

Public Hearing: Department of Health

The Chair: — Welcome to the officials. Would you like to take a moment and introduce the people with you.

Mr. Yeates: — Sure. My name is Neal Yeates; I'm the associate deputy minister. On my right is Barry Lacey, who is the acting executive director of the finance and management services branch; on my left is Rod Wiley, who is our director of administration; and back here is Gord Sisson, who is our financial analyst in our finance service branch.

The Chair: — Thank you very much. Before we go on to the auditor's comments I'd like to read this statement to you, a statement 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 give to this committee cannot be used against you as the subject of 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.

And you are reminded to address all your comments through the Chair. Thanks. And I would like to turn it over to our auditor for an overview.

Mr. Strelloff: — Thank you. Madam Chair, members, and colleagues, good morning. We're focusing on chapter 13, Department of Health, of our fall '96 report. It provides an update, an interim report of the status of our work. And with me today are Fred Wendel again; Carey Robertson; as well as Mark Anderson, a new person with our office; and Dale Markewich. Dale Markewich is going to provide the overview of this chapter, and Dale has been involved with our work within the district health board community right from day one of the district health board's formations and has done a very good job in that area. So Dale, I'm going to turn it over to you.

Mr. Markewich: — Thank you, Wayne. Chapter 13 of our fall report. If everyone has turned to it, it's page 173. This chapter represents an interim report on the results of our work with the district health boards. In this chapter we review the work our office did since 1996 spring report was issued and what our plans were for the 1997 year pertaining to district health boards. And this includes working with Twin Rivers; our examination of significant issues involving the district health boards; the

results of our audit of the Rural Health Coalition Agreement; and to the results of our audit of four districts which were not completed in time for the '96 spring report.

In paragraphs .16 to .28 discusses what the Twin Rivers project is all about and our involvement in the project. In January 1996, Twin Rivers District Health Board approached our office and asked us to help them measure and report on the cost-effectiveness of its services. We helped the Twin Rivers establish what they called is a client-focus, decision-making model.

In the fall of '96, Twin Rivers issued a report on this project. The report describes the reporting model and the process. Our involvement in this project provided our office with an excellent opportunity to work directly with the district health board and obtain valuable knowledge on the district's operations and performance measurement and reporting in the health sector.

Currently our work with the district is on hold as the district is hiring a new CEO (chief executive officer).

In paragraphs .29 to .31 we identified two issues our office was working on in the fall of 1996 affecting the districts. The first issue we were planning to look at was the government's audit. We did not proceed with this audit as we felt the department is doing a good job in ensuring the districts understand their accountability obligations. For example, the district has issued an excellent accountability guide to the districts.

The second issue we examined was the processes used by the districts to ensure they consider information health needs of the residents when making resource allocation decisions. The results of this audit were included in chapter 23 of our fall report . . . of our 1997 fall report.

In paragraphs .32 to .48 we discuss our audit of the department's compliance with their financial obligations under the Rural Health Coalition Agreement. In February, 1994 the department entered into agreement with the rural health coalition. The coalition was formed in 1993 and consisted of the 51 rural communities whose hospitals were converted to health centres.

The coalition contacted our office asking us to audit the department's compliance with the Rural Health Coalition Agreement. We also received letters of support for this request from many mayors and from communities.

There are two key provisions of the agreement. The first one is, the department and districts may make changes to the agreement's initial health services commitments based on the changing health needs. And where communities disagree with the changes in health services, the concerns should be addressed through a dispute resolution process.

At the time of our audit we found the department complied with all its financial obligations under the agreement, except it did not complete a review of the funding for the lab and X-ray services at 23 communities or implement the dispute resolution process. You may want to ask the department about the status

of these issues.

Paragraphs .49 to .55, we discussed the results of the audit of four districts that were not completed in time for inclusion in our 1996 spring report. We found many of the same issues reported in our 1996 spring report applied to these four districts.

That concludes my presentation. Are there any questions?

Ms. Stanger: — Thank you, and welcome to the officials that are here. I just want to say that . . . oh, sorry.

The Chair: — Okay. Do you have any further comments?

A Member: — No, we don't.

The Chair: — Okay. I'd ask you for any comments you may have on the auditor's report.

Mr. Yeates: — Okay, perhaps just very briefly, I think by and large we're in agreement with what the auditor is saying in the summary report.

The Twin Rivers project is sort of on hold and we expect that they will get back to that. There is work going on of a similar nature, sort of across the system for all health districts that we're pursuing.

In terms of the Rural Coalition Agreement, specifically I guess on the laboratory portion, there was a review done in 1996 on lab services. It wasn't a specific review in terms of the budgets in individual facilities but it was based on the types of services that should be available. And we believe that that sort of meets the spirit of what was intended through the coalition agreement.

And subsequent to that, we believe the districts have been satisfied with the funding available for laboratory services. I think as members would know, the funding is provided on a global basis now. So we don't have that sort of line-by-line funding any more for things like laboratory services. So we think that, by and large, has been taken care of.

And as well, the dispute resolution process. There is a process built into The Health Districts Act that provides for dispute, resolution, and mediation. And again we believe that's working quite well.

And in terms of the financial reporting issues we think there's been significant progress that's been made over time with the districts. And again we're quite satisfied with that and I think the auditor will be reporting some of that progress in his more recent reports.

The Chair: — Thank you.

Ms. Stanger: — Thank you very much, Madam Chair. I just wanted to say that Twin Rivers District is in my area and I want to commend the auditor for the work that he has done with them. They've really appreciated the comments and the help that they've received and I know they were very pleased. I hope they get back with it too.

I just wanted to say, just for the record, that the district, the

coalition — the rural coalition — was formed and signed, the agreement was signed before a lot of the district health boards were operational. And since then, since that has happened, most of the health centres are either directly run by the health boards or affiliates of the health boards.

And I think that I agree that with the consultation of . . . the review of the provincial labs. And if you note the people that took part in that review. There was college of physicians and surgeons, the Saskatchewan Medical Association, the Saskatchewan society of medical laboratory technicians, the Saskatchewan Association of Combined Laboratory and X-ray Technicians, and the health boards.

When you look at that, I think that they were able to resolve some of the issues that the auditor brought up. And I think that they . . . the district health boards have been able to provide the delivery that is required.

Also under the district health Act there is room for the mediation that the auditor asked for. And I think that both of those issues have been . . . are on the way to being resolved. So I think the Public Accounts Committee should note that because the spirit and intent of the Rural Health Coalition and the dispute resolution have been met by the district health boards or their affiliates, no further action is needed at this time.

Mr. Gantefer: — Thank you, Madam Chairman, and welcome to you, Mr. Yeates, and your officials. I would like to focus on a number of issues that are raised, in a general sense, in the auditor's report.

And I think one of the comments that's been made in the auditor's report that strikes me is that your whole department is critically important in terms of the Public Accounts Committee to look in some depth at what's going on in your department, because I think we all acknowledge your department is the custodian of expenditures of something like a billion six a year. And that's the single biggest segment of the provincial budget, and as such, needs some discussion in terms of not only how you're spending the money but how you do some analysis of the value that the province of Saskatchewan is receiving for that expenditure.

And I'd like to talk first about the issue of . . . I understand that in the budget approximately a billion dollars of your budget goes to the district health boards for operational expenditures largely, and for them to do some capital replacement, etc., with that. But I understand, if I'm not mistaken, that major capital projects are something that are funded directly out of the department. Is that correct?

Mr. Yeates: — We do have a cost-sharing approach with districts for capital projects. It does vary. The basic cost-sharing formula is 65 provincial and 35 local.

Mr. Gantefer: — Has that ratio of contribution changed over the years? I understand it used to have a greater percentage of provincial contribution. Can you review for me if that has changed.

Mr. Yeates: — There has been some change, and maybe ask Barry just to see the detail of that.

Mr. Lacey: — There has been some change. The capital funding process changed back about two or three years ago. Two or three years ago there was a different funding methodology for various types of facilities across the province, and the percentages varied. I don't have that information with me here today with respect to what those former percentages were. I do know there were a few more categories than what we currently have. Currently what we have is that 65/35 split as Neil Yeates has mentioned. That's about all the information I have here with me today and I can't really speak to that any further today.

Mr. Yeates: — I can give you one example. We did in the past . . . we used to fund special care homes through the Canada Mortgage and Housing Corporation with subsidized mortgages. The federal government sort of got out of that business several years ago. But it used to be 72 per cent of the project cost used to be funded through a subsidized mortgage. That's no longer available, and that's then affected the provincial and local shares. So that would be one example where there's been a change.

In Regina and Saskatoon, we pay 100 per cent of the approved project cost in recognition of their, in essence, provincial facilities.

Mr. Gantefer: — Okay, we'll go back to that comment. I don't want to leave that. But there's a particular category that is of some interest and concern to a number of us, and that is coming out of the regional long-term care hospitals. And I'm talking about Melfort, North Battleford, Swift Current, I think, and Estevan or Weyburn which are . . . and I'm sure you're aware of the special circumstances of those hospitals.

As I understand it in essence, when health care reform occurred they were the property of the government through SPMC (Saskatchewan Property Management Corporation), and they were operated as provincial facilities and then were turned over to the local districts and still had a regional at the very least, because there are only four of them designed to provide that special service. And as such the facilities still are, as I understand it, the property of the provincial government and there has been some process of reviewing the replacement of those facilities as they are getting quite old.

And I wonder if you would update the committee on how you are approaching that particular circumstance because I think it's different than the general funding of a . . . and has at least a fairly significant similarity to your comment about Saskatoon and Regina because of the nature of what their service and roles were in the past and also that they are more than just a local . . . providing more than just a local service.

Mr. Yeates: — Yes. First of all I should clarify that they're long-term care facilities, not hospitals.

Mr. Gantefer: — Yes.

Mr. Yeates: — And they've been called in the past, regional care centres. And they originated from 30 years ago when level 4 care was basically thought of as a hospital service and they provided that role on a regional basis.

The past you know 15, 20 years, that's changed dramatically. We have special care homes now throughout the province who provide that level of care. And gradually over time the regional role of those facilities has decreased enormously to the point today it's virtually zero.

So there's two school . . . at least two schools of thought on what's appropriate from a funding perspective. You're quite correct that they are still owned by the province through SPMC. One school argues that those communities in fact have avoided having to pay any capital costs, both originally and for the upkeep of those facilities over time even though their own communities benefit . . . are the primary beneficiaries both from a care point of view in terms of access and from an employment point of view and so on, from having the government own and run those facilities.

The other school of thought is I think exactly as you've described, is that there's a residual government responsibility here. And given that they need a significant amount of work, the review you referred to — there was a consultant's review of all four facilities, and the recommendation is that two of them be replaced, the ones in Weyburn and Melfort, and the ones in Battlefords and Swift Current receive significant upgrading.

So we have been looking at options and talking to the districts about what would be appropriate in terms of cost sharing for the capital, either renovation or replacement of those facilities. And we've heard both sets of arguments quite strongly made.

Other facilities in the province would argue particularly in the acute care side that they have more of a regional role. For example Prince Albert would make that argument and therefore should have a different cost-sharing arrangement.

So the argument can extend into a number of different areas and as I say, there are different views on what's appropriate.

Mr. Gantefer: — Do you have a fixed capital portion of your budget or is that done on an annual basis? Or how do you allocate the portion of your budget in terms of a capital . . . or is it project-based, or how do you do your capital allocation?

Mr. Yeates: — We have a capital budget that's set each year. The process that we use is we have what we call a capital evaluation committee. It's made up of representatives from the districts and the department. Any district that wants to make a capital proposal will submit that proposal to this joint committee. And the joint committee does prioritizing and recommending which ones should be the highest priority.

From that we sort of estimate the capital requirements and then it's reviewed within the government budgetary process.

Mr. Gantefer: — In terms of the communities and the district health boards, and the communities' I guess response to the 65/35 process, the comments that I hear from a great many of the local authorities . . . because really the community has a number of sources for raising that 35 per cent of the capital. I mean they have charitable potential I guess, or reserves or things of that nature. But by and large it's going to fall on municipal taxpayers because the municipalities that participate in a local health district are the real generators of whatever that

community percentage is going to be.

And I hear a great many of the local communities saying because of the cut-backs that have been done in other departments in the municipal side, that the municipal authorities have had to try to back-fill, for lack of a better word, both in education and municipal services in terms of local mill rates. And they feel very, very pressured in terms of being able to put on any municipal allocation that maybe contributed towards the replacement of a health care facility.

And as you know better than I, I'm sure, that these facilities generally do not come all that cheap; it's a fairly major capital cost. And 35 per cent on the formula is an extremely onerous cost to these local health districts and the municipal authorities who have to try to raise that percentage of the commitment.

And that is obviously not a cost that's borne in the large urban centres because of the funding relationship that you've just described. That Saskatoon and Regina, because of the argument about the regional or provincial-wide service that they provide, is a hundred per cent funded by the department.

What is the response that you are getting from local people and the ability for them to step to the plate in terms of being able to come up with that 35 per cent?

Mr. Yeates: — Well there are challenges as you describe. I should clarify that for Regina, the example used in Regina is just for the hospitals. It's not for the long-term care facilities. And as you may know, Regina owns Pioneer Village and most recently discussions here about amalgamation versus city ownership, and the decision of the board was to just to leave that, the ownership, with the city. So even Regina, Saskatoon, there are a lot of long-term care facilities where there would be some local fund-raising required.

We agree it is a challenge. We're trying to sort of set an appropriate, you know, balance between sort of provincial and local responsibilities. The higher the provincial share then the more money that's required at a provincial level. There is a significant demand for capital projects and so we've always got this push-pull about trying to make the money go as far as we can to allow as many projects as possible to go forward.

And while yes we do hear, certainly from time to time, from communities who are, you know, who are concerned and districts who are concerned about raising their 35 per cent share, overall it seems, it seems to work.

So yes, there are challenges and except sort of . . . it's that balance, that's a balance question. You know, 75/25, would that be a lot easier? I'm sure the districts and communities would say yes. The cost implications for the province are fairly significant.

Mr. Gantefer: — Do you have a summary of the recent capital projects that have been approved and what the funding arrangements have been, over the period under review at the very least, and if it's possible to update that, and to look at an analysis of what the municipal portion has been and what it has meant in terms of property tax assessment.

Do you do a review to look at the implications of your . . . this year's budget that would be under review or any of the budgets up and to the current ones? Does the department track that?

Mr. Yeates: — We don't track municipal contributions *per se*, but we could certainly give you the information on recent capital projects. We don't, we don't track that. It would be a lot . . . most of those projects have some combination of local reserves, charitable donations, and municipal contributions. We don't have that information ready at hand but we can certainly give you certainly the listing of the projects and how much they cost and provincial versus local shares.

Mr. Gantefer: — Would most of those projects in the recent past be conversion type of projects that would have converted acute care facilities to health centres or whatever the exact terminology is? Would it be fair to say that the major capital expenditure over the last number of years have been those kind of projects, renovations kind of things?

Mr. Yeates: — Yes, I think that would be the case. The other big project has been the hospital consolidation here in Regina.

Mr. Gantefer: — I'll get to that one a little later as well.

Mr. Yeates: — Yes, okay I shouldn't have mentioned that.

Mr. Gantefer: — No, no I've got it written down so that my memory lasts. So that in the rural areas particularly it's been the conversion projects, those type of things.

Mr. Yeates: — Yes.

Mr. Gantefer: — By and large. Do you have a listing or do you share that listing in terms of what proposed projects are on the table or is that something that until the projects are approved that you hold confidential. Or how does that work?

Mr. Yeates: — Just talking about it there . . . we'd have to think of whether there's some sensitivity about providing that information in terms of checking with districts. I think by and large most districts are pretty public about their plans and what they're thinking so we can certainly check on that. Offhand, approved projects absolutely, we'll give you that information.

Mr. Gantefer: — There's a project that's been approved in Tisdale for the outreach renal dialysis project coming out of the St. Paul's Hospital in Saskatoon. It's an outreach out of that project. Would that be the kind of capital project that would be approved for the renovations that are incurred there and the equipment capital? Some of it is renovations or . . . and I believe that there is a great deal of local fund-raising that has to happen with that. How do those types of projects work in terms of the department's contribution to capital?

Mr. Yeates: — If it's a renovation project the cost sharing for that generally is 50/50. And the equipment for something like renal satellite dialysis is the responsibility of the district. And a lot of that would be arranged through local fund-raising.

Mr. Gantefer: — So the majority of it is local fund-raising. And is that . . .

Mr. Yeates: — For the equipment. Sorry, for the equipment portion it is, and then on renovations it's 50/50.

Mr. Gantefer: — Okay. That seems to be inconsistent with your 65/35 ratio. And it seems to again put an awful lot of onerous responsibility on the local community again to have to either through fund-raising, charitable donations, or things of that nature in order to have these basic services provided. And I don't quite understand why you wouldn't at the very least, if the argument is that it's fair to have the 65/35 for capital investments, I would think that in this case the capital investment of equipment and renovations potentially should fall under that same rule. And I don't quite understand why the difference again.

Mr. Yeates: — Sorry, Barry and I were just chatting that we may need to clarify . . . I may be wrong about the 50/50. That was an old formula, and I think we'll need to clarify whether that's still in place or not. It may be in fact that it's all 65/35 so we'll need to clarify that. I may be wrong about that. That was the formula back a number of years ago.

Mr. Gantefer: — I would appreciate that. My colleague has a question that I've agreed to be interrupted with on the North Battleford situation so . . .

Mr. Hillson: — Okay. Yes, I understand. Thank you. Thank you to Mr. Gantefer.

You correctly made note that one of the things that has delayed progress in The Battlefords is the ongoing discussion as to whether the correct way to proceed on our long-term facilities is renovation or replacement.

Now were you saying that that debate at least has now been resolved as to which is the correct way to proceed?

Mr. Yeates: — Yes, as far as we know, yes, that we understand . . .

Mr. Hillson: — It is upgrade.

Mr. Yeates: — It is upgrade, yes.

Mr. Hillson: — Okay, so that that should now be able to proceed. At least we have decided which track we're on.

Mr. Yeates: — Yes. And once funds are available, yes, we can proceed.

Mr. Hillson: — Above all of the existing long-term facilities?

Mr. Yeates: — Well we have the capital budget that deals with those both care and long-term care so it needs to be considered within the overall capital funding available.

Mr. Hillson: — I understand that, but it's . . . So as we stand now there is no longer any discussion about replacement?

Mr. Yeates: — Right.

Mr. Hillson: — Thank you.

Mr. Gantefer: — Thank you, Madam Chair. Can you update us as well on the status? I understand there's been applications in other areas of the province in terms of the outlying renal dialysis project other than Tisdale. I'm not sure if there are more than Yorkton, but I believe Yorkton area is proposing as well, and I'm not aware if there's similar proposals on the west side. Could you update us on the outreach renal dialysis projects that are proposed?

Mr. Yeates: — Certainly. Tisdale is the only one that's completely firm at this point. Work is under way on that east-central Yorkton-Fort Qu'Appelle-Canora-Kamsack area and that'll be finalized shortly. There is potential for up to four or five sites across the province, perhaps something in that Battlefords-Lloydminster area, and potentially something in the south-west as well. Those two are very preliminary.

Basically the physicians that supervise the renal work want to get some more experience with having a satellite operation. There is some computer software and so on involved that's just new. They want to test that out because it can be monitored from a remote site — for example, from Regina and Saskatoon. They want to test that, see how well it works, and see how patients find that, and then we'll go from there. So we are expecting sort of the two will go ahead. We'll evaluate that and then begin to look at the further expansion.

And that will occur over a period of you know, 6 to 12 months. It's not a long time but that's about the time frame.

Mr. Gantefer: — As I understand the project that was approved in Tisdale, it basically would provide for six clients on this initial proved process and the department is providing the operational funding, if you like, for that project and it's not coming out of the local health district's budget *per se*.

And I also understand that if the identified need or usage can be substantiated that, potentially, that the project without any further capital investment of equipment or renovations could double the client base by just, you know, using the machines twice as often or doing a schedule.

Is that kind of flexibility going to . . . is first of all that kind of flexibility built into this approved project and will it be built into the subsequent projects that you have under consideration?

Mr. Yeates: — Yes, yes. I think in short, yes. I think you've described it quite accurately. Again there does need to be some sorting out about which patients can use a satellite-type service. Some patients with a more severe condition do need to be directly supervised by a physician in Regina and Saskatoon. So that is what I think will vary some of the numbers. But yes, there is a potential for expansion. The department is funding the operating costs and that's our intent, yes.

Mr. Gantefer: — But the commitment of the department is, is that if there would be — just using the full example — 12 identified clients that could be better served out of the remote project in Tisdale through the identification process by the renal specialists in Saskatoon, then the department would provide that funding.

Mr. Yeates: — Yes.

Mr. Gantefer: — Okay. While I'm on the capital type of things, another project that comes close to my area that I hear about a great deal is in Humboldt with St. Elizabeth's Hospital. I believe the community there has been working fairly diligently for some time of coming up with a proposal for a replacement or renovation or whatever of the project of St. Elizabeth's Hospital, and are quite concerned that their ability to keep pace with the community's contribution is not keeping up with the cost of what these projects will accelerate, because it's taking longer and longer to get the approval process through, if you follow what I mean.

It's that the overall project cost potentially is outstripping the community's ability to keep raising money, and that they have some difficulties in that some of the motions in terms of the local municipal contributions have a time line on them so that they're getting to the stage that if the project isn't approved pretty soon, then all of a sudden the enabling motions at a local level to provide funding for this thing — or their share of the funding — are going to be in jeopardy. Can you update us on where the status of that project may be?

Mr. Yeates: — It hasn't been approved at this point, and I think will be considered by the capital evaluation committee. So we'll know better in a couple of months about the more definitive status for that. We know they're quite anxious to get approval and we are aware of the municipal issues. I think actually it was 1999, if I recall, was the time line set on some of those municipal contributions. The project needed to proceed by then. So we'll know better in a couple of months in terms of the overall priority setting.

Mr. Gantefer: — And the concern I have is that I know we're looking at the '96 year in review but a lot of these projects take an incredible length of time. And so the communities tell us that they initiate a project in 1996, and it takes for ever to get it to a point of fruition. And I'm concerned about the length of time that this all occurs under.

In terms of another area, I think that from my perspective in terms of capital projects, I understand how the process works. Can you tell me, as well, of the billion six budget. Do you have a number that relates to the percentage of that or the amount of that that would be capital related?

Mr. Yeates: — Yes, it's typically between 40 and \$50 million.

Mr. Gantefer: — Okay. Thank you very much. The next issue that I want to talk about is that it's been a number of years that health reform has really occurred. And we can look at the year in review and say, if you spent a billion six in that current year, what methodology do you have in terms of reviewing or ascertaining that the expenditures have indeed provided good benefit?

I'm thinking in terms of reviewing the expenditures, the 40 or \$50 million of capital, the billion dollars that goes to local health districts, the funding for the remuneration for the medical professionals, etc., and all those issues. What methodology does the department have internally that gives you a sense that you've done a good job?

Mr. Yeates: — Well that's a complicated question, as I'm sure

you know.

Mr. Gantefer: — You've got two hours to answer it, so . . .

Mr. Yeates: — Terrific. Well there's a number of things, there's a number of things that we do. I think first of all I would say that we're not where we would like to be on this front. And I think a lot of the work that's being done through the Provincial Auditor's office is actually helping us and the system move forward in this way.

One of the key things for us at the end of the day really is outcome measurement, and what changes can we demonstrate in the health status of the population. Because it's very easy to focus simply on health services and sort of lose the broader picture of trying to improve people's health status.

We are doing work with the districts on trying to identify key outcome measures by population groups, say for example for children and youth, what would be sort of the key indicators that we would use from an outcome perspective. We've put some ideas out there.

We have a working group with the districts that's basically trying to go through each one of those target groups, identify outcome measures, identify some of the process measures, things like client satisfaction and so on, employee satisfaction, look at all of those different things and try and look at implementing something that we can measure over time, but both at a district level and at a provincial level.

And I think actually until we have a system like that in place, all of the other things tend to measure more services and sort of throughputs to the system. We do have a lot of those kinds of indicators and it's not that they're unimportant, and we do track things, for example, like the number of surgical procedures, for example. So we would look at the number of hip replacements, you know, as an example, and track that over time and be looking at, you know, eye surgery and whole sets of indicators like that that track sort of throughputs through the health system.

But we need to get to these outcome indicator measures. So that's sort of a short answer to what's a very, very complicated subject.

Mr. Gantefer: — So that's a system that you're developing to probably put something that's fairly subjective and to make it as objective as possible, is that right? That you're developing that methodology?

Mr. Yeates: — Yes, I mean it's to really get to the point where we can talk about outcomes and the impacts on health status, both for the provincial population as a whole and for individual client outcomes, yes.

Mr. Gantefer: — I would assume that you would do comparisons within the province in trying to ascertain if there would be similar improvements, if you like, across the piece between the districts so that there would be some assessment if the quality of health care, by the indicators that you've identified, would be consistent in rural and urban populations across the province.

Mr. Yeates: — Yes, and not only rural-urban, but different age groups, gender, you know, ethnic groups, race groups, so on. Aboriginal, non-aboriginal. All those different types of indicators would be important, yes.

Mr. Gantefer: — And also interprovincially and in maybe a North American context as well. Would you use those measurements?

Mr. Yeates: — Yes, I think even internationally really, when we compare ourselves with other, you know, western developed countries on measures like life expectancy and infant mortality and so on, I think, as the committee will probably know, Saskatchewan actually does very well on most of those kinds of indicators.

And remember the UN (United Nations) development index which placed Canada as the number one country by their measures, which was looking at some of these kinds of indicators that we're talking about. And a group in Ottawa applied that same analysis to the provinces and Saskatchewan came out as number one, using those same indicators that the UN had used.

So yes, we do that kind of work as well. But we do need to get it down to a district level, and in some cases to a community level, knowing that districts may have quite different situations, even . . . both rurally and in urban areas in the North. Take a city like Regina. I think we know, even on a neighbourhood basis, you'd get a fair difference on health outcomes in different parts of the city.

Mr. Gantefer: — Okay.

Ms. Stanger: — I just wanted to say that it would be my observation — I could be incorrect — that the utilization commission that is set up as an independent body would address some of the things that my colleague is talking about. And some of the reports I've read, has done a really good job. I'd like you to comment on that.

Mr. Yeates: — Certainly. The Health Services Utilization and Research Commission, as their name suggests, focus mostly on health services utilization research. They did a recent report on emergency room usage, which was quite interesting, suggesting that there's a fair degree of non-emergent use in emergency rooms. Now in that case they concluded this is not an easy problem to resolve because where are people going to go and all of those kinds of things.

But they've actually been extremely helpful in having an impact on actual practice out in the system, particularly with physicians. I think because they're an external group they've got quite a bit of credibility. And Dr. Stewart McMillan, who is in the Chair of HSURC (Health Services Utilization and Research Commission), is a physician so he can speak with some knowledge about some of the clinical practice issues. And we think it's had a very big impact.

I would say that is on the health services side; it's not so much on the outcome side, but they're related. So they do have a critical role to play. And I know other jurisdictions across Canada also look to HSURC, and I think we feel as a

department they've done an excellent job.

And a lot of that work, I think needs to be done at arm's length from the department. The department will always be accused, I think, of having a self-interested view about why it's doing those kinds of things, whereas HSURC is independent, affiliated with the university, and does an excellent job. We agree.

Mr. Gantefer: — Thank you. I wonder, and I realize this doesn't particularly look at the year in review, but I'm wondering if . . . You know, it's been I believe five years since the major restructuring of health care services. Does the department plan to do a major analysis of the cost/benefit outcome of the health care reform process, and if they do, is five years an appropriate time? Or is it planned into the future to really put together the kinds of information that you've indicated here into a, you know, kind of a major report?

Mr. Yeates: — We haven't been thinking of doing that specifically, largely because we're . . . as we go along we've been trying to be continually trying to evaluate what we're doing. And we talked about through the first phase of health reform largely being associated with the governance changes and moving from the 400 boards, you know, to the 32 districts. But you know, as people know, that's been a huge amount — huge amount — of change.

When we think of sort of the route ahead and we think of more of the expansion into more community services, more focus on community and population health, and so on, and getting into more of the sort of some of the outcome measures we talked about, we think it's actually that that kind of work that will provide a useful sort of, if you like, cost/benefit.

I think we felt the governance changes were a means to an end not, you know, not an end in themselves — that the governance changes would allow the system to work differently than it had in the past, but we still needed quite a different system than we had; that if the governance changes didn't result in any changes at a program or service level then it really wouldn't have been very helpful.

So it really is those program changes, those service changes, and then how are we going to measure that, that we feel is key. So it's sort of implementing that system with the districts that we think is going to be critical rather than sort of a separate, step-back report. The auditor's office has been pushing departments to have annual reports, for example, that are much more focused on what the department and sector is trying to accomplish.

That's where we would like to get to so that when we do our annual report we can speak to what's happened on those key indicators for the health system. And that would be, if you like, our annual then report card on how we feel the health system is doing.

Mr. Gantefer: — Thank you. I think that is an appropriate way to approach it and it has to be quantifiable in a way because we need to take what is largely, or very often, a very subjective analysis or impression of what's happening and objectify it as much as we can so that the Provincial Auditor

and ourselves, as legislators, and the public can have some instrument or benchmark to really assess the effectiveness of what's happened.

I want to go again into another area that talks about, you know, some of the reorganization that happened and really that's sort of the personnel issue. I know there's been a major restructuring in terms of the representation of employees within the system in the last while. And I hear a great deal of concern from the health care professionals and the front-line care-givers about the fact that there is a lot of malaise and low morale in the system and it generates from a number of areas that I could talk about.

But more importantly, I would like to ask of . . . What process is in place to assist the district health boards to analyse the effectiveness of their people allocation, the personnel allocation — and I think in terms of the full time and part time and people on call and all of the issues surrounding that. And I know again that's a very broad topic, but I would like to start by asking you what process do you have in place to determine the effectiveness of the human resources?

Mr. Yeates: — Okay, I'll maybe start with one of your other points. SAHO — which is the Saskatchewan Association of Health Organizations, which is the organization in which the health districts all belong and many of the affiliates and so on — is the bargaining agent for the province that will be overseeing the implementation of the Dorsey commission.

And the reason I mention that, because that is going to mean a fair bit of change and we've had the change in the union representation. There's an awful lot of sorting out to do in terms of people's roles and classifications and pay levels and so on. And I mention that because I think it's contributing to some of the issues that you raised — that this change is just going on right now. And that needs to be sorted out I think, to bring some better sense of clarity and security to the people working within the system. That still remains to be sorted out. I mean we think that that will be quite important.

We have a number of forums with the districts and with SAHO to work together on issues like workplace stability, employee morale, and so on. It's something that districts are, you know, concerned about sort of as organizations. A lot of them do have processes in place that would survey employee morale, you know, working on things like workplace teams and union-management committees — all of the sort of more regular management tools that organizations are trying to use today to bring their employees into the organization a little more fully.

And we know, and collectively between districts and the department and SAHO, that we have some significant challenges there and it's something we need to work on together.

Very specifically — I'll just give you a very specific example of some of the tools that are available. We are working with districts on implementing a new resident classification and assessment system for long-term care. And the reason I mention it is because it's a way to quantify the care needs of residents in special care homes. And you can translate that into a workload resource allocation system if you want.

So it is a very good management tool. It's very sensitive and tracks changes in clients' care needs over time. So it can provide a very good tool for districts to allocate their resources over time and deal with the pressure spots.

The old classification system that we have that deals with levels 1 to 4 for long-term care is not at all a very sensitive instrument. Nearly all of the people today are classified as level 3 and level 4 in that system. It's a very blunt system and we know it's been applied very differently in different facilities. So it doesn't really give you a very good relative sense. This new system, I think will create a level playing-field and give districts a much better idea of the relative pressures on care needs between all of their facilities.

So I just give you that because you need some of those tools to allow you to be able to work with the staff better and to allocate the staff more equitably.

Mr. Gantefer: — Thank you. One of the concerns of course, of staff in the broader sense is the physicians themselves and the whole issue surrounding the recruitment and retention of physicians in rural Saskatchewan. And again I appreciate recently there's been some initiatives. And that's not specific to the year in review, but again I want to ask in terms of an overall question: have you a methodology of looking at again the cost-effectiveness and, if you care to expand it beyond the year in review, of how you look at the recruitment and retention of physicians.

Mr. Yeates: — Yes, there's a number of things that we've been working on in that area. More recently you would have seen the emergency on-call initiative that was agreed to with the SMA (Saskatchewan Medical Association). We think that's really going to be very significant. We know it's a very big issue for rural physicians who are continually having to provide on-call services and in their view not being adequately reimbursed for that. So that's been addressed very recently.

There is a provincial physician resource coordinator that works out of SAHO and works with both communities and districts on specific physician recruitment kinds of issues. We feel again that's very, that's very important.

We've also been working to strengthen the relationship between the medical school in Saskatoon, and districts. What we found is in fact many of the students have not been approached by Saskatchewan health districts for possibilities of locating in Saskatchewan. That needs to change, that there needs to be a very deliberate sort of recruitment with all the students that are attending school in Saskatoon, so we're stepping up efforts there. And then we've also had the rural medical establishment practice grants that provide a grant to allow people to start up in rural Saskatchewan, and we feel that's been fairly successful as well.

The recent increases in the fee schedule, physicians tell us that's important in terms of sort of the relative competitiveness of Saskatchewan in terms of the market that we operate in. So it's the whole series of initiatives that are going on to try and improve both the viability of rural medical practice and make it more attractive.

Mr. Gantefer: — In the work that you do in terms of the recruitment, has there been an analysis of, you know, in this year about the effectiveness and what potential opportunities there may be for recruitment initiatives offshore. And I think particularly of . . . there seems to be a good number of physicians that are practising in our communities, from South Africa and Great Britain. And I assume that that comes out of some initiative. Does it come out of SAHO or is there special funding from the department that provides for that. Or what's the relationship with the department to those type of initiatives?

Mr. Yeates: — We're involved with SAHO and the districts on some of those things. We have some . . . for example, districts might undertake a specific recruitment effort. For example, Regina recently recruited eight psychiatrists from Great Britain and we assisted with that effort. The South African connection is a very strong one, as you point out. There has been a lot of South African physicians that come here so there is sort of a window to do that and we again have been working with SAHO and districts to help make that happen.

Mr. Gantefer: — Does the department do an analysis of the number and type of physicians and specialists, etc., to see if there is any identifiable trends in terms of shortages, given our population and things of that nature, and how is that undertaken and passed on to the districts?

Mr. Yeates: — We actually just completed a joint working group with districts with the College of Medicine, college of physicians and surgeons on what we call . . . it's called a working group on physician need which assessed the need for specialist services in the province — looked at it both, Regina, Saskatoon, and regionally.

And we have a group that we work with on physician and medical issues. It's called medical council that the deputy minister of Health chairs. It's got all of the medical sort of representatives on it, and that group is working on the implementation of the recommendations from that report. And if you're interested in it we can certainly provide it to you. Sort of goes through the analysis on specialists and supply, and recruitment and so on. It makes a whole series of recommendations about what various parties need to do — from government to SAHO, to the College of Medicine, to the college of physicians and surgeons, to districts. So it's quite thorough, and that was just completed actually this fall.

Mr. Gantefer: — Thank you. I would very much appreciate that and I think it's the right way to go. Finally I want to remind myself to go back to the Regina capital issue of the Plains Health Centre, and I believe that the decision to have that facility closed . . . And the closure date is approaching in this calendar year.

And from a department standpoint on the capital, was there an analysis done of the cost/benefit, if you like, of that whole issue so that it becomes an objective type of thing rather than objective? And I would like you to update us on . . . I think this project certainly started and was going on through the year in review, so would you please update us on the status of that?

Mr. Yeates: — Certainly. The project, as you know, as you remarked, has been several years in the making. It is still

scheduled to take place in October '98, so this year. I guess time is marching by now.

Basically our assessment of what's happened is that the consolidation of acute care services in Regina was based really on an assessment of the number of beds that were needed, acute care beds that were needed in the city. And that number is somewhere in the neighbourhood of around 675 beds. It was forecast that it would take Regina some time to reach that bed number and that it would be . . . likely would occur at the time of the closure of the Plains, in October '98.

What's happened in fact is that the district has reached that bed target; they reached it last fall. And so we're already at that bed number. So they've actually, in our view, made significant progress on acute care utilization and acute care management and gotten it to the point where the bed . . . number of beds in the system now will remain and will not be affected by the closure of the Plains. There'll simply be a transfer of that capacity into the Pasqua and Regina General.

Mr. Gantefer: — So there is excess capacity now in the other two facilities that's equal to what is currently being serviced out of the Plains?

Mr. Yeates: — The capital projects at both RGH (Regina General Hospital) and Pasqua are being constructed to take in the beds that are currently being provided at the Plains, yes. But a lot of that's still under construction today.

Mr. Gantefer: — The Plains Health Centre has largely been perceived as a facility that was not only designed to provide a service to the urban community of Regina but also to broader rural community of southern Saskatchewan. Has an analysis been done in terms of the impact of the consolidation of the facilities on that client base?

Mr. Yeates: — Yes, in the sense that the acute care needs of southern Saskatchewan have been taken into account for the acute care capacity of the Regina hospitals. And I think we feel that they will, you know, those needs will be met in the consolidated operations.

We know that the Plains has been a very visible symbol for rural and southern Saskatchewan, but we feel actually the consolidation of services at RGH and at Pasqua is going to provide a better service when they're done. You'll have more things available at one site than were available at the Plains. You'll have a better cardiac unit. You'll have better emergency than is currently available at the Plains. So we think it'll actually be better service.

Mr. Gantefer: — Have those discussions occurred not only with the Regina Health District but with the health districts that would represent the clients in southern Saskatchewan? In that I'm getting at, has there been an inclusion of the rural health districts whose clients would rely on the acute care emergency services of the Regina centre.

Mr. Yeates: — Yes, the Regina Health District met with all of the surrounding districts in terms of the users of the Regina facilities in the fall, is going out again in the next month or so to have a follow-up visit. They are developing a video, for

example, that sort of goes through the services and what's going to be available and sort of gives sort of an orientation to people coming into this new, this new service system. So that will be occurring for the second time in the next month or so.

Mr. Gantefer: — In terms again of our role as trying to get a handle on the cost/benefit or the effectiveness of expenditures — and this, this change is a major capital expenditure and an operational expenditure change — has there been a cost/benefit analysis in terms of the effectiveness of this move that has been done by the department; and if so, is that a public document, or has this been more of a subjective thing coming out of those, those health indicators that you were talking about?

Because it seems to me that it's a huge leap of faith and that by the time the health indicators may indicate you were right or wrong it will be too late to change your mind.

Mr. Yeates: — There was an analysis done when the project was initially conceptualized and approved. I think since then, no, there hasn't been. That initial analysis indicated that \$10 million in annual operating savings were expected through the consolidation of acute care services. So we will be able to determine whether that has occurred or not.

The complication is that in the five or so years since the project was initially conceptualized and approved, the health system in Regina and the acute care system has changed enormously and dramatically. In some ways, what was thought of back in 1993 is very different in 1998. There's been lots of changes in technology in terms of what's available for acute care, both procedures and surgery and so on. It's had a dramatic impact on services. Thinking has changed about the integration of services within Regina.

So of course the world didn't stand still when that decision was made. All of the sort of changes and the trends that were in the health sector have continued. Some of them have speeded up. So it is difficult to go back to point A, given all of these changes that have taken place in the meantime.

I think we feel, and I think the district certainly feels, that the consolidation of services will end up with a better service system and there are various indicators we can use to track that. Whether that's a surgical through-put on specific procedures, whether it's readmission rates to hospital, there are indicators like that that we can use to do a bit of a before-and-after analysis.

But those are tracked now. I mean just so you know, those are tracked year to year now.

Mr. Gantefer: — To the Provincial Auditor, your office very often speaks about doing the cost/benefit analysis and trying to be able to put in quantifiable way a major thrust in terms of meeting stated objectives and things of that nature. Does your department . . . is your department capable, or are there any capable objective type of measurements that could be used to identify, if indeed on an objective sense, that this kind of major change in our system has been an effective, cost-effective kind of a decision.

Mr. Strelloff: — Madam Chair, members, Mr. Gantefer. I

think as Mr. Yeates said earlier, the key parts of making those kinds of assessments are setting out clear objectives with the indicators that you would be tracking to determine whether the program, the activities, the changes in the system that you're putting through, have had the intended impact on those indicators, and therefore the overall health status of Saskatchewan residents.

So to make a rigorous cost/benefit analysis of a decision like that, I think would require the health status indicators to be benchmarked before and after. And in the analysis of the decision and the proposal for a decision like that, one would expect: here's the decisions that we're going to make as to the relocation of health services, here's the expected impact we're going to have on the health status of Regina residents or the district residents, and here are the key indicators we're tracking to make sure that that actually happens.

As Neil, or as Mr. Yeates said, those outcome indicators aren't available. So it's really hard to be able to say that the impact was as intended.

My understanding of health and health reform is that the objective is to improve the health status of Saskatchewan residents. In fact you as legislators have said that that should be . . . that's built right into The Health Districts Act, and that districts are to report annually on the effectiveness of their programs in improving the health status of residents.

As Mr. Yeates said, the methodology is not there yet. The getting to the table agreeing on what are the key health status indicators is just not there. So it would be difficult to say that as a result of changing hospital facilities those decisions have been successful.

Mr. Gantefer: — Thank you then. It strikes me then that the key ingredient in order to determine that is an identification of the health status indicators as a benchmark, and then to see how those health status indicators have changed after the implication . . . or the implementation of these decisions. Is that correct?

Mr. Strelloff: — Yes. Over time one would expect that a major decision of health districts or the Department of Health would be argued out, analysed in the context of how those decisions improve the health status of Saskatchewan residents, and here are the key indicators that we are tracking to prove that.

I think one of the indicators that Sask Health has talked about in the past is the percentage of low birth-weight babies. So that indicator would be perhaps one that would be relevant to the decision of the day. And if that's one of the indicators that the department or districts are trying to change through a specific decision, they would then be able to analyse, track, monitor and report to you on how successful they were. Now just . . . we're not there yet and it's not just that Saskatchewan's not there. Other jurisdictions also are dealing with the same issues and trying to be more rigorous in how they assess their own performance and line up their programs and activities and costs and plans, so that they improve performance.

So you'll see us, and as you mentioned, you've heard us say a lot about the importance of setting out objectives and key performance indicators and planned targets, and then at the end

of the year or period report back on what they've achieved. And of course there'll be some key issues that they'll want to also discuss.

Mr. Gantefer: — Thank you. Back to Mr. Yeates then. And we talked about some of those indicators as a rolling type of thing. Do you . . . in your analysis were benchmark indicators established in terms of saying, okay, here's where we're starting from. What I'm getting at is, that it strikes me is that we're potentially . . .

Mr. Tchorzewski: — Madam Chairman, point of order. I'm sorry.

The Chair: — Point of order.

Mr. Tchorzewski: — Sorry to raise this and I . . . under normal events I would have been intervening earlier, and in the future I will, but I thought the representatives for the Department of Health, Mr. Yeates, is exceptionally knowledgeable in all of these things and therefore I did not.

The questions that we're getting here are really questions that belong in estimates and not in the committee of Public Accounts, where the officials of the department don't come — although obviously these gentlemen are more than prepared — but don't come here to answer these kinds of questions. They come to answer the questions on the issues that are before us.

So you were good enough to remind us of the standing committee operating principles and practices and the mandate of the committee which states:

The Committee can consider only those matters which have been committed to it by the Assembly and is not at liberty to depart from its Order of References i.e. it is limited to examine issues within the context of the Public Accounts of the Province and issues identified in the reports of the Provincial Auditor.

And the order of reference is:

1. Examine and inquire into all such matters and things as may be referred to it by the Assembly, and to report from time to time its observations thereon (and) . . .
2. Review the Public Accounts of the Province of Saskatchewan and the issues raised in the annual report of the Provincial Auditor which has been referred to the Committee.

And, Madam Chair, it then says:

. . . PAC can initiate, but is limited to, an examination of any subject contained in these reports.

The ones that are referred to where I have just spoken to.

The PAC is not (Public Accounts Committee is not) fundamentally concerned with matters of policy. The Committee does not call into question the rationale of government programmes. . .

And I'm not suggesting that's being done here. There's been questions of information.

. . . but rather the economy and the efficiency of their administration. Although the PAC hopes to have a continuing influence on the quality of provincial administrative processes, its prime orientation is after-the-fact, or post-audit, to understand, to assess and correct (through recommendations in its reports to the Assembly) inadequacies, and issues that the Committee and the Provincial Auditor have raised. The resulting "non-policy" orientation of the Committee should enable the development of a non-partisan spirit within the Committee in order to get at problems and seek solutions to them.

And it goes on to say:

. . . to hold the government accountable for its spending of taxpayers' money and for its stewardship over public assets.

And on the last page there's one . . . I know it will refer to one of the . . .

Avoid matters strictly of government policy.

And I have not interrupted because I thought, I mean, this is not . . . nobody's arguing with anybody here and I'm not arguing here. I simply want to make sure that we understand in the committee what the rules are because . . . And I don't say this to only the members in the opposition, I say this to members on this side of the table as well. So that we know what our task is and dispose ourselves accordingly. So I'd like you to give us an indication of what the Chair's sense is of this.

The Chair: — I have two other speakers on the point of order.

Mr. Hillson: — Yes, thank you, Madam Chair. I'd like to say that in terms of the point of order, the Deputy Chair has correctly pointed out that we're dealing with the public auditor's report. One of the observations made in the public auditor's report is that it seems to him that the health system of this province is now being geared more by financial goals, of finance, as opposed to patient care health needs. And I think that is precisely the point . . .

Mr. Thomson: — Could you reference that point?

Mr. Hillson: — Yes, it will take me a minute, but yes I can find it.

And I think that is precisely the issue that my colleague here is trying to get at. Are the reforms identified here based on the best way to meet patient needs or the best way to meet financial goals. So I think this is very much the key to this report.

And I think it would be unfortunate to shut down discussion at this point, just when we're getting into Plains Health Centre. And I think the Deputy Chair certainly wouldn't want to limit discussion on the Plains Health Centre when his colleague, in whose constituency the centre is located, is a great crusader for the Plains Health Centre remaining open and being . . . serving

the people of southern Saskatchewan's life.

So I think it is important . . . (inaudible interjection) . . . Rarely do. So I think that really Mr. Gantefoer's line of questioning, in fact it's very much on the main issue here of what is driving health policy. And I think that he should be allowed to ask that.

Mr. Gantefoer: — If I may, I think it's important and I've tried very hard to stay out of policy decisions and argue about the policy issues of it. What I am trying to do very much, Madam Chair, is to ascertain some benchmarks in terms of how do you relate a very subjective issue like the quality of health care, quantity of health care, to a very objective cost analysis of the effectiveness of the programs.

And I think our committee is indeed very much mandated to make sure that the expenditures of the public accounts in Saskatchewan are done in a cost-effective and efficient way by the administration of the people in the department who are the custodians of that challenge. The legislature, quite rightly, and estimates, is a discussion and a debate about what future spending is going to be. And I recognize that this has to say, has the expenditure been appropriate in the year in review.

What I've been attempting to do is try to see if there's benchmarks and if they . . . because health care is something that doesn't just specifically stay in one current year, but the expenditures have longer-term consequences. I've been trying very diligently to stay out of a discussion about the appropriateness of the policy and trying to benchmark the outcomes of the decisions that have been made and the administration of those decisions that have been made in another forum.

And I think that's quite rightly within the purview of this committee. And I indeed would like to continue the line of questioning on that basis, Madam Chair.

Mr. Tchorzewski: — Madam Chair, and I recognize what the member was attempting to do and that's one of the reasons why I didn't interrupt. I think he was trying very hard to do what he has just outlined.

But I refer you to page 173 of the auditor's report, fall 1966, which we are considering . . . '96 — how did I get that far back? — in which it is said, in .03:

The purpose of this Chapter is to provide an interim report on our efforts to ensure public money spent on health services is managed well.

We report on the following: involvement and performance of reporting in initiatives undertaken with Twin Rivers district; the status of our examinations of two important issues faced by health districts; an audit of two important issues — very specific — an audit of the department's compliance with the agreement with the Rural Health Coalition; and our audits of four districts for the year ended March 31, 1995. That is the scope of the year under review which we are considering, because that is what the auditor has brought before us in his report. And therefore our discussion here should be geared to those particular issues, I submit.

The Chair: — This is probably an interesting and challenging position that I am in at the moment and I've had discussions from a number of people. I've been asking people how the Chair would deal with this and I'm reminded that besides the Health department right here and the auditor's recommendations, we're also dealing with *Public Accounts* and the year and the total Public Accounts Committee.

And it's been interesting reading. I see that the committees have always allowed a wide range of discussions, as yesterday we went into a lot of different procedures. And when I've been reading and studying this, I look at things like: in examining the year under review the committee may review past and committed expenditures insofar as they relate directly and have an impact on matters falling within the year under review.

And the Provincial Auditor says what he will be doing is the adequacy of government systems and practices related to managing public resources. So if we look at all of this, I guess this is the one opportunity we have as legislators — elected legislators — to sit down and discuss things without having media or without being political.

And I'm hoping that we have a chance here to actually do the job that we were elected to do. So I would like to ask the member if he would — without delving into policy — if he would be able to ask the questions so that the people in this province and the people here that we all represent will have an opportunity to see where we're going as a government.

And we're all government, whether on one side of the table or the other, we are performing the future for the people of this province. And I'm hoping that we can just go ahead and do this in a very non-political way and get some answers that way.

Mr. Tchorzewski: — So you're saying we have to stay under the year under review?

The Chair: — I'm saying that as long as it is connected to something that we're doing under this year, past and committed expenditures, something that the department was dealing with in their Health budget, not just what the auditor is saying here — the Health budget. And I believe that that's what the member is doing.

Mr. Gantefoer: — All right, then. You indicated that I can continue?

The Chair: — I believe so.

Mr. Thomson: — So is the ruling then that we are not dealing specifically or solely with the auditor's report which is what we have laid out as our mandate? That we in fact have a broader latitude than simply to deal with the auditor's report. That this is an extension of the Estimates Committee.

The Chair: — And the *Public Accounts*. The *Public Accounts* part of it.

Mr. Tchorzewski: — The Public Accounts of — what does that mean?

A Member: — The *Public Accounts* documents.

Mr. Tchorzewski: — Okay. Related to expenditures.

Mr. Thomson: — In the year under review.

A Member: — And past year's, the Chair said.

The Chair: — Past and committed expenditures is what I meant.

Mr. Tchorzewski: — I understand the past.

The Chair: — Okay. Are we all on the same page?

A Member: — Agreed.

Mr. Thomson: — I just await Mr. Hillson's reference to the point that he'd made earlier so that he's not misrepresenting the auditor's words.

The Chair: — Can we ask him to do that when he comes in to his . . . He's on the speaking list as well.

Mr. Thomson: — I look forward to it.

The Chair: — We'll continue with Mr. Gantefer.

Mr. Gantefer: — Thank you, Madam Chairman. I think where I was, was trying to ascertain those benchmarks in terms of the outcome indicators that the auditor and I think yourself have agreed are the types of measurements that would be appropriate both from the past and going forward. Are those . . . Is it possible for your department to identify those benchmark indicators?

Mr. Yeates: — I think in the context of the Plains, that the most relevant indicator or issue is the number of acute care beds in Regina that are going to be available in the city. And I'll come back to how you would connect that to health status. That really was the key indicator.

Saskatchewan's historically had a very high ratio of acute care beds to its population relative to other Canadian provinces, certainly relative to the U.S. (United States) and most other western industrialized countries. We've always been on the very high end of that. So we knew, relatively speaking, that we should be using fewer acute care beds. And that is what was driving some of the changes in and around the Regina hospitals.

Coming up with a number of 675 beds or somewhere in that range, and given the need to make capital reinvestments in the Regina facilities, and you know having that decision in front of us, that led to a consideration of the number of sites that it would make sense to try and maintain.

In other North American cities and other Canadian cities a hospital of 700 beds would not be unusual — you could have one hospital. You know, a hospital of 1,000 beds, 1200 beds, not really that unusual in a North American context. We've had, you know . . . Of course we have to work from what our history is and what facilities we have and so on. But if we were starting with a completely clean sheet of paper, you might end up, you know, with a different kind of decision.

But in terms of a key indicator, I think it came from our work looking at national trends in terms of acute care beds, knowing Saskatchewan was high, knowing that Canada is high relative to most other western countries, and that we needed to get into more of the range of the national average bed supply. And we're basically within that range now. We're sort of at the top end of it but within a range that we think is reasonable.

Taking that then to what impact that has on health status, that is tricky because we know that the availability of a lot of health care services don't correlate very well with some of the health outcome indicators. Because if they did, the U.S. would have the healthiest society on the planet because they certainly spend the most. And they do not. And in fact they show up very poorly on indicators like infant mortality and so on because their health system, (a) is very uneven but, (b) there's much more inequality in other things like poverty, as we know, that affect health status outside the health system.

So we've sort of got that issue to deal with, is that a lot of the key drivers of health status outcomes are not health services. But in taking that, knowing we're trying to do some work on outcomes, you go to a very specific situation like acute care services. In Regina we look at comparable services systems across Canada, across North America, Europe, and so on. I think that really was the key driver.

Ms. Stanger: — Well just a short little thing on the Plains. I think it's really important to note, unless my facts are wrong . . . please correct me, Mr. Yeates, because you will know this. I think the utilization of our hospitals in Regina and Saskatoon, the majority of those beds are rural residents. I think it's very important to note that.

I had my surgery here last year — two surgeries last fall, in Regina. I do not live here. And I think that it's very . . . that we should note this as rural residents. In fact when I brought this up to a board in my area they were very shocked.

So I think that when the Regina Health Board or the Saskatoon Health Board are making decisions, they are making decisions as provincial hospitals because they serve all of us. So unless I'm right out to lunch, I would say it would be about 55 per cent utilization of rural residents in Regina and 59 — my colleague tells me — in Saskatoon. Are we wrong?

Mr. Yeates: — No, that sounds close. Yes, yes.

Ms. Stanger: — So when these decisions are made, the people surrounding here should be concerned, but on the other hand they should also know that they are the majority users of the hospitals in Regina and Saskatoon — we, the rural residents are.

Mr. Gantefer: — Thank you. I understand that from what you're saying that really, in your opinion, is there anything beyond the number of beds that you can use as an indicator of, you know, which seems to me to be a pretty limited evaluation of the effectiveness of this major type of move because it really doesn't take into account, could those . . . and even if it's a given that the 675 beds is the appropriate number, and I don't want to debate that. That becomes more of a policy thing that I don't want to be chastised on. However, if that is a given — and

I will just accept that at this stage — what methodology could be used to determine in an objective way that it is more effective that those 675 beds are put into 1, 2, or 3 facilities.

And I get into, you know, I'm just not a believer that bigger is automatically, as an accepted fact, better. I think that smaller sometimes can be better because it's more effective and efficient and focused. How is that analysis arrived at given they're, you know, not arguing and debating the number but how that number is allocated?

Mr. Yeates: — I think generally you would want to look at capital cost issues and what's the, you know, what are the sort of capital cost alternatives by having to do one or the other in terms of consolidating or not consolidating. And then secondly, you want to look at operating cost issues about either the advantages or disadvantages about having multiple sights or a single sight, and whether it's possible for you to obtain efficiencies for example, in having a single sight versus multiple sights.

And you could analyse that sort of clinical department by clinical department as well as other departments whether it's, you know, management or maintenance or whatever it is. And you can go through all that analysis was done and that's what resulted in the assessment that \$10 million in operational savings could be achieved through consolidation, and giving you the same clinical capacity that you would have had on the multiple sights.

Mr. Gantefer: — In that analysis then of the double or triple decision were things like physical accessibility, I'm thinking of the downtown locations versus you know access as my colleague indicated, a great number of the clients of the Regina Health District are rural people, many of whom would come in an emergency situation by ambulance, particular. Were those kinds of issues analysed as well?

Mr. Yeates: — Yes, yes they were. And there's always you know, advantages, disadvantages, pros and cons, to what you might want to do. Access to physicians is a big issue in terms of the downtown locations for the General and the Pasqua, and of course they are providing a lot of the services in the hospitals. So there is a whole series of factors that had to be sort of weighed and traded off. So there was no perfect solution given. It was really the relative merits given what we were dealing with. We had the three facilities, you know. Having looked at all those factors, what was the best way to approach this.

Mr. Gantefer: — It will be — from what I am hearing unless I have missed something — it's going to be extremely difficult for this committee to really be able to make an objective assessment as to the cost-effectiveness of this type of decision because I hear that the only quantifiable number there will be is to say there is 675 beds.

Well obviously you've reached that already, and so that you could say, well you're already at your efficiency and because of the changing nature of health care expenditure, that it will be difficult for you to be able to in an objective way determine if the \$10 million you've outlined is going to be the saving annually from the consolidation from three to two facilities is indeed going to occur. Am I right on that?

Mr. Yeates: — I think you're right that it's very difficult to assess because we're not in a situation where the system is static. And if it was, it would be a lot easier to measure. You'd just sort of have your pre-situation, stay static, and then you've got your post. And you just compare those two.

But so many things are changing, have an impact on that assessment and that it is very difficult to simply cut it off in one place or another. But we can track the operating efficiencies, we can track the outputs from the acute care system in Regina to see if those indicators are improving or declining.

So I wouldn't say that there is nothing you can track there but there's a lot of variables involved in this mix that may be more significant than a change in capital facilities. And I'll just give you an example of what I'm thinking about there.

We know that the population is ageing; we know that the utilization of health services increases with age, particularly for the very elderly. That might have a more significant ... probably does have a more significant impact on the need for acute care services in Regina than a change, than a capital change.

So you've got all of those other variables that are driving the system. Many have been in place for a long time, but they've kept going during the period of all of this consolidation and construction. You can't sort of freeze dry the system and look at it before and after. It's very difficult to do that.

Mr. Gantefer: — We'll debate that issue. It reminds me of a ...

A Member: — That's the Department of Agriculture.

Mr. Gantefer: — Yes. Now who's off topic?

It reminds me of a comment that a friend of mine often made that, and it went like this: how long is a piece of string? And of course there's no answer to that, and it strikes me that I'm a little uncomfortable from a Public Accounts Committee perspective to be hearing that. It is extremely difficult to, in a quantifiable way, determine if something as a major change in health care policy of this makes sense to the expenditure of the public accounts.

It's, you know, it's sort of a "take our word for it, we think it's best," but there's no real way of determining it because everything is changing.

And that's why I was trying to get to benchmark kind of numbers. And I think, for example, of you can talk about time in facilities or some of those operational things perhaps.

Another thing that's always a concern is the issue of effectiveness in terms of waiting lists and things of that nature. And I wonder if that's another benchmark that has to go into the mix. And I'm really concerned that we ... I don't hear us saying that we've got something, and I know it still has to be pretty subjective because of the nature of the changing face of health care and the demographics and all of those issues.

But I am concerned that there doesn't seem to be a real ability

to say yes, this was better. This was a good decision based on these indicators that we are willing to take before this committee and the legislators of the province, and would satisfy the Provincial Auditor that there has been a real solid attempt to identify those base-mark indicators and then be able to do a test and an evaluation against those indicators if this move has been appropriate or not. Otherwise the opportunity for learning into the future is pretty remote.

Mr. Yeates: — Well we think that we can provide you with some reassurance on some indicators. For example, on the operating efficiencies and so on that do, I think, provide some reassurance that the move was appropriate.

I think your comments could be applied to any capital project or any change in a service delivery system, not just capital. And you know, we have to look for the indicators that are available to us, so I think there is some reassurance available there. It is somewhat difficult to do because the situation is not static. That's what I was really trying to emphasize. But I wouldn't want to leave you with a sense that, you know, there's nothing here. I think we can give you some reassurance on some key indicators.

Mr. Gantefer: — Okay, thank you. And the final area that I would like to discuss is this whole issue of waiting lists. And again from a cost-effectiveness standpoint — and I would like to understand — it strikes me in a very simplistic world that if you need a hip replacement that costs the system X number of dollars and if it's done tomorrow or if it's done 18 months from now, it still costs the same amount of dollars — or 6 months or 3 months. I mean I didn't want to exaggerate the waiting-list period of time.

But there is a great deal of concern out there is that, number one, is that waiting-lists are inappropriately long; and number two, is that there seems to be the feeling that the longer the waiting-list actually the greater the cost could be to the system. Because if you don't deal with the initial problem in a time-effective way, that other complications then and consequently other costs could actually be incurred to the system because it wasn't dealt with in a timely way. And I used hip replacement; you could use any cardiac kind of thing and if there would be further setbacks, I mean that could occur.

And certainly in a real instance that happened in my area where an individual waiting for a kidney transplant ended up passing away due to complications from the waiting. And there was a great deal of frustration and concern by the relatives of the individual that the system had not dealt in a time-effective way with that individual and resulted in a great loss because of that. Now that's the broad context.

How does the system work in terms of looking at waiting-lists and how's that managed and dealt with?

Mr. Yeates: — Okay. You've raised another very complicated set of issues.

Mr. Gantefer: — You still have till 12 o'clock.

Mr. Yeates: — Yes, I've still got an hour so that's no problem. To start off, just a few things. It is a very complex area and I'll

just give you some of the reasons for that.

One is we like to talk about waiting time rather than waiting-lists. Because you could have a very long waiting-list but if the waiting time is very short that doesn't matter. So I'll just make that as just as a starting point.

Secondly, for any system to run efficiently you have to have a certain amount of waiting time. If there was no . . . if waiting time was zero, it would mean you would likely have an awful lot of down time. If you're talking about say surgery and operating rooms and so on, they would not be used a whole bunch of the time and you would have staff waiting around. So you have to have some sort of waiting time in order to use your resources most effectively. And I think again across North America, western countries, I think everybody would agree with that.

Then you get into some of the . . . some of the issues. In the example you raised on the kidney transplant the issues in fact may not be related to the capacity of the system to do a transplant. It may be that you don't have an organ available. That can often be a problem and it relates . . . and then it you get into other issues about trying to recruit organ donors and so on.

So again, depending on sort of what you're dealing with procedurally you may have other issues that you know rebound into Saskatchewan having a relatively low rate of organ donation relative to some other jurisdiction. And it's something we are working on. But I just mention that because you get into all of those kinds of complexities.

Second, it's always . . . has proven difficult in Saskatchewan and in other places to have a common set of definitions around waiting periods. Saskatchewan and Regina, because this is physician driven, do not in fact apply and use the same definitions for emergent, urgent, and elective waiting. So, you know, been proven just through the analysis so you know you're dealing a bit with apples and oranges there and it can be quite misleading.

We are working on a project with both of the centres to come up with a common set of definitions that would be used across the piece. And hopefully that'll give us that more reliable indicator.

Another major issue is waiting time will vary significantly by specialists, or by physicians. Often the public's not that well aware of that. You may have a specialist in one area, in fact who's got a relatively short waiting time because that specialist's patient load is smaller than some other specialist. So you will see significant variations in waiting time by the individual specialist. And you'll also find it between different locations.

We do have some specialists operating out of our regional centres. There again, I mean the thought focus often is just on Regina and Saskatoon. Again you'll often find different waiting times and again it would be for more limited sets of procedures in those other centres. And again depending on physician referral patterns, because of course a lot of these come through GPs (general practitioner) to specialists and so on, depending

how that works will depend on whether people use a more regional centre — Regina, Saskatoon, or whatever.

So we've got this very complex, if you like, set of services, referral patterns, patient needs, that get talked about at the other end as waiting-lists or as waiting time.

What we've found, we agree we need to have a common approach to how we deal with waiting time, certainly between Regina and Saskatoon, so we're working on that and we're optimistic we'll actually come out with a common kind of approach.

Secondly, we know that from tracking the number of procedures that are being done, particularly in Regina and Saskatoon, there have been very significant increases in things like hip replacements over the past few years. So we think sort of the indicators that one would want to use are reasonably positive.

We've had some specific areas that had been problematic. Often they are related to recruitment of a specific specialist. If you lose a specialist in one area given that we don't have a large . . . given Saskatchewan's only got a million people, we don't have a lot of specialists and sub-specialists in some areas. If you lose one person it can really back up your waiting time until you can get someone else brought in. And I think as you know we continually are working at specialist recruitment and that does have an impact on waiting time.

So there are also issues — maybe just lastly maybe getting some sense of all the complex issues involved here — there are issues involved as well about how hospitals run their operating rooms and, you know, whether you're running evening and night shifts, or whether you're just running it during the day, and when physicians are available. We do run into situations where patients are called and they decide they don't want to do it, as you know. They'd rather wait, now is not a good time. So you get into all of those kinds of issues as well. It's not sort of just running people through this machine. You've got individuals who are available, not available. Physicians become available or not available, and that all has an impact on waiting time.

Mr. Gantefer: — Thank you. In terms of doing the comparisons — and I appreciate that the issues of definition between the major centres in Saskatoon and Regina, so that you're dealing a bit with apples and oranges. Will you be doing, or do you do comparative analysis not only between Saskatoon and Regina but between neighbouring jurisdictions as well? For example what would be an average waiting time for cataract services or hip replacement in neighbouring jurisdictions. And I accept your definition of waiting time as a more appropriate one. Do you do that analysis to see how we compare to neighbouring jurisdictions?

Mr. Yeates: — Yes, we do some of that. You get added complications about services being set up a little differently and different definitions; but yes we do, from time to time, comparisons with other jurisdictions.

Mr. Gantefer: — How flexible does the system work with out-of-province, or out-of-country even situations, going back

to the fairly specific issue of the example I used. There was a donor relative available in the United States and the indication was is that if the individual would go down there they could be compared for acceptability and all of that in very short order because that would be the case that would have to be made in the situation of a cadaver donor.

And there was a great deal of frustration that this couldn't be done at in a sped up kind of a way with a live donor situation because the indications were that there was a great possibility of compatibility and the indication that come to the family from the United States side, the family there, that if the individual could go down there this could have all been done within a week. And this dragged on for over six months because of, you know, again it's international kind of relationships. And it seemed as if because of that, of where the donor was potentially from, this got all hung up somehow. And I wonder how the system responds to those kinds of circumstances.

Mr. Yeates: — We do send patients out of province for, you know, kidney transplants and so on. I think we all see those in the papers from time to time. I can't speak specifically to the situation in the U.S., but the American situation generally. I actually . . . I'd have to check, we'd have to check that for you.

Mr. Gantefer: — Okay. Thank you. I appreciate the responses to my questions and I certainly want to leave time for my colleagues. I've spent a fair bit of the time, so thank you very much.

Ms. Stanger: — Madam Chair, thank you. I'd like to make a motion. The Public Accounts Committee moves:

That we note the spirit and intent of the rural health agreement with regards to dispute resolution and review of funding for laboratory and X-ray services has been met by district health boards and affiliates, and we move compliance.

I move this, Violet Stanger, MLA for Lloydminster. Seconded by Walter Jess, from Redberry Lake.

The Chair: — We have a motion before us. I guess we don't need a seconder. Any questions or comments on the motion. Question? Agreed. Those in agreement? Opposed? None. It's carried.

Mr. Tchorzewski: — May I say to the officials — I think I can speak for the committee and I know you will to — but that we were glad to have them here and they did an outstanding job in answering the questions, and I mean that. And having been there myself, if I was a minister of the Crown, I would love to have Mr. Yeates sit beside me and provide me with the answers. That's a compliment.

The Chair: — Yes we do appreciate all your answers and your time this morning. It was done in a very . . . the spirit was great. I have a list of things, of requests that was made back and forth and I'm . . . do you have them as well or would you like me to give them to you?

Mr. Yeates: — We've been making notes, but it might be useful to check this, that we've got the same list.

The Chair: — There was a request for a list of the recent capital projects and the percentage of cost-sharing, provincial versus local. You were going to check and see if it was considered a sensitive item and if not, there was a request for a list of projects for which there has been funding approved right now.

Mr. Yeates: — Yes, I think what we were . . . no difficulty providing the approved projects. I think the question was for districts that have submitted proposals that are not yet approved.

The Chair: — Pardon me. That's right. And then the list of approved ones.

Mr. Yeates: — Okay.

The Chair: — And then the other one was an analysis of specialists and physicians that were required.

Mr. Yeates: — Yes. Working group on physician need report. Yes.

The Chair: — We'd appreciate that information to be tabled. And thank you again very much.

Mr. Yeates: — Okay, thank you.

Mr. Thomson: — Madam Chair, we're still waiting for Mr. Hillson to provide the documentation for his comments earlier today. Just to ensure he's not misrepresenting the auditor.

The Chair: — Thank you, Mr. Thomson.

Mr. Tchorzewski: — May I ask the committee if they would, if the committee would be interested in dealing with Saskatchewan Government Insurance, chapter 16, because according to our agenda no officials are required, so we're not waiting for . . . so I would want to get unanimous agreement here. So if I get unanimous agreement then I would be happy for us to be able to consider that.

The Chair: — Okay, there's been a request to bring forward Saskatchewan Government Insurance which was to be talked about this afternoon between 3:30 and 4 o'clock. Does everyone here agree that we should talk . . . discuss this item right now? Agreed? Anyone opposed? No one opposed. Okay, we'll bring . . .

Mr. Gantefer: — And I also . . . (inaudible) . . . ask the municipal officials, if we are able to deal with that, to move them forward then a half an hour so.

Mr. Tchorzewski: — I think we should inquire and ask them if they would come a half-hour earlier at least. It's already been done I'm told.

Public Hearing: Saskatchewan Government Insurance

The Chair: — Okay, Saskatchewan Government Insurance. We'll request that the auditor do an overview.

Mr. Strelloff: — Madam Chair, members, and colleagues,

we're moving to chapter 16 on SGI (Saskatchewan Government Insurance) which is page 195. It focuses on our audit of SGI related to December 31, '95. And Fred Wendel is going to review this chapter with you.

Mr. Wendel: — Madam Chair, members, thank you. Paragraphs .01 to .04 provide some background about what SGI and Saskatchewan Auto Fund are about and the objectives of our audit.

Paragraphs .05 to .10, we inform you that SGI and the auto fund financial statements for the year ending December 31, 1995 are reliable. They also inform you that we have not finished our work at the date of this report on SGI's procedures to safeguard and control its assets on its compliance with authorities. And we inform you that the appointed auditor had finished his work and his opinions were that SGI had adequate rules and procedures to safeguard and control their assets and did comply with authorities.

The reasons we weren't able to finish our work is SGI had put in very complicated new computer systems and there wasn't enough information in the files at that time for us to make an assessment, so the appointed auditors provided us some information that was a little late and they asked us to get a lot of the information directly from SGI because it's just too onerous to provide it the other way.

So we've now done our work and we're satisfied that at December 31, 1995 SGI had adequate rules and procedures to safeguard and control its assets and did comply with governing authorities.

The Chair: — Thank you very much. Any comments?

Ms. Stanger: — Thank you very much, Mr. Wendel. Subsequent to the fall report the Provincial Auditor received the information that you've said you requested, and completed his work for 1995 financial year. And I want to commend the auditor for this.

The Provincial Auditor determined that there would be not any other reportable matters to the Legislative Assembly regarding SGI (Saskatchewan Government Insurance) for 1995, so I move that we accept compliance — or that we say that we have complied to the auditor's . . . (inaudible interjection) . . . I guess it was just an information item then. Thank you.

The Chair: — I guess that would conclude chapter 16 on SGI as there was no recommendations. And I want to thank the auditor again.

The committee recessed for a period of time.

Public Hearing: Crown Investments Corporation of Saskatchewan

The Chair: — I'd like to welcome the officials here this morning and maybe if you'd like to take this opportunity to introduce us to everyone with you.

Mr. Wright: — My name is John Wright. I'm the president and CEO of Crown Investments Corporation. On my extreme left is

John Amundson. John is the controller for the corporation. And just to my immediate left is Sheldon Schwartz, vice-president of finance for CIC (Crown Investments Corporation of Saskatchewan).

The Chair: — Before we continue on . . . and we've asked the Provincial Auditor if he'll give us an overview. I understand this was done earlier this spring but for some of us that weren't here, he's agreed to review again. But I just would like to read this statement: 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 give to this committee cannot be used against you as a subject of a civil action.

In addition, I wish to advise you that you are protected under 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 forward 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. Please address all comments through the Chair.

I'll ask the Provincial Auditor if he will give us his overview.

Mr. Strelieff: — Madam Chair, members, colleagues, good afternoon. Another person with our office is at these meetings today and that's Rita Schiller, sitting there or standing up there. Rita works part time for us in maintaining our library and accessing information for us. Also with me is Andrew Martens. Martens leads our work at the Crown Investments Corporation.

So we're dealing with the fall of '96 report, chapter 4. In that chapter is the results of our audit work for the year ended December 31, 1995. The fall of '97 report deals with December 31, '96 and we hope and plan to issue a spring report in May of '98 for the results of our work for the year ended December 31, '97, trying to be more timely.

As you know, CIC is an important organization. They oversee revenues almost at \$3 billion, expenses close to that, assets of nearly \$8 billion — assets of course owned by the public — and they impact . . . the activities carried out through CIC impact our economy significantly.

CIC has several significant responsibilities. One, they provide cabinet relevant and reliable information, as being one of their responsibilities. They are to monitor and evaluate CIC's subsidiaries' performance. They are responsible for managing significant investments, and pursue economic development and diversification opportunities. Because CIC is so significant,

several years ago we decided to carry out the audit of CIC directly instead of relying on an appointed auditor, and CIC supported that decision.

In paragraph .05 on page 55, we give you some key assurances first that their financial statements are reliable — you can rely on them for reviewing finances of CIC — that they have adequate management systems and practices, except for a few items that we identify in this chapter. And that they comply with the key main legislative authorities governing their activities.

In general, during the last several years it's been my perspective that CIC has responded to our advice and recommendations and has made significant positive changes to how they manage and report on their responsibilities. Of course, as auditors, we always are pushing the envelope and want more to be done.

Our chapter is organized into five parts. I plan to review the first two parts which is set out in paragraph .06, and Andrew is going to review parts C, D, and E.

In part A, I deal with three types of information. I think CIC and its subsidiaries should provide legislators dealing with planning and performance information, lists of persons who receive public money, and the financial statement of all subsidiaries that they are responsible for. In general, I hold the position that the government's use of public money should always be public. So that's where I come from when I make many of my recommendations.

If there are circumstances when the government of the day thinks public disclosure is inappropriate, I think the Assembly should decide on those circumstances, and in some cases they have. The Standing Committee on Public Accounts is the appropriate forum for discussing and recommending to the Assembly when public disclosure is inappropriate. And in my work and managing my own activities, I'm often reminded that public disclosure is important for three reasons.

First, public disclosure serves to remind all government officials they are spending money that is entrusted to them by the public. Second, public disclosure adds rigour to decision making as it ensures those who spend public money know the use of that money will be public. And third, public disclosure ensures the public knows who has received their money.

Now when there are circumstances where public disclosure perhaps is not appropriate, this committee has operating procedures to deal with those circumstances. For example, in your operating procedures, you actually have procedures for going in camera. And the circumstances that you've envisioned as being of a sensitive nature deal with matters that perhaps are under police investigation, where public hearings would constitute an unreasonable intrusion into the privacy of individuals, where the evidence could impact upon the competitive position of an organization, and even when dealing with matters that could affect national security.

So in your operating procedures you actually contemplate circumstances where public disclosure perhaps would not be in the best interests. But it doesn't mean that you as members don't have access to that information. You may go in camera.

Also, as you know, this committee has referred some of my recommendations related to CIC to the Crown Corporations Committee. On Monday, in my orientation I said that I recommend that you not do this as the Crown Corporations Committee does not have the necessary mandate from the Assembly to deal with my reports. For example, the Crown Corporations Committee has not dealt with any of the recommendations previously referred to it by this committee.

I suggest you first decide whether you wish to change the mandate of this committee. There might be an opportunity to strengthen both committees. For example, perhaps this committee could focus more on the annual performance reports like we were talking about this morning related to the Department of Health. And the Crown Corporations Committee might be more effective if it had a mandate and operating procedures similar to yours. No doubt there are many other issues to consider if you do decide to recommend changes to the mandate of this committee.

As you know, this committee serves as one of the few opportunities legislators have to question the work of government officials, and of course to encourage good, positive change.

In paragraph .14 we recommend CIC provide you comparisons of planned and actual performance. We think that it is important for you to know what performance indicators CIC uses to monitor its progress as well as its performance targets and results.

Now, Andrew advises me that CIC is making significant progress in this area. That they are working with the subsidiary Crown corporations in developing and establishing and reporting key indicators.

In paragraph .18 we recommend CIC provide you a list of persons who receive public money. As you know, the committee has recommended this in the past and that's what I set out in paragraph .16.

Also, as you know, most other government organizations now do this. And of course the Assembly does have laws to ensure that those who contribute to political parties, the names of those persons are made public. And of course the Public Accounts Committee has recommended that those who receive public money are also made public. So since you receive only about 60 per cent of this information, this must make it difficult for you as legislators, to use this kind of information for the purposes that you intend.

In paragraph .23 we recommend the financial statements of all subsidiaries be tabled. Again I am advised by Andrew that almost all of those statements now are being tabled.

In part B, in paragraphs .24 to .31, for several years now we have recommended that the board of CIC approve all of its Crowns' budgets and Crown subsidiary budgets and business plans. We think that the board needs this information to assess how each of the Crowns contribute towards CIC's overall goals. In addition, the board needs this information to coordinate the direction of its Crowns.

For our work related to '96, we can assure you and inform you that they are now doing this. So for the recommendation in .31, we think that it's being handled by CIC in a good way.

In paragraphs .32 to .39 we also have been recommending that CIC's board receive comparisons of actual results to plans so that it's better able to manage, direct, and evaluate CIC's activities on a consolidated basis. And again, I'm advised that CIC has now done this. The board is receiving good interim reports on their performance and planned performance. And as you probably can remember, in September or October of this year, CIC issued a semi-annual report in a public way setting out its six-month results.

In paragraph .40 to .45 we recommend that CIC obtain the necessary order in council approval when it increases its participation in joint ventures and provides financial assistance and acquires shares in a corporation. For a couple of transactions during that year they did not. My understanding is that CIC is planning to obtain order in council approval on a prospective basis for these kinds of transactions.

Now part C relates to the way CIC manages its investments in commercial enterprises. And I'm going to turn over C, D, and E to Andrew Martens.

Mr. Martens: — Thank you, Wayne. In part C we report the results of our work on CIC's investment management system. And as Wayne said, the effective management of investments is one of CIC's key responsibilities. To begin our work, we first agreed with CIC on what the key elements of a good investment management system would be. And we agreed on five elements or criteria. And they're noted in paragraph .59, and I'll go over those.

The first criteria is that CIC should have a clear framework that outlines the methods it uses to manage investments. The second is that CIC should have clear and measurable objectives for each investment. Third, CIC should monitor each investment. Fourth, CIC should adequately evaluate the progress of each investment and consider if it needs to take additional action. And fifth, CIC should provide adequate reports on each investment to senior management, cabinet, and the Assembly.

We concluded that CIC's systems and practices to manage investments are adequate except for four areas where we make recommendations, and they're noted in paragraph .53.

The first recommendation is that CIC should prepare a concise summary of the specific objectives it has for each investment. Summaries are needed since investment reports that CIC prepares are very lengthy and the objectives can appear throughout those reports.

In addition the summary should clearly state the specific results that CIC intends to achieve over a definite period of time. That way they can compare the planned performance to actual results.

The second recommendation is that CIC should have written summaries that outline the procedures it uses to manage each investment. The investment procedures vary from investment to investment, and we think having written guidance would be

useful, especially when there's staff turnovers in the investment area at CIC.

The third recommendation is that CIC should follow its existing policies when making investment decisions. CIC has appropriate policies, and one of these is that CIC takes an appropriate ownership interest in an investment when the investment terms go beyond normal commercial terms. And we think CIC should adhere to that policy.

The fourth recommendation is that CIC should improve the way it monitors its investment in HARO and Crown Life. At the time of our audit, CIC was obtaining verbal reports from HARO. We suggested CIC should receive written reports on a regular basis and consider whether there were other means to monitor that investment as well.

In part D we report our findings on how CIC accounts for its investment in HARO and Crown Life. This was an important matter because the investment in HARO is worth about \$420 million.

According to the accounting standards that CIC follows, investments in corporations are accounted for differently, depending on if CIC controls them or not. CIC had been accounting for its investment in HARO at cost, because it did not control HARO. In 1995 there were several significant ownership changes at HARO and Crown Life. And as a result it wasn't clear whether the accounting methods used by CIC would continue to be valid.

After examining this matter in detail, we concluded that CIC still did not control HARO and therefore was correct in continuing to account for this investment using the cost method.

Finally in part E, we provide an update on two matters that had been reported previously. The first one is our recommendation that public policy objectives of Crown corporations should be prepared and given to the Crown Corporations Committee for review. In June '97, CIC issued a report on the Crown review and it states that CIC will set public policy targets for Crowns and evaluate their performance against those targets.

In addition that report states that annual reports will include the corporation's public policy goals and what steps were taken during the year to achieve those goals, and we think that's good progress and look forward to that.

The second matter is our recommendation that CIC and its Crowns should use standard assumptions for future inflation rates and cost of living increases when calculating pension liabilities. In '95 that was not the case. In 1996 we found that all Crown corporations use the same inflation assumption when calculating their pension liabilities and for the COLA (cost of living allowance) increase assumption; only the SaskTel plan used a different assumption.

We think because the government normally sets a common COLA increase for all Crown pension plans they should all use the same assumption. And the effect of that difference was about \$20 million in 1996.

That concludes my comments on this part. Wayne.

Mr. Strelloff: — Thank you, Andrew. Madam Chair.

The Chair: — Thank you very much. Before I go on, I'd like . . . the comptroller has a couple of officials he'd like to introduce.

Mr. Paton: — Thank you, Madam Chair. The two officials attending with me today, in addition to Chris Bayda, I have Bev Hungle, who is an analyst in the financial management branch, and Jane Borland, who's a manager in the financial management branch. Thank you.

The Chair: — Thank you very much, and welcome. And now I'll defer to the president of CIC.

Mr. Wright: — Madam Chair, I really don't have a lot of introductory comments. I feel like I've seen this movie picture before. We've discussed this in this room, perhaps not with the same individuals.

CIC is a very complex, large, and very unique structure not only here for Saskatchewan but perhaps in North America. We strive to do our best. I appreciate that one can always do better. I believe that we've been working cooperatively with the Provincial Auditor on most matters, I say lovingly. But we have been making significant progress. I'm very pleased with that and it's always encouraging to hear the Provincial Auditor say that we are making progress. We can do more; we can do better, and we will.

The Chair: — Thank you.

Mr. Gantefer: — Thank you very much, Madam Chair, and welcome to Mr. Wright and officials.

I note in the report that we received from the Provincial Auditor just now that in a good number of the recommendations that he made at this time regarding the fiscal year ending December 31, 1995, that he notes that subsequent to his report that there has been a great deal of progress made and I certainly do congratulate you on that area.

One of the areas . . . I guess there's a couple of areas that I want to deal with specifically in the year in question and to get some background on it. And I'm very sensitive to the mandate of the Public Accounts Committee to hold accountable how money has been spent rather than questioning philosophical policy issues going forward, but to see how the system has operated in the public's interest in regard to money that has been spent.

And I want to begin particularly with the NST issue that was begun in 1995 which indeed is the year reviewed by the Provincial Auditor as I understand it. And I wonder if you would like to start by giving an overview of the NST project that I believe started in 1995.

Mr. Wright: — Madam Chair, perhaps I could ask for some clarification here. Generally when CIC, or when I used to be with the Department of Finance, or when I used to be with SGI, when we come before the Public Accounts Committee we are there to address the issues before us from the Provincial Auditor's report. I have come prepared certainly to address these issues. I have not come prepared to discuss such issues as

NST or the others.

If it's the will of the group, I would certainly encourage you to raise those issues with SaskTel when they are before you. I'm just simply not prepared to deal with them today and I believe that what we should be addressing, and of course I'll stand corrected, are those issues in the auditor's fall 1996 report as they pertain directly to CIC.

Mr. Koenker: — Madam Chair, I think maybe the way to deal with this is to . . . I think we need to focus on recommendations insofar as comments pertain to the recommendations, otherwise we get off track. I'm just concerned about that. So I would suggest that procedurally we start in with the recommendations just for the sake of clarity, and that any comments be aligned to the recommendations.

The Chair: — Other comments from . . .

Mr. Gantefer: — Well, Madam Chair, I think that the objective of the exercise and in the year in review, the Provincial Auditor . . . I have not seen refers specifically to the issue of NST investment and certainly that's part of the expenditure of public monies in the 1995 fiscal year which is the year being reviewed by the fall 1996 auditor's report.

And so when we talk about dealing with issues of financial expenditures of government — and I do believe that the connection of the expenditures made through CIC are also legitimately to be made and subject to the review of the Public Accounts Committee as an after-the-fact review — that it's an appropriate thing to be looking at the criteria of these investments as a factual understanding of how they were made.

And I accept the discussion that went on this morning in terms of it not being appropriate for this committee to delve forward into policy decisions and things of that nature. I am simply asking for clarification and a complete understanding of the investments that were made in the fiscal year 1995 and have been reported in the 1996 fall report of the Provincial Auditor.

Mr. Thomson: — I appreciate Mr. Gantefer's comments. However I think what we are attempting to deal with on this particular agenda is the auditor's report and his recommendations specifically as they pertain to CIC. That's not to say that at some future meeting we may not want to review particular dealings of various Crowns, be it Channel Lake through SaskPower, be it NST through SaskTel; but I think the matter that's currently before us today are in fact the auditor's recommendations and his report from this particular year.

I don't know whether the auditor has in fact offered comment on these other investments and whether that will be coming forward at a later point, but I'd suggest that today we do focus in our attention on this particular set of issues.

Mr. Gantefer: — If I hear what the hon. member is saying in terms of having another opportunity to review these specific things, is it my understanding that the committee is prepared to acknowledge that even if we complete the recommendations specifically listed in the 1996 report that this committee has the opportunity to deal with the other issues in the fiscal year 1995 at some other occasion — and this project specifically — or are

we going to end up with an inability to have this put on the agenda?

Because we'll say that the argument could be made that the year in review has been completed because all the recommendations in this particular report have been dealt with and all of a sudden we lose the opportunity to deal in detail with the way this expenditure has happened. And I guess my concern is, is that this does not get put off into some Never Never Land that we are unable, in a minority position, to bring forward to the table at some timely, future date.

I understand what you're saying but I greatly fear that all of a sudden the only things we'll be dealing with are the specific recommendations and not living up to our mandate to be able to deal with other issues that relate to the expenditure of public accounts in the year under review.

Mr. Hillson: — I'll defer to Mr. Thomson. I think it's more direct . . .

Mr. Thomson: — I would suggest that if we are going to be dealing with other issues I would remind the committee that what we are dealing with specifically right now is CIC which, while it is the holding company for all the Crowns, if we were to examine other investments, it may be more appropriately done under a report that dealt with that.

For example, when SaskPower comes forward we may want to examine Channel Lake; when SaskTel appears we may want to examine NST or other investments. But given that CIC is the holding company, it would seem to me that we should focus in on that specific set of issues.

The other issue that does concern me to a certain extent is the fact that we do not have a report from the auditor on those different issues, or at least do not immediately in front of us.

So today I would suggest that what we deal with is CIC in specific, recognizing that in the future we may in fact be dealing with separate reports on SaskPower, which would facilitate Channel Lake that Mr. Hillson raised yesterday, or SaskTel, which may facilitate NST's discussion that you've raised today, Mr. Gantefer.

So that I don't view this as being exclusionary in terms of having closed the door on discussion of those investments but rather simply focusing the committee's attention on the work in front of us today.

Mr. Hillson: — Yes, Madam Chair. I think that it would be preferable, when matters not strictly speaking within the report of the auditor are to be brought up, that some advance warning be given. And of course one of the practical problems we have here today is that Mr. Wright says he's really not in a position to answer the questions in any event. So in that sense I'm afraid the Chair's ruling on this point is almost, is almost moot. In the case of Channel Lake of course, I tried to give advance warning and very detailed notice as to the sorts of questions I was interested in having answered.

I am certainly in agreement with Mr. Gantefer that when we lose \$16 million on a cable company in Chicago, that raises a

lot of questions in the public's mind as to what our initial goals were and what went awry, and doesn't seem at first blush to be the sort of activity that the Crown corporations in Saskatchewan were established to do.

So in that sense I am certainly in agreement with Mr. Gantefer saying this is an important matter, but I think obviously there should have been some advance warning, and I think some reasonable detail as to the sort of questions that we as members of the committee think ought to be answered.

Having said that though, I think it has to be pointed out that while members opposite say, well we're not, we're not saying never; on the other hand when pressed for a time when these other matters could be put on the agenda they would not be committed to placing them on the agenda at any time.

So it wasn't just a case that, well we're not prepared to go with them today. Unfortunately the vote was, we don't want them on the agenda at all, because the final motion was simply that they go on the agenda for sometime down the road. And of course even Mr. Gantefer's motion in that regard was voted down.

So I think, I think that is unfortunate. I think that NST is an issue which should be looked into. But I certainly understand Mr. Wright's position, that he is not in a position to answer questions today, and of course unfortunately was not given notice that these were going to be raised. Thank you.

Ms. Stanger: — Madam Chair, I'm totally confused. I've been on this committee for quite awhile. We have never had this problem with agenda items before and for somebody to suggest that somehow we don't want to put things on the agenda, it really puzzles me.

Because to begin with, Mr. Gantefer worked on the agenda with Mr. Tchorzewski. He knew what was coming up and what was on the agenda. And for Mr. Hillson, as a new member, to come in here and suggest that things won't be put on the agenda, that's a bit presumptuous. That is presumptuous for you to come here after we have sat . . . the Co-Chair, who was a former Chair, which is a member of the opposition, and a government member set the agenda. Now if you want to influence setting the agenda, you know the two people that you approach . . . (inaudible interjection) . . . Just a minute, I think I should put my remarks through the Chair and not to somebody directly, sorry. Sorry about that, Madam Chair.

So I'm confused. Because never have we had problems, in all the years that I've been on here, on agenda items. Nobody is trying to avoid dealing with something. I am the kind of person who would like to see things dealt with up front. Because guess what? You can't hide behind an issue anyway. And I think anybody would agree with that. This government has been more accountable and more open than any other government that I know of. And that includes governments of our own political stripe.

So what I am saying is that I don't know what the purpose of this argument about agenda is. We had the response to the auditor's report on the agenda. That is how we should proceed. The Chair and the Co-Chair will make up our next agenda and people should make submissions to both of these people to get

items on the agenda. I think this is wasting our time again. Here we go again. And especially Mr. Gantefer was one of the people that was on the committee to make the agenda.

I can tell you one thing, Mr. Gantefer, Mr. Tchorzewski didn't ask me what to put on the . . . or, Madam Chair, I was not asked what to put on the agenda. I received the agenda like the rest of you. So I think we should go forward — we've got the officials here — and we should proceed on the auditor's recommendation, from recommendation to recommendation and do this in a timely fashion and not accuse each other of something ridiculous.

Mr. Gantefer: — Thank you very much, Madam Chairman. I think to clarify the record I certainly appreciate Mr. Wright's comments in terms of not interpreting the agenda in such a way as to specifically want to deal with the NST issue as a subsidiary and because that wasn't specifically recommended or mentioned in the auditor's report and I think that's a point well taken.

I was approaching it from this point of view — that this transaction happened in the year being reported and as such was a part of the year under review, if you like, and that those activities did occur under that year in review and I accept the premiss that that wasn't prepared.

I also accept the premiss that this item can be placed on the agenda by the agenda committee made up of the Chair and Vice-Chair and I accept that as a legitimate comment and I was not inferring that there was going to be some deliberate avoidance of it.

I just wanted to make sure that we clearly understood that just because we potentially will complete the auditor's specific recommendations for the year in review, does not mean that we cannot now go back to other issues pertaining to the fiscal year '95, the '96 year under review and put in on the agenda to discuss NST or things of that nature which began at that time.

And I hear that as a clear understanding and I accept that and I appreciate the comments and so I would be quite content with that.

Mr. Hillson: — I think in view of Mr. Gantefer's remarks, I think the matter has been resolved.

Mr. Koenker: — Yes, I'm wondering where we go from here?

The Chair: — I feel as Chair we should go forward now with the recommendations that we are looking at in this auditor's report for 1996, well aware of the fact that when we have a new agenda drawn up there will be probably issues brought forward by various members that will not be restricted in any means by any rules or discussions that were made. And hopefully today we can work on the recommendations, starting now.

Mr. Koenker: — That sounds good to me and I think we can accommodate the business we have before us now and the concerns of the opposition.

The Chair: — Okay.

Mr. Gantefoer: — Then with the understanding that I believe is there, we should proceed by recommendation and try to focus our comments in that area, and then move forward. And I will do that.

I think that from my read of the comments by the Provincial Auditor under .14, .23, .31, .38, .45, really on all those issues under A and B, I note either completion or comment of, that this has been accomplished or that significant progress has occurred. Is that a fair reflection or have I misread what you have indicated?

Mr. Strelloff: — Could you just restate those numbers again please?

Mr. Gantefoer: — I was starting at the beginning where I note . . . I think the first recommendation is under .14.

Mr. Strelloff: — Okay.

Mr. Gantefoer: — Is that correct? And I noted that — if I interpreted this right; I just want to get this clear — significant progress being made. And I heard from Mr. Wright that CIC is endeavouring to make significant progress so there is no debate in terms of the desire.

Mr. Strelloff: — Madam Chair, Mr. Gantefoer, when I commented on number .14 I said that CIC is making progress on identifying and preparing key performance indicators. There has yet to be moving that information in a plan-versus-actual-result way into the annual reports. But we have seen that they are working on making sure that they have agreements with all their subsidiaries and what are their key performance indicators . . .

Mr. Gantefoer: — Okay.

Mr. Strelloff: — . . . And what are their targets. And the next state that we're looking forward to seeing is, that information migrate into the annual reports of CIC and its subsidiaries.

Mr. Gantefoer: — Okay, then if I could to Mr. Wright. Can you outline for the committee the kinds of indicators that you're developing for your subsidiary Crowns in terms of benchmarks or those indicators. First of all what kinds of indicators are you setting forward?

Mr. Wright: — Madam Chair, I serve two committees: the Public Accounts Committee and of course the Crown Corporations Committee. Under normal circumstances I would encourage this sort of debate to occur in the Crown Corporations Committee, but I'd be delighted to answer the question nevertheless.

We've been working very closely with our subsidiary Crown corporations, those that are wholly owned, to develop what we're considering and calling the balance score card. Often corporations look at themselves only in a financial way and they develop indicators such as return on equity or interest coverage or what have you, as appropriate targets.

We've been working with the Crowns to broaden that to a score card approach which would include four quadrants within the

score card. Customer service: what are we doing about this; how are we improving; what are the goals and targets for the out years? Number two, innovation and growth: are there products and services that are not being provided on a universal basis to the people of Saskatchewan? Are there things that the Crown corporation should be doing to expand, to provide a broader basis of growth and innovation?

The third of course is financial indicators. Because at the end of the day, as the shareholders, the shareholder expects and demands well-run corporations from a financial perspective and a return on their investment. And finally, the fourth is public policy objectives. Public policy objectives can extend from employment equity targets, goals, through to employee training and others.

We're very much in the embryonic stage of working with our Crowns on developing these indicators. We've done some what I'll call very good preliminary work on this, but it's clear in my mind that we're changing the way and the approach of Crowns to take a much broader view of the world than just financial, to deal with these other three quadrants. We have a lot of work to do.

Mr. Gantefoer: — Then in your remarks I indicate that you're not in disagreement with the recommendations of the auditor in terms of an objective of defining indicators in all four quadrants.

Do you then support the concept that they should be put into reports in terms of comparisons of planned performance against measurable, actual results?

Mr. Wright: — Well certainly in the case of CIC. We moved — again, we're not even in 1995 any more, we're moving into '96, but fair enough — we've moved to include certain objectives of ours clearly within our 1996 annual report. We're going to be reporting on those shortly, as the 1997 results come out, and establishing new objectives for 1997 that we'll report on a rolling basis. So we have made some progress there. We are encouraging the Crowns to operate in a similar behaviour.

Clearly the annual reports right now, in my opinion, are as good or better than any in the private sector. They include full descriptions of mandates, strategic objectives, strategic plans, and so on. What I'm saying is that we can always improve these, and we're moving forward.

Do I agree with the Provincial Auditor specifically on the need to develop these objectives? Yes I do. But let us disclose these and let us work upon these when we have quality items to deliver to you and to the people of this province in that regard.

Mr. Gantefoer: — I don't think we're asking for you to sort of end up putting together some information for the sake of information, but so that it is measurable, you know, quantifiable, objective kind of information. Because one of the great difficulties for the mandate of our committee, which is indeed appropriate to be reviewing these kinds of things, is to ascertain if the public funds have been appropriately spent and according to the mandates and objectives of the provincial legislature.

So it is inappropriate for us to be probably looking forward to suggest that you deliver to us policy decisions about where you're heading. Our job is to evaluate if you've done a good job from a historical standpoint.

So thank you very much. That's all the comments that I would have in terms of this specific recommendation.

Mr. Thomson: — Well in terms of the recommendation under paragraph .14, I guess the question I have is pertaining specifically to the whole issue of annual reports. Is the Crown Corporations Committee dealing with the issue of annual reports? And I ask that because I know that as we came out of Crown review there was a large amount of discussion about what should be made public as we move these Crowns into a competitive environment.

I think in fact in this committee last session we had some debate about that in terms, specifically, of should we meet TSE (Toronto Stock Exchange) kind of requirements. Should we continue to meet the departmental style, our governmental style of reports? How should we move forward?

And I wonder if this larger policy area is being dealt with by Crown corporations and perhaps should be dealt with, quite specifically, by Crown Corporations Committee. Could I ask Mr. Wright, I guess, in terms of his view on that.

Mr. Wright: — Madam Chair, I don't profess to be an expert on procedures but I have been discussing this, I believe, in Crown Corps Committee. I know I have talked with the Chair of the Crown Corps Committee about this. We're hoping to expand, quite clearly, the quality of the annual reports, to make them better than private sector counterparts. This would include, as I've discussed with the Crown Corps Committee, the inclusion of public policy objectives and descriptions of what they've been doing; cross-subsidizations, and disclosure on those where possible, and so on. So my preference, to the extent I have one, would be to deal with this in Crown Corps.

The Chair: — I'd like to bring forward something to the committee. I was handed the . . . the Public Accounts met on May 13 and at that time a motion moved by Mr. Thomson, actually on recommendation no. .14, was passed. And if we do something different than this I would like to read this recommendation to you.

That the Public Accounts Committee notes the auditor's recommendation as contained in paragraph .14 and asks that the Legislative Assembly refer this recommendation to the Standing Committee on Crown Corporations for their review and consideration.

And the motion was agreed to.

Mr. Thomson: — Fortunately, Madam Chair, I'm a creature of habit and was about to suggest exactly the same thing.

Mr. Koenker: — If that's the case why are we dealing with paragraph .14 right now?

The Chair: — I would say it was probably an oversight.

Mr. Koenker: — Are there any other recommendations?

The Chair: — Not that I'm aware of. I understand that no. .18 was partially discussed at this meeting, but it wasn't finished. Not being there, I'm not sure, but that's what I understand — pardon me I was here.

Mr. Whitmore: — So you want to move on to paragraph .18? Recommendation .18?

The Chair: — We're on .18, we can discuss. In no. .18 is:

We recommend CIC and its subsidiary Crown Corporations should provide the Assembly with a list of persons who received public money.

Mr. Gantefer: — Thank you. And I'm really going to be nervous if this was discussed and I was . . . the discussion occurred but no decision was made on .18. Is that correct? . . . (inaudible interjection) . . . I've been very consistent.

Mr. Wright, could you update us in terms of the progress that has been made in regard to .18.

Mr. Wright: — Certainly. Madam Chair, on May 13, 1997, when I appeared here last, this issue was discussed at some length. The point I was making is that our Crowns are either in or moving rapidly into a very competitive situation — witness AT&T, witness Sprint *vis-à-vis* SaskTel.

In the case of SGI CANADA, they compete with over a hundred other private insurers who would love to get their hands on this sort of information. Indeed there have been announced plans for November 1998 for SaskEnergy to open up the field of natural gas delivery even broader than it is. And in my mind there is no doubt that SaskPower will be rapidly moving into the world of competition, starting with free-wheeling of electrical energy across provincial borders.

In light of that this recommendation causes me great concern. Certainly the competitors, who are not obliged nor required to provide this sort of information, would dearly love to get their hands on it. As a consequence, it's the opinion of CIC that this would put us at a severe disadvantage and would result in market erosion, and would result in reduced benefits to the shareholders of this province ultimately on a financial basis. So we are in opposition to this.

The Chair: — Mr. Thomson. Oh I'm sorry, Mr. Gantefer isn't finished.

Mr. Gantefer: — Thank you. And I won't take the comments that you make. Don't get me wrong, I understand the point that you're making in terms of the Crowns moving into a different environment. But I think one of the concerns that have always been raised between . . . and its relationship of Crowns versus the public expenditures, and under The Election Act and things of that nature, as the Provincial Auditor mentioned, that people who make contributions to the political process have to be identified. And people who receive disbursements of public money through the General Revenue Fund have to be identified, and I think that's a safeguard of the public interest, that there's nothing untoward happening.

Potentially I think the reason the issue has been raised is that potentially the Crowns could be used as a vehicle to circumvent that stated public policy intention. And I see your dilemma, but I also think that there has to be some reconciliation in some way between the safeguarding of the integrity of the process, versus the issues that you raise. And I wonder if there's any way that those two competing or conflicting points of view can be reconciled.

Mr. Wright: — Madam Chair, I certainly do recognize the comments of the hon. member. Small point: political contributions, I thought the first \$100 if you make a contribution the individual didn't have to be identified. With respect to the General Revenue Fund it is not a commercial entity, it is not in competition with others. It's there plain to see.

We are in competition in many of the Crowns and we will be moving in more rapidly. How do you square the circle? I'm not sure, but it's my job to ensure that the taxpayers of this province receive a fair, reasonable return on their investment — both on a financial basis and what I'll call a broader social-economic basis. It's my concern that if we open this up, we've provided that information unlike all of our competitors — unlike them — that return to the shareholder would be eroded. But I do recognize the comments that you make.

Mr. Gantefer: — And I certainly appreciate the dilemma. And of course it leads to another debate that I won't attempt to get into versus the appropriateness of Crown corporations being held in private hands or public hands. But that's all part of that debate and dilemma of protecting the public interest.

And I wonder if there's a vehicle . . . the Provincial Auditor pointed out that in some of the operating practices and principles that we have as vehicles before us, that if there is the ability to table this kind of information to an in camera Public Accounts Committee meeting or something of that nature so that there's at least some review of this information on a confidential basis, that would recognize the dilemma that you're talking about in terms of the competitive disadvantage, and also the concern that many people raise in terms of the Crowns, which represent 40 per cent of the activities of government, being used in a way that could compromise the integrity of all of the issues surrounding this disclosure policy in terms of the General Revenue Fund.

Mr. Wright: — I don't recall ever being asked for that sort of material on an in camera basis. I would certainly like to think about that.

Mr. Gantefer: — Okay.

Mr. Thomson: — Again this is, I think, this is one areas where as we strip away the monopoly advantages the Crown corporations had, we need to ensure that the accountability mechanisms in place reflect those more akin to the corporations they're becoming. For example, I think we need to put this in the same perspective as we did the annual reports question. What sort of information should be publicly disclosed, what should be readily available, and what should be retained by management and the boards that control it?

There are, as I understand, now various Acts that obviously

these corporations will have to continue to adhere to in regards to monopoly or not, Crown Employment Contracts Act being probably the most important. Certainly from our party's perspective an Act we're very proud of in terms of forcing disclosure of contracts publicly, which we know was under terrible abuse by the previous government. There is nothing in the current situation that prohibits the auditor from going in and completing a complete and full audit, including full access to all that information. Again this is an area where I think as we move forward into a full competition, we should probably note the auditor's recommendation and ask that it be referred to Crown Corporations for consideration.

Mr. Hillson: — Yes, notwithstanding, Madam Chair, is that this is not maybe quite as great a dilemma as has been portrayed. My understanding is that this information is in fact filed in the hearing process in other jurisdictions through the public utilities review, which of course exists everywhere else on the continent except here. And that Bell Canada for example, tell us that it does in fact have to file very detailed information that is then public as part of the utility rate review mechanism that exists elsewhere on the continent.

And I would just like the auditor to comment on whether or not that is correct.

Mr. Strelloff: — Mr. Chair, members, Mr. Hillson. You refer to the information that's made public through rate-regulated bodies, either CRTC (Canadian Radio-television and Telecommunications Commission) or public utility commissions across Canada. Those bodies do not require publication of lists of who received money from those organizations.

Their requirements focus on the plans, the performance targets, the cross-subsidy implications, the transfers from holding companies to operating companies in the past and in the future. It's more related to our recommendation .14 than recommendation .18; .18, the rate regulators do not ask for a publication of lists of people who receive their . . . receive money in that detailed way.

Mr. Hillson: — Okay. So you're telling us that .14 would be standard around the continent through the rate-regulatory bodies provision but .18 would not.

Mr. Strelloff: — Mr. Chair, Mr. Hillson, the type of information envisioned in .14, which is providing the public and through rate regulators or through this committee, information on plan, performance, and actual results related to the key performance indicators, the key capital construction, that type of information would be publicly available through rate-regulated bodies. Yes.

In fact you can get the corporate plan of Quebec Hydro, five-year corporate plan of Quebec Hydro on the Internet. They have a web site for it. But for the detailed . . .

Mr. Hillson: — But barring ice storms.

Mr. Strelloff: — The list of payments, no, that isn't something that the rate regulators require to be made public. Not at all.

Mr. Hillson: — Well in that case, Madam Chair, I guess then we have to put then Mr. Wright's observations into . . . Is this then . . . would this then be placing our Crowns at an unfair disadvantage to expect them to do what now their competitors are not doing and are not required to do?

Mr. Wright: — I accept a certain amount of what the Provincial Auditor said. But two of the major competitors to SaskTel in this province right now are AT&T and Sprint. They do not provide that sort of information. That information, to the best of my knowledge, is simply not available in terms of recommendation .14 here. It may be for certain other monopoly bodies, it may be available, as in Quebec Hydro. But certainly not with respect to AT&T and Sprint who are out there competing head to head.

And in addition, relative to SGI CANADA, it is in full competition, again, over 100 other insurers out there. And I can assure you Wawanesa and The Co-operators, two of the major competitors to SGI CANADA, do not provide that sort of information to any rate-regulated body.

So I think what we have here is a few apples, a few oranges, maybe a little Jello too, I'm not sure. But it's the position of CIC at this time, where we are in competition and where we are moving rapidly into competition, which includes all the Crowns, that the recommendation of item .14 would put us at a severe disadvantage, certainly along with the recommendation in paragraph .18.

Mr. Hillson: — Well no, I don't have any further comments but I wonder if the auditor has any comments that he could share on .14 and .18 as a result of what Mr. Wright has told us.

Mr. Whitmore: — Point of order, Madam Chair. Have we not dealt with .14 already?

Mr. Hillson: — Well then on .18.

Mr. Koenker: — We need to be clear about what we're talking about and we need to stick to recommendations and not go back. We need to work at going forward.

The Chair: — I'm sure that we all want to make sure that everybody is clear on the whole, total discussion. We're worried about an end product more than a process. So I think if everyone is moving the items back and forth, it's more to make sure that we're all on the same page at the end of the day.

Mr. Hillson: — Thank you, Madam Chair.

Mr. Strelieff: — Am I supposed to restrict myself to .18 or .14?

The Chair: — No. No, you don't have to restrict yourself to it.

Mr. Strelieff: — Madam Chair, members. This question was asked maybe a year ago when I think one of the members asked what kind of publicly available planning information is made available across Canada and elsewhere. And at that time we provided you examples of the planning information that other organizations in similar businesses are providing either through rate regulators or through legislatures or parliament. And

certainly the state of the art out there in Canada and in North America is that there is an extensive amount of planning and performance information publicly available in Canada and elsewhere.

Now whether the competitive advantage for Saskatchewan is not to have to . . . not to provide legislators that kind of information, I mean that's your decision. I mean I'm suggesting that or recommending that that kind of information is very important for helping you understand and assess performance of these organizations. They're very important, and my recommendation is that they do provide you good, solid planning and performance information so you can better carry out your responsibilities.

Mr. Hillson: — I thank the auditor for his comments but now I think I would like to hear him specifically zero in on .18 because you have told us there that that would . . . that's not a general industry requirement. So what do you have to say about what we may be doing to our Crowns in imposing a requirement that is not imposed on their competitors?

Mr. Strelieff: — Okay, Madam Chair, members. As I said earlier, my general position is that all dealings with public money should be public, and in some cases . . . unless the Assembly through law says otherwise. And in some cases you have. For example, my understanding is that payments to doctors, you decided through legislation that that should not be made public. Or I think also Workers' Compensation recipients as well, and maybe Social Services recipients. But generally I take the position that it's good practice to ensure that all public money is in fact discussed in public.

Now this committee and the Assembly has said that they want the lists of persons who receive public money to be public. And this committee in previous meetings has said that the Crown corporation communities should have the same kind of public disclosure requirements as do other organizations.

Now you don't receive that information. You receive about 60 per cent of that information. You also have asked that all donors to political parties be made public except for those under \$100. You've also made minimum disclosure exceptions for disclosure of payments, for example, all payments under \$2,000 or something in certain categories don't have to be made public.

So you, for the reasons that you must have for wanting that information, you're not receiving it. So it must put you as legislators in particular dilemmas, as Mr. Gantefer had earlier expressed, to not be able to receive all that information. Now for this committee, you have mechanisms to receive that information or that kind of information, sensitive kind of information, if you think it's sensitive, in camera. So you've contemplated those circumstances. So if you think that the competitive advantage of a particular transaction or organization may be affected, you do have a mechanism to go differently.

But where I stand is that it's good that all public money should be made public. The Assembly does create laws where they don't think that's the case. This committee in the past has expressed that concern and wish to receive that information, and you have mechanisms to handle competitive advantage

situations. So I think it's up to you. You have the necessary mechanisms. You have to choose whether you want to pursue them or not or whether you're comfortable with not receiving information about who receives public money from all government organizations.

Mr. Hillson: — One final thing, just to make sure then I . . . What you were saying then is that the general proposition is that all public expenditures of public funds ought to be scrutinized here, and if there is to be an exception that should be for compelling public policy reasons and ought to be clearly stated.

Mr. Strelieff: — And that should be your decision. I mean you make that decision and get on with it.

Mr. Hillson: — Thank you.

Mr. Jess: — Yes, thank you, Madam Chair. Just a point of information. Mr. Wright or Mr. Strelieff will likely answer this quickly. The auditor's recommendation, paragraph .18, page 58:

CIC and its subsidiary Crown corporations should provide . . . a list of persons who received public money (to the Assembly).

It doesn't refer to \$1 or \$100 or even no limit. I'd like to know how this is detrimental if there's no figure given, Mr. Wright. And on the other hand, Mr. Strelieff, when finances are your area of interest, why is the statement worded this way? Maybe I'm missing something here but . . .

Mr. Wright: — And an intriguing question. Provide a list of persons. I had never quite honestly thought of it that way. I thought it was a list of persons or entities with dollar sums attached. We would have very long lists of persons. In the case — again I'll use SGI as the example — who receive public money, anybody who has been in an auto crash, God bless them, I hope they're all okay, but this would be a tremendous list of people each and every year being provided. So I guess I would oppose it because what sort of information would that be providing to you?

In the other side of the equation certain persons or entities being provided, certain competitors knowing that you are purchasing some products from entity ABC, may provide them with a bit of a competitive edge. For example one could argue, and I'm not going to make it all that eloquent, but if you know your competitors' expenditures or where they're going then you may know how to counter them, or you may know how to outbid them relative to the same suppliers. But I'll leave it at that, Madam Chair.

Mr. Strelieff: — Madam Chair, members, Mr. Jess, you're asking why would I word this recommendation in the way it's worded. And the intent was to attach dollars to it and not just a list of persons. I know we did a little bit of a better job in the fall of '97 where we say the . . . a list of persons and the amount of public money they paid to them. We didn't word this well, but the intention was that a list of persons along with the amount of money paid . . .

Mr. Jess: — So that was your intention was to find out what the dollar figure was.

Mr. Strelieff: — Yes. And in the case of other organizations that government has provided this information there are minimum amounts, maximum amounts, minimum amounts over which then you provide. And I can't quite remember what the dollar amounts are but there's all sorts of . . .

Mr. Jess: — Because of the way that's worded I don't think that I can . . . I don't think I can support that. That's very vague.

Mr. Thomson: — Well again I guess just to recap and perhaps we can move on from here. At present there is no requirement for a public disclosure of this nature. My understanding is that the wording and the auditor's recommendation is based on a very literal interpretation of what we have previously asked for from this committee.

I think that there is merit in Crown Corporations Committee reviewing this whole question of what should be publicly disclosed both in terms of its annual reports and otherwise. And I would also suggest that there's probably merit in the auditor's office taking some time to think about that whole issue in terms of how we will deal with Crowns in the future once they become fully competitive, in order to safeguard Saskatchewan people's investments and not to unduly put them at risk.

So with that I would suggest again that we note the auditor's recommendation and whatever the appropriate wording is in terms of how we would ask that to be considered by Crown Corporations Committee.

The Chair: — Okay. I understand that this committee has no authority to send any information to Crown Corporations. It must be . . . it must ask the Assembly.

Mr. Thomson: — Okay. If you could provide that wording I would certainly propose that.

The Chair: — Ask the Assembly. I'll see if Mr. Thomson is finished, then you're next.

Mr. Gantefer: — I note the auditor's comments about sort of sending things to Crown Corporations and we end up sending it in to Never Never Land, and it doesn't resolve the dilemma that CIC or we face in terms of how we are going to have the benchmarks or the type of tools that we need to properly ascertain the appropriateness of the expenditure of public money. And I certainly understand and I don't want to get into the debate about the confidentiality and the competitive issues.

A question for the Provincial Auditor, and I'm trying to find a way of coming to a sense about how to deal with this in an appropriate way. As part of your audit process is access to this type of information made available to you or to your office?

Mr. Strelieff: — Madam Chair, Mr. Gantefer, members, yes it is. If we don't have access to information we'll tell you that's so, and ask for help to get access. We do have access to this type of information.

Mr. Gantefer: — So your office has access to the information. You have no vehicle for making the information *per se* public. You just have the mandate to see if the information is in keeping with the legislative authorities and

things of that nature that are laid out into that regard.

I wonder, to the committee, is there a way of . . . It isn't just the Saskatchewan Crown corporations that are moving into deregulated and competitive environment. I mean, Crown corporations across the hemisphere are certainly into that same dilemma.

Would it be appropriate to suggest that there be some work done, either through the office of the Chair of this committee, etc., to ascertain how other jurisdictions deal with this dilemma, because I acknowledge that it is a legitimate dilemma. Rather than just referring it to Crown Corporations, acknowledging the auditor's comments the other day that it sort of gets lost when we do that and there's no real recourse.

I'm wondering if this committee could direct the Chair to find out or solicit information from other jurisdictions as to how they deal with this kind of dilemma. That might be useful for the committee to make appropriate recommendation. I propose that for consideration and discussion.

The Chair: — And, Mr. Whitmore, you're in the talking order right now but Mr. Thomson has a remark directly to deal with Mr. Gantefer's. Is that all right?

Mr. Whitmore: — Okay.

Mr. Thomson: — I was just going to say, with regard to that, this committee has discussed that in the past in terms of accountability reports and annual reports, and this is an issue of discussion at, I guess on a federal basis as well as at a national basis. And it's my understanding this continues to go on both at the officials' level and certainly at the elected members' level as well. So it is a case where, I think, we should just continue to be mindful that these discussions are ongoing.

To my understanding, from our last discussion on this, is that there have not in fact been a federal or national standard set yet in terms of disclosure largely because they're dealing with the same problems and same issues we are. I'm certainly not opposed to asking the Chair or the auditor to come back and look at that but it's . . . I don't think there's a definitive answer here yet.

Mr. Gantefer: — I appreciate that. I just don't want to shuffle this off to Crown Corporations and we somehow lose it. I'd rather we come back to it.

Mr. Thomson: — Can I also just specifically address that concern in terms of Crown Corporations. And I appreciate the auditor's comment on this. We, I know on our side of the Assembly, have had some discussion about this as well in terms of how we make sure these issues do move smoothly through.

And I think what we need to make sure is that when Crown Corporations Committee reports to the Assembly, as they will be required to, obviously on an annual basis, that we do ask the appropriate questions in terms of how they are dealing with these issues, since it is business specifically referred by the Assembly. As obviously not as a member of that committee, I'm not sure what their agenda is or how backed up they are. But it would seem appropriate that the Assembly's business

should be dealt with at some point by that committee.

The Chair: — Comment? Are you requesting a comment from someone?

Mr. Thomson: — No, I just wanted to note that, that I would suggest that that's probably the best way to deal with both Mr. Gantefer's and obviously our concern in terms of how Crown Corps deals with it and the auditors.

Mr. Hillson: — Just specifically on this if I may, Madam Chair. My understanding is that we have the last remaining publicly owned phone company, so I'm not sure there's too much help that can be given elsewhere. We are charting our own course here, is that correct?

Mr. Wright: — Madam Chair, that's pretty correct. As well, and I'll stand corrected here, SGI Canada I think is the only Crown corporation that actually sells commercial and individual lines on a broadly based basis.

I also ask the committee to think about this. We are doing some nodding here and some thinking, just around insurance products, in the listing of everybody who receives a benefit as a result. That would be very difficult. There's approximately 60,000 accidents each year. This would be a small book about this big, 500 pages thick, with everybody's names, 80 people per page, both sides. And the interesting thing in some of that would be that because of the way insurance payments are structured, you may be actually able to determine certain things about that person's income because payments were based on your previous income, and a variety of personal information could be revealed in that.

Furthermore, that would reveal to competitors who are the bad drivers, who are the good drivers, in terms of a variety of other information. This is very intriguing. Sorry, I didn't mean to go on and on. I just was thinking of this book. Sorry.

Mr. Whitmore: — Thank you, Madam Chair. I've forgotten where I was in the space of things. The argument and the discussion has moved from where I wanted to enter in the area of confidentiality. I simply want to concur though with what Mr. Wright has said in terms of that information that would be provided would be certainly substantial and I think you have to be very careful too of that of a private nature. But I think too of also the new world of competition in terms of what your rivals are seeking. And we have to be very cognizant of that in terms of how these companies will continue to succeed.

And I sometimes worry too, even to the place of in camera sessions where there are certainly those of political philosophy who would certainly do anything to see the Crowns sold to the private sector. So this would certainly provide for those kind of opportunities too.

And I certainly worry in terms of the book of SGI that my name would come up four times in the space of a 12-month period, so I'd be very worried about what that would imply in terms of myself as a driver.

I would also like to say in regarding to misinformation today in terms of The Election Act, that The Election Act has been

changed that it is now donations over \$250 not \$100 that has been previously stated in terms of what needs to be recorded now.

The Chair: — I think what we have on the floor right now, unless there's a further comment, is Mr. Thomson's recommendation that this question be sent to the Assembly, and asking the Assembly referring it . . . to refer to the Crown Corporations which is the only solid suggestion that we have for this recommendation. Is there any other comments? Okay, then I'll ask if the committee concurs with Mr. Thomson's suggestion. Opposed? Okay.

Mr. Hillson: — Madam Chair, if I may, just on the motion we have just passed, in view of earlier comments we've had that apparently this committee has adopted this similar position before and the rest is silence, do I take it that it would be up to yourself as Chair to ensure that this does come to the Assembly's attention?

The Chair: — First of all, because there was an opposition, then we'll have to make this as a motion.

Mr. Hillson: — Oh, okay, pardon me.

The Chair: — We'll have to request that a motion be made.

Mr. Thomson: — I would happily make the motion if someone would read me what I am moving. Tell me what I'm moving.

The Chair: — We have a motion before us by Mr. Thomson:

That this committee notes the auditor's recommendation paragraph .18 and asks that the Legislative Assembly refer this recommendation to the Standing Committee on Crown Corporations for their review and consideration.

Question? All those in favour of this motion? Opposed? Okay, it is carried.

And further to Mr. Hillson's question, I have been advised that the committee will put this in the report:

The Chair will report in the Assembly and a member of the Assembly will have to make a motion to issue an order of reference to the Crown Corporations Committee to review this matter.

Mr. Hillson: — Okay.

Mr. Thomson: — Madam Chair, may I suggest in terms of the discussion I guess of this report, there are several other issues and several other recommendations the auditors made that I believe fall into much the same category dealing with the financial reporting and the accountability of the Crown corporations.

Would it be appropriate at this point perhaps just to move a motion referring those specific paragraphs or making a recommendation they be referred to Crown Corps as well?

I don't want to curtail debate but on the other hand I think we've kind of dealt with the general nature of these

recommendations.

The Chair: — It's up to the committee.

Mr. Gantefer: — I would be interested in hearing the proposed motion and then we can speak to the motion that could wrap together several recommendations.

Mr. Thomson: — Okay. I'm thinking specifically of paragraphs .23, .31, .38, .53, .104, .109.

Mr. Hillson: — Madam Chair, if I may suggest to the mover that perhaps in addition, to simply add on that "and the issue generally of disclosure in a competitive environment."

Mr. Thomson: — Mine would be an amendment to that.

Mr. Hillson: — Madam Chair, I think it should be noted that Mr. Thomson and I have miraculously found ourselves in agreement on something.

Mr. Thomson: — Oh, oh. That probably means I should withdraw and rethink my position.

Mr. Jess: — We're getting worried about you, you know.

The Chair: — This is just a recommend . . . this is a suggestion making, a motion you're making or . . .

Mr. Thomson: — If it's going to be on division, I'll move the motion. So I guess I'll have to start writing.

The Chair: — Start writing. Okay, we have a motion before us by Mr. Thomson that:

The Public Accounts Committee notes the auditor's recommendations in paragraphs .23, .31, .38, .53, .104 and .109 of chapter 4 of his fall 1996 report and the issue of disclosure generally in a competitive environment and asks that the Legislative Assembly refer these recommendations to the Standing Committee on Crown Corporations for their review and consideration.

The motion before you.

Mr. Gantefer: — Thank you, Madam Chair. I'd like to speak to the motion. And I have to state that I'm not opposed to the intent in the motion. I have a great deal of concern that what happens because of the nature of the mandate of the Crown Corporations Committee and our mandate, that by making these kinds of references we end up with the issue being stuck in some Never Never Land that ends up with a dilemma for the Crown Corporations Committee who perhaps do not have the appropriate mandate to deal with this as well as we would want.

And the reality is that we also do not necessarily live up to our responsibility by not coming up with the decision about this. And so my objection is not so much, you know, to the intent of this but the fact that it just ends up not coming to clarity or closure or finality in terms of a decision. Because this is a dilemma that faces ourselves as legislators and the Crowns as people that are trying to fulfil their mandate to the people of Saskatchewan.

And so I think that my concern would be on the record, is that I really think as well there should be a discussion sometime about asking the Assembly to undertake a review of the mandates of our two committees so that this ambiguity, if you like, gets resolved. Because it's on that basis that I will be opposing this recommendation.

Mr. Thomson: — I appreciate Mr. Gantfoer's comments. Our objective here is in fact a sincere one in terms of seeing that we do have some sort of a mechanism put in place to provide for good, solid, accountable measures — including public disclosure and reporting of the Crowns.

Our interest though is to make sure it happens in the context of the overall changes going on in the Crown sector, which are really outside of the mandate of this committee, although we are empowered to deal with the auditor's reports and we will continue to deal with those. In this particular set of instances, it's my view that we are better off referring this or asking that this be referred specifically to Crown Corporations.

So I appreciate Mr. Gantfoer's suggestion. I think that that probably is becoming more and more apparent that we do need to rethink the relationship of these two committees.

Mr. Koenker: — I share Mr. Gantfoer's concern that this gets lost, and I don't think we do ourselves or the public a favour if it does get lost. In that respect, it seems to me that we have to charge our executive, the Chair and the Vice-Chair, to grab hold of this matter when we aren't sitting and to meet with the Chair and Vice-Chair of Crown Corporations as a way of getting a practical handle on this matter and bringing it to some kind of head.

Aside from that I don't see the likelihood of things changing. So I'd certainly request that you, Madam Chair, take this responsibility on and move it along independent of our sitting at the present time.

The Chair: — Thank you, Mr. Koenker. And this very item, this issue, is something I've been discussing, and we have some thoughts on it that I'd like to bring to the committee after we're finished with the motion and with Crown Corporations here today. So I think we'll finish with this motion.

The motion that's brought forward, will you take it as I read it? Okay. The question, those in favour? Those opposed? Okay, so the motion is carried.

And I realize that we only have one motion left . . . one recommendation left to deal with. It is a couple of minutes after 4 but . . . 2? I'm sorry . . . 109 is in here as well.

Mr. Thomson: — We sent off 109 in the last motion.

The Chair: — Being that if we can make it easier for the officials to say that we can wrap this up, can we deal with this one last recommendation and then we would . . . okay.

We have before us recommendation 45: CIC should obtain Lieutenant Governor in Council's approval for increasing its participation in a joint venture, for providing financial assistance, and for acquiring shares in a corporation.

I understand from listening to our auditor that there was some concurrence and there's plans to comply.

Mr. Wright: — Yes, very quickly, Madam Chair. Even though we have a legal opinion that says CICIII (Crown Investments Corporation Industrial Interests Inc.) can enter into these transactions without such approval, we've made a policy since 1995 of adhering to this with a couple of exceptions, except where we've already made commitments under existing agreements, that would enable us to do that or previously approved transactions as part of a prior transaction. So we're in compliance.

Mr. Hillson: — Yes, Madam Chair, Mr. Wright, CIC would also include subsidiaries would they?

Mr. Wright: — Wholly owned subsidiaries?

Mr. Hillson: — Yes.

Mr. Wright: — Sure. Directly our Crowns, that's correct, John? Oh, this is only applicable to us. I'm sorry. This is only applicable to CIC. My apologies, Madam Chair.

Mr. Hillson: — As members of the committee are aware, one of the issues that has come up is that subsidiaries have apparently been doing that which is forbidden to the parent company. That certainly strikes me as an anomaly. As I see, the auditor looks eager. If either Mr. Wright or the auditor would care to comment on that aspect of paragraph 45.

Mr. Wright: — Madam Chair, the original as I recall, and Wayne, the Provincial Auditor, will have to help me out here, but the recommendation pertained to a certain transaction that occurred I believe in 1994 and 1995 through one of our subsidiaries in III that we didn't receive such approval. So the recommendation dealt strictly with CIC itself and that's what I was responding to and I apologize.

Now my understanding is that with respect to our wholly owned subsidiaries themselves, they were required to do and perform this. The issue I believe, Madam Chair, that the member is bringing is the question of a subsidiary of a subsidiary.

Mr. Hillson: — Yes. Right. Correct.

Mr. Wright: — And I'll just go . . .

Mr. Strelloff: — Madam Chair, Mr. Hillson, members. This recommendation does focus on CIC itself because that's where we were finding that they were not complying with our view of The Crown Corporations Act. So it focuses only . . . If we had concerns with lack of compliance in other Crown corporations, we would report that within the chapter on other Crown corporations, like if we had a concern with a similar transaction at SaskPower in that chapter we would note that non-compliance and ask them to explain it to you.

Mr. Hillson: — Okay, so through Madam Chair, are you saying that if there is a concern say with a particular corporation the appropriate time to deal with that is when that corporation's report is under review?

Mr. Strelieff: — That's the way we structure our report, that way, on the compliance with legislative authorities.

Mr. Hillson: — Although, Madam Chair, I guess I'm still concerned though that it seems to me there ought to be a general rule in place as opposed to it nearly coming off if there has been a transaction of concern. Now why would there not just simply be a general rule that CIC and all companies in which it or its subsidiaries hold controlling interest fall within the same rule?

Mr. Wright: — Well, Madam Chair, there are some legal interpretations here. And I must emphasize again even though CIC has a legal interpretation that we are not required to provide such approvals, we do it nevertheless.

Corporations . . . I'll confuse myself here. Subsidiaries of subsidiaries that are incorporated into The Business Corporations Act, to which we sought the legal opinion, are not required in our view, or in the view of our lawyer's advice, to have to provide these. Where a subsidiary of a subsidiary however is incorporated under The Crown Corporations Act or any other such Act they would be required to provide this.

So we do it even though we're not required to provide it. So there are rules around it but in a sense, Madam Chair, we're breaking the rule by providing it nevertheless for CIC wholly owned subsidiaries that are incorporated under The Business Corporations Act, like CICIII.

The Chair: — Any comment?

Mr. Hillson: — Well it would seem to me you characterize breaking the rules. I don't think you're breaking . . . you may possibly be exceeding what you are strictly speaking required to do, but that wouldn't be breaking the rule surely. And that also kind of . . . that also it seems to me, Madam Chair, is still begging the question as to whether this committee ought to be considering the rule.

Mr. Wright: — Well I think the, Madam Chair, the member's characterization is perhaps a little better, that we are not breaking the rule, we're trying to enhance upon it. And I'm advised by my controller — perhaps I'll ask him to speak to this — that legally we can't even get an order in council pertaining to these corporations, but we do it nevertheless — one could say out of the goodness of our hearts.

But maybe John can answer your question, Madam Chair.

Mr. Amundson: — I'll try to. It's my understanding — we're probably better off asking our legal counsel — but it's my understanding that when you're a business corporation Act, which CICIII is, it actually is not under The Crown Corporations Act, and therefore has no authority to even ask for an OC (order in council) because it does not apply to The Crown Corporations Act.

Mr. Hillson: — So, Madam Chair, are you saying that your understanding is that this would actually . . . it would actually be a legislative amendment then to make this requirement that there be OCs at any time acquisitions are . . .

Mr. Amundson: — Well I think because . . . really you've got these Crown . . . these corporations that are incorporated under The Business Corporations Act. They'd have to be reincorporated as a Crown corporation in order for them to apply to The Crown Corporations Act. Their legislative authority comes from The Business Corporations Act.

Ms. Stanger: — Could you give me an example of these?

Mr. Amundson: — Well an example would be CIC Industrial Interests Inc., which is a share capital . . . or a subsidiary of CIC incorporated under The Business Corporations Act of Saskatchewan. It does not fall into The Crown Corporations Act, 1993 and therefore would have no legal authority to ask for an OC because there is nothing under The Business Corporations Act that would allow for that type of a transaction or a request.

Now we're doing it anyway. And I think that that makes the Provincial Auditor happy. This is my understanding about the legality of it. I'm sure the Provincial Auditor has a different legal opinion, as in fact I know they do.

Mr. Wright: — I'd like to emphasize no one on our team here, Madam Chair, is a lawyer. And with respect to at least one of the hon. members, thank goodness. So patience with our understanding and our trying to answer your question that way.

The Chair: — I appreciate your remarks. Mr. Hillson, any further comments?

Mr. Hillson: — Well I would like to hear from the Provincial Auditor in this regard because I say it certainly always struck me as an anomaly that creatures of a corporation can do that which a corporation can't. But you've heard the opinion that corporations incorporated under The Business Corporations Act actually have no authority to seek an order in council.

Mr. Strelieff: — Madam Chair, Mr. Hillson. There is a couple of issues here. One is that when a piece of legislation requires, in our view, CIC to obtain order in council approval for new investments, that it does, but then now, now you're moving it to the subsidiary of CIC and whether it has different kinds of . . . it can have different powers. We can get into different investments without getting the same legal authority or legal approval.

Our position is that if CIC incorporates another subsidiary, or if SaskPower does, that that subsidiary can't have more powers than the parent. And my . . . Mr. Martens advises me that from our recollection, there even was a Court of Appeal case that dealt with SGI trying to do something through a subsidiary, that it had to go back to the parent's loss. But that's, that's very legalistic.

Just in general, it seems to make good policy sense that a subsidiary of a corporation would be subject to the same kind of approvals which bring along with it public disclosure, as the parent.

Mr. Wright: — Madam Chair, we do it.

The Chair: — Pardon?

Mr. Wright: — We do it. Okay.

Mr. Thomson: — But this is . . . (inaudible) . . . about the very problem we run into when the auditor's office moves out of auditing and into advising on policy. In that, in specific reference to the issues that his Act refers to him in terms of the duties and powers that he's supposed to deal with, these issues are all dealt with. There is no laws broken here, there's no statutory violations. These accounts are faithfully kept.

What this is is a question of referring off an accountability issue, a disclosure issue. And certainly we appreciate the advice, but this is, I think, illustrative of the problems we've run into in this committee time and time and time again, where we see the mandate of the office expanded significantly from what the auditor's Act, what the legislature has asked the auditor to do.

Not that we, you know, certainly do not . . . I mean we appreciate the advice that he gives. I don't think people should be as indignant as they are at times, media in particular, when we periodically don't accept it. In this particular issue, I suggest we simply note, accept the auditor's recommendation and note compliance.

The Chair: — Okay, I hear concur and compliance? Agreed?

Mr. Hillson: — I would ask the hon. member to add to that and recommend compliance of all wholly owned subsidiaries.

Mr. Thomson: — I am satisfied with the position the committee has taken.

Mr. Hillson: — Then I am regretfully forced to move an amendment.

Mr. Wright: — I believe, Madam Chair, that all wholly owned subsidiaries do because they are incorporated under The Crown Corporations Act.

Ms. Stanger: — And if they are, they have to have no . . . (inaudible) . . . under The Crown Corporations Act . . . (inaudible interjection) . . . Okay. So we are in compliance with not only the auditor's recommendation but your . . . (inaudible interjection) . . . That's correct.

Mr. Thomson: — I understand the issue you're dealing with and it's not addressed here, but that's fine. I'm still satisfied with my recommendation.

The Chair: — I understand Mr. Hillson is just asking you to say and add "wholly owned subsidiaries." Mr. Wright agrees that that's all right.

Mr. Wright: — Yes, I believe we do that.

Mr. Thomson: — . . . that's all he accomplished.

The Chair: — So then this is what. . .

Mr. Thomson: — So it's not necessary.

The Chair: — We're back to the original. All right. Is everyone

in agreement that it's concur and comply? Agreed.

Mr. Wright: — Thank you very much, Madam Chair. It was a pleasure to be here once again. I look forward to future visits. Thank you.

The Chair: — Thank you very much. Thank you to the officials. Okay. Our next group will be here at 3:30 so we'll be back here at 29 minutes after, right?

The committee recessed for a period of time.

Public Hearing: Department of Municipal Government

The Chair: — I thank the officials for being here today. I imagine you'd rather be out playing in the sun. I'm going to ask you to introduce each other.

Mr. Pontikes: — I'm Ken Pontikes. I'm the deputy minister of Municipal Government. And with me is Larry Chaykowski, who is the director of financial and strategic support for the department.

The Chair: — Thank you, and welcome here. I have the testimony of witnesses appearing before the committee to read to you.

Witnesses should be aware that when appearing before a legislative committee your testimony is entitled to have the protection of parliamentary privilege. The evidence you provide to this committee cannot be used against you as a subject of a civil action.

In addition, I wish to advise you that you are protected under 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 prosecution for perjury or in the giving of contradictory evidence.

A witness must answer all questions put forth 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 table it.

You are reminded to please address all your comments through the Chair. Thank you, and I'll turn it over to the Provincial Auditor.

Mr. Strelieff: — Okay, thank you. Madam Chair, members, colleagues. We're focusing on chapter 14 on page 187 of our fall '96 report. It is an update on some of the work we've done related to organizations that report through to the department that have December 31 year ends. And Fred is going to lead you through a brief review of this.

Mr. Wendel: — Yes. Madam Chair, members. As Wayne said, this is an update for the organizations that have year ends ending December 31 and report to the department. And it

covers Municipal Potash Tax Sharing Board, the Northern Revenue Sharing Trust Account, and Saskatchewan Housing Corporation.

Paragraph .03: we state there that the financial statements for all of those agencies are reliable. All of the agencies had adequate rules and procedures to safeguard and control their assets. And all of the agencies complied with the authorities governing their activities except for the one instance we note for the Northern Revenue Sharing Trust Account. And in the trust account there was a requirement to provide information to ratepayers and we made a recommendation on paragraph .09 that the department should publicly report its financial activities to the property owners of the district. And my understanding is they're now doing that.

Mr. Strelloff: — Thank you, Fred. Madam Chair.

The Chair: — Thank you. Can I . . .

Mr. Whitmore: — No, no. Do you want the officials to comment first, then I'll go.

The Chair: — Sorry.

Mr. Pontikes: — Madam Chair, we've noted the point that's been made by the Provincial Auditor and we are now in full compliance. In fact I have a copy of the advertisement that we put in *The Northerner* in La Ronge on October 15, 1997 which are the financial statements to the end of December 31, 1996. And I can supply that to the committee if you wish.

The Chair: — Thank you very much.

Mr. Whitmore: — Yes, I think in light that this has been recognized by the Provincial Auditor and notes now that it is now in full compliance of the Act, that the Public Accounts maybe should simply concur with the auditor's recommendation.

The Chair: — Note compliance. Concur and note compliance. In agreement, everyone? Agreed. Thank you.

Mr. Gantefoer: — That's it.

The Chair: — Can I ask you a . . . We need a new motion to adjourn if we're going to be gone. I'd like . . .

Mr. Whitmore: — Motion to adjourn? I give you that motion for today.

Mr. Koenker: — Before we adjourn, Madam Chair, could you clarify for me what remains outstanding. I have by my reckoning three items, and I'm wondering whether just in the interest or stewardship of time for people and people scheduling — I know people on this committee have other agendas — I don't mean to press the issue but if people are amenable and feel that we might conclude business by noon tomorrow, we might want to consider doing just that.

I'm prepared to stay here till 4:30 tomorrow, but just in terms of personal planning, it would be helpful to consider whether the committee is amenable to . . . Have you given any thought . . .

Let me put it this way: have you given any thought to tomorrow morning's agenda and the time, the marshalling of time and witnesses?

The Chair: — That there are officials coming from 1:30 till 3 for the Department of Executive Council.

Mr. Koenker: — They're scheduled for 1:30 to 3?

The Chair: — Yes. I just want to ask him . . . I'll phone you. It doesn't matter. Thank you.

Mr. Thomson: — Are officials coming for chapter 6, discussion on chapter 6? Do we have officials present for that?

The Chair: — I don't believe there are.

Mr. Thomson: — . . . some reluctance without Mr. Hillson here, but I was wondering if we might be able to simply proceed and deal with the accountability information required, the chapter 6 issues, today, since we still have an hour.

The Chair: — I would think that we had better let them know that we're changing.

Mr. Thomson: — Unless the auditor's not . . . I don't know who you're requiring for officials.

Mr. Strelloff: — You're asking me, can we address chapter 6 now? Is that what you're asking me?

Mr. Thomson: — That's what I'm wondering, is if you're prepared, if we were to move that up?

Mr. Gantefoer: — We should wait for Mr. Hillson. It's maybe a tad unfair to move off the agenda, but I do think you might be able to consider moving the agenda forward for tomorrow because that notification could happen, as Mr. Koenker is indicating. But I think to try to actually deal with something today in his absence would probably be inappropriate.

The Chair: — If we . . . We do have officials coming from 1:30 till 3 tomorrow. If they can be brought in earlier, that would be one of the questions that we'd have to answer. If they could be brought in, then perhaps we could at least have an agreement to wait, you know, to go through lunch and finish at 1 if we had to, just to speed up the process.

Mr. Koenker: — That would certainly be helpful for my planning purposes. I don't insist on it. I'm prepared to stay until 4:30, but I would like to know what the agenda is for tomorrow in any event, what we're going to start with at 9:30.

The Chair: — I have a suggestion that we see if we can bring in the officials at 9:30 to deal with Department of Executive Council, and then we would have time to finish our other ones, where there are no officials, at our own speed. And we could finish it, you know, if we have to go into noon that would work and then we would be finished. But it's not fair to the officials. We have to let them know.

Mr. Koenker: — Recognizing that, why don't we proceed on that basis. If the officials are available and amenable to that,

that we begin at 9:30 with chapter 9 or with . . .

The Chair: — With chapter 5.

Mr. Koenker: — Chapter 5 and that would run from 9:30 to . . .

The Chair: — Whenever they're finished and then we'll just continue on with the other two where there's no . . . whenever.

Mr. Thomson: — Would you say 9:30 to 11?

Mr. Koenker: — 9:30 to 11. And then at 11 we would move to . . .

Mr. Gantefer: — Chapter 6.

Mr. Koenker: — From 11 until noon? Okay, and then from noon . . .

Mr. Gantefer: — But I think that you have the . . . you know that if you're going to change the agenda in a substantive way we have to at least attempt to let Mr. Hillson and Mr. Goohsen perhaps know. The direction to the Chair would be, in my opinion, that if you're moving this forward, we fax both of those individuals in an attempt to contact them to make note of that. It gives them at least an opportunity to be notified of that change and it doesn't really jeopardize us getting the job done.

Mr. Thomson: — I think the agenda change proposed by the Chair and Mr. Koenker is fine.

Mr. Koenker: — I just want to try to be clear in terms of my own planning again. I'll say it again, I'm prepared to be here till 4:30, but if I can make travel plans and basically have an understanding or an undertaking that we will be done by 1 o'clock . . .

The Chair: — What I'm trying to tell you, Mr. Koenker, is we're going to see if the Executive Council people can come in here at 9:30. We've looked at we give them their hour and a half. Maybe we'll finish earlier. If we do, then we'll start the other two. We will endeavour to finish . . . deal with that group and the other two as quickly as possible. Quite probably we'll be finished by noon, maybe 1 o'clock.

Mr. Koenker: — Okay.

The Chair: — I can't promise you but that's what we'll try to do. Right now, we were checking right now to see if this will possibly work that we can start at 9:30 in the morning. Nothing can be written in blood though.

Before we go this evening, Mr. Strelieff has . . . we have asked him to deal with the fall and spring report of 1997. In fact Mr. Gantefer and Mr. Tchorzewski did that, and he has a suggestion of how we could possibly work this out as we go into the next session or as we finish this agenda and start to make a new agenda. He has some recommendations or suggestions I should call it.

Mr. Strelieff: — Thank you, Madam Chair, members. In a letter to the convenor of this meeting, I said that I would

provide the committee another way of getting through the '97 reports without bringing organizations back and forth so I put it in one set. So we've done that and we're going to provide you a proposal here so that you can think about it over the next days and weeks when you get together with the Chair and Vice-Chair to decide the actual agenda. But here's a way that you can get through all the reports, and in general it's based on focusing on the most recent report, which is the volume 2 of the fall of '97. And where items are still outstanding from the spring of '97 reports, to fold them in. But it also makes one adjustment to that, and that is to move the chapter dealing with the Workers' Compensation Board quite near the beginning, because that was what I think the Vice-Chair had indicated is what he wanted to do.

So I thought I should just give this to you so that you can consider it over the next while.

Ms. Stanger: — Madam Chair, have you and the Co-Chair considered when we'll be meeting sessionally?

The Chair: — No, we haven't. We haven't discussed that at all. And now that we know when session is beginning it will, it may . . .

Ms. Stanger: — We do? When is it?

The Chair: — The ninth.

Ms. Stanger: — The ninth?

The Chair: — So we will be discussing this and I hope you review it. You bring forward your suggestions. Maybe tomorrow we can even discuss it in our . . .

Mr. Thomson: — I think we discussed it informally on our side. It seems to me last year when we were setting up the dates it dealt largely with when the major caucus meetings were of the various parties, and just finding a day that worked around it. I know our major caucus meeting is Wednesday, and it takes up most of the day of the free time during session. I'm not sure what the Saskatchewan Party has set now. I think the Liberals used to meet on Thursday or something, was a tied-up day. But anyway it seems to me that there wasn't a whole lot of room to move around.

Mr. Gantefer: — Intersessionally, we budget for two or three weeks intersessionally.

Mr. Putz: — We budgeted this year for three series of meetings for one-week duration.

Mr. Thomson: — May I suggest, Madam Chair, that we adjourn with the understanding that we'll reconvene tomorrow at 9:30.

The Chair: — We have a motion to adjourn. Agreed? Agreed.

The committee adjourned at 3:46 p.m.