next on the list.

Mr. Thomson: — Thank you, Mr. Chairman. It seems to me we have discussed this issue several times in this committee over the past year and a half, and of course as you know, I always appreciate issues coming back to us after we've already dealt with them if only because it gives us a change to rehash the debate that has gone on and on in this committee on these pieces.

I simply wonder . . . I guess I would ask the auditor first. Is there anything new in this report in this section that we are reviewing that has not previously been brought to this committee?

Mr. Streliaff: — Mr. Thompson, members, one of the new dimensions to this chapter is another year of activity. In prior years . . . Well each year there's another year added because the government now publishes . . . well now has six years of financial statements. So the trends are a little bit different. The recommendations are a little different as well.

Brian, can you speak to that?

Mr. Atkinson: — Yes. This is the first time, I believe, that we've recommended that the government move the General Revenue Fund's financial statements from volume 1 of the *Public Accounts* and include them with the details of revenues and expenditures of the General Revenue Fund that are contained in volume 2 of the *Public Accounts*.

And as I stated the reason for that is to send a clear signal that you should not be using those financial statements to understand and assess the government's performance as a whole because they don't include all of the government. And they can, to some extent, be . . . the government can control and decide the results of that fund.

Mr. Streliaff: — The third main element that's a little bit different is that there is more thinking coming from the Canadian Institute of Chartered Accountants on the elements of sustainability, flexibility, and vulnerability. In prior years that thinking was still evolving, and now it's getting more succinct and useful.

I think in the next month or so there will be actually a study published by the Canadian Institute of Chartered Accountants setting out its thinking on how to understand and assess a government's financial condition.

Well those are some of the elements that have changed from last year.

Mr. Thomson: — I have two other questions and then I'd like to make a comment.

Following up on that then, Mr. Auditor, in terms of CICA (Canadian Institute of Chartered Accountants), have they set standards in this regard and are there any other provinces or governments currently budgeting and accounting on this basis?

Mr. Strelieff: — Members, Mr. Thomson, I think there were two parts to your question. One related to standards for preparing budgets. And you prepare a budget now; the government prepares a budget now.

The guidance that exists from the Canadian Institute of Chartered Accountants comes in two ways. One, that there should be a comparison of budget versus actual results in a government's summary financial statements, or a reconciliation. Two, there's a lot of guidance on how to prepare future oriented financial information, which is what a budget is all about, set out by our profession. So certainly that could be referred to.

As well as the Crown Investments Corporation has recently moved to preparing a more consolidated budget. And I think their experience and knowledge would be very important in preparing a complete plan for the government. As well as there are individual budgets for of course all the individual organizations of government that at the end of the day can be added together.

As far as other jurisdictions are concerned, I think Alberta is the closest to having a complete planning framework on the table. They do include the plans of all the organizations that they are responsible for in their planning framework. And I think, as far as I know, Alberta is a leader in that sense.

Most of the other provincial governments still focus on the General Revenue Fund. So their legislators, my understanding would be, would have the same kinds of difficulties in understanding and assessing the finances of the government as I think legislators in Saskatchewan would have.

Mr. Thomson: — So nothing has changed then really since December 12 when we dealt with this issue and noted that it was premature for government to consider moving towards multi-year, government-wide planning information until such time as there have been standards and consistencies developed for reporting this information. Has there been a change since December 12 when we last dealt with this issue?

Mr. Strelieff: — Mr. Thomson, members, as I said, there is guidance out there for organizations on preparing future-oriented financial information, which are financial plans. And the government has a lot of capable people that I'm sure would be able to put together a complete plan in a useful, decision-making way. But they had very capable people prior to December 12 as well.

Mr. Thomson: — Perhaps I'd like to ask then, Mr. Paton, if I

may, the position of the Department of Finance and some of their reservations about moving to this system. I find it . . . Rather than myself attempting to explain some of my reservations, I'd be interested to know what the government's position is.

Mr. Paton: — Yes, a couple of comments in this regard. As the auditor stated, some provinces have made some move towards this government-wide budget. To my knowledge, Alberta is one of them and the comment was made that maybe they've made a good move towards a good government-wide budget. I'm not sure if everyone would agree with that.

To my knowledge, there's only one other province that's currently attempting a government-wide budget, that being Prince Edward Island, and I think they're doing it on a different basis than what the province of Alberta is. And the only other jurisdiction that I'm available that's doing this type of budget or attempting to do this is the Government of Canada.

Now that's my information as of a few months ago. If there's something more current, it could be different.

I think what we're looking at is that each of these jurisdictions are taking different approaches as to what this government-wide budget is. To my knowledge, there are no standards. There certainly is guidance and ideas as to what you might move towards, but there isn't a standard that everyone's adopted. The three that I'm aware of are all doing something a little bit different.

I'm not able to speak directly to the budget area myself. I think that the Department of Finance is probably looking at the area of government-wide budgets and the impacts that that might have and what form that might take in the future, but I don't believe that there's been anything accepted across the country or anything that we're prepared to move to today.

Mr. Thomson: — So if I may then, perhaps I would . . . from what I understand and there in fact has been, I would say, no significant movements since our December 12 meeting in this issue in terms of establishing the consistencies and standards for reporting this information. And as such I would move then:

That the Public Accounts Committee notes the auditor's recommendations contained in paragraphs .17, .19, and .22 of the fall 1996 report and restates its position of December 12, noting that it is premature for government to consider moving towards multi-year, government-wide planning information until such time . . .

The Chair: — Mr. Thomson, could I just . . . I don't interrupt you here for any other reason than I think there may have been a few other members of the committee that have just some general questions related to the information before us. And I was wondering if we might . . . I was lax in not recognizing them earlier here and if I would be able to do that at this time, they could put their general questions forward and then we could deal with the motion after.

Mr. Thomson: — That's fine. That'll give me time to write it down too.

The Chair: — Okay.

Ms. Haverstock: — Thank you. I guess I'll go on record again stating that I have found some of the ways in which things are presented quite confusing. I have before me of course the budget address of March 1997, pages 66, 67, and I'm looking at the General Revenue Fund statement of revenue and the statement of expenses. And I look at these things they're different from where I look elsewhere, and I find it confusing, and I appreciated very much your comments, Mr. Atkinson.

I would most certainly appreciate anything that will help me to explain to the public at large with greater accuracy what it is that is going on. I am their representative. I do confess that I don't have a great deal of financial expertise in being able to do accounting for them and to tease out what is actually fact and what is not.

And the recommendation that is made that is based on the expertise of the Provincial Auditor's office that members of this Assembly should use the summary financial statements as the key decision-making and accountability document, I think, is a good one. But it still creates for someone like me some confusion when I'm even looking at it.

For example, when I'm trying to determine where things are going . . . And I very much appreciate the comments you've made regarding trends, okay. I mean we can look at a snapshot in time. It means very little until we put it in the context of a much greater period of time.

And I think it makes inherent sense why the Provincial Auditor's office should bring back to this committee in an ongoing basis recommendations that may seemingly be repeating themselves. Not only is it your mandate and responsibility to do so, but given that time has passed and trends are developing, I think it's important for us to be cognizant of those trends.

Now I'm going to ask a very specific question of you if I may — either yourself or the Provincial Auditor because I just remain confused. What can I say? On page 27 where it says understanding the financial finances of the government, you have table 1 for 1996. Now we've expressed . . . you've expressed about the \$5.8 billion of revenue and the expense side of 5.845 expenses. We've then gone down to what I see at the bottom of this table — that's the accumulated deficit, right? That's the \$9.9 billion accumulated deficit?

And I'm wondering where do I go to find the best estimate for the accumulated deficit for March 31, 1997? Is there a place for me to go to find that? And where do I go to see the best estimate of the accumulated deficit for 1998?

And I don't know where I can figure out not only entirely what's going on without fully understanding and concentrating on the summary financial statements and gaining some expertise in it, and then trying to determine are there trends along the way regarding the accumulated deficit to increase it or decrease it.

And so those are the things that I'm thinking about in the overall context of things. And this is really in addition to the things you've been discussing. Because when it says that we should use the financial statements for decision making, okay, if I'm trying to decide on the basis of what the government is doing, what the best estimates are, and trying to determine whether or not the government's being fully responsible, and build in the accountability factor, I still find some of this woefully lacking. And I guess that's where I see the great value in having a plan that is ongoing and more complete. So that I can understand the overall trends and the plans for where the government intends to go.

I know that's a fair amount to put before you, and probably as confusing as my thoughts are. But I remain inquisitive about these things and am really quite astonished when I compare pages 26 and 27 to pages 66 and 67 in the budget address.

Mr. Atkinson: — Mr. Chair, Ms. Haverstock. I think the simple answer to your first question is, you can't. I mean that number is not available to you. As I said in the presentation, the current budget that you receive is focused on the General Revenue Fund. It is not focused on the government's financial statements as a whole. In other words, you can't go and find what the total planned revenues are, what the total planned expenditures are, or whether there's a planned surplus or deficit for the government as a whole. That's just not available to you.

Ms. Haverstock: — Right.

Mr. Atkinson: — So the answer is, you can't go anywhere to get it.

Ms. Haverstock: — I know. I just wanted to really understand whether there was anywhere where one could go.

Mr. Atkinson: — I'm not aware of anywhere you could go to get it.

Ms. Haverstock: — Right. Which brings me then, to what is going to be proposed by a member of the government side as far as a recommendation is concerned.

I'd like to know why this committee wouldn't want to have that information. And given that we are members of the Public Accounts Committee and we are to bring with us, which was a recommendation to the Provincial Auditor's office, our mandate, in order to fulfil our mandate, as is very clearly outlined and given to every member of this committee, I'd like to know why we wouldn't want to have this information.

The Chair: — Ms. Haverstock, do you have any further comment or question?

Ms. Haverstock: — No. Unless anyone else would like to comment about it — the Provincial Auditor?

The Chair: — Would the auditor care to make any further comment?

Mr. Strelieff: — Members, Chair, Ms. Haverstock. In Brian's presentation he noted the importance of those financial

indicators. Several of them focus on the accumulated deficit as being a key indicator of financial condition. You combine that with the gross domestic product of the government and you get a better sense of the sustainability of the finances of the province. It is very important information to understand the financial condition of the government at a point in time. But it's also essential to understand where the government of the day plans to take the finances of the province. And right now, as you noted and as well Brian noted, that information's not on the table.

The budget address focuses on what the government is choosing to do through the General Revenue Fund. And it's one of the key reasons why we've continued to recommend that you move to a broader planning framework — to make sure you understand the implications of the financial proposals made by the government and that you can answer to your constituents in terms of explaining how the finances of the province work. Right now you have the summary financial statements, so you can look backward and try to explain, but you can't look forward. And I think that's just not right.

Ms. Haverstock: — Well it is a concern when if we just take pages 26 and 27, which everyone has before them, and just the one question that I'd asked about being able to best guess, okay, to give an estimate, for March 31, 1997, March 31, 1998 on the accumulated deficit, if we're just looking at this across the board here, we can start in 1991, 7.9 billion; 1992, 9.5 billion; 1993, 10.4 billion accumulated deficit; 1994, 10.6 billion; 1995, 10.4 billion; and hallelujah, it's going down, 9.9 billion.

But what about March 31 of 1997 — it's gone? I'd like to know, what is the estimate at that? I'd like to even know more than that. I want to know, is it going to go up, or is the best guess that it's going to go down again for 1998? And I think there should be some way, if we're looking at an overall plan — if there is an overall plan — we should be able to see that trend.

The Chair: — Mr. Toth, I had you down on the order paper here again. You'd mentioned you might have something further. If not . . .

Mr. Toth: — I'd like to hear what Mr. Thomson has to say.

The Chair: — Well I have one other. Ms. Draude had some general questions.

Ms. Draude: — Yes, I just have a couple of comments. I understand Mr. Thomson is talking about some of the information that's given and some of the things we are actually going over again from meetings in December. Well I . . . maybe I'm the only new member here, but this is all new to me. I don't think I'm going over anything and I think to really, to do my job, I'm going to have to get into it more and to understand it. I would hate to just see a resolution passed that's sort of adopting what you said six months ago. I won't have the same opportunity to know what's going on. So I guess I have a bit of a problem with that.

I do think also, just looking at this thing overall, we talk about the government's General Revenue Fund and CIC and the different accounts, and I kind of look at it like I would if the company had . . . was carrying on business and using two bank

accounts. And at the end of the day I either show you this bank account or this bank account but I don't show you a combined one. It's not giving you the true picture of what's going on. So if I want my shareholders to know what's going on, I better give them the bank account from both of them to know what my company is doing.

And maybe that's very simplistic, but that's the way I look at, because that's the only way we can really know what's happening.

So I understand they're talking to different jurisdictions and not having any guidelines to go to, and I always find it depressing to think that we have to wait for somebody else to do something. Couldn't we be a leader instead of a follower once and be one of the first ones to make a decision on combining the summary statements and giving the people of this province an overall picture? So that when we . . . if we as legislators sit here and have a difficult time doing this, can you imagine what Joe Blow on coffee row is trying to do when all he gets on the radio twice a year is saying, gee, this is what the government did? Well excuse me, you're only getting half the statement; you're only getting one bank account.

So I think it's imperative that if we're really going to be doing our job, whether you're on government side or opposition side, we have to tell people what's going on. And the only way we can do that is to tell them the whole story.

The Chair: — Anything further, Ms. Draude?

Ms. Draude: — Nothing.

The Chair: — Just if I might, just to make a general comment, and also I had one question in particular. Maybe I'll put the question first if I could.

It was with respect to a bar graph that you had shown us on page 25 of chapter 2. And Mr. Thomson had raised the question of what constitutes other liabilities. And, Mr. Atkinson, you had mentioned one of the constituents of other liabilities was deferred revenues. And would you be able to give us some examples of that? That really seemed peculiar to me.

Mr. Atkinson: — Okay. The total amount, the 20.571 billion, is very simply the liabilities. And I don't have . . . We'll go to appendix VI. On appendix VI you show . . . the total liabilities being shown here are 15.326 billion if you look at page 26. And to come up with the total liabilities, we simply added to that the enterprise corporation liabilities — and that's coming from that schedule no. 3 — and we added the 5.245 billion to that and we come up with the total liabilities of 20.572 billion.

Now to come up with the other, really what it's made up of is if you take the liabilities on schedule 3 — and you'll see it says accounts payable and accrued liabilities, dividends payable, debt, unearned revenue, and other liabilities — with the exception of the debt, pretty much the rest of those end up being in other liabilities. So those, plus the accounts payable and accrued liabilities on appendix VI, page 5, and the other liabilities and the unearned revenue of 86 million, those are all lumped together in that other column.

It's just a mixture of a great many, what you want to say, other liabilities. And it includes, as we say, unpaid claims in the Workers' Compensation Board, the auto fund. I mean those are all in there as other liabilities, in addition to unearned revenues and things like that.

The Chair: — And also if I could just make a general comment here. It would seem to me, given that the government's finances are improving, that perhaps members of the committee might consider that they're losing claim to a certain number of bragging rights in not using the summary statements to more highlight what is the situation for the government at this current time.

Ms. Haverstock, did you have a further question? I thought I . . .

Mr. Thomson: — I have motions.

The Chair: — If there's nothing else, then Mr. Thomson.

Mr. Thomson: — Thank you, Mr. Chairman. I just want to move:

That the Public Accounts Committee notes the Provincial Auditor's recommendations outlined in paragraphs .17, .19, and .22 of the fall 1996 report and reaffirms its position of December 12, '96 that "it is premature for the government to consider moving towards multi-year, government-wide planning information until such time as there have been standards and consistency developed for reporting of this information."

That's seconded by the member for Saskatoon Eastview.

If I can just make a quick comment on that as well. The issue here is one of ensuring that we have some standard in terms of a national accounting standards here — CICA — or at least some understanding among governments as to how they should do this. I want to note for the benefit of some opposition members, in particular Ms. Draude, and the fact this government does produce a summary of financial statements that are in fact a very significant move forward in terms of the accountability in reporting the accounts of this province and I think that that's worth noting.

I would also note for Ms. Haverstock, so that she may rest easier tonight, that this government provides a full range of information on a timely basis and it is accountable, and it has yet to issue a single set of financial statements or projections that have ever needed to use white-out to correct. And that is . . . I think with that I would simply ask that we move to vote.

The Chair: — The motion before us is that moved by Mr. Thomson:

That the Public Accounts Committee notes the Provincial Auditor's recommendations outlined in paragraphs .17, .19, and .22 of the fall 1996 report, and reaffirms its position of December 12, 1996 that "it is premature for the government to consider moving towards multi-year, government-wide planning information until such time as

there have been standards and consistency developed for reporting of this information."

Is the committee ready for the question?

Mr. Toth: — Thank you, Mr. Chairman. I find it interesting that government members on one hand and even in the Assembly, like to use the term open and accountable — they like to talk about making things a lot easier for people to understand, the average person on the street — and yet the Provincial Auditor, who is . . . I think the Premier referred to as one of the bean counters — comes up with a recommendation or a suggestion that we as individuals come up or find new ways of being more open and accountable, and providing statements that the public have a better ability to understand and — myself included — and that government members would look at these suggestions and would suggest that it really isn't relevant. We've got all the information we have here now.

Well we may have all the information available. It's just a matter of how many different volumes of books do you have to go to to try and put that information together and to put it in one simple document. I don't see why Mr. Thomson would be opposed to that. I don't see why we can't . . . why some of the recommendations the Provincial Auditor has brought forward . . . I think there is some validity to this debate and these recommendations.

The other thing is, I think there's times in the past whereas the province has made a move on certain issues even though there isn't another jurisdiction in the country has, and we've basically stood up and said, well we can lead the way. Well why not lead the way here?

I would trust and I would feel that when the auditors across Canada get together I'm sure there's a lot of debate as to how finances are presented, and more openness and more accountability in presenting the total picture of government in a manner that the public can understand.

I don't have a problem with the recommendations the auditor is making here. And it's interesting in noting I think, in some of the debate, even in the past, we've had between members of this committee on different occasions where we've discussed recommendations from the auditor, while we may have some differences of opinion, I think in many cases we've acknowledged that some of the recommendations that have been brought forward are certainly worth looking into, and have passed them.

It would seem to me that these recommendations, .17, .19, or .22, basically follow on with some of the arguments that government members have presented in the past. And if you really want to show the public of Saskatchewan that there is a real move to better accountability, I think we should take a look at these recommendations. And I don't think we should just throw them out immediately just because maybe two months ago a decision was made that we can't quite live with what the auditor is recommending. I think these are very simple and very profitable recommendations.

And I certainly would concur with the suggestions that have been presented to us by the auditor, in light of the fact that I'm

looking, as a member, looking for a way of trying to understand government finances and making sure that I have a better grasp and a better handle, so I can address the concerns even with the constituents. And so I certainly would be opposed to the motion presented by the member.

Ms. Haverstock: — Thank you very much, Mr. Chair. I think the motion actually speaks volumes; I'm not surprised at all. And I think that the fact that the government is choosing to be followers on this issue rather than leaders, does raise some very interesting questions.

Now I'm not going to speculate on the broad range of questions but I do think that, given that this is the document, the budget address each year, that is usually obtained in great numbers by the public; is spoken to across the province by not only the Minister of Finance but the Premier and members of cabinet; the numbers that are given to the public, read by the public, reported by the media, are primarily out of this document, which any one of us as a member of this committee can sit down and look at and do comparisons with the summary financial statements, and they don't mesh.

I don't know why it is we would want to encourage the continuation of that unless the government sees that it is in its best interest to manipulate the public by providing them with the least accurate information that they even have available to them. And I think that's unfortunate.

Why it is, as members of the Assembly and representatives of the public, we wouldn't want to do the best possible job, I don't know. And it behoves me that this motion has come yet again. I most certainly hope that the public's made aware of the fact that the information that they get is not as accurate as they can receive, and that it's the government that is keeping this information from them.

Ms. Draude: — Yes. Again to the Chair and to the members, I apologize for being so naïve and simplistic as to believe that everybody here actually wanted the people in the province to know what was going on.

What I can't . . . What we're forgetting here is we're not talking about government money, we're talking about people's money. And when I'm in charge of somebody's money — whether I'm on a board of directors some place — I think it's only fair that everybody knows where the money is spent, how it's spent.

And not only that but what, as the member from Greystone talked about, what we're going to do with future monies. I know in business every year probably the worst part about business is doing your cash flow projections in a way that you can take it to a bank or somewhere, and they can understand what's going on to have enough faith in the future to lend, or back you, to continue to go on.

So I guess I have a hard time believing that the government doesn't have these figures all ready done, because they were already globe-trotting to find the money that we need or whatever. So it must be there. And if it's not there now, it must be very available from the very competent people we have around here to do it.

Why wouldn't we be more than willing to show the people of the province what we can do, what we're going to do, and be proud of it. Especially since the numbers show that supposedly it's coming down. I can't understand why, why we wouldn't again want to be a leader and not a follower, and show people what can be done when we want — if we want — to be open and accountable, and tell people what we're doing with their money. And I have . . . I guess I'm just appalled with the fact that members here wouldn't be willing to do that. I just want to state that.

The Chair: — Anything further, Ms. Draude?

Ms. Draude: — No.

Mr. Koenker: — I just want to clarify that, although insinuations have been made that the government is hiding information, is manipulating the public and doing something untoward, I don't hear the auditor saying that.

And I just want to clarify for the public record that what we're talking about is a recommendation from the auditor regarding accounting practices and procedures. And government is simply saying, that in the absence of standards for the presentation of this information and given the fact that there is no consistency across the country in this regard, we feel that at the present time it is not appropriate to move to a different standard at this time. It's not a matter of hiding or manipulation or doing something inappropriate with public funds, as been impugned by members of the opposition. And I take exception to those remarks.

The Chair: — Any further discussion? Is the committee ready for the question? Is it the pleasure of the committee to adopt the motion? Can we have a show of hands? Those in favour? Those opposed? Carried.

The next item is in Chapter 2, to consider our recommendations .27 on page 17, that the government should publish an annual report as soon as possible after March 31 of each year. There's also recommendation .34 and .35, which would seem to also be on topic, and perhaps would it be the committee's wishes to deal with all of these recommendations at one time? Any discussion? Mr. Thomson, do your members feel . . . are in agreement?

So it's the recommendation that the government should publish an annual report as soon as possible after March 31 of each year. Is the committee in agreement with this recommendation?

Mr. Thomson: — Again, Mr. Chairman, thank you. I just want to, I guess maybe in part for Ms. Draude's benefit but certainly for ours as well . . . we are covering a lot of ground here we've already dealt with. And in part that's a scheduling problem that we've had within the committee and that this report that we're currently discussing, the fall '96 report, was already out and on the Table by the time that we had actually come to discussing the previous report in December of '96.

So the problem we've got is that we're covering a lot of old ground and I appreciate that some members like to play politics and have an opportunity to rehash these issues. But I think to

expedite the business of the committee today, given that little new has happened in the last five months since we last debated this, if I may move:

That the Public Accounts Committee notes the Provincial Auditor's recommendations contained in paragraphs .27, .34, and .35 of the fall 1996 report and reaffirms its position of December 12, '96 that "the committee rejects the auditor's recommendation that the government publish a government wide annual report."

That's seconded by the member for Lloydminster.

And to comment, if I may, just comment on that. The discussion, as members will recall from the December meeting, and the previous discussions throughout the fall, were largely around what should be contained in the annual report and to what extent it did in fact benefit the government's decision making or accountability processes.

And I know that the member for Lloydminster had a great deal to say on that during the fall and I think her arguments were persuasive in that the only examples where this has happened across Canada, these have been extremely partisan political documents, essentially paid for by the taxpayers, that have provided really nothing more than a repackaging of information already easily and readily available from the government, particularly as required under The Balanced Budget Act and the four-year financial plans that you table in the legislature.

So that is . . . I guess from my perspective, I've seen little that has changed to either add new into this argument and these discussions since December . . . And as such, we just ask committee members that we dispatch with this as quickly as possible.

The Chair: — The motion before us is that moved by Mr. Thomson:

That the Public Accounts Committee notes the Provincial Auditor's recommendations contained in paragraphs .27, .34, and .35 of the fall 1996 report and reaffirms its position of December 12, 1996 that "the committee rejects the auditor's recommendation that the government publish a government wide annual report."

Is the committee ready for the question?

Ms. Haverstock: — Thank you very much. I would just like to have an opportunity to reiterate as well some of the comments that were made last year on this issue.

It appeared that the differences were really along the lines of should we or should we not have something available to people that was comprehensive where an individual, be he a member of the public or a member of the Legislative Assembly, would be able to go to one document. That this did not have to emulate in any way the annual report put out by the government of Alberta. That this in fact could be a unique document — unique to Saskatchewan — in its I think, not only credibility but it's lack of partisanship. I mean you could set whatever standards one would wish. The government has that within its

purview.

And that this would be a very useful document. Something where, given the questions I raised with Mr. Atkinson today, would include such things as targets and trends and the ways that there could be measurability and looking at not only financial but economic issues. I think, I still think, that that would be a useful document. I think that it would be terrific for the Government of Saskatchewan to really become the model for the rest of the country in this.

And I see no reason at all why one should simply dismiss the idea because the province of Alberta's annual report is not what we think it should be. I think all that does is put out some kind of a challenge, if you will, for the province of Saskatchewan to do a much better job. So I of course will be voting against the motion because I think that it's something not only that we can do, that we should do, and that we should ensure that the rest of the nation sees us as setting the highest standard.

The Chair: — Is there any further discussion? Is the committee ready for the question? Those in favour of the motion, say aye. Those opposed? The ayes have it.

With those items of business taken care of, I think we've come pretty much to the end of our agenda for today. So unless there's any further discussion on anything else, I would entertain a motion for adjournment at this time. Ms. Haverstock? This meeting's adjourned.

The committee adjourned at 10:50 a.m.