

Public Hearing: Department of Finance

The Chair: — Good morning, everyone. Before we get started, the comptroller has individuals he'd like to introduce to the members.

Mr. Paton: — Yes, Madam Chair. This morning we have with us Kathy Rintoul and Elaine Wood who are both senior analysts in the financial management branch in the Department of Finance.

The Chair: — Welcome. Good morning to the department officials. Before we get started and introduce . . . welcome to you. I'd like to read this statement to you: testimony of witnesses appearing before the committee.

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 the subject of a civil action.

In addition, I wish to advise you that you are protected by section 13 of the Canadian Charter of Rights and Freedoms which provides that:

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

A witness must answer all questions put by the committee. Where a member of the committee requests written information of your department, I ask that 15 copies be submitted to the committee Clerk who will then distribute the document and record it as a tabled document.

You are reminded to please address all comments through the Chair. Thank you.

Would you like to introduce your officials now and then we'll go on to the Provincial Auditor?

Mr. Jones: — Thank you, Madam Chair, members of the committee. I have with me, Terry Paton, who you know is the Provincial Comptroller; with Terry is Chris Bayda. And to my right is Kent Walde, the director of pension programs. He works in PEBA (Public Employees Benefits Agency). And Kathy and Elaine. And I should recognize Murray Gross, who some of you may know, who is with the office of the Minister of Finance.

The Chair: — Thank you very much. Okay, I'll turn the proceedings over to our Provincial Auditor.

Mr. Strelloff: — Thank you, Madam Chair, members, and colleagues, Mr. Jones. Today we're focusing on chapter 12 of our 1996 report on the Department of Finance. It focuses on primarily pension plans. The focus is set out in paragraph .4 of this chapter.

With me today, again, are Fred Wendel, the assistant provincial auditor; Mobasher Ahmad, he's here in his capacity with our work at the Workers' Compensation Board; Kristen Fry, sitting on the left, to my left, is an auditor with our office working towards her chartered accountancy; and Carey Robertson I introduced yesterday as a student working with us on a four-month work term.

I'm going to turn over the chapter 12 to Rod Grabarczyk. Rod?

Mr. Grabarczyk: — Good morning, Madam Chair, and members of the committee. In our fall 1996 report I want to focus on three matters related to the Department of Finance. In one matter, concerning the department's public employees disability income plan and group life insurance plan. On page 163 of our report, it indicates the type of activities the department carries out, and on page 164 indicates that this chapter contains our audit findings for the government's financial statements included in volume 1 of the 1995-96 *Public Accounts* and our audit findings for the listed pension and benefit plans with years ending on or before December 31, 1995.

The spring 1997 report includes our findings on the Department of Finance. The three matters related to the Department of Finance that are contained on pages 165 to 167 are: the first matter is the pension costs and liabilities of the General Revenue Fund is responsible for and not recorded in the financial statements from March '96. Also the GRF's (General Revenue Fund) financial statements do not include all the financial activities of the government. We continue to report this matter in our most recent reports.

The General Revenue Fund is responsible for the pension costs and liabilities of several pension plans. The pension liabilities total 3.4 billion and pension expenses of 108 million are not recorded. Our auditor's report contains a reservation of opinion because the department did not properly record the annual pension expense and pension liabilities.

Our auditor's report also warns readers not to use the GRF's financial statements to understand and assess the government's management of financial . . . and resources as a whole. This is because the GRF's financial statements do not include all the financial activities of the government. Readers should refer to the government's summary financial statements to understand and assess the government's management of financial affairs and resources as a whole.

The second matter is that some of the agencies the department administers do not provide their annual reports and financial statements to the Assembly by the date required by law. We continue to report this matter in our more recent reports.

The Tabling of Documents Act, 1991 sets the dates for providing annual reports and financial statements to the Assembly. The department did not give the Assembly the 1995 financial statements of the municipal employees superannuation plan and the Workers' Compensation Board superannuation plan on time. These financial statements have now been tabled; however we continue in recent reports to report these agencies and others where annual reports and financial statements have

not been tabled on time.

The third matter is the government did not table the financial statements of three government organizations: The Greystone Capital Management Inc.; SaskPen Properties Ltd.; and SP Two Properties Ltd. in the Legislative Assembly. Although our recommendation is not the same as that considered by the committee in January 1997, we believe it is prudent to remind the committee of the discussion related to these organizations.

In January 1997, your committee considered the question of whether our office should be permitted to audit the accounts of Greystone, SaskPen Properties, and SP Two Properties Ltd. In consideration of this matter, your committee heard testimony and support of both sides of the issue. Your committee considered several legal opinions prepared by the Office of the Provincial Auditor of Saskatchewan and Greystone. As well your committee requested and received legal opinions from the Legislative Counsel and Law Clerk and the Department of Justice.

Your committee's conclusion on this matter, as noted in the second report of the Standing Committee on Public Accounts dated April 22, 1997, was that the Greystone Capital Management Inc., SaskPen Properties, and SP Two Properties Ltd. are not subject to an audit under The Provincial Auditor Act.

We are considering the impact of what you said in January 1997 on our future recommendations. For the public employees' disability income plan and the public employees' group life insurance plan there's one matter related to these plans on pages 168 to 170.

The department did not have rules and procedures to accurately determine the amount of each plan's liability. We no longer report this matter as the department has established the rules and procedures to accurately determine each plan's liability.

That concludes our overview of this department.

The Chair: — Thank you. I wonder, does the deputy minister have any comments before we go into the specifics?

Mr. Jones: — Thank you, Madam Chair. To you and to members of the committee, I appreciate the opportunity to be here with you this morning. I want to start by expressing my appreciation to the Provincial Auditor and his staff. I think that we have a pretty good working relationship with the Provincial Auditor's office over the years.

The points raised in the fall 1996 report, I would group them into three broad issues. One, the pension . . . the recording of the pension liability. Two, the issue dealing with tabling of some of the PEBA responsible annual reports together with estimating liabilities and so forth. And three, the issue of SaskPen, SP Two.

Let me briefly just take each of those three. If I may, with respect to the recording of pension liabilities in the GRF, I think it's important for the committee to understand that all of the information that the auditor's talking about, I believe is disclosed in the notes to the GRF. So we're not talking about

whether there is a lack of information out there.

Point two, I think that the government has in the past and continues to make all of its payments with respect to its pension liabilities. All of the cash payments are made and made on time. So I don't think there's a problem with respect to whether pensioners should worry about receiving their pension payments.

With respect to issue the . . . the second broad issue, I think has indicated some of the difficulties we've had in the past with respect to tabling of annual reports, calculating liabilities. Those have been resolved. We appreciate the auditor's remarks in that area and we are happy to cooperate and work with him and will continue to do that.

With respect to point 3, the SaskPen, SP Two issue, that's a difficult one for the Department of Finance. I believe the committee has addressed that issue on a number of times.

From my point of view, I have expressed some frustration that different areas of government cannot work cooperatively and I've asked people to work cooperatively with the Provincial Auditor. But I suppose basically it comes down to a situation where one group or one side has legal opinions supporting their point of view; the other side has legal opinions supporting their point of view. I continue to be of the view that I will work to encourage both sides to work this out. And in some ways I almost feel caught in the middle here; but I believe, Madam Chair, that's a brief introduction.

The Chair: — Thank you very much.

Mr. Hillson: — Yes. I've got a couple questions on the projections on the unfunded pension liability. Now as I understand it, that only really affects the pre '78 employees and so presumably that is something that will in time be worked out.

And I'm wondering if either side has done the projections as to when this will hit its peak in terms of expense to the province versus the rescind, because I understand what's happening now of course is that pay-outs are increasing, income is not. When will that hit its peak? When will it . . . and when will it trail off? How long will this be an issue for the province's finances?

Mr. Jones: — Madam Chair, Mr. Member, your question is a difficult one. It depends on many assumptions and . . .

Mr. Hillson: — Well the life insurance companies make those projections on me all the time.

Mr. Jones: — Absolutely.

Mr. Hillson: — Rather depressing.

Mr. Jones: — Based on some of the preliminary projections and so forth we've done internally in the Department of Finance, we would think that the unfunded liability would likely grow somewhat for the next 10 to 12 years. But again I stress that depends upon things like early retirement programs, it depends upon rate of inflation, wage growth and so forth. So it's very difficult to give you a precise estimate of that.

And we're also dealing with estimates that go out for many, many years. Forecasts, the forecasting business is I suppose, in today's volatile environment, is tough at best, but to try and project things out 10, 20, 30 years, I want to be very cautious about any of those types of numbers.

Mr. Hillson: — Madam Chair. So, do I understand you to say that — and I mean I think everybody around this table certainly understands there's some variables there that are unknowable — but I seem to hear you saying that your anticipation is that this will increase for approximately another decade and taper off after that.

Mr. Jones: — Under certain scenarios it could increase, that is correct. But again I want to stress that depends upon . . .

Mr. Hillson: — But you don't know when everyone's going to die; it's as blunt as that.

Mr. Jones: — Sorry.

Mr. Hillson: — You don't know when people are going to die. That's one of the factors that comes into this.

Mr. Jones: — That's an important one, mortality is, yes of course, but also the rate of inflation, the wage rate and so forth, what happens over the next 10 to 20 years. There's many factors that go into it.

Mr. Hillson: — Does the Provincial Auditor, Madam Chair, have any comment on that — this is likely to be an increasing problem for the next decade.

Mr. Strelieff: — Madam Chair, Mr. Hillson, members, the current unfunded pension liability is about three and a half billion dollars as reported in their '96 financial statements. And as Mr. Jones said, that it's likely to increase over the next 10 years; so it's a very important issue in terms of financial management and an important question that you asked, and asked the right person too.

Mr. Hillson: — Madam Chair, can either tell me then, on current projections, how much do you anticipate it's going to increase? Is it going to double? Is it . . .

Mr. Jones: — Madam Chair, Mr. Member, I don't have a forecast here available for you at this time.

Mr. Hillson: — That would be an important ingredient though in terms of forecasting where we are likely to be at though.

Mr. Jones: — Madam Chair, Mr. Member, it's one element in the overall fiscal situation of the province. I think the point I'm trying to make here is that the fiscal situation of the province, from where I sit, from my vantage point, is improving when you include the liabilities on the pension side. I would even suggest — I would be as bold — that the Provincial Auditor would agree with that, that the overall fiscal position of the province is improving.

Mr. Hillson: — Well may I ask one last question then, Madam Chair, in order to try and understand where we are with this situation? Do we . . . can you tell me how many people are still

in the public service who will be retiring in the next decade under the old plan? And that would be teachers as well? How many people do we still have to retire under the old plan?

Mr. Jones: — Madam Chair, Mr. Member, I've just been advised that we have about 2,700 people left in the old plan for the public employees superannuation plan — public service plan, sorry.

Mr. Hillson: — And that's including the teachers?

Mr. Jones: — No, that does not include the teachers; we don't have that here. Teachers are administered in a separate area, not under the Department of Finance but administered under the Department of Education.

Madam Chair, we could probably pull something together with respect to those numbers, I just don't have them all here. And as I indicated, we only deal with certain of the pension funds, we don't deal with all of them.

Mr. Hillson: — So then may I inquire, Madam Chair, then the figure that we see on page 166, is that the public service in its narrow sense under Department of Finance or is that the larger figure for all public sector employees under old plans?

Mr. Strelieff: — Madam Chair, Mr. Hillson, members, since that refers to my report. It includes the old plan, the one that you're referring to that focuses on the public service, what's called the public service. I'm just reading from the financial statements from March 31, '97. It says that the pension liability related to that old plan is about \$1.2 billion and the unfunded pension liability related to the teachers' plan is about \$2.3 billion for a total of \$3.5 billion dollars.

In our spring of '97 report, we do publish a chapter on the statistics underlying all the pension plans; so including the number of people in each plan and a number of the variables that relate to it.

Mr. Jones: — Madam Chair, Mr. Member, if I may I'll refer the committee to the volume 1 of the 1996-97 *Public Accounts* on page 17 and I'll just read the one sentence if I may. It says:

The defined benefit plans, except for the Judges are closed membership pension plans. There are 10,903 active members (that would include teachers so that's all of them, and 11,000 in round numbers) and 14,369 superannuates in these defined benefit pension plans.

So I just refer the committee to volume 1 of the 1996-97 *Public Accounts* and that information is helpful to remember.

Mr. Hillson: — Thank you.

The Chair: — Do you have further questions?

Mr. Hillson: — No, no that clarifies it, thank you.

The Chair: — Any further questions before we go on to the specific recommendations?

Mr. Goohsen: — I always worry when the auditor's report

starts out by telling us how certain people don't get their reports and recommendations and stuff in on time. And I'm wondering, is there a penalty process for these lackadaisical kind of folks that don't seem to get their things done in time?

Mr. Strelieff: — Madam Chair, Mr. Goohsen, one of the rewards of tabling information not on time is to come to this committee and answer questions of you and your colleagues as to why. And that usually means that the next time around, they do get things to the Assembly on time. In some cases, I think we went through yesterday, the tabling requirements were really difficult to meet. I think there was something to do with the marketing board and so the tabling requirements in those cases might have to change. But the reward is to come into . . . to have the opportunity to come into this committee and answer questions as to why they can't get the information in on time.

Mr. Goohsen: — Does it affect the accuracy of your auditing processes?

Mr. Strelieff: — Madam Chair, members, in carrying out the audits we will wait until the information is ready before reporting on the financial statements of a pension plan. So we don't report on the financial statements of a pension plan until they have the financial statements ready. So when we end up reporting, we're still able to get our job done.

Usually what it signals though for some organizations is that they haven't got the right, timely management information to manage their responsibilities if they can't publish their financial statements in a reasonable time frame. It usually means that the quality of the management information isn't there; it can be improved. But that's not . . . that's more of a management issue. I'm not sure if that's the case in these circumstances but it's usually a signal.

So your first question was, does it affect our audits? We still get our audits done. It just, you know, it takes longer.

Mr. Goohsen: — So that the accountability is there but not as timely as it should be. But, you know, traditionally there are two things that come to my mind in the private sector which I'm more familiar with. If you don't have your bookkeeping and accounting and your reports and things like that done on time you usually end up being penalized by the tax department or somebody else down the way, or else you find yourself in trouble with your business because you haven't got an up-to-date, accurate assessment of how your business is operating. And therefore you find yourself in some financial difficulty some place down the road because you don't make the right decisions.

Now I should think that those general principles would also apply to government, and in fact with the Finance department maybe more so than any other. Because after all, this is the control of all the money basically that the government handles. So I would think that there should be more of a penalty than simply facing us and having to explain themselves.

And the other point I'll make is that traditionally, politically, whether it's right or not, but the perception is that when governments don't file their reports and things on time it's usually an attempt to confuse the general public or to cover up

losses or mismanagement. Now does any of those things apply that I've just alluded to?

Mr. Strelieff: — Madam Chair, members, Mr. Goohsen, you've covered a lot of territory there.

Mr. Goohsen: — I tried to.

Mr. Strelieff: — The first part, you said, is there a penalty from a tax department somewhere for not filing the financial statements on time? And that's not the case here.

Your second question relates to the quality of management information that an organization has available to them in managing its significant responsibilities. We found in many organizations that if they're not able to publish financial statements quite soon after the end of the year, it is a signal that they don't have the best management information available to manage their responsibilities. So it is an important signal and it's one of the reasons why we would bring that to your attention; so that in the future they would make sure that they have their information available in a more timely manner.

The third part of your question related to . . . oh, if they're not publishing information quickly is that a means for not informing you of significant events. I think just in general it's important to get very timely information out there so that you are made aware of all of the events of the day, period.

A Member: — I heard the answers I expected.

Mr. Tchorzewski: — Thank you, Mr. Chair. I was just speaking to Mr. Goohsen's comment. Let me assure you, having been in a cabinet for some time, that most ministers are rather unpleasant with their officials if they don't have good reasons why they have their reports in on time.

And I know I used to find the auditor's reports useful in my persuasive arguments to make sure that they're on time next time. So those are very — as the auditor said — they're very useful and very helpful.

Often there's a good reason why they're not done on time — an actuary hasn't made his report — and we think we can ask about them when we get there, or other reasons. Or it could be the management isn't good enough. But every effort is made to make sure that they are there on time because it's not worth the criticism or whatever else you get from it.

I'd like to speak to the first recommendation, paragraph .11, .11, on pension disclosure. As I understand it, this is not a question of liabilities of pensions not being disclosed, because they are disclosed. It's a question . . . I think the argument seems to be about the way they're disclosed.

The auditor says, according to the rules that he talks about, which I don't necessarily argue with, that they should be disclosed in a certain way. The government has chosen to disclose them in a different way; so I think that's really where the debate is.

Clearly, it is stated in the documents that I read that there is this pension liability. It's not something that has to be paid out in

one lump sum; it's paid out over time as people retire and other people die, and that's the way it works. Thank you.

Mr. Strelloff: — Was there a question there?

Mr. Tchorzewski: — Not really. I just wanted to display my knowledge.

Ms. Stanger: — Madam Chair, I'd like the deputy minister to just address Mr. Goohsen's point because I think the auditor made a timely recommendation and I think that has been taken care of. But I'd like you to expand on that, Mr. Jones.

Mr. Jones: — Madam Chair, Madam Member, I think Mr. Tchorzewski made a very good point, I can tell you, in the minister's wrath that not having things completed on time, and I suppose the ultimate court for these things is the court of public opinion and the debate that may or may not take place in here or in the legislature and so forth. So I can tell you that I have felt the wrath of respective ministers when things don't get done on time.

I think secondly — and I don't mean this in any sort of defensive way — I think that the Department of Finance over the years has a pretty good record of adhering to legislative requirements and so forth. And from time to time, just as in, I would argue, in the private sector, there are things that come up — not an excuse — whether we lose people. There's turnover. We don't have a large staff. Whether there is a change in computer programs, whether there is a change in the actuary and delays and so forth. Again I'm trying not to put these forward as excuses. I think by and large the aim of the Department of Finance is to adhere to the legislative requirements, adhere to the law as best we can. And I think over the years we've tried to do that.

So I respect the member's question and so forth and can assure him that this is an important issue, certainly for myself and the management of the Department of Finance, and we're just going to have to do better to make sure that this doesn't happen. And with respect to this particular circumstance, these issues, as the auditor points out, have been resolved.

Mr. Goohsen: — A little bit of a follow-up here. It seems to me that we're going to great lengths here to justify the fact that an organization that handles the biggest amount of money in our province — Department of Finance — is allowed to get off with saying it's all right to miss deadlines on our reporting and our management because we have lots of good excuses.

And in my philosophy, there is no excuse for people that don't meet deadlines that are reasonably set to account for money and the handling of other people's money. And there is no good reason, absolutely no good reason, because there are only two things that can be suggested. Either, one, your deadlines were unrealistic and have to be reassessed and reset, or else the people that are doing the job should be fired and should be replaced with people that get the job done properly.

And there should never be a discussion at this kind of a table about the possibility even that we would suggest that we tolerate excuses. Because there is no excuse for bad management, not in business and not in government, except that

you're trying to do something that isn't quite right. And this is the highest level of responsibility in our province and we cannot just simply slough it off that it's okay because we've got good excuses.

So there's not a question there but I think there's a relevant approach to how we deal with the way that we ask people to do their jobs. We haven't demanded that they do their job the way that it has to be done. And I think we have to be more forceful to demand in the future that these kind of things aren't done.

Mr. Jones: — Madam Chair, just a point of clarification. I come here and I make no excuses. The department was late. We have corrected the situation and we will do our best in the future to meet the deadlines that are imposed upon us. Thank you.

Mr. Jess: — I'm kind of the new kid on the block and maybe amusement isn't what I should feel when I'm sitting around this table, but I couldn't help but notice the comments were coming from the only Conservative member that's sitting in this room, and I thought it was quite fitting that he should be so suspicious of what is being put before the committee today.

The Chair: — Any further comments? We'll go on to the recommendations.

Mr. Whitmore: — Yes, and we're dealing with the first recommendation?

The Chair: — Yes, we are.

Mr. Whitmore: — Yes, in terms of the discussion that's taken place today in terms of I guess the difference of opinion regarding the recording of the pension liability, and I think to simply support or defeat the auditor's recommendation still leaves an ambiguity that the funds are not being recorded. And I would like to move a motion supported by members of this committee that we more deal with the question that these numbers are disclosed in another area within the financial statements of the province.

So I wish to move that:

The Public Accounts Committee note that the government fully discloses its unfunded liability in the notes of the GRF financial statements; and the unfunded pension liabilities recorded in the summary of financial statements in accordance to the Public Sector Accounting and Auditing Board of institute of chartered accountants recommendations; and the government budgets and fully records its annual pension cash requirements in the GRF.

And I so move.

If I could continue. Yes, as the motion outlines, it's to let the public know that the numbers are there, that they are being recorded, they are being stated to the public, and they're not being hidden. As I said, it is a matter, I guess, of opinion of where those figures are put. But I think it is important to the public of Saskatchewan that they are there within the documents that are presented to the people of Saskatchewan.

The Chair: — Comments? We have a motion before us. I'll read it. I move:

The Public Accounts Committee note that the government fully discloses its unfunded pension liability in the notes of the GRF financial statements; and the unfunded pension liabilities recorded in the summary financial statements in accordance with the PSAAB recommendations; and that the government budgets and fully records its annual pension cash requirements in the General Revenue Fund.

Comments?

Mr. Goohsen: — I just have one small comment, which is, you know, it's nice that you point out to the public that they can find the figures. Quite frankly I don't think many in the public are looking. And the other point is that when you set up a maze of red tape to find figures, they neither have the resources, the time, or the ability to follow through the tracking of finding all these things. So while it's nice to do this on paper, it is redundant and useless because it's not going to help anybody. Nobody will have a better understanding.

The Chair: — We have a motion . . .

Mr. Whitmore: — Just a comment, if I can, in that area. I guess, you know, dealing, as you had stated earlier, dealing with questions of financial statements for the private sector and stuff, I have been involved in organizations with financial statements, particularly in the co-op sector where we present financial statements to people that are properly audited and we do provide notes in terms of organizations that I belong to; in terms of major financial institutions in this province.

Yes, financial statements are not the easiest thing to read. And no, a lot of people don't have a lot of interest in them. But it is important with any financial statement that all the numbers are put there. No, it's not an easy road map to deal with, but it is important that all numbers are there and that the public has an opportunity to see those numbers. And I think within this statement, that even within the notes in terms of the unfunded liability, those things are there within the books of Saskatchewan, and it is all in the open.

But no, it is not an easy thing to read, to deal with cash flow statements and balance sheets and all that and liabilities. But as you know, working on the farm and working with bankers on an ongoing basis, that's a fact of life. That's something you and I neither enjoy doing but we must do in order to know the status where our own farms are in terms of financial statements.

But you certainly can't hide numbers from the bankers either or they'll get a little upset in terms of what's going on.

The Chair: — We have a motion on the floor. I'm going to call the question. All those in favour of this motion? Opposed? Okay. This is carried.

Going on to recommendation 12.14; the recommendation that the government should give timely financial statements to the Legislative Assembly.

Mr. Tchorzewski: — As I understand, this has now been

resolved. I think, if I heard Mr. . . . the deputy minister, this will now be done.

Mr. Jones: — We will do our best to make sure we meet all the deadlines and so forth. And I believe the Provincial Auditor has said, Madam Chair, that for '96 we've . . . beyond that we will file in a timely manner.

The Chair: — So it's fair to say that it's concur and note compliance then?

Mr. Tchorzewski: — It's concur with the auditor's recommendation and the department intends to comply.

The Chair: — Agreed?

The next recommendation is 12.20; the government shall table the financial statements of Greystone Capital Management Inc., SaskPen Properties Ltd., and SP Two Properties Ltd. in the Legislative Assembly.

Mr. Whitmore: — Thank you. This is my first time sitting on this committee but I did have the opportunity, I think January 5 and 6 of '97, to just come down and sit in the back and watch the proceedings of this committee. Because I never knew at that time I was going to be on it, but I was just curious to know how Public Accounts worked because I've sat in on Crowns. I guess it's maybe strange for one to come and do that, as one says . . . as people say this is not the most exciting committee in the world.

But the day I was in there, it was the discussion by the committee on these very issues.

Ms. Stanger: — It was exciting.

Mr. Whitmore: — Yes, it was exciting. And I recall the — I think, I'm not sure the proper title was CEO (chief executive officer) or whatever — Mr. Don Black was here at the time talking about that very issue, in terms of the legal opinions and the legal opinions, too, that have been put forward by the Provincial Auditor and the case that's taken place there.

And I knew after that the committee had taken a great deal of time to look at the issue and moved at that present time that . . . a motion was passed at that time that the committee acknowledge the results of the legal opinions — of which the majority did not support the audit position — as a result rejected the auditor's recommendations and considered the matter closed. And I know the responsibility of the Provincial Auditor, too, in terms of still saying that this is a problem and to bring it forward in the fall '96 statement in terms of requiring these.

It lost though in terms of how we deal with this. I sense since the committee has dealt with it as a year ago, that I don't know if we want to go through it again without the detail and the calling of people forward from this, as in the case of Mr. Black, to rehash the issue.

So I come from the view that I think we should respect the decision that was made by the committee on January 6, 1997, and that we concur with that decision that was made at that time

until we — as the deputy minister of Finance has outlined — that we can . . . as he is trying to do I guess, bring the parties together that we can resolve this issue, and try and deal with it at a future date.

So I guess, and I don't know if I do that in the form of a motion, but I would certainly recommend that this committee concur with the decision that was made January 6, 1997 by the Public Accounts Committee on this issue.

Mr. Koenker: — Thank you, Madam Chair. I certainly recall the discussion over this issue and I don't want to go through it again, particularly within a year or two or three of the extensive discussions that we had. I think the decision that we made a year ago on this matter should stand.

There is an honest disagreement among the principals relative to this issue. But I think the important point is that the committee has dealt with the issue, and we did consider the matter closed on January 6, 1997. And I think we should abide with that decision today again.

The Chair: — Okay, from what I'm hearing then this committee is saying that you reiterate the comments that was made on January 2 was it?

Mr. Hillson: — January 6.

The Chair: — January 6, and concur with it. Is that . . .

Mr. Koenker: — I think it might be helpful if the motion that was moved on January 6 were included as a point of reference for our report this year.

The Chair: — So we point to the second report then?

Mr. Koenker: — Yes. I think that needs to be there to add clarification and to bring closure to the matter.

The Chair: — In my understanding of the mandate of this committee though, the committee is saying that there wouldn't be . . . the Provincial Auditor won't actually be auditing Greystone Management. It doesn't mean that if there was a question by members that they couldn't be brought forward and be brought in for questioning.

Okay, everybody is . . . We'll go on to 12.30, the department should set up rules and procedures to accurately determine the amount of the plan's liability.

Mr. Tchorzewski: — This is another one of those where it seems to me it's been resolved; am I correct?

Mr. Strelloff: — Yes.

Mr. Tchorzewski: — Okay, both sides.

The Chair: — Yes.

Mr. Strelloff: — Yes, .30 and .39, members, are both done. They have been resolved.

The Chair: — Concur and note compliance then.

Mr. Tchorzewski: — Yes, I think that will work for both. Can we deal with them both concurrently?

The Chair: — So now the deputy minister has to amuse us for an hour and a half, does he?

Mr. Tchorzewski: — Yes.

Mr. Jones: — Madam Chair, I've been asked for many things, but I'm not sure I could do that one.

Mr. Tchorzewski: — He knows we're a tough crowd, audience.

The Chair: — Are there any other questions? Then we thank you very much for attending. We thank the officials.

Mr. Jones: — Thank you, Madam Chair, and to members of the committee.

Mr. Tchorzewski: — Thank you.

The Chair: — We have an hour and a half and we have Workers' Comp to deal with so let's take about a 10-minute break; 10:30 precisely we'll be back here.

The committee recessed for a period of time.

Public Hearing: Workers' Compensation Board

The Chair: — Order, and actually I'm going to ask the Vice-Chair to make . . . he has a statement to make or he'd like . . . has some comments.

Mr. Tchorzewski: — Do you want to just make a comment first? Usually that's the way it's done.

Mr. Strelloff: — Yes.

The Chair: — Sorry.

Mr. Strelloff: — Thank you, Madam Chair, and members. The focus is on the Workers' Compensation Board, and at one of our spring meetings of '97 this committee began to review the results of our examination of the Workers' Compensation Board for their fiscal year ended December 31, 1995 as it's set out in our '96 fall report to the Legislative Assembly.

In our report we set out our concerns related to the Workers' Compensation Board's compliance with the law and its management systems and practices and the reliability of its financial statements. As you know, for that year we reported to you significant concerns with respect to each of these matters.

At that meeting, after we reviewed our conclusions and recommendations and findings, the Chair of the Workers' Compensation Board questioned the authority of my office to audit the Workers' Compensation Board and the jurisdiction of this committee to call the Workers' Compensation Board before it for questioning.

This committee then approved a motion to seek legal advice with respect to the Workers' Compensation Board. In our fall of

'97 report, volume 2, we provide a summary of the views of our office with respect to the concerns expressed by the Workers' Compensation Board and the legal advice received by this committee. Fred Wendel is going to provide you an overview of our views. I think it's important to provide this overview. It's really part of the orientation of getting a good understanding of the roles and responsibilities of our office and the relationships of agencies, Crown agencies, and government agencies to the Legislative Assembly.

So I'm going to ask Fred to provide you that overview. It's about a 5- to 10-minute overview and . . . Fred.

Mr. Wendel: — Thanks, Wayne. Just before I get started I'll have Carey hand out the overheads. I had planned to have this up on the screen but we didn't bring the machine with us today so I'll just take you through them as I go and tell you what page I'm on and which overhead I'm on; then you can see when I'm getting close to the end.

Madam Chair, members, I'll start and I'll let you know where I'm at in the overheads as I go here, and you can kind of follow along with me.

Just as an opening comment, we think any interpretation of The Provincial Auditor Act should be in keeping with the object of the Act.

So the first overhead or the first . . . on page 1, the first little box there, you'll find what we think the object of the Act is. And we think the object is to create an officer of the Legislative Assembly who's responsible to help the Assembly hold the Government of Saskatchewan accountable for all its management of all the public resources entrusted to it for carrying out public programs. To help the Assembly, the Act requires the Provincial Auditor to examine and report on all organizations of the government.

And next then, what do we mean when we use the terms, Government of Saskatchewan, public money, and accountability? And we think a clear understanding what these terms mean to us will help you understand our views.

So the next box you'll find there on page 1 is that the term Government of Saskatchewan means the Executive Council and all of its appointed boards of directors and officials. In the box you'll see boards, agencies, commissions, Crown corporations and departments. Public money is all the money and property owned or controlled or managed by these organizations.

And on the last box on page 1 you'll find accountability. And accountability means the obligation to answer for responsibility conferred. It presumes the existence of at least two parties — one who allocates the responsibility and one who accepts the responsibility with undertaking to answer how it was discharged.

When we talk about accountability it shouldn't be seen as apportioning blame. It should be seen as a positive way to agree on expected results and improve results by supportive assessment and feedback and demonstrate results that were achieved.

When the Executive Council appoints the directors of the Workers' Compensation Board, the Executive Council allocates or assigns the responsibility to administer The Workers' Compensation Act. The directors are accountable to the Executive Council for the administration of the Act. Employees and employers have no authority over the directors. If employees, employers, and the public have concerns with the administration of the Act, their remedy is through the Executive Council.

The Executive Council has remedies if it has concerns with the administration of the Act. It can discuss concerns with the directors to seek changes. It can make regulations governing how the directors must administer the Act, or it can replace the directors.

To help the committee sort through the many opinions related to the board, if you go to the top of page 1, the box highlights where the differences of opinion lie. And there was a lot of paper provided to the committee on opinions and paper from our office.

And we think they lie in four areas, and they centre on: is the board subject to an audit by the Provincial Auditor; what are the roles of appointed auditors and the Provincial Auditor; the authority for audit objectives; and finally, does accountability of the Assembly impinge upon the board's autonomy?

I'll deal with the first one. The first on . . . second box, second page — is the board subject to an audit by the Provincial Auditor?

As I said earlier, we think The Provincial Auditor Act should be interpreted in a way that achieves the object of the Act, which is to help the Assembly hold the government accountable. To ensure the Provincial Auditor can help the Assembly, the law requires our office to audit all government organizations.

The term, Government of Saskatchewan, and the definitions of public money, Crown agency and Crown-controlled corporation in The Provincial Auditor Act are intentionally worded to ensure all public money owned, controlled, or managed by these organizations are subject to an audit by our office.

Section 11 of The Provincial Auditor Act sets out who is subject to an audit by the Provincial Auditor. In our view the meaning of the terms, Government of Saskatchewan, and public money, in section 11 of The Provincial Auditor Act are intended to include all government organizations, including the board.

The board is a Crown agency for the purposes of The Provincial Auditor Act. Crown agencies are part of the entity referred to as the Government of Saskatchewan. Our view achieves the object of The Provincial Auditor Act.

Mattison Woloshyn, which is one of the legal opinions in here, Merchant Law Group, which is our lawyer, MacPherson Leslie & Tyerman, also conclude Workers' Compensation Board is a Crown agency or public money, and is subject to an audit by the Provincial Auditor.

The Department of Justice concludes that the Workers'

Compensation Board is not a Crown agency and thus not subject to an audit by the Provincial Auditor. The department uses definitions and terms from The Financial Administration Act and common law as to what is a Crown agency and what is public money to help them make their case instead of the definitions in The Provincial Auditor Act. The department's conclusions are inconsistent with the object of the Act.

The definitions and terms in The Provincial Auditor Act are intended to achieve the object of the Act. The definitions and terms in The Financial Administration Act are intended to achieve the objects of that Act. The definitions are different because the two Acts have different objectives. The definitions of terms in common law are used when a statute does not define a term.

Using terms from other Acts and common law makes it difficult to understand and assess discussions about the Provincial Auditor's mandate and the resulting impact on the accountability of the government.

The next box is roles of appointed auditors, the last box on page 2. Again our view is that The Provincial Auditor Act creates one officer of the Assembly who is responsible to audit all government organizations.

Appointed auditors who are appointed under other Acts of the Assembly, and their accountabilities or responsibilities, are different. And as a result they don't substitute for the Provincial Auditor.

There's a box with a lot of words in it. I don't know if you'll be able to read it, but it provides views that are consistent with the views we've expressed. And those views are from the Financial Management Review Commission, agrees with that concept. The standing . . . this committee has concurred in that concept and made recommendations on that — legislators — when the laws were changed in 1987 to permit appointed auditors. The task force on roles, responsibilities and duties of auditors, which this committee was instrumental in getting started. And that task force is supported by the Crown Investments Corporation, the recommendations in there; Treasury Board; Saskatchewan Health; Legislative Counsel and Law Clerk; Mattison Woloshyn; Merchant Law Group; and MacPherson Leslie & Tyerman support that view.

The Department of Justice concludes the Provincial Auditor has no authority to audit a Crown agency under The Provincial Auditor Act once cabinet has appointed another auditor under another Act such as The Workers' Compensation Act. This view is inconsistent with the object of The Provincial Auditor Act.

The authority for our audit objectives — that's the top of page 3. The Workers' Compensation Board and its lawyers questioned whether the objectives of our audit are beyond our authority.

The audit conclusions and findings for the board reported in the 1996 fall report result from our audit objectives for the board which are the same as we use for every Crown agency. Also those objectives are the same ones we've always had for the board. And we have the authority for those objectives.

The second box on page 3 — does accountability of this Assembly impinge upon the board's autonomy.

As I said earlier, when directors accept appointments to boards to carry out public programs, we think they should be accountable for how they administer those public programs.

The Assembly makes the board responsible to manage a compensation program and gives the board power to access public resources by allowing it to charge employers for the cost of this public program.

You might remember the discussion yesterday; we were talking about marketing boards. Marketing boards have been given a responsibility to carry out a public program, research and development of certain kind of agricultural products. And they have access to public resources. They can charge producers to finance their programs.

Workers' Compensation Board and its lawyers seemed to say the board enjoys a wide range of autonomy from the Executive Council. At present we agree, but we note that under section 181 of the Workers' Compensation Act, Executive Council can at any time decide the board's administrative practices. Regardless, the board's autonomy from cabinet is irrelevant to its accountability to the Assembly because the work we do for the Assembly does not impact the board's autonomy to make its own decisions.

The Provincial Auditor and the Public Accounts Committee have no authority to compel the Workers' Compensation Board to change its practices. Our office only audits and makes recommendations for improvement. This committee only makes recommendations. Regardless of this committee's and our recommendations, unless the Assembly changes the law, or the Executive Council acts to change how the board administers the law, the board continues to have autonomy to decide how it will administer the law.

Being accountable to this committee is an opportunity for the Workers' Compensation Board to improve its understanding of the important public program it administers, to obtain supportive assessment and feedback for the results it achieved, and to demonstrate in a transparent way the results it has achieved. This will lead to improved performance overall.

Finally, we think The Workers' Compensation Act and The Provincial Auditor Act should be interpreted in the spirit of cooperation so both the board and our office can carry out the important work given to us by the Assembly. We think the two Acts do not create confrontation, and the autonomy of the board and our mandate to audit the board for the Assembly can coexist.

Thank you. Any questions?

Mr. Tchorzewski: — Thank you, Madam Chair. I want to speak to this issue and I probably will be longer than I usually am in my remarks because I think this is a relatively complex matter.

In the end, I will be moving a motion which I think will help bring closure to this thing. The basic intent of my motion is to

say that the auditor does have some jurisdiction to audit the Workers' Compensation Board. And then raises some other concerns as well. Because there is more than one question I think that is being asked by this committee.

I'm going to outline three of them that I think this committee needs to address and propose what we think ought to be the solution. I took the trouble to read all of the legal opinions — I don't know why I did that other than I was on an airplane with nothing to do. But having read them once, I decided to read them again. And although they come in many ways from different directions, there's a lot of commonality in what they say and I'll try to outline that as a justification for my recommendation here.

The first thing I want to do though is I want to acknowledge the appropriateness of the decision by this committee to seek some legal interpretations on the dispute between the Provincial Auditor and the Workers' Compensation Board as to whether the Public Accounts Committee has the authority to do . . . or the Provincial Auditor has the authority to do an audit and whether the Public Accounts Committee has the jurisdiction to consider the auditor's report as tabled in the legislature with respect to the Workers' Compensation Board.

I think the committee was wise in that decision and I raise that because, having read the minutes, there seemed to have been some debate about whether that was the right thing to do. And I say this, as I said, not because I was a member there but because I'm a new member and I looked at this issue and some of the comments that were made. So I simply wanted to acknowledge the wisdom of that decision by the committee at that time.

But having said that, as I said yesterday on one of the issues we were discussing, that this is not to suggest that our work as legislators or committee members should be legalistically driven to such an extent that we lose sight of what it is that the Legislative Assembly intended by its mandate given by legislation passed, or by directives, or by mandates given, expects us to do.

As the four legal opinions show — and I say this not being critical but simply recognizing a fact — that trying to rely on the legal interpretations of more than one lawyer will surely result in four somewhat different conclusions.

Lawyers — and I say this I think with respect, but that's a fact of life — that lawyers too attempt to serve their client's need, and being human beings we'll see things in different ways. So I guess in the end it's now on our shoulders as a committee to have the responsibility to arrive at some appropriate decision and give some direction. And that's what we're going to do here today, I hope.

But nevertheless, having studied the opinions, even though there are some differences, I think there is considerable opportunity from those opinions to draw some conclusions by us here today. And I want to present those conclusions as I see them.

Now before I do that I also want to make a comment on something that has been said here by Mr. Wendel and I think

we all understand it. It would be much more preferable if these kinds of disagreements could be worked out by responsible people in responsible positions cooperatively. That's as Mr. Wendel said, and I don't criticize one side of the dispute or the other. I'm just saying that that's the way I think this committee should expect officials in various senior positions to be able to work these things out.

There is legislation. People can refer to that legislation. They can refer to mandates and sit down and figure out how they're going to resolve it, rather than having to come to a committee like this to sort of say, we don't agree. You fix it for us. I'm not saying that's the way they said it, but that's in the end what we're having to do. So I just felt compelled to have to say that as a member of this committee which is representing the Legislative Assembly.

I found it interesting that one of the things that Woloshyn and Mattison say — and it's on page 25 — is that the Workers' Compensation Board has always been subjected to an annual audit and report on accounts, and I might add personally to that, that it has in the past been audited by both appointed auditors and the Provincial Auditor. I don't think I'm wrong on that.

The thing I found interesting, that at no time was the board's autonomy or its quasi-judicial nature questioned, nor did the Workers' Compensation Board express any concern that this was a question until now. So something must have intervened. Not legislation because I don't think the legislation has changed significantly; it could have been other things. So it had to be another kind of a dispute.

And it may be — and I say this in a positive sense, not in any way critical because I know how difficult it is sometimes in these kind of environments — may be the Provincial Auditor needs to look — and I'm not looking at the individual, I'm looking at the office, please don't misunderstand me — needs to look sometimes at the approach that the office takes into difficult situations. I'm not there so I don't know exactly what happens, but obviously sometimes the walls get drawn and people begin to sort of decide to more concentrate on how they can disagree as opposed to how they can agree.

Because as I look at this thing it may be, when I have studied it, that the issue is not so much a question of jurisdiction by the Provincial Auditor, although that's what the arguments have been, or the Public Accounts Committee, or the autonomy of the Workers' Compensation Board, and in fact is one of to the extent to which, rightly or wrongly, the auditor is sometimes perceived to go beyond the legislative mandate of The Provincial Auditor Act. Maybe because of misunderstandings or what not, but I think that is a problem. I certainly think that some people think it's a problem in this. I don't necessarily share these views, but I think it's important that we be upfront with what seems to have been happening.

For example, Woloshyn Mattison again state in their opinion and I quote:

The present dispute arises out of the desire of the Provincial Auditor's office to do a value for money audit.

That's on page 25 as well. And I simply quote it and make no

comment on it.

I quote again from page 26 and these are the words of the lawyers, and they're not mine. And I quote:

The attempt by the Provincial Auditor's office to do value for money audits of the Workers' Compensation Board is an attempt to expand the scope of his audit without any specific legislative mandate authorizing the expansion of that scope allotted.

It seems to be what they think. And I think the two parties have got to get together and clear that up.

And finally on this, Madam Chair, I think there's an old saying that's useful here for me to quote. And it is, "it takes two to tango," and I think it usually applies in these kind of situations and I simply want to say that after this committee has decided on this issue, both the Provincial Auditor's office and the Workers' Compensation Board should do the legislature and the public the service of dancing to the tune the Legislative Assembly has provided the both of them.

And the point is that both Provincial Auditor and the Workers' Compensation Board are creations of the Legislative Assembly. And their roles and their obligations and mandates are provided by legislation, passed by the legislature, so that they can carry out the services which the public expects them to carry out.

So let me now address the three questions, because I think there are three before the committee, as addressed by the legal opinions. One is the autonomy of the Workers' Compensation Board, its independence. Two, the jurisdiction of the Provincial Auditor to audit the Workers' Compensation Board. And three, the jurisdiction of the Public Accounts Committee that consider reports by the auditor with respect to the Workers' Compensation Board and question workers or worker board officials within the mandate and scope of the provincial auditors and the committee.

On the question of whether the Workers' Compensation Board is an autonomous body, I think there is no disagreement. All of the legal opinions provided acknowledge and support this position, in different degrees of course. The Legislative Counsel says, and I quote, "I am of the opinion that the Workers' Compensation Board is an autonomous body, by and large." With respect to its functional nature, investigative and judicative decision making. That's on page 1 of his missive to us.

When our Workers' Compensation Board was established — this is not a quote any more — with the acceptance of both workers and employers, it was clearly understood that the board appointed by the government was to manage the fund and operate the program without partisan, political interference. I think that was a good principle. I don't think anybody on this committee will disagree. It was sound then and it's sound today.

And that's why it's important that the scope and mandate that both the Provincial Auditor and the Public Accounts Committee be strictly adhered to so as not to infringe on this independence. As MacPherson, Leslie, & Tyerman state, and I quote again:

It is significant that the Provincial Auditor himself, in the 1996 Fall Report, at paragraph .05 of the chapter dealing with the Board, recognizes that "independence of the Board" is one of the five principles underlying the Saskatchewan workers' compensation system.

It seems to be everybody kind of generally agrees there and I think the committee can as well. But I also want to say that this autonomy does not take away from the fact that the Workers' Compensation Board is established by a statute of the Legislative Assembly of Saskatchewan; that the Executive Council, cabinet, has some role and obligations as has been mentioned here; and that the annual report of the Workers' Compensation Board must be tabled by the minister in the legislature and in the event of financial shortfall, the government has to advance some funds.

I think that's key in this. Nor does this autonomy take away some legal obligations and/or jurisdictions of other bodies created by the Legislative Assembly.

So now this brings me to the second question before the committee, and that is the jurisdiction of the Standing Committee on Public Accounts — that's us. And I want to quote what the Department of Justice says because the Department of Justice on the one hand says the Provincial Auditor has no jurisdiction, and I'm going to argue with that later to some degree.

But on the question of whether this committee has jurisdiction, here is what the Department of Justice said.

Pursuant to the terms of reference and mandate of the Standing Committee on Public Accounts, as a consequence of the Provincial Auditor having produced and tabled a report on the Workers' Compensation Board the Committee has jurisdiction to consider that report as tabled and examine any subject contained in it.

Again that's on page 1 of their report to us.

Legislative Counsel does not comment on this, but in lieu of his opinion that the Provincial Auditor has jurisdiction to audit the accounts of the board, I think that means that this committee therefore has jurisdiction as well.

MacPherson, Leslie & Tyerman state, and I quote:

The Public Accounts Committee has authority to examine those aspects of the Provincial Auditor's reports which deal with the board and which come properly within the scope of the Provincial Auditor's mandate but it has no authority to direct a board to take any particular action with respect to the operation of management of the workers' compensation system.

And I can be corrected later, but I don't think that the Provincial Auditor disagrees with that latter part either.

Now Woloshyn Mattison don't go quite this far on their comment on page 27. Although they report that the Provincial Auditor and the Public Accounts Committee are excluded from the jurisdiction of conducting a review of the Workers'

Compensation Board, they do not speak to a review of the accounts or other matters as specifically stated in The Provincial Auditor Act. In fact they do say, and I want to quote what they say:

... we stop short of concluding that the Chairperson or other members of the Workers' Compensation Board could never be called to appear before the Provincial Auditor or the Standing Committee on Public Accounts.

So even they, who generally tend to take the position of the Workers' Compensation Board, do not say that we can never call them, but must, as they say ... they point out that there is some limited jurisdiction here. And I just want to refer us to their report on page 28, item no. 14. They say that:

Thus in the context of the Workers' Compensation Board it is our opinion that the jurisdiction of the Standing Committee on Public Accounts is limited in two ways:

1. The Committee can only consider issues identified in the report of the Provincial Auditor on the Workers' Compensation Board pursuant to section 15(1) of *The Provincial Auditor Act*.

2. The Committee can only consider those issues which are properly included in the report of the Provincial Auditor concerning the Workers' Compensation Board. As previously stated, it is our opinion that the Provincial Auditor or the appointed auditor cannot perform value for money audits of the Workers' Compensation Board that are confined to a standard audit opinion on the financial statements of the Workers' Compensation Board.

Now there's some ... I think there's some disagreement there but that's the position they take and I take. They probably make a fairly strong argument in that respect.

So the only conclusion that I think one can draw is that the Standing Committee on Public Accounts has the authority to examine those aspects of the Provincial Auditor's report which deal with the board and come properly within the scope of his mandate.

On the third question of jurisdiction of the Provincial Auditor there is more disagreement than the previous two, but in the final analysis I suggest that the committee should agree that the Provincial Auditor has authority but within the strict confines of the terms of section 11 of The Provincial Auditor Act. And if people are interested, I can provide you copies of that.

So in other words this is not a completely open mandate. This is supported by both MacPherson, Leslie & Tyerman and by the Legislative Counsel. They say that.

The submission by Woloshyn and Mattison is somewhat confusing to me and is somewhat contradictory because on the one hand they argue that and I quote:

It would not be reasonable to conclude that other provincial legislation has allowed the actions of the Workers' Compensation Board to be reviewed by the Provincial Auditor's office and the Public Accounts

Committee.

But then on the other hand they say, we stopped short of concluding that the chairperson or other members of the Workers' Compensation Board could never be called to appear before the Provincial Auditor or the Standing Committee on Public Accounts.

The Department of Justice writes that since another auditor is appointed by the Lieutenant Governor in Council, and I quote: "There would be no basis for the Provincial Auditor to do an audit." But then they also say on page 2, if I can find it:

There is no provision for funding the board from the General Revenue Fund other than under jurisdiction 119(3) by temporary advances authorized by the Lieutenant Governor in Council where there is insufficient monies in the fund for payment of costs and compensation payable and it is expedient to withdraw the necessary funds from the reserve.

That clearly says, Madam Chair, that in some circumstances there is an obligation by the government, or could be or maybe an obligation — maybe that's a better word by the government — to provide funding to it. Therefore I think we have some obligation here — so does the Provincial Auditor in my view — to be able to make sure the systems are in place to identify if there's a growing problem or there's a problem coming or prevent it if we can prevent it. So within certain circumstances and within the scope and the mandate provided in The Provincial Auditor Act, I think the auditor has jurisdiction.

Sorry to have taken so long, but I thought because of the nature of the dispute and the arguments that have been made, I had to explain why the position which I am proposing here today is justified. And if I sounded like a lawyer, I really apologize. I don't make fun of lawyers but politicians are supposed to be more exciting.

So with all that information — and I know all members have looked at the legal documents; I should really pass these around because it's lengthy — I want to move the following motion and then we can debate it. And the motion I want to move is as follows, and I think we've had ... you've seen it.

That with respect to the issues regarding the Workers' Compensation Board before this committee, the committee makes the following recommendation to the Legislative Assembly:

that the Standing Committee on Public Accounts has the authority to examine those aspects of the reports of the Provincial Auditor which deal with the Compensation Board and which fall within the scope of the Provincial Auditor's mandate as stated in section 11 of The Provincial Auditor Act; and further

that pursuant to the terms of reference and mandate of the Standing Committee of Public Accounts, as a consequence of the Provincial Auditor having produced and tabled a report on the Workers' Compensation Board, the committee has the jurisdiction to consider that report as tabled and examine any subject in it; and further

that the Provincial Auditor has some authority in relation to the accounts of the Workers' Compensation Board and that this authority is restricted by the terms of subsection 11(1) of The Provincial Auditor Act and by concerns relating to the adjudicative independence of the board; and finally

that the Standing Committee on Public Accounts recognizes the autonomy and the independence of the Workers' Compensation Board and that the Provincial Auditor and the Standing Committee on Public Accounts should take significant care so that the fundamental principle of board independence is not eroded.

I so move.

Mr. Hillson: — Madam Chair, if I may request some more motion forms; I've run out again.

A Member: — I have some extras here.

Mr. Hillson: — Okay. I'll take Mr. Gantefoer's. He's not here to support the government today.

Mr. Tchorzewski: — Excuse me. Madam Chair, you admonished some member of the committee about referring to people's absence. I think we should be reminded of that.

The Chair: — I thought most members were beyond the game, but maybe not.

There's a motion before the committee at this moment. Everyone has had an opportunity to read it and I guess I'll call a question on this motion.

Mr. Hillson: — Should we perhaps have debate on it first, Madam Chair, or is rushing through the government's agenda more important than open debate? I realize you don't seem to want open debate on some of these matters. But if you would refrain from rolling your eyes, I would ... do have some comments to make.

Mr. Tchorzewski: — Madam Chair, I really think, I really think that's an inappropriate comment by the member.

Mr. Hillson: — Unfortunately, accurate.

Mr. Tchorzewski: — I think we have had all the debate anybody has wanted in this committee since it's began. I want to put that on the record.

Mr. Hillson: — I don't agree.

Mr. Tchorzewski: — Nobody has stopped anybody from debating. And I think I put the motion forward so that it can be debated because I think it's worthy of debate.

Mr. Hillson: — Madam Chair, well on the face of it, this is an attempt to find a compromise. I would remind the committee, as the member for Regina South reminded us yesterday, we exist to resolve disputes and differences of opinion. And it seems to me that the final phrase here especially seems insulting to the Provincial Auditor in suggesting that his view, that his powers

to examine accounts, would be used to undermine and erode independence. Because of course, as has been pointed out, the Provincial Auditor has no powers whatsoever except the power to review, report, and make recommendations.

So in that sense, the Provincial Auditor can't erode anyone's independence because he can't take any substantive action. He simply brings matters to our attention and then it is up to the committee, and of course the Assembly ultimately, to decide what if any action is required.

So I think it is superfluous and insulting and out of order that that final phrase occurs there when, as I say, we all know the Provincial Auditor has no authority to do anything other than bring matters to our attention. So what action he could take to erode independence makes no sense at all because he has no power to take action. He has power to bring matters to our attention and there the matter ends.

I guess I also have a question for the deputy chairman in that my understanding is that the Workers' Compensation Board is presently running at a large surplus and that in other provinces rates are being significantly lowered. Now these are issues that should be dealt with. And my question for the deputy Chair is, if this is not the appropriate forum to examine these issues then where is it?

And it strikes me again that this relates back to the auditor's responsibilities which, as I say, are to bring the information to us. That's it. That's the end of his function, to bring information to light. What we do with that information of course is nothing ... he has no power to do anything with the information. We do. The Assembly does.

So why we have to tell him to make sure he doesn't step out of line when he in fact has no authority, it baffles me. The Provincial Auditor in this and all matters exists to provide ... to equip us with the information to allow us to do our work then, to determine what if any action is required.

So I am going to ... first of all, I have a couple of amendments, but first of all that I'm going to move that the word "some" as it appears on line 10 — and I have another amendment as well — I'm going to move that that word be deleted because I think that while the deputy chairperson has attempted to find a compromise, unfortunately this motion that as presently worded simply confuses the matter further in his attempt to say, well he's got authority but he doesn't have authority. And as I said, the word "authority" as it refers to the Provincial Auditor, in this and all matters, refers to the authority to bring matters to light.

Because that is, as I understand it, the one, the only power of the Provincial Auditor's office. And I would like the Provincial Auditor to comment if I'm understanding that correctly. He has no other authority. So to say he has some authority is an attempt to confuse the issue rather than to resolve it. And I agree with the learned member for Regina South that our job is to resolve confusion and dispute, not, hopefully, to make it even more difficult to understand.

I also have another question for the Provincial Auditor. And I want to know if I'm understanding the situation correctly. My

other question to the Provincial Auditor is more a question relating to possible duplication. If you do have the auditing authority that these legal opinions suggest, what is your suggestion to avoid . . . Is there any possibility of costly duplication here in work, and what is your suggestion in that regard? Am I misunderstanding it or is there a danger that we are paying, in effect, paying twice for the same work?

The Chair: — Mr. Hillson, there's a motion on the floor at the moment and since the Provincial Auditor is not a member of the committee, we will need an agreement by the committee members to allow the auditor to speak while this motion is on the floor.

Mr. Thomson: — I think so long as the auditor doesn't address the motion specifically, that will be quite acceptable.

A Member: — I second it.

The Chair: — Agreement? Okay.

Mr. Strelloff: — Madam Chair, members, Mr. Hillson. I think you've asked me two lines of questions. One relates to the authority that my office has to cause organizations to do things. And my understanding is that you've stated it correctly, that we cannot, our office cannot, compel an organization or its officials to carry out a specific action. What we do is report to you our conclusions, our advice, our recommendations, and our assurances for your information and that you then decide how best to deal with it. So that's the first line of question as to whether we can compel people to carry out specific actions. Well, no. We bring matters to the attention of government officials, as well as legislators, and we certainly encourage change, but we don't have the authority to compel people to take specific actions.

The second line of questions that I think I heard relates to the duplication. And I think — you didn't quite state it clearly — but my understanding is that you were getting at the issue of when the government appoints another auditor, how do we carry out our responsibilities.

Now my understanding is that the governments of the day have decided to allow cabinet to appoint other auditors for two main reasons. One is to develop the necessary expertise within the private accounting firms — and that facilitates that. And two, to spread work around amongst the community and public accounting firms. So the costs of that, of those decisions, are decisions that are the responsibility of the government.

In terms of the duplication when the government chooses to appoint another auditor, after a few years of confusion and problems, we did establish a task force to look at the roles, responsibilities and duties of auditors when . . . in the circumstance where a government organization asks cabinet to appoint another auditor.

And that task force was supported by this committee, the Crown Corporations Committee, and as a result of its recommendations there is a workable process in place to make sure that I as the Provincial Auditor can carry out my responsibilities through the work of another auditor. And at times it does get cumbersome but the system of protocols is certainly a lot better than not

having those protocols and has allowed me to report with confidence to this committee.

From time to time I have decided not to rely on the work of a public accounting firm. And that was the case related to our report on the Workers' Compensation Board that's in the fall of '96 report. I decided that, given some circumstances that were being brought to my attention, I thought that I had to look at the Workers' Compensation Board, audit the Workers' Compensation Board directly.

And we did work with a public accounting firm. They did help us in carrying out that work, but we decided to do the examination more directly. So from time to time we do step in, but the system that we have in right now, along with the protocols that are recommended and are supported by many groups, that were recommended by that task force, the work effort allows me to carry out my job.

Mr. Hillson: — Madam Chair, though again to the auditor, I guess I'm more interested though, is there a danger . . . or what is your suggestion to make sure there isn't duplication and the taxpayers are paying twice for the same job? Or do you think that if you have the authority that you maintain you have here, that you should be the sole auditor or are you satisfied to be . . . as you say, work with another private auditor doing the primary work? Does that involve duplication or can that work without duplication?

Mr. Thomson: — Can I just ask on a point of order, Madam Chair. I'm not sure how this is germane to the motion which is before us. I appreciate the discussion. It's certainly interesting but I'm not sure it's particularly in order given the specific motion moved by the member for Dewdney.

Mr. Hillson: — Well, Madam Chair, the deputy chairman's motion raises the whole question of how we want to deal with the authority to audit. And actually I appreciate the motion being on the floor. I think it's an important one. But if we are going to look into the situation or the authority to audit, then, you know, the issue of duplication is one of those issues.

And so though I think it's definitely part of us coming to a proper determination of these issues to see what the legislation says, where it can be most beneficially handled, and to avoid duplication, I think that's all part of the overall issue of what is the authority of the Provincial Auditor or what ought it to be in terms of the audit of the Workers' Compensation Board.

Mr. Tchorzewski: — Well, Madam Chair, I mean that's why I . . . The content of the motion is very deliberate and is there for good reason. That's why I refer to section 11. If Mr. Hillson would read section 11 he would see that it deals with all of the questions which he has just raised. It's all outlined there.

And I'm going to read it into the record just so that the committee understands — and I think most of the committee does understand — what section 11(1) says. It is clear that the motion, as I have presented, does not restrict the auditor because I refer to section 11 which is an outline of the duties and the powers of the auditor. That's the legislation. I'm not here to argue with the legislation that the Legislative Assembly has provided.

Now I don't know whether Mr. Hillson doesn't understand this or whether he chooses not to because of the need to have a political debate in here, but that's fine. Political debates are allowed when you're an elected member of the legislature.

I just happen to have been a member of this committee before it was . . . when it was in camera and in those days this committee worked extremely well, because politicians decided that they could ask hard questions of the officials — very direct questions — and the officials gave direct answers when they could. And there was no need to sort of . . . And I'm not suggesting there's posturing here, but from time to time there is posturing in this committee. But that's history and we're in a different world today, and therefore, unfortunately, the committee operates a little differently.

I mean the member opposite talks about setting rates, surpluses of funds. That is not the function or jurisdiction of this committee. That is not the function or the jurisdiction of the Provincial Auditor, and the auditor will say so. The auditor has no comment to make on whether rates should be X, Y or Z. He does not have that jurisdiction and I don't think he wants to have that jurisdiction. Those are questions of policy that ought to be decided by the Workers' Compensation Board. And it is even, in fact, not even our decision. It's the decision of the Workers' Compensation Board because of the structure and the way it operates.

The motion that I have put forward, Madam Chair, is made in the spirit of creating an environment where there is cooperation, which is, I would think, the way we want this all to operate. It's not intended to tie anybody's hands.

Simply making references to certain legislation that exists in order that people understand — and I'm not talking about the auditor, I'm talking about, in this case, the Workers' Compensation Board — understands where certain powers lie.

And I'm going to go to section 11(1) and just read some things out of it:

The Provincial Auditor is the auditor of the accounts of the Government of Saskatchewan and shall examine all accounts related to public money and any accounts not related to public money that he is required by an Act to examine, and shall determine whether, in his opinion,

- (a) the accounts have been faithfully and properly kept;
- (b) public money has been fully accounted for and properly disposed of, and the rules and procedures applied are sufficient to ensure an effective check on the assessment, collection and proper allocation of public money;
- (c) public money expended has been applied to the purpose(s) for which it was appropriated by the Legislature and the expenditures have adequate statutory authority; and
- (d) essential records are maintained and the rules and procedures applied are sufficient to safeguard and control public money.

- (2) An appointed auditor is subject to the examination responsibilities prescribed in clauses (1)(a) to (d).

So even if an auditor is appointed, that auditor has to abide by this provision in the legislation.

For the purposes . . . this is no. 3:

- (3) For the purposes of this section, where an auditor, including an appointed auditor, is required to examine accounts and render an opinion on those accounts, he shall do so in accordance with generally accepted auditing standards as prescribed from time to time by the Canadian Institute of Chartered Accountants.

Now Mr. Hillson raises, I think, probably good questions about duplication. When does the Provincial Auditor intervene after there is a report by an appointed auditor. Well in section 11.1, reliance on report of appointed auditor, it states:

- 1) In the fulfillment of his responsibilities as the auditor of the accounts of the Government of Saskatchewan, the provincial auditor may rely on the report of the appointed auditor of a Crown agency or Crown-controlled corporation if he is satisfied that the appointed auditor has carried out his responsibilities pursuant to section 11 with respect to that Crown agency or Crown-controlled corporation.

Two, and there's the key one:

- 2) Where the provincial auditor determines pursuant to subsection (1) that he is unable to rely on the report of the appointed auditor with respect to a Crown agency or Crown-controlled corporation, the provincial auditor shall conduct additional audit work with respect to the accounts of that Crown agency or Crown-controlled corporation.

So I don't think there's any question here. The auditor may rely on it. If he then wants to do an audit, the auditor has to show that there are good reasons why he has to duplicate — if I may say that, I don't think that's the right word — and if the reasons are given then he can do that.

So the auditor . . . I don't think the practice is that the Provincial Auditor automatically walks in and audits all of these places where there are appointed auditors. First of all, it has to determine whether there is a reason for him to do that. And I think that that's right.

So when I refer to section . . . and there's more to it, but members can read it for themselves. When I refer to section 1.11, I do it quite specifically. I don't do it to restrict anybody. I simply wanted to point out what the law says. And this is The Provincial Auditor Act.

Mr. Goohsen: — Madam Chair. I always admire people that have done a lot of work and obviously researched and come up with a plan. And Ed has done a tremendous amount of work and I think we have to show our respect for the work he has done. That doesn't necessarily mean that we agree with everything that he says though. But I think you fellows are getting kind of a step ahead of yourselves.

Mr. Hillson, as I heard it, hasn't said that he particularly wants to enter into this discussion just to have a political debate. He wants to know how he can bring his further amendments to better improve what we are doing here. And maybe you won't agree with his suggested improvements but I think we have to hear the process out.

At this point, as I understand it, Madam Chair, is that we are talking about whether we will take the word "some" out of this already stated motion. It seems to me that we sometimes tend to be politically correct or attempt to be politically correct by never really committing ourselves. And it is a natural thing for politicians to sort of wishy-washy things so that we can kind of back out later.

Well in this situation we can't do that because it is entering into this grey area of life that has gotten us into these kind of problems. Either the auditor has the authority to look or he doesn't have the authority. There is no "some" authority. It's like saying you can look at the books if you sit over here and gaze over there and have some authority to look at it sort of. Or does he have the right to walk over, pick the book up and look?

He either . . . and I think Mr. Thomson said it so well in his very short little address yesterday, but probably one of the best speeches he's ever made, and that is, and that is that we . . . any time that we as legislators have created a situation where you have to depend on legal opinions to tell you what the legislation really meant that you prepared and put into law, then there's something wrong with the way we created the law to start with. That's the fundamental problem here, is that we do maybe have to go back to the drawing board, as legislators, and clearly define these laws so there isn't this confusion.

But in this situation either he has some authority or he has no authority. And I say that you can't have wishy-washy and grey, and I would support the member's attempt to clarify this and not have these grey areas where you're going to later on have to hire some more lawyers to define the motion as to what we recommend by saying "some."

Take the word "some" out, it leaves no problem for anybody to interpret — that in fact the authority is there, we're saying it's there, and we support that authority. This is not a fundamental change in what Ed's ideas are; it is simply clearing up the possibility of other people debating it later.

So I think we should support this and then go on to the other amendments that are obviously coming and if they're good we'll support them, if they're bad we won't. But let's deal with this word "some" which needs to come out of there.

Mr. Thomson: — Madam Chair, just to conclude the point of order I had raised. My concern was, is, that the member was, by the way he was raising the issues, was unfortunately drawing the auditor into debate. And my preference would be that we go back to the debate on the substantive issue in front of us, be it the amendment or the main motion, and allow the auditor to maintain a distance from that; rather than being drawn into it which I . . . unfortunately Mr. Hillson was attempting to do whether advertently or inadvertently.

The Chair: — We have an amendment before us, and I'm not

attempting to limit the debate on this amendment, but if there isn't a . . . Mr. Koenker.

Mr. Koenker: — Yes, I'd like to speak to the amendment. I think that deletion of the word "some" brings some greater clarity to the resolution and I support that.

The Chair: — Is there any other discussion on the amendment before we vote on the amendment? Question on the amendment. Everyone in favour of the amendment? Opposed? Okay, the amendment is passed.

Mr. Hillson: — Thank you, Madam Chair. Thank you, members of the committee. My second amendment, I think is one that I think will appeal to all members of the committee and that I'm referring to line 11, the next line down.

This is not as strongly substantive amendment, but I think the word "restricted" is an unfortunate term and the word "defined" would be the appropriate word and I would respectfully submit it's probably the word the deputy chairman, I think on reflection, would agree is the more correct word.

Of course the public . . . the auditor's authority is defined by the Act. The Act is his marching orders. But the word "restricted" again suggests that this committee is terribly concerned with what he may be up to as opposed to simply saying well yes, his authority derives from the Act. That's where he gets his authority from and that's what he must and shall abide by. So I'm going to request:

That the word "restricted" in line 11 be deleted and in its place the word "defined" be inserted.

So it would now read that this authority is "defined" by the terms of section 11.

Mr. Tchorzewski: — Madam Chair, you know what it should . . . okay, you're going to read it.

The Chair: — We have before us an amendment to the motion.

That the word "restricted" on line 11 be deleted and in its place the word "defined" be inserted.

Mr. Tchorzewski: — Madam Chair, I think members of the committee on this side have no problem with that. I think it does not in any way reduce the substance of the resolution as I have proposed it. It may be a better word to use in this case because I still think it makes reference to section 11.01 and 11. And as I said earlier, I propose the motion for the purpose of debate here.

I'm not the world's greatest draftsman, having had no training in that, but the principle of what we're trying to establish here I think is still . . . remains with the amendment so we will support it.

The Chair: — Okay, we have before us this motion. Is there a question on this amendment? All those in favour of the amendment? Opposed?

Mr. Hillson: — And my final amendment, and I would say

with this amendment I find myself in agreement with the motion, is that as I've already indicated, I think that the words, line 14, the words following the Public Accounts Committee recognizes the autonomy and independence of the Workers' Compensation Board, the words following that, I think, leave a bad connotation. They add nothing to the motion. They should be deleted.

So the motion would still say that we recognize that the Workers' Compensation Board is an autonomous body.

To add after that that we're . . . the phrase suggested is an implication that we distrust the Provincial Auditor; that we expect and anticipate he will exceed his authority. And I don't think the Deputy Chair would wish to leave that implication.

If I may Madam, Madam Chair, I'm sure other members of the committee will have ample opportunity to be heard and I thank the committee for my opportunity to be heard, but I think that it's simply unfortunate in the final phrase of the motion, in that it anticipates in my view that the Provincial Auditor would act improperly. And I don't think it is our place to anticipate any such thing. And also, it simply adds nothing to the motion.

So I'm recommending we put a period at the end of Workers' Compensation Board and let the motion end there. And if that is acceptable, I will find myself in agreement with the motion.

The Chair: — We have an amendment before us:

That the words after the words "Workers' Compensation Board" on line 14 be deleted.

Does anyone want to speak to the amendment?

Mr. Tchorzewski: — Madam Chair, where there are amendments that we feel are useful and help the intent of the motion, we've supported them. In this case we're not . . . I'm not — I can speak for myself — I'm not prepared to support it. Because I object, first of all, to the member's — I don't think intended — but seemed allegation that somehow in putting this in that I have in some way shown no respect for the Provincial Auditor.

That is not the case. And my record in this legislature for some 24 years will clearly testify to the fact that I have had the utmost respect for the officers of the Legislative Assembly, in particular the Provincial Auditor's office. And no one I think can legitimately question that.

And I happened to introduce a budget in 1992 in which the Provincial Auditor had a big role to play by being included in the committee that studied the kind of financial disaster that we inherited, when we were elected, from the previous government. And I think for the member to suggest that in some way this intends to show some disrespect, I will argue against. It is not meant to do that. It is simply intended to make it clear that in the view . . . and nobody in legal opinions, nor by the Provincial Auditor, has argued about the independence of the board. But it's not independent from the authority of the Provincial Auditor within his mandate to audit when he feels it is necessary to audit and can show reasons.

The board is independent. I think it's an obligation of this committee to say so because if we don't say so, that debate will continue. And I think it's time we put a stop to that debate and got on with the work of the different officers of the Legislative Assembly and in the Workers' Compensation Board and the work of this committee. So we're not going to support that amendment.

Mr. Hillson: — I'll defer if any other members are wanting to get in the debate, but I do have a comment.

The Chair: — Mr. Hillson, you're up.

Mr. Hillson: — Well in the first place, Madam Chair, I'd point out to the mover of the motion that I am saying that the phrase "recognize the autonomy and independence of the WCB (Workers' Compensation Board)" — I'm proposing that would remain in. So I'm not undermining that. So if he thinks it's important that we go on record as saying that the WCB is an autonomous board, I would leave that part of the motion in.

I'm not imputing wrong motives to the Deputy Chair but I think it is clear that if we say, oh the Provincial Auditor must take significant care so that independence is not eroded, yes, whether that is intended as a slam or a slap or not, I mean I think that unfortunately there's only one way to read it. And that is that we think that the Provincial Auditor looking at accounts somehow erodes independence.

And I say too, that is also ignoring the fact that as we discussed earlier, that in fact the Provincial Auditor has one and only one power, namely the power to bring matters to public attention — to our attention, and therefore public attention. He has no other authority. Bring information to light — that is his sole authority. And so for us to tack on to this resolution that we are afraid that that sole authority he has could erode fundamental independence, and that he must take great care to make sure he doesn't cross the line, I really don't know why we're saying that when, as I said, your phrase that we recognize the independence of WCB, I'm proposing that remain in the motion.

So I'm certainly not undermining the independence, but I do urge on you that when we are in agreement that the Provincial Auditor has no authority beyond bringing matters to light, that yes, whether you intend it as an insult or not, it can only be interpreted as an insult that you have to add the caveat that the Provincial Auditor must be very, very careful not to overstep the mark. And so I'm respectfully submitting that we put a period at the end of the word "board" on line 14.

Mr. Goohsen: — Yes, Madam Chairman, I don't perceive the insult part of it, to be quite honest with you. I'm not sure that the auditor should be insulted by this line being there. But it has been my experience in life that the more supplements you attach to a well-meant document, the more possibility you have for confusion.

There's no question in our minds that the board has independence to make decisions of how to operate the Workers' Compensation program which is an insurance program for injured workers.

But they do not have independence to choose not to report to the auditor. You see, it's a question of what type of independence. And so when we start using words that can be attached to different arguments, according to different thoughts that goes through people's minds, then we create again the possibility for a grey area where interpretations of what did they really mean do get into place. And I'm not saying I don't see the insult to the auditor, I see the possibility for people to say, well what kind of independence were they really talking about. And so I think you can live with this as it is but it would be better to have it shorter and not have that area of confusion possibly be there.

Now I understand human nature a little bit as I've gotten into politics, and there is a little bit of human nature going on here. The government members are naturally offended by the possibility that someone from another political party might suggest that they didn't get their wording exactly right. And they'll go along with two obviously good amendments. But the third one, in human nature, they're going to dig in and say this is not quite as good to the intention of what we want or to change it so let's show our authority as a government and vote this guy down.

I hope that's not the motive for saying that we can't simplify this, is because we've suddenly decided that we have to flex our muscles and show that we have the voting power — because you do. You obviously can do whatever you like in this term. But realistically, having that line on there is just going to cause some more of that grey area that we've been talking about all through yesterday and today. So I say let's eliminate it, and if we don't, I still plan to support what I think we've now constructed as a reasonably good approach. But let's simplify it if we can.

The Chair: — Any other comments to this amendment?

Mr. Tchorzewski: — I want to thank the member for his, I think, very constructive comments. That is not the intent, I mean the way he describes it. We are not going to oppose this because somebody moved it, somebody else other than myself or somebody. We're opposing it because we think it is an important statement to have in there, because it doesn't confuse things. In fact if you read carefully, it clarifies the situation and that's why it's important for it to be there.

The Chair: — Any other comments before we vote on the amendment? Okay, the amendment before us is:

That words after the words "Workers' Compensation Board" on line 14 be deleted.

Question? Those in favour of the amendment? Those opposed to the amendment? The amendment is defeated.

Mr. Hillson: — Request division, Madam Chair.

The Chair: — Those in favour — two; those opposed — six.

The main motion that's before us, will you take it as read before? Those in favour of this motion? Those opposed? The motion is carried.

Ms. Stanger: — Madam Chair, did you say the motion as amended? It should be the motion as amended.

The Chair: — Thank you.

Ms. Stanger: — Because it was amended in two places.

Mr. Tchorzewski: — Are we recessed until lunch, or until . . . not lunch, until 1:30?

The Chair: — I think it's 1:30 isn't it? If there's anything else . . . if nobody has anything else to bring forward on this issue, Workers' Compensation, we'll recess until 1:30.

Mr. Tchorzewski: — Oh, could I . . . we will have to call the Workers' Compensation Board now. So probably the first item of our next meeting should be, because that's still 1996 . . . So we should dispose . . .

Ms. Stanger: — What did you say, Mr. Vice-Chair? I didn't hear you.

Mr. Tchorzewski: — We would now, with this motion, we will now be calling the Workers' Compensation Board to the committee. And I think because it's still part of the 1996 report it should be probably the first item of business at our next meeting so we clean up 1996 like we had intended to.

A Member: — That would be tomorrow.

Mr. Tchorzewski: — No, no, the next session. We already have an agenda for this week. But whenever the committee meets again that should be the first item of business so we get it done.

The Chair: — Okay, then we'll recess until 1:30 p.m.

The committee recessed for a period of time.

Public Hearing: Department of Education, Training and Employment

The Chair: — Welcome everybody. And I understand we have two deputy ministers here so I welcome you and I ask you to introduce your officials.

Mr. Dotson: — Thank you, Madam Chair. I am one of the two deputy ministers of whom you speak. The other, my other colleague, has not arrived yet. My name is Craig Dotson — I'm from the Department of Education — and my colleague is John McLaughlin, from the Saskatchewan Teachers' Superannuation Commission, and our colleague is Mr. Visvanathan from our finance and admin branch. The two departments share a finance administration branch. Mr. Visvanathan is from the shared department. And Mr. Perrins is my colleague from the other department, and his colleague, Ms. Stonehouse, the assistant deputy minister of Post-Secondary Education.

The Chair: — Thank you and welcome to everyone. Our comptroller has someone here that he'd like to introduce as well.

Mr. Paton: — Yes, Madam Chair, in addition to Elaine Wood,

is with us this morning from the financial management branch, we have Jim Fallows joining us as well as Jeanette Lowe, both from the financial management branch.

The Chair: — Thank you and welcome to you as well. I have a statement I would like to read before we continue. This is a testimony of witnesses appearing before a committee.

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 civil action.

In addition, I wish to advise you that you are protected under section 13 of the Canadian Charter of Rights and Freedoms which provides that:

A witness who testifies in any proceedings has a 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. When 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.

I'd like to ask the auditor to give us an overview before we continue on.

Mr. Strelloff: — Thank you, Madam Chair, members, and colleagues. We're dealing with chapter 11 in our fall '96 report. With me today in addition to Fred Wendel and Carey Robinson, Mobasher Ahmad is going to provide the overview for you. He was in charge of the audit of the Department of Education when it was one department and as we report in this report.

Also with us today is Shana Smith, on my left . . . right-hand person. Shana works for our office. Last weekend she convoked as chartered accountant, so it was a special weekend for her. She passed her CA (chartered accountant) exams this fall.

Also with us is Rod Grabarczyk who carries out a lot of our pension-related responsibilities and one of the sections in here relates to pensions.

So I'll turn over the overview to Mobasher Ahmad. Mobasher?

Mr. Ahmad: — Madam Chair, members of the committee, good afternoon. Chapter 11 of the Department of Education, Training and Employment is on page 147 of our report. This chapter contains audit findings and conclusions for the department agencies with fiscal year ending on or before December 31, 1995, except for SIAST (Saskatchewan Institute of Applied Science and Technology). Our conclusion for SIAST are for the SIAST year ended June 30, 1996.

Our spring 1997 report contains two chapters on Education. One dealing with the Department of Education and its related agencies and special purposes funds; and the second dealing with the Department of Post-Secondary Education and Skills Training and its related agencies and special purpose fund.

Our spring 1997 report provides audit finding and conclusions for both departments and their related agencies and special purposes fund for the fiscal year ending on or before March 31, '96.

In paragraph .01 and .02 of this chapter we provide some background and the names of the department agencies that we are reporting on in this report. In paragraph .03 we assure you that the financial statement for the agencies listed are reliable.

The agencies listed had adequate rules and procedures to safeguard and control their assets, except for the matters reported in this chapter. The agencies complied with authorities governing their activities, except for the matters reported in this chapter.

In paragraphs .05 to .09 we provide background information about Saskatchewan Institute of Applied Science and Technology, that is SIAST. We also commend SIAST for acting on almost all of our deficiencies reported in our past reports.

In paragraph .10 to .16, we recommend SIAST should establish a long-term human resource plan. Without such a plan, a request for staffing may be at odds with SIAST mission and objective, resulting in an inadequate or excessive workforce.

We also note application of existing human resource policies relating to employee performance evaluation are not consistent across the four institutes. This may result in poor use of people and time wasted in resolving differences.

We also reported this matter in our previous report. Management told us SIAST plan to establish a long-term human resource plan, giving '96-97. This committee might wish to ask the officials the status of SIAST human resource management and planning.

In paragraphs .17 to .21, we recommended SIAST should establish rules and procedures to determine the expected benefit to SIAST of any international operations. SIAST participates in international training and education programs through federal government agencies. SIAST legislation allows this activity where this is benefit to SIAST. We also reported this matter in our previous report. I'm pleased to inform you that this matter has since been resolved and we have now recorded this matter in our further reports.

In paragraphs .22 to .24, we provide background information about Teachers' Superannuation Commission. In paragraph .25 to .30, we recommend the commission should improve its investing contract to require Greystone to provide periodic report on Greystone's system and practices for complying with the law and provide authority to commission to verify compliance reports using the commission's staff or the commission's independent auditor.

Pension plan administrators must follow limits set by The Pensions Benefit Act when investing plan money. The law aims to reduce the risk of loss to pension plans. Administrators must ensure compliance with the law when they contract the investing function out.

The commission's contract with the Greystone require Greystone to ensure plan's investments comply with law. The commission receives compliance reports from Greystone. However the commission does not verify this report, nor does it require Greystone to provide periodic report on the system and practices Greystone uses to comply with the law. Management has told us the commission is currently negotiating an agreement with its custodian to monitor compliance with law. Your committee may wish to ask the management to provide further update on that issue.

In paragraph .31 to .37, we recommend the commission should ensure to calculate pension according to The Teachers Superannuation and Disability Benefits Act. We found the commission paid two superannuates incorrectly. Those superannuates were paid . . . were underpaid. The commission did additional work and found four more superannuates who were not correctly paid. We reviewed the commission's additional work and estimate the commission owes superannuates approximately 830,000 for underpayments. Again this matter has been resolved and the commission has put some rules and procedures in place to make sure the calculations are correct in future.

In paragraph .38 to .41, we recommend the commission should register the plan's share in Greystone Capital Management Inc. properly. This matter again has been resolved and the plan's shares in Greystone are now properly registered.

In paragraph .42 to .51 we provide background information about the regional colleges and how we audit them. Our audit conclusions and findings are set out in two sections. The first section deals with all regional colleges except for Saskatchewan Indian Regional College, and the second section deals with the Saskatchewan Indian Regional College.

In paragraphs .52 to .63, we recommend the college board of directors should receive internal reports prepared in accordance with the generally accepted accounting principles. The colleges' internal reports should include a comparison of planned results with the actual results.

The colleges' internal reports should show the cost of services and activities, whether the services provided achieved the intended outcome, and the degree of compliance with the law and other authorities. The board of directors should formally define and document their internal reporting needs.

We recommend this because almost all of the regional colleges' internal reports do not show college assets, liabilities, revenue and expenditure, in accordance with the generally accepted accounting principles.

The reports do not compare planned results with actual result and did not show the cost of services and activities. Also the reports did not show whether the goods and services provided achieved the intended result and whether the college complied

with the law.

We think the board of directors need to define what financial, operational, and compliance support they need, and how often, to properly carry out their stewardship responsibilities.

We note most of the colleges since then have made progress in defining internal reporting needs, and are revising and refining their internal reports. We continue monitoring their progress.

In paragraphs .64 to .72 we provide background information about the Saskatchewan Indian Regional College and how we carry out our audit. We also informed the new members that we did not rely on the appointed auditor's opinion on college system of internal control.

In paragraphs .73 to .79 we recommend the board should establish written governance policies and should ensure senior management has provided adequate direction to start to safeguard and control the college assets.

We recommended this because we think to manage the operation of the college effectively, the board needs to establish and communicate policies relating to how things should be done, and prohibit inappropriate action. Also the board needs to provide adequate direction to senior management for safeguarding and controlling the college assets.

The board also needs to know how management discharge their responsibilities according to the board's policies.

In paragraphs .80 to .85 we recommend the college should comply with The Regional Colleges Act, or alternatively, the department should propose changes to the Act to exempt the college from the requirement of the Act.

We say this because the college does not comply with the requirement of the Act and has not complied with the requirement for many years. We had reported this matter in our previous reports.

Your committee considered this matter on January 7, 1992, on February 4, 1993, and again on January 19, 1994. On January 19, 1994, the deputy minister reported to your committee that the department had formed a committee jointly with the college to examine its legislative status and relationship with the college system. This committee might wish to ask the department official for an update.

In paragraph .86 and .87, we bring to your attention certain payments made during the year, and that we are unable to determine whether these payments were used for educational purposes.

In paragraph .88 to .90, we report the college has now provided a list of persons who received money from the college nearing the year ended June 30, 1995. This is a non-compliance with your committee's recommendation.

This concludes my overview of chapter 11. Thank you.

Mr. Streliaff: — Thank you, Bashar.

The Chair: — Thank you. I'll refer to the deputy ministers then to make a comment before we get into questioning.

Mr. Dotson: — Madam Chair, I would just make one observation if I may. We have the two departments here, and the way the chapter is structured, we have a post-secondary issue and then a K to 12 issue, which is teachers' superannuation. And that goes on to deal with some other post-secondary issues. If you and your colleagues would find it convenient, we would be pleased to have the teachers' superannuation issues come forward at the beginning of the meeting, at which point if you were through with us we could turn the floor over to my colleague.

The Chair: — I think that suggestion is a good suggestion. Is the committee members in agreement? Yes? Okay.

Mr. Dotson: — I will just make one observation. The report of the auditor raises three different issues and makes three recommendations. As was noted to you a moment ago, we have acted on two of those to an extent that satisfies I think, the auditor's office that we are now in concurrence with and in compliance with the letter and the spirit of those two recommendations. And it's perhaps on the third one that you might wish us to dwell.

John, do you want to speak to that third one?

Mr. McLaughlin: — Certainly. Well, Madam Chair, the investment contract needs to be improved. The investment contract with Greystone Capital Management needs to be improved. It's the one outstanding issue I think, that you might be interested in.

We have been investigating opportunities to have monitoring done from outside. We've received a quote from Royal Trust who are the custodian for the pension fund holdings, and that quote was a little bit more than we thought we should be paying for that kind of service.

So we've looked to other suppliers of that information and we should be able to report at the next opportunity to this committee that it's been resolved in some manner or another. We will either pick the custodian who is, I think, going to charge us \$7,600 a year for that service or pick an alternate provider of the service if they can come in at a lower price. And that, I think, will satisfy the auditor.

Mr. Gantefer: — Thank you, Madam Chairman. Good afternoon, officials. I am particularly interested in understanding, as you're saying, that you're in the process of either undertaking a contract that will comply with this recommendation of the auditor or finding someone else that may be at a lower price that will meet the requirements of the Provincial Auditor's recommendation as well. So that's a commitment that you're making really to fully comply with this recommendation by what time line?

Mr. McLaughlin: — I would think within the next month we should hear back from COMSTAT, and at that point we should be able to make a decision.

Mr. Gantefer: — So it wouldn't be in this fiscal year likely

that you'd be able to report compliance?

Mr. McLaughlin: — I believe by the end of March we should be able to report compliance.

Mr. Gantefer: — Okay. Thank you. And the compliance that happened and the other issues that in our report from the Provincial Auditor's office has been mentioned as completed, one of my frustrations has always been the timeliness of how this committee functions. So that has been accomplished how far in the past, or just recently?

Mr. McLaughlin: — Well the pension payments made incorrectly, I think, was resolved immediately after the audit was concluded at the end of that year. We obviously were quite concerned about the comment because we don't want to see anybody being either underpaid or overpaid on pensions.

What we've seen is that there have been a number of people who had very minor variances made 20 years ago. And when you bring those forward, with interest over time, it adds up to a fair amount of money. But for the most part, the pension calculations that have been done since 1987 have been done in an automated fashion. And so the kind of errors that were picked up in that audit can't happen any more and haven't been able to happen since 1987.

Mr. Gantefer: — Is some of that a technological thing, like the software issue, that there had to be reprogramming of the program or the software that you're using to make these calculations?

Mr. McLaughlin: — Yes, the calculations were manual until 1987. We've been automated to that extent, to do the pension calculations, since that time and we did a major redevelopment of systems in 1993. So those kind of errors should not be happening any more.

Mr. Gantefer: — Thank you, Madam Chair, that's all I have on this specific issue. But if I may beg the committee's indulgence, there is an issue that ties with Post-Secondary a little more, so if you wouldn't mind not running off right away. There may be some resource that I would appreciate your background on.

The Chair: — Further questions?

Mr. Koenker: — I think that as we just heard, the matters pertaining to the pension issues have basically been dealt with, and so I think the committee can simply report that with respect to paragraph .30 that we concur with the auditor's recommendation and note that the department is on the very threshold of compliance. And that with respect to the next two recommendations, .37 and .41, that these matters have been addressed by the department as reported by the auditor.

The Chair: — That's in agreement? Okay? Thank you very much. So then we'll be dealing with, I guess the first recommendation then which would be .20 from chapter 11.

Mr. Koenker: — .15.

The Chair: — Oh sorry. Right. Ahead of myself — .15.

Questions?

Mr. Gantefer: — Thank you very much, Madam Chair. And again welcome to the Post-Secondary and SIAST officials. I would like you to explain for the committee, please, your vision of the long-term human resource policy so that I can put it into a context of how you might see that being developed within the terms of SIAST and those operations. What do you see as the components of this type of human resource plan?

Mr. Perrins: — Well I should back up a moment and say that SIAST is managed by a board of directors and receives its funding from the province. So the department's role is through and in terms of that, but the minister's relationship to SIAST is through its board. So essentially as the deputy for Post-Secondary and Skills Training, it's to work with SIAST in that regard. In terms of the auditor's role, he has a very direct role with SIAST itself, and in turn with the SIAST board. So what I would say would only reflect my views in working with them about what that would mean. They may not always agree. So its just in that spirit that I would share it.

I think its really, for SIAST, it's been the need to — and I might ask Lily Stonehouse to observe on it too, given her experience as a person who worked at SIAST and now the assistant deputy — but for me it's a need to look at the nature of what SIAST itself does. And through that, in effect, they represent the essence of, on the one hand skill training in the province and on the other, in four centres they provide basic education. So they have a range of . . . quite a broad range of programs that they offer.

So in that sense it's important that they have the capacity through, reflected through, the human resource plan, to assess the needs of the province. They're one of the key players. So they need the ability to be able to do that.

And in a normal management sense the human resource plan comes down to articulating roles and responsibilities. So they also need a clear sense in turn from their board on policies and direction, and they need a management structure to look at implementing that. And they need job descriptions to support that, and they also need evaluative processes to assess their staff's respective functioning.

So in many respects it's about that. And then it's about dealing with issues of differences. So you need to be able to manage grievances, dispute resolution. You have to have protocols for articulating relationships with your management group, with your union employees. All of that has to be part of a human resource plan, I think.

But it starts off, I think, with the broader vision of what's intended from SIAST. I think that's where the key partnering role with government is. What are the expectations? And then, within the management structure they've articulated, how are they positioned to meet them?

Mr. Gantefer: — Thank you. From what I'm hearing you saying, that it very much has to deal with the internal operations of the employees within the SIAST institutions in terms of this long-term human resources plan.

But I also liked your approach in terms of backing up from it a bit and saying that that flows out of the board's vision of the needs and responsibilities of the institutions themselves that has to then get reflected down through the mandate or the reason to be for the committee members.

And that's why I've asked the K to 12 people to stay. One of the ongoing criticisms that you hear out in Saskatchewan is the concern about the lack of coordination in terms of the way this visioning happens. That there seems to be the perception, at least, that there is a fair bit of disjointedness between the K to 12 system — or, I guess backing up even further, what the general economy or the general climate of the needs and visioning into the future of young people are in the province. And then seeing a real cohesive, objective plan coming from somewhere and that sort of builds a seamless kind of transition from the K to 12 system through to the SIAST, the post-secondary education, the university, or whatever areas, including, you know, small business or home business or whatever it may be.

And one of the criticisms that always happens . . . And I know that it's an imperfect world. Everybody's crystal ball is just a little foggier than looking backwards at what might have been. But I wondered, when you're looking at this whole visioning that you talked about, can you tell me, is there a plan somewhere between your two departments — that concerns me a little that there are two departments — but is there a plan and a methodology, if you like, that looks at what are the anticipated needs and directions and opportunities, in a real sense, for K to 12, SIAST skills training, and then trying to plug that whole vision into a mission statement and looking at the program development in SIAST particularly?

Mr. Perrins: — Well, Madam Chair, I appreciate the question. I agree that this is always through a glass darkly, in St. Paul's words. You know, it's always clearer after the fact.

But I think the collaboration is at many levels. There's certainly a collaboration between the departments in terms of curriculum development — and my colleague can speak to that — and the linkage in a very formal way, into the institutions, be it SIAST or the universities or regional colleges.

So if you think of the learning experience itself and the qualifications you need to move from secondary to post-secondary, there's clearly a linkage there, right, in terms of the development of language, mathematical skills, etc. I mean that's just built into the nature of how the institutions set requirements for certain programs.

There are also many players though. There isn't only the . . . you know, if you're talking of skill development, when you think of the linkages with K to 12, and we can come back to those, there's also the linkages to the 46 — 46 trades? — 44 trades in the province. So when you're talking about development of an individual person and the content that needs to be taught — we'll say at SIAST now — we also have to make sure that there's a linkage through the apprenticeship program to those trades.

In turn there's a national program called the red seal program in apprenticeship that needs to be . . . you need to make an

attachment to, and that's without addressing any of the funding sources, you know just in terms of the learning and who influences the content that the individual person is to learn. And we are operating, I think, at all of those levels.

We also need to try and do that in an environment of the labour market, because as the labour market's changing we need to accommodate those changes. If you think of . . . I appreciated the auditor's commendation to SIAST because I think they work very hard to stay in tune with the labour market needs. I think the evidence of that is, I think their last graduate survey indicated that — was it 90? — per cent of their graduates were finding employment, and a high percentage of that were finding employment very high in the field that they were trained in.

So when I think of the outcome which . . . and the auditor is very keen and we support in him that, to have us look at the outcome for the individual student, is there. So if you think curriculum development, I think the linkage is into the schools. We have many projects now where we're looking at the individual student benefiting from an apprenticeable skill, part of the course being taught in the high school and it being portable to SIAST so it's recognized towards matriculation and towards your trade, your ticket as it were.

We're beginning to do some of that in more ambitious ways with universities as well. But if I focus on SIAST for a moment I think we're probably making more headway there because the need is there in terms of the workplace.

So I think there are many places where it intersects. But in terms of the overall plan, I think we've been guided by curriculum development on the one hand and by the Saskatchewan training strategy on the other, and SIAST is a key player in that.

Mr. Gantefer: — Thank you. The reason I'm going in this direction is I think that overall direction that you're heading is very key to what you actually implement in terms of your own human resource policy, because the two have to be sharing something of the same vision.

One of the issues that are sometimes talked about is the methodology of SIAST keeping really in touch with a very quickly changing market-place or workplace. A comment that I heard some time ago from an individual who said that SIAST had been looking at sourcing some technical equipment for one of their laboratories or one of their operational teaching centres, and the comment this individual made, he said, SIAST was real happy that this was brand-new stuff but I threw it out of my shop two years ago.

You know, so the question really was, is, what is the methodology of SIAST really trying to keep itself in the real market-place with real, progressive business-climate people, of making sure what you're working with and what you're training and where you're working for is not yesterday's or last week's, sort of, methodology but actually tomorrow's. And it leads me to say is, how are people put into a . . . or what's the relationship? Are there . . . like the kind of person that talked to me in the business community, are they on the board of directors of SIAST? How are the board of directors selected? Where do they come from? What are the backgrounds? Are

they sort of these real people, if you like? I know they breathe and all that but you know, like what is that methodology? And if that isn't the vehicle that you use to really connect to that real world, if you like, what methodology do you use in order to address that kind of criticism that may, fairly or unfairly, be levelled to make sure what you're doing is really on the edge of the effective use of resources?

Ms. Stonehouse: — This is a sort of ongoing challenge for SIAST and for any institution really. At the level of program decisions, which is the level at which they would make decisions with respect to equipment needed or curriculum changes, each SIAST program has a committee of industry representatives, both employers and employees, who work in the occupation or the occupational field which is being trained for.

And that committee gives advice and direction to the program head in the faculty both with respect to the curriculum requirements for the occupation and the necessary equipment to train. In some cases sort of basic equipment is what you need in order to learn the skills, and the sort of ever-changing, updating requirement in the field or in the firm is in fact something the firm needs to take responsibility for.

In other cases SIAST has very active partnerships with industry so that in fact their students get current experience on current equipment in the workplace as opposed to expecting it of them in the classroom. And in other areas yet, SIAST has a five-year rotation. Computer equipment is a good example, where they in fact are replacing the equipment on a five-year rotation because that's necessary to meet an industry standard.

So I think at the program level, the challenge is there that SIAST is now building towards, is getting some more sectoral input into their training planning so that they can get a better sense of upcoming or emerging occupations that they need to develop training for.

Mr. Perrins: — And we just concluded studies with six of the major sectors, employment sectors, in the province that included participation by employers, business representatives, industry representatives. And we're intent — SIAST as well — and so the intent there is that that in turn would also start to shape from the sector respect, the mining sector, transportation, agriculture, is set to start to shape some of their responses. It requires continuous review and input because it does continually change.

Mr. Gantefer: — On your board you mention these different major sectors of the provincial economy as you outlined. Is there an attempt or is it . . . to have people on your board of directors that would have experience in this, different sectoral key players if you like, of the Saskatchewan economy, or what is the criteria and how is the board of SIAST composed that provide that vision that you're looking for?

Mr. Perrins: — Well the board is appointed by order in council and it is a representative board. It has a range of people that represent a range of skills from accountants to business, large and small, to educators. It's also, as with all boards, is an attempt to strike for Saskatchewan purposes the geographic balance as well as gender balance as well as ethnic and cultural

balances. So I think it's always a challenge to maintain all of those requirements, but I think the SIAST board's a good example of doing that. It does represent a broad . . . includes student input, there's a student member on the board as well, so I think it does have a broad base.

Mr. Gantefer: — Now as I understood it, you know, the SIAST board then establishes with this consultation process then and sets up the mission statement and tries to address the needs that SIAST should meet. How is the coordination and transferability of programs before the four major institutions, if I'm not mistaken . . . how does that occur to make sure that it's now sort of a seamless kind of flow between the four institutions and then how do you determine what curriculums and programs are offered at each?

Mr. Perrins: — Well it's a large organization so again this is, you know, human endeavour and always best efforts. Because we're talking, I think 2,200 employees, thereabouts in the four campuses. So communication is you know . . . I speak here, I'm sure for . . . Dr. Knight would agree. It's something they're constantly working towards. But you know from their articulation of the broad overview to the actual delivery it takes constant effort.

Now the recent restructuring, or it's recent as it's occurring now, is an attempt to ensure that that kind of communication continues. So that the movement is towards more of a provincial organization than four individual institutes; and so that there would be, in essence . . . program deans would be in place. And the hope is that that will ensure better communication on the broader plan to the individual delivery.

Which is also part of the broader sense of it with the human resource plan. Because as SIAST has taken the vision that government's put out in terms of jobs and training, and the linkage between the two, it's realized that it has to reshape itself to be able to deliver that more effectively.

I'd want to say on their behalf that they have worked very diligently to implement something that allows for the very thing you're addressing in terms of better communication and far better linkages to the employer community in order to deliver better product for the student.

One of the things I just want to reinforce that's occurring — that's actually helping with the equipment and Lily mentioned it — and that was the focus on work-based training. Because when you take the person to the employer and train them, you're better able to enhance working on the most recent equipment. And all the other benefits that go with the training in the actual workplace.

And organizationally I think they're . . . the proposal that SIAST has put forward and is now working towards will very . . . I think will reinforce the communication issues.

Ms. Stonehouse: — I think just to add to that, the registrars of the four institutions, the four campuses, have for a number of years now been working to arrive at a stage where there is recognition from campus to campus for training that has occurred. And it wasn't always the case, but they are now at a stage where a SIAST student gets credit for SIAST training

regardless of which campus they're at.

Mr. Gantefer: — As part of this vision that leads to the other recommendation a bit, you've — and I hear that it's resolved in terms of the relationship of the programs that are identifying needs for Saskatchewan students, and also then looking at that international training component I guess, of your operations — and you've been able to successfully meld that as well, or really is the role that you focus on this, you know, really focusing on the needs of Saskatchewan students. And if then you can market those particular programs and they meet the needs of the other clients, then that's the way it works rather than adjusting the program to meet a market, if you like.

Mr. Perrins: — Yes, it was the former.

Mr. Gantefer: — Okay, so what percentage, or is it a significant percentage, of your students that would be part of this international or interprovincial, at least, students . . . or any idea? I don't need an example.

Ms. Stonehouse: — I don't have exact statistics, but very few SIAST students are actually from out of the province. The international activity tends to be taking SIAST activity out or taking curriculum out to other countries or providing consulting services to other countries.

Mr. Perrins: — Yes, generally selling the expertise.

Mr. Gantefer: — Okay. Thank you very much, Madam Chair.

Ms. Stanger: — I was just wondering — welcome to the officials — I was just wondering, Mr. Perrins, if you could just give us a little update on job evaluation as referring to human resources. I'll stay on topic. So referring to human resources, give us a little update on job evaluation and developing the standards and policies as concerning the human resources, and also the training for SIAST personnel. If you could just give me an update on those.

And what I'd like to do is just put in a question that many of my constituents have and I think refers to human resources also, but it's a little beyond that, and that is the work that you've been doing in apprenticeship programs. Because I think in the past, we did not have the human resources to carry out decent apprenticeship programs for quite a few years. And I'd like to know just exactly where that is going and how we are doing in apprenticeship programs. I know they're tied to the new agreements but I'd like your assessment of that.

Mr. Perrins: — We made significant progress, or SIAST has made significant progress since their reporting period on their job descriptions, on their evaluation criteria. And I'm very hopeful that, and SIAST are even more hopeful, that the next reporting period the issue will be no longer . . . the whole human resource question will no longer be there. In fact I think I'm correct in observing it wasn't noted on in the fall '97 report. So I think from where we've been sitting, we believe SIAST is almost completely there. We always wait to see if the auditor would agree with us. But in terms of the job descriptions themselves and the evaluation criteria, it is our assessment that they're almost there.

And that's also from the reporting period. They've gone through a major restructuring which in fact has really helped, in a sense, because they've had to do job descriptions to accommodate the new structure. And they've been looking towards, through the training strategy . . . it's been easier to articulate some outcomes as well.

Ms. Stanger: — How do you mean restructuring? Could you . . .

Mr. Perrins: — Well SIAST, at the reporting period, SIAST was established such that there were four . . . there was a secretariat with a CEO and support staff. There were four campuses: Prince Albert, Moose Jaw, Saskatoon, and Regina. Each one had a principal. And within that environment, each campus also had a series of deans across a number of program areas. What's occurred now is that there's now, there's still a secretariat with a CEO, but there are no longer principals. There is a campus director which is . . . and the intent is to establish a provincial agency . . .

Ms. Stanger: — Well that makes sense.

Mr. Perrins: — . . . across program lines. So there's also been a reduction in the number of deans from . . .

Ms. Stonehouse: — 19 to 8.

Mr. Perrins: — Yes, from 19 to 8, and the individual dean will have a much clearer responsibility for provincial programs. Then so when I say the new structure, they've developed job descriptions for all of the new positions. They are now going to the next level which is a program, the program head. And throughout the organization they've actually been much clearer than on the delivery . . . for delivery staff, their faculty, on their role and expectations.

Ms. Stanger: — Before you get to the apprenticeship, would it be accurate to say that there was just too much administration structure?

Mr. Perrins: — Yes. Which in turn didn't allow for a provincial approach when we're talking about the training strategy and responsiveness and working with sectors and individual employment areas and I call them that. No that's right.

Ms. Stanger: — Now the apprenticeship.

Mr. Perrins: — The apprenticeship. Well we've . . . apprenticeships, I should do a commercial for apprenticeship program because it's grown by over 25 per cent in the last two years.

Ms. Stanger: — It needed to.

Mr. Perrins: — Yes it did. It's going through a revitalisation process itself. We've worked closely with the 44 trade advisory groups, and they in turn have worked very closely with SIAST. So if you've seen a shift in the responsiveness from SIAST, it's in part then because of the question, remember asked earlier, about the working relationship between the Provincial Apprenticeship Board and SIAST. And while there's still some

way to go, we're making, I think significant headway because that brings together the instructor, the academic side of it, along with the trades and the hands on and the shaping of what you really need to know to actually get the job. So it's not just based on what . . . I don't mean this in a disparaging way for anyone who is a teacher and academic. Probably several of us have done that but it's a balance between that and what the employer actually needs. And so that's been a very exciting development for us in terms of apprenticeship.

And the other thing is that the demand is very high. We, I think we've increased, what's the number, Lily, well number of individuals and money? Yes, the number of individuals. Yes, I think it's . . .

Ms. Stonehouse: — About 600 it's gone up.

Mr. Perrins: — Yes it's gone up by about 600. And we're anticipating in the next year an increase of another 300, so it's gone up substantially. And it's partly because, again it's part of the seamless issue that the beginnings of the profile are and the significance of it are occurring in the K to 12 environment as well. I think we've all acknowledged we need to do more of that but it's already much better than it was.

Ms. Stanger: — Thank you.

Mr. Koenker: — Yes, I think that we can, on the basis of what's been said, concur with the auditor's recommendation with respect to .15 and note that SIAST has substantially completed a long-term human resource plan.

Mr. Goohsen: — Madam Chair, I don't know if it's proper to interrupt . . . (inaudible) . . . before we break this off all together, I don't see that point of view having been accomplished.

The Chair: — I also have Mr. Jess before you so . . .

Mr. Koenker: — I think this discussion is interesting. I'm just wondering . . . I didn't know that anybody had any more comments to make.

The Chair: — Are you . . . okay I'll go on to Mr. Jess then?

Mr. Jess: — Yes, thank you, Madam Chair. I'm just curious as to how quickly you're able to react with the introduction of expanded or changed programs. We're seeing significant expansion in the hog production and poultry, as well as feedlots. Are we going to have properly trained people in place in time for this?

Mr. Perrins: — Well I think on the hog production we've been working very hard with the industry to ensure we're prepared. But even there, that's an example of where our initial response, even with the industry, wasn't quick enough. And the needs changed I think it's fair to say, Lily, while we were working with them. But SIAST is connected very much to the process and are quite prepared to again take the training to where the hog industry itself is and to work closely with others, including REDAs (regional economic development authority), in ensuring that it occurs.

Ms. Stonehouse: — If you distinguish between an on-site campus program at SIAST, which takes a few years to put together and manage the facilities and equipment purchase, if you distinguish that from being able to deliver programming throughout the province where it's needed, given a base of programming at SIAST, we're in a good position in the province to deliver programming around wherever it's needed. And we've seen a good deal of that both in the pork production area and the implement manufacturing area as well. So there is an ability for SIAST and the regional colleges working together to respond very quickly to needs such as those that you raise.

I think what we're adding with the training strategy and the work that SIAST is now doing with sectoral planning, is an ability to anticipate better what the scope of the need will be and address it more systematically in that way.

Mr. Perrins: — I think the challenge is to stay in tune with that need and what we don't need. And that SIAST then stops, if you use that language, stops doing some things and starts doing more of something else. Because the key to responsiveness, you know there are eight regional colleges as well, there are geographically . . . are provided geographically distributed approach as well as the use that's been made of SCN (Saskatchewan Communications Network Corporation). And you know we've taken training right in some instance to the hog barn. So you know, I think you could always do more. There's no question. But I think we're headed in the right direction.

The Chair: — Do you have further questions?

Mr. Jess: — I just wondered, are you working in conjunction with a green certificate program at all at this time?

Mr. Perrins: — Yes, agriculture is, yes.

Mr. Jess: — But SIAST is not?

Ms. Stonehouse: — The agriculture program in SIAST and the green certificate, the agriculture program has a representative on the green certificate advisory group. So they are working together at that level.

Mr. Perrins: — But it's not a SIAST program?

Ms. Stonehouse: — It's not a SIAST program.

Mr. Goohsen: — Thank you, Madam Chair. It's not surprising to me that a long-term human resource plan at this point in our history would be something that would be a priority or that you definitely would be working on it. However, because you haven't done a lot of this compared to European countries, there's probably going to be a few pitfalls that you're going to find yourself in as you go along. One of those was identified to me — and I thought for a minute that when we talked about the international operations under .21 that maybe we were going to get into that area, but we didn't. I see you're doing something different there.

But what I would be talking about would be interprovincial planning and interprovincial negotiating. And the other area would be, of course, negotiating with other departments of government in order to make your programs work.

The director of education at the Leader School Division identified to me some problems that will explain this. In the, I think it's the industrial arts program at the high school level, where they do basically what you do at SIAST, which is train people to do specific jobs . . . And then part of their training is to go into the community and get a job and have hands-on experience.

Well along the Alberta-Saskatchewan border of course, we always run into problems that the rest of the province don't have to the same degree. Although, you know, things like hotel management, obviously you can train more people and lots of them will go to Alberta. So I think interprovincial kind of an approach is also necessary in your human-resource planning process.

Now in this specific complaint, he pointed out to me that nobody had bothered to negotiate with Workers' Compensation the ability for these young people to pass back and forth across borders. In Alberta, for example, they tell me that Workers' Compensation covers the young people while they come to Saskatchewan to work.

But the Saskatchewan people are not covered by anybody because when they go to Alberta to work, Saskatchewan Workers' Compensation does not cover them; the employers will not employ them because they cannot employ them legally without Workers' Compensation. Alberta says, you're not my resident, you are a resident of Saskatchewan and therefore we won't cover you. So Saskatchewan's kids are being left out of those job opportunities.

And especially at places like the Burstall gas plant, which is only a couple of miles across the border, it specifically harms those young people from those communities because they can't cross over and get those jobs.

So I'm wondering, if in your resource planning now — human-resource planning process — if you will undertake, or have undertaken to approach other departments of government in order to get these kind of wrinkles straightened out and of course to apply that more generally to SIAST and all of these other areas like hotel management and those kind of things.

Mr. Perrins: — Well we haven't . . . Probably my colleague and I should talk about the example, because I hadn't heard.

Mr. Dotson: — I very much appreciate the member raising it today. I was unaware of this. And that's a K to 12 school division that you're taking about and I just made a note to myself to look into that.

Mr. Goohsen: — That's why it's called a glitch in the system and a crack in the system, because nobody notices.

Mr. Dotson: — I think the difference is this, as I understand it. By and large we expect, in any province, Workers' Compensation to cover persons who are employed — getting a pay cheque. And if they lose . . . if they are unable to work by virtue of an injury at work, Workers' Compensation compensates them for it.

And persons who are not working for a pay cheque, workers'

compensation boards tend to have difficulty figuring how to compensate them. I'm not making an excuse for any workers' compensation board; I think that's the difference though. These youngsters you're talking about, I think are grade 11 or 12 students rather than employees. I will look into it.

Mr. Goohsen: — Yes, well I'm glad that you will look into it because, from the example this youngster gave me, kids from Alberta schools are able to come over into Saskatchewan and work in gas fields and they are covered by Workers' Compensation out of Alberta. So they must be at least receiving minimum wage or some wage in order for that to apply.

Because I don't think their workers' compensation concept is fundamentally different than ours, although I'm sure the program . . . you'd only have different regulations. So I do believe that there is a crack in the system there and I would very much appreciate it if you could take care of that and help our kids out in the west side of the border. That's all I have.

The Chair: — Further questions before we continue with this?

Mr. Koenker: — I'll simply reiterate what I said earlier, that we can report that we concur with the auditor's recommendation on paragraph .15 and note that SIAST has substantially completed a long-term human resource plan.

The Chair: — Agreed? Agreed.

Mr. Koenker: — And then that brings us to recommendation .20, and we also can concur with the auditor's recommendation and note that the auditor reports this matter resolved.

The Chair: — Agreed? That'll take us on to .30.

Mr. Koenker: — No, we've dealt with that.

The Chair: — Oh, we've done that. Oh, and .37 and .40. There is .60, point six zero.

Mr. Koenker: — Point six zero.

The Chair: — The directors should receive internal reports prepared in accordance with generally accepted accounting principles.

Mr. Gantefer: — A question to the auditor's department. As I understood in your report, when you talked about this issue you said, as I understood, that there's been a committee put into place to look at this issue and that progress was being made. Or what was the status, if you could update us where we are on those recommendations, .60 to .63.

Mr. Ahmad: — Mr. Gantefer, Madam Chair. That was for the Saskatchewan Indian Regional College.

Mr. Gantefer: — Okay. Then to the department. Where is the department at in responding to these issues on the financial reporting?

Mr. Perrins: — Actually, Madam Chair, I thought the auditor's observation, the committee was SIIT (Saskatchewan Indian Institute of Technologies), but I thought he did acknowledge

that the regional colleges have gone a long way to resolving most of these issues earlier. Because that's our understanding, that there really is . . . again they're practically . . . if they were to look at today I don't think they would be in the auditor's report. But I thought that's what I heard at the original introduction and that's our understanding, so . . .

Mr. Ahmad: — That committee we were talking about is for the Saskatchewan Indian Regional College.

Mr. Perrins: — I know the committee is, but . . .

Mr. Ahmad: — Right, but .60 is talking about other regional colleges, and yes they have made substantial progress in that case. And we are just monitoring their progress.

Mr. Perrins: — Yes, that's . . . thank you.

Mr. Gantefer: — Okay. From a department standpoint then, recognizing that the auditor recognizes substantial progress, is there a time line in terms of . . . is there first of all a commitment to implementing the recommendations of the auditor; and second of all, has there been a time line established for this progress to be completed?

Mr. Perrins: — There's certainly acknowledgement to the issues the auditor's raised in the . . . I think the boards and the colleges have worked diligently to implement them and, as I say, I think in terms of the time line we're on it and continuing with it. Because this is something that will be continuing; so I think the boards have all adopted positions, policies and practices that I think support the recommendations by the auditor.

I don't think there has been any issue from the boards or from the department in anything other than trying to support what the auditor is trying to do.

Mr. Gantefer: — Thank you.

The Chair: — On .60, I understand that you're . . . is it a . . . can I say that you're concurring and it's making progress?

Mr. Koenker: — Yes, if we can concur.

I think that . . . in fact I think the same would pertain to .60, .61, .62, and .63. We could concur with the recommendations.

The Chair: — Agreement? Agreed.

Mr. Perrins: — I think the evidence here, that the presence of the auditor and his staff at development, staff development and board development sessions has been extremely helpful in this regard. So . . .

The Chair: — I believe they were going to .78. Am I right?

Mr. Koenker: — .78 and .79.

The Chair: — The recommendation is on .78. The board should establish written governance policies, and .79, the board should ensure senior management has provided adequate direction to staff to safeguard and control the college's assets.

Mr. Gantefer: — Madam Chair, as I understand, these sections now apply to the Saskatchewan Indian Regional College. And that you reported, as I understood it then, that in this regard is where the committee is making . . . is working on these issues.

Now did I understand it correctly, that the committee is empowered to look at all three or four of these recommendations, or are they operating in a more limited sense? I'm not entirely sure who I should direct that to. Perhaps the department.

Mr. Perrins: — Perhaps before I . . . Maybe I should add a couple of other pieces of information on the chance that would help. Because SIIT is federally funded — completely federally funded — and FSIN (Federation of Saskatchewan Indian Nations) managed. So it's managed by the Federation of Saskatchewan Indian Nations.

So when we start looking at implementing the recommendations, it presents . . . We don't disagree with them at all. I made that . . . It's not any different than the observations that are made in the context of the regional colleges. The implementation of them . . . And we appreciate how far back the auditors, his office, have been making the observations. I think it was observed today it was 1992, the first.

And I've been known to be Mrs. Perrins's more patient son than her brighter one. But the reason it's taking as long as it has is we're really awaiting the direction in effect from FSIN. And the committee will help but it's not really empowered to take it that next step without some direction from FSIN.

Mr. Gantefer: — So you're suggesting that this recommendation is going to be stamped into reports for some time into the future?

Mr. Perrins: — Well we're working hard to ensure it's not, but I can't . . . You know, I wouldn't be straight with you if I suggested that it's something we could change ourselves.

And in part because the position that the Federation of Saskatchewan Indian Nations has taken now is that — and that's part of the reason for the delay again — is that they have been asking for a broader bilateral agreement to address a range of issues in education, not just SIIT. And we've been suggesting that we can do that but we should try and resolve this. And that's really the course we've been on ourselves. But I couldn't say that we can resolve it without some other assistance from FSIN.

Mr. Gantefer: — To the auditor's department: in these recommendations and the impact on the operation that potentially could occur, I mean has the failure for the college to make substantial progress in this regard, has it put the college at some risk or . . . You know, I'd like to get an understanding of the magnitude of the issue as it remains unresolved.

Mr. Strelloff: — Madam Chair, Mr. Gantefer, members. In general there's always some risk to an organization when they haven't accomplished some of the items that we've set out here, like governance policies and making sure that staff is adequately managing and controlling their assets, and when

they're not complying with the relevant pieces of legislation.

But as Mr. Perrins said, this one's been a hard one for the department to step in and actually make sure that they do get these things done. Because, as he mentioned, the provincial government doesn't provide much of the funding that goes to this organization but is responsible for it under The Regional Colleges Act. That's why in '85 we've said alternatively the department might want to propose changes to the Act to exempt the college.

So I'm sure, as Mr. Perrins said, when they get into the middle of issues related to this one organization it becomes very difficult to resolve. So I'm not signalling that this organization is really mismanaging everything. I'm saying that they need to improve what they're doing, and I'm trying to get the department to step in to carry out their responsibilities. But when they do, again they don't provide the significant fund base so they don't have the necessary levers.

Mr. Gantefer: — Thank you. The relationship then of the department, if it isn't fiscal essentially, do . . . What is the relationship? Is it curriculum? What is the operating relationship between the department then and the college?

Ms. Stonehouse: — The college needs a framework within which to provide training programs, so that the use of The Regional Colleges Act as the umbrella for the organization enables a relationship between our department and SIIT for the delivery of basic education for adults, for example, which our department certifies. And only colleges and SIAST deliver on behalf of the department. So there's that kind of relationship there.

It also serves as the basis for the partnership which SIIT has with SIAST. And that's an academic partnership which allows SIIT to deliver SIAST credited programs in partnership with SIAST.

So those are the two fundamental issues for which some link to provincial legislation is necessary so that SIIT can perform its mandate.

Mr. Perrins: — So if you think in the context of say K to 12, it's curriculum. Is that the core of the relationship?

Mr. Gantefer: — You know I appreciate the difficulty of all the negotiations that would have to happen in order to build full compliance with the auditor's recommendations.

Has the department considered the alternative that the auditor suggests in terms of making a specific exemption, you know, that would allow the relationship to be more properly perhaps defined, so that you're not into this dilemma of this negotiation?

Mr. Perrins: — Yes we have. And in fact one of the alternatives that's been proposed is a private members' Bill.

Mr. Gantefer: — They don't get passed.

Mr. Perrins: — No. That's one of the . . .

Mr. Gantefer: — We've had lots of good ones over the past.

Mr. Whitmore: — Yes, private members' Bills do that are brought from outside organizations.

Mr. Gantefer: — I was kidding.

Mr. Thomson: — The good ones do.

Mr. Perrins: — But even that we've been waiting a response. Because the quality of the program has improved substantially over the years. And so it's probably fair to say we've been more sensitive to that than the need for what SIIT can do for Indian people at the delivery end, and have allowed some of the things that are observed on here that are very important.

But because we haven't been able to sort the way to bring everybody along with us at this stage, no matter which alternative we put forward. And we are back at . . . or I should say we are back at the table again, and whether we'll actually get there this time or not I'm not sure. I think we're more likely to because of what's happened with the federal government and the labour market agreement and the role the province is going to play in it.

So I'm more optimistic than I had been previously, but I wasn't very optimistic before.

Mr. Gantefer: — So it's no progress. Thank you very much. That's all we have.

Mr. Koenker: — Just a point of clarification from the Provincial Auditor. You said that the province doesn't provide much of the funding. You also said that it doesn't provide significant funding. Does it provide any funding?

Mr. Strelloff: — Madam Chair, Mr. Koenker, I understand SaskTel provides some significant dollars. I'm not quite sure of the amount and for what purpose, but so there is some funding relationship from the province to this organization.

Mr. Koenker: — Not from the department though, from the Crown side.

Mr. Strelloff: — Well from the government in some other vehicle.

Mr. Koenker: — But not from the department?

Mr. Strelloff: — Well they would better know.

Mr. Perrins: — There's no — Madam Chair, Mr. Koenker — there's no grant at all, to our knowledge. It's always subject to somebody doing something that . . . of course. But to my knowledge there's no funding provided, no grant, no funding provided by the department.

I think SaskTel, the auditor's correct in terms of SaskTel, it's . . .

Ms. Stonehouse: — It's not a grant though, it's a call centre. It's the operation of a call centre.

Ms. Stanger: — That's a little different than . . .

Mr. Perrins: — Yes, for training. But it is training.

A Member: — So there's no direct funding then?

Ms. Stonehouse: — There's no grant.

Ms. Stanger: — Well a call centre is different than direct funding, isn't it?

Mr. Koenker: — Well this is why I raise the question. I think we need to be clear as to what we're talking about. So are we saying that there is provincial funding or there isn't provincial funding at the Saskatchewan Indian Institute of Technologies?

Mr. Ahmad: — Madam Chairman, SaskTel has entered into a contract with SIIT to provide \$280,000, if I remember correctly, to train people, Indian people, to operate the call centre. And there's about 8 to 12 people who are under training. But there is money provided to them.

Mr. Perrins: — That's our extent.

Ms. Stonehouse: — This is as distinguished from the funding to regional colleges which get an operating grant from the province. There's no operating grant from the province to SIIT.

Mr. Ahmad: — No, there is no operating grant from the department. That's true.

Ms. Stonehouse: — There may be situations where training is purchased from SIIT from any number of sources.

Mr. Koenker: — This is a contractual relationship then with SaskTel.

Mr. Ahmad: — It is to train people, and at the same time, operate the call centre.

The Chair: — Further questions, Mr. Koenker?

Mr. Koenker: — No. I think I have a suggestion as to the disposition of . . .

Mr. Hillson: — Yes, I'm not sure I yet completely grasp the issue. Would the aboriginal peoples, would they define this as a self-government issue or not?

Mr. Perrins: — Partly that's correct. They would.

Mr. Hillson: — So it isn't a question as to whether they acknowledge that the province has a legitimate interest in this area.

Mr. Perrins: — Well they recognize the legitimate interest when it comes to, for example, apprenticeship. And as Lily said, with basic education because the province is the accreditator of those programs. So they acknowledge that, as they do the K to 12 curriculum. So there's never been an issue between us around that sort of issue.

Mr. Hillson: — However, in the matters raised in .80 to .84, I wasn't clear when I read those. Are those simply oversights, or are those the issues in which the college takes the position that

it is not required to comply?

Ms. Stonehouse: — It takes the position that it is following FSIN policy in those areas and it is complying with FSIN policy. That policy does not correspond to the provincial Act.

Mr. Hillson: — Okay. So these, .80 and .84, this is not an oversight; this is a deliberate decision.

Mr. Perrins: — Very.

Mr. Hillson: — And I take it from what you've already said that the situation as we meet today is that we have agreed to disagree and no resolution appears imminent.

Mr. Perrins: — I'm not even sure we've agreed to disagree. I think they actually would agree, it's just they've never . . . to date haven't come forward with something that says, and we're going to do this. It's not probably fair for me to speak for FSIN, but we could only conclude that it's not a priority. The service is being delivered, they have the quality that they want, and they're getting their funding.

Mr. Hillson: — Thank you.

Ms. Stonehouse: — If I just might add that they have an interest in a continued academic relationship. So the partnership with SIAST, the relationship with apprenticeship, the relationship with basic education, is very important to them and they are preserving and protecting that. Which is one of the reasons why they don't want us to just amend the Act to exclude them, because then they lose that.

So the issue here is what to find to replace it that's acceptable to FSIN and acceptable to the province.

Mr. Hillson: — You say they acknowledge that without provincial recognition of the apprenticeship program, the program would be almost valueless.

Mr. Perrins: — That's right.

Mr. Hillson: — And they understand that.

Mr. Perrins: — They do.

Mr. Hillson: — But there are other issues in which they would consider interference for the province to take an active role.

Mr. Perrins: — That's correct.

Ms. Stonehouse: — Those are administrative issues from their perspective.

Mr. Hillson: — I think I understand. Thank you.

The Chair: — Any further comments? We have then recommendation no. .78 and .79.

Mr. Koenker: — Madam Chair, I think we might be well advised to just take .78 and .79, .85, and .90, which all pertain to the college, and concur with the auditor's recommendations, with the qualification that outstanding compliance issues are . . .

that there are outstanding compliance issues because of: one, federal funding; and two, FSIN management.

The Chair: — The comment that was made by Mr. Koenker, is this something that the committee would like to agree to? Agreed.

I did think that .90 was something that the auditor had said that it actually had been . . . is done at this time. Okay.

Then I think that probably wraps it up. Thank you very much for your time. We appreciate it.

I think we're going to have a 10-minute recess. We'll start again at 3 o'clock.

The committee recessed for a period of time.

Saskatchewan Government Growth Fund Management Corporation

The Chair: — Oh, the Growth Fund. I was already finished that one. I finished that one already. Like a lot of things. Okay, we'll back up then to chapter 15, Saskatchewan Government Growth Fund Management Corporation. There are no officials so I ask the auditor to give an overview.

Mr. Strelieff: — Okay, Madam Chair, thank you. With me today is Dale Markewich, and he's going to lead us through chapter 15 on this corporation.

Mr. Markewich: — Thank you, Wayne. This chapter deals with our findings of the Saskatchewan Government Growth Fund and it's management company that it manages. Paragraphs .05 to .10, we report a matter that was also reported in chapter 13 of our 1995 fall report.

The Public Accounts Committee dealt with this matter on October 9, 1996. We report that the corporation did not meet the minimum investment requirements as required in the Canadian immigration regulations. The regulations require that the companies invest at least 70 per cent of the money held for investors and eligible businesses within nine months.

The corporation's management advised PAC (Public Accounts Committee) that is difficult to comply with, the regulations, due to an unavoidable time lag created between the time money is received from investors and when eligible businesses are identified for investments.

The corporation also told the committee that they, in their quarterly reports through the federal government, they report their lack of compliance with the regulations. The committee asked our office to write the Auditor General of Canada and advise him of the concerns raised. We wrote to the Auditor General on October, 22, 1996, and his response is included in chapter 11 of our 1997 fall report.

It includes that the department is aware that improvements are needed. ". . . the Federal Government imposed a moratorium on the Program and established (the) working groups on how it might be improved." The department is unable to meet the deadline for the redesigned program and the Auditor General

will raise the matter with department officials. That concludes my presentation. Are there any questions?

The Chair: — Thank you, Dale.

Mr. Gantefer: — Thank you, Madam Chairman. To understand this then, are they working on making this compliance happen and the way you report it in your '97 report, or you're just noting the fact of the response from the federal Auditor General?

Mr. Markewich: — They are still not complying with it at this point in time. But as soon as all those businesses are available, they do invest. And so they try to meet the requirements when they can.

Mr. Gantefer: — So the commitment of compliance is there and it's a regulatory kind of a glitch that puts them out of sync, if you like, because of the timing.

Mr. Markewich: — That's right.

Mr. Gantefer: — So there is no argument from the fund in terms of a desire to comply or no sort of deliberate attempt to avoid compliance?

Mr. Markewich: — Well they are avoiding compliance because they don't want to invest in a business until they've done due diligence and research that new business, investments and stuff. So until they deal with proper background information they're . . .

Mr. Gantefer: — They're caught in the . . . being out of sync in terms of the timing is what I'm getting at, rather than some manipulated seeking to avoid that safeguard that's there.

Mr. Markewich: — That's right.

Mr. Gantefer: — Is there any . . . will there be any opportunity for the regulations to become devised in such a way as that they'll be able to comply, or will this always be so?

Mr. Markewich: — Well until they do some work on them. The federal government has addressed the issue and they're looking into the regulations. But it's a federal matter.

Mr. Strelloff: — From that, Mr. Gantefer, our understanding is that the federal government has this on their agenda and they haven't completed the agenda, but they are trying to redesign the program and I suspect the deadlines would be adjusted as well in that redesign. But that hasn't happened.

Mr. Gantefer: — No, but there is that attempt being made to change the terms and conditions under which the fund operates so that compliance is at least possible.

Mr. Strelloff: — Mr. Gantefer, as Dale said, or Mr. Markewich said, the federal government did establish working groups to determine how the program can be improved. But the way it's structured now, it still means that the SGGF (Saskatchewan Government Growth Fund Management Corporation) will have a difficult time carrying out their due diligence and meeting the time frames as set out in the

legislation.

Mr. Gantefer: — Okay. Thank you.

Mr. Hillson: — Yes, this is actually quite a shortfall here that we're talking about. Are these the same programs that were so much in the newspapers a couple of years ago?

Mr. Strelloff: — Madam Chair, members, Mr. Hillson, these kind of questions should be asked the officials, okay, and they're not here. My understanding is that there is another set of immigration programs that are not overseen by the provincial government, or managed by the provincial government, that had more serious difficulties; and that in general, the reputation of these programs managed by the Saskatchewan government has been quite positive compared to other ones.

But those kind of questions really the department has the knowledge to . . . or the corporation has the knowledge to answer them better.

Mr. Hillson: — Okay, I think that's what I recall too. This isn't the program then with all the court cases. But why then . . . I mean this appears to be something more than an oversight or difficulties getting up to full speed.

I mean we're talking about a 44 per cent shortfall here. Were you offered any explanations for the difficulties with . . . in compliance? Were you given any information of that?

Mr. Strelloff: — Madam Chair, and members, in our report in paragraph .06 we set out what the requirements are — that they're supposed to invest 70 per cent of the money within nine months. So that's what the rules are. And they have told this committee in the past that that doesn't give them sufficient time to do the due diligence procedures for the possible investment opportunities that are presented to them.

Now why they haven't been able to do that is really . . . I can't tell you that. You'd have to ask the officials.

Mr. Hillson: — It would be up to them to say whether they don't, say have adequate staff or whatever it is in order, but I mean, does it strike you, Madam Chair, that nine months is an unreasonably short time period or do you think that compliance should be able to be possible in that time frame?

Mr. Strelloff: — Madam Chair, members, I suspect it depends on the complexity of the investment opportunities that they're faced with. If it's fairly straightforward ones, then one would have suspected that they should be able to get the required due diligence. If it's more complex, it would be more difficult.

So I can't pass a judgement on whether they . . . that they're really not doing their job because they haven't been able to invest the money within the nine months.

Given that the response from the Auditor General of Canada indicated that the department — the federal department — is looking at the whole issue, it sounds like others are concerned with some of the mechanisms in place. But again, it's really the officials that would have to answer those questions there. I can't.

Mr. Hillson: — And, Madam Chair, my last one then. Would there be any return on investment then while it's in suspension?

Mr. Markewich: — The money is invested while it's in suspension, yes. It's just not invested in an eligible business under the regulations. It's invested in a bank.

Mr. Hillson: — So it would be getting a small rate of interest?

Mr. Markewich: — Yes, it's in a T-bill or something.

Mr. Hillson: — Okay. Thank you.

Mr. Gantefoer: — If I could just understand it, that according to the . . . on paragraph .07 as I understand it, they had assets of \$32 million and if they complied with that 70 per cent rule, they should have had \$25 million invested. But they only had \$14 million invested, which indicates to me that the 90-day process was sufficient in at least the \$14 million worth of investments, but they weren't able to invest the full \$25 million. So there was almost a 50 per cent of eligible investments made, but they couldn't attain the 70 per cent level because of the 90 days.

So I guess from my part, I think that they have to deal with the issue of this time line and I would rather have the more time taken in terms of making sure the investment is secure and real than rushing to comply with the 70-day . . . or the 90-day rule.

So I understand that — if I'm interpreting that right — that there had been a fair bit of investment achieved within the required time line, but not the full 70 per cent level. Is that right?

Mr. Markewich: — That's right.

Mr. Gantefoer: — Okay, thank you.

Mr. Thomson: — I would agree with Mr. Gantefoer. I think that although obviously there's some concern about being able to comply with the existing regulations, I am pleased to hear that the department is working with the federal government on this. And again, certainly we want to make sure due diligence is undertaken.

I hope that the Liberal government in Ottawa will come to understand that sufficient time needs to be provided for in order to allow that. And I would simply suggest that we should accept the auditor's recommendation.

The Chair: — Is that in agreement, accepting the . . .

A Member: — Agreed.

The Chair: — Opposed? Okay. I guess that finishes the Saskatchewan Growth Fund. And now we can go to chapter 16.

A Member: — STC this time. SGI has been . . .

The Chair: — I want to do SGI. All right, then we'll go to 17. We'll go to chapter 17, Saskatchewan Transportation Company. And I will again refer to the Provincial Auditor.

Public Hearing: Saskatchewan Transportation Company

Mr. Strelieff: — Okay, thank you very much, members, Chair. With me is Phil Creaser, who is responsible for our work with STC (Saskatchewan Transportation Company) which is reported in this chapter. So, Mr. Creaser, I'm going to turn this over to you.

Mr. Creaser: — Thank you, Wayne. Madam Chair, members, officials. We're going to be talking about STC for the year ended December 31, 1995, and the chapter is on page 199 of the report.

In that report we had started with highlighting the operating results of STC and had a \$14 million revenues in 1995 and incurred a loss of 5.6 million.

During the course of the audit that year, we were relying on the work of Ernst & Young who were the board's auditors at the time, and we agreed on certain deficiencies in the system that we've discussed and will show you here.

The primary areas of concern we had was the lack of a security policy, computer security policy. They had need for better policies and procedures over computer change controls. They also needed a written contingency plan. And they still had to establish and develop systems and get them in place to properly record and match cash to their waybill system.

These matters have been reported for the last number of years in our reports, and we were still waiting for progress to resolve all these issues. We highlighted some of the steps that STC — in this report — was taking to try to respond to our recommendations. They had put in place a business plan approved by CIC (Crown Investments Corporation of Saskatchewan) that included the replacement of their current systems. There was an agreement signed with the consultant to go ahead with the replacement of the systems. The consultant was presently working on the express system, which was one of the systems that they were having difficulty with, and they had just completed and were putting into use a new general ledger system to prepare their financial reports.

These matters are still for the most part relevant in our next year's report. We had made some of these recommendations again — primarily that their security policies and contingency plan still needed to be completed and tested, and that although they had put in the new computer system, that we were . . . they were waiting to get completed; it was not yet working properly and they were still having some difficulties with it at the following year end. And so we had some comments in 1997 as well.

That pretty well concludes my comments. If anyone has any questions?

Mr. Thomson: — So do I understand then that progress is being made in this area? Management, I take it, accepts the basis of these recommendations and is working towards fixing it?

Mr. Creaser: — Yes.

Mr. Thomson: — I think it was . . . I forget whether it was Public Accounts or whether it was Crown Corporations Committee. I know that there was a very long discussion about the problems STC had in terms of its . . .

Mr. Creaser: — It was last year. And they had also had it at the Crown Corporations Committee last December as well.

Mr. Thomson: — Right.

I think it's probably . . . I don't want to, you know, limit the ability for others to obviously question on this, but it seems that we should obviously agree with these recommendations and continue to push management to conform and comply. But I would suggest that if what you're saying is that they are making progress we should note that as well. So that . . . If Mr. Gantefer has questions, certainly . . .

Mr. Gantefer: — Briefly in addition to what Mr. Thomson was going to ask, do you have any sense of the time line where the efforts of STC management may adequately implement your recommendations too so that you'll be able to report that they're no longer a concern?

Mr. Creaser: — We're just in the process of doing the audit for this year. We haven't . . . the auditor, and it's a new auditor, is in the process of completing the audit for this year and we haven't yet reviewed their work to see how the progress is for sure. But the indications are that . . . I think they were delaying the security policy and the contingency plan until they had the new systems in place and working properly.

Now they're still . . . until we find out if this system is working properly, we really won't know how quickly they'll get it done now. I guess they are still having problems with the system. They are still having problems with the system as far as I know, so . . . and there'll be probably be more being reported this year as well.

Mr. Gantefer: — I guess I was wondering if we're going to get this completed in time for the turn of the century and the millennium bug, which will probably create a whole new set of issues for them and this will never go away.

Mr. Strelieff: — By the way, members, Phil Creaser is our lead person on issues like the year 2000, and IT (information technology) security and development. That's his particular area of expertise in our office. So the question was quite relevant to him in terms of what's going on in the year 2000 issues.

Mr. Gantefer: — Well then the only question I would have in that regard, if they're implementing a new system, are they taking as part of their considerations in implementing the new system and putting the appropriate software in place, the issue of the millennium?

Mr. Creaser: — Yes, we think they have. Yes.

Mr. Gantefer: — So they at least have addressed that issue. Maybe they're ahead of one issue.

Mr. Thomson: — They may not be in place till 2000.

Mr. Gantefer: — Thank you.

Mr. Hillson: — Yes thank you, Madam Chair. It pains me to find myself not in total agreement with the member for Regina South. But as I understand it — and being the junior member of the committee as the Deputy Chair has kindly pointed out though — but as I understand it, it has been an annual event for STC to record a loss of 6 million, and an annual event for them to announce a new business plan that will turn that around.

And at the end of the next year it's another 6 million and another business plan. And I'm not sure this is the forum to get into this, but I would just simply say in regards to the proposal made by the member for Regina South, while I'm prepared to vote concurrence, I'm not prepared to vote that we notice any great turnaround or improvement until we see some change to that bottom line and some fruits from these new business plans.

And so I'm not sure that we have noted any great progress over at STC. But I am prepared to accept the first part of the motion that we vote concurrence with the recommendations.

Mr. Goohsen: — Thank you, Madam Chair. Well as our learned colleague has alluded to the annual events of STC and the fact that they have a new business plan and they always generate it seems more losses, I think I would be remiss if I didn't echo the annual call for selling the corporation. And if you couldn't sell it maybe you could give it away or just have a lottery and see if we couldn't have somebody unfortunate enough to win it and take it off our hands.

So having made that observation I think we have to concur with the recommendations because there's precious little else you can do with a losing operation like this.

Mr. Thomson: — Can I just, Madam Chair, caution both of the previous opposition members who have commented on this. I think we need to make sure that we understand what the objective here is. Our objective in Public Accounts is to ensure that the money is accounted for. These are serious concerns that have been raised by the auditor. And we can certainly make note that progress is being made.

The question of the losses by STC is in large part a question dealt with through Crown Corporations Committee because it is a policy objective to maintain service in rural Saskatchewan. And I think that if you were to ask you caucus colleagues . . . Mr. Goohsen, I believe at one point sat in on Crown Corporations — and I remember this discussion very well — is certainly aware of the problems that this corporation has in terms of generating profits by continuing to serve parts of the province that do not have a great deal of business.

Sask Transportation Corporation could be very profitable if all it were going to do was run buses from the eastern border through onto the Calgary line — the Winnipeg-Calgary line and the Regina-Saskatoon line.

So for a rural member to come in and criticize the business plan and the operations of this corporation I find simply illogical at best, hypocritical at worst. I suggest we refocus back in on the financial issue at hand, that we agree and accept the

recommendations and note progress.

Mr. Tchorzewski: — I agree with Mr. Thomson. For the benefit of the junior members — it's not my words, it's yours, and I don't question that you are concerned about the business plan — but just to remind you that you can sign in, in the place of another member of your caucus, to attend the Crown Corporation Committee when that is discussed. That's the appropriate place to do it and I invite you to do that.

That's an opportunity to say whether you're prepared to give up all rural bus services, including some communities which only get express by STC, by proposing to sell. But that's not for here, that's for there. That's a good place to raise it because in fact even the minister over there would be able to answer your questions.

Mr. Goohsen: — Madam Chair, I appreciate the observations of government members. However I will overlook the personal connotations that I don't understand how the system works, and I don't understand the need for a government-run bus line.

The fact of the matter is though that in the community of Leader, Saskatchewan, they had STC service for many years. It didn't pay; it was losing money; the government discontinued it. Private individuals took it upon themselves to run a bus line exactly where STC had run theirs. They have made a comfortable profit in the past years as the operators will describe it in those words over that period of time.

Running it as a private enterprise entity and for the information of Mr. Thomson — who obviously knows nothing about business and much less about a bus company — the reality is that the private sector always provides better service and they never leave a community without services if it is required and the people see a need for it; they provide it for themselves. And that has been proven by the people of Leader and other communities.

Mr. Thomson: — I think we better just vote.

The Chair: — As the Chair of this committee and also just learning the mandate of it, I find it interesting that the committee's . . . our actual mandate does actually allow us to speak about the running of STC itself: the efficiency, economy and the effectiveness of it. So it doesn't all have to be done in Crown Corporations.

Mr. Tchorzewski: — Is that the mandate of the committee or by somebody's view of what it is, the mandate of the committee?

The Chair: — It's the committee.

Mr. Tchorzewski: — Is it? Could I get a copy of that?

The Chair: — Yes, you certainly can. Sure. Okay, yes we're going to come to a vote.

Mr. Thomson: — But business plans are approved by the Crown corporations . . .

The Chair: — Excuse me.

Mr. Thomson: — And not by Public Accounts. And I think we should make note of that. This is not our position to be approving . . . and we've seen this happen many times before. Whether it is we want to get into debate on the auditor's budget, which has been suggested should be referred here, is not statutory . . . allowed to be; the question of business plans which are not dealt with by Public Accounts, but are dealt with by Crown Corporation Committee.

I appreciate the ideology in the debate and the Liberals and the independent member wanting to sell off the bus company, but that's really not a debate for here.

The Chair: — In order to bring this back to this . . . (inaudible interjection) . . . I would hope that all the members will read this again, this mandate; because maybe because it's the first time I have read it, I find it interesting that we are allowed to, we are supposed to, it is our mandate to discuss this, and is open to everything.

So we have a question before us right now and maybe when we finish then we can go on to this. The question is on the recommendation. Actually the four recommendations were dealt with exactly the same way under the same headlines in the operating report of April 22 of '97 and actually outlined in the very same way. So I am wondering if it would be the right thing to just approve them exactly the way it was written.

Or would you like me to read?

Mr. Hillson: — Yes, we need a motion.

The Chair: — Okay.

Mr. Thomson: — We agree. Note progress. Full stop, period.

Mr. Hillson: — And I have an amendment of which I wish to bring to that motion that we delete the words "and note progress."

The Chair: — Pardon me. Since there is a dispute, we will have to have a motion.

A Member: — It's moved.

The Chair: — Okay, it is moved. Then you can write it down?

Mr. Hillson: — Sorry. Sorry, I need more motion paper.

The Chair: — The committee has a motion before it, moved by Mr. Thomson:

That we approve the auditor's recommendation in Chapter 17, paragraph .12, .13, .14 and .15 and note progress.

Mr. Hillson: — I move an amendment:

We delete the words "and note progress."

Another year, another 6 million in the glue; I don't see any progress.

Mr. Thomson: — I don't see any progress in the member . . .

The Chair: — Okay, we have an amendment before us that we delete the words “and note progress.” Is there discussion on the amendment?

Mr. Tchorzewski: — I think it’s straightforward.

The Chair: — Okay, then we’ll vote on the amendment. Those in favour of the amendment? Opposed?

The amendment is defeated. Those in favour of the amendment, two. Those opposed, seven. The amendment is defeated.

Now we’re going to the motion. Do you want me to read the motion again? Take it as read. Those in favour of the motion? Those opposed? The motion is carried.

Okay, for recorded vote, those in favour of this motion? You’re in favour of the motion?

A Member: — No, no, I’m opposed.

The Chair: — Those opposed to the motion? Two; seven and two.

Okay now we have finished. Is there anything further on Saskatchewan Transportation Company? Then the agenda is finished, but Ms. Stanger would like to speak.

Ms. Stanger: — Yes, I have a question. I’d like to get this clear once and for all in my mind. It was a very interesting discussion that Mr. Thomson, Mr. Tchorzewski, and the Chair had, and I would like to ask Mr. Putz if he would just clarify this in my mind, what exactly the mandate is of the committee please.

Mr. Putz: — Madam Chair, Ms. Stanger, the mandate of the committee is addressed in a document that this committee adopted for itself and it was based on the Canadian Council of Public Accounts Committees recommendations. They were reviewed by this committee in 1992 and adopted as well as another document for the operating procedures of the committee which was adopted the same year and amended again February 1, 1993.

Those issues were addressed in these documents and I believe that each of the committee members have received those in the past. And if you need another copy I certainly could provide that to you.

Ms. Stanger: — So in other words I should read that again and you’re not going to go through putting all of that on the record.

Mr. Putz: — No.

Ms. Stanger: — Okay. That’s fair enough.

Mr. Putz: — These operating procedures were adopted by the committee itself but because the committee is the master of its own procedures, it’s at liberty to change those at any time.

Ms. Stanger: — Okay, thank you.

Mr. Thomson: — I think that’s the key point to notice, that these are internal discussions; they’re not statutory in any way.

Mr. Putz: — Correct.

The Chair: — Is there any further discussion today? Okay. Anybody have any objections to adjourning early? Okay, we’ll adjourn until tomorrow morning at 9:30. Oh, we need a motion.

Mr. Tchorzewski: — I so move, Madam Chair, and I commend you for the tremendous job that you have done at chairing this committee.

The committee adjourned at 3:32 p.m.