



Standing Committee on Public Accounts

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**STANDING COMMITTEE ON PUBLIC ACCOUNTS
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Saskatchewan Environment and Resource Management

The Vice-Chair: — I want to welcome to our deliberations the deputy minister of Saskatchewan Environment and Resource Management and three officials. I'll begin, I think, by inviting you, Stuart, to introduce yourself and your officials to the committee.

Mr. Kramer: — Good morning. I'm Stuart Kramer, deputy minister for Environment and Resource Management. To my immediate right is Dave Phillips, who is assistant deputy minister of operations . . . our field operations for the department. To his right is Donna Kellsey, who is director of our service bureaus; and to my left is Bruce Willard, who is the manager of our Regina service bureau.

The Vice-Chair: — I want to welcome you to the committee and thank you very much for your courtesy in attending.

Before I call upon the Provincial Auditor and his associates, I will read a statement that is read to everybody who attends as a witness before the committee.

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

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

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

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

You are reminded to address all comments to the Chair. I thank you and I think with that I will invite the Provincial Auditor to introduce his associates and lead off the discussion of this department.

Mr. Strelloff: — Okay. Thank you very much, Chair, and Members and officials. With me today are Bill Harasymchuk. He's going to lead our discussion on the departments and our work. As well as the new person is Rita Schiller, who's our librarian in our office; and Karen Shorten, who is one of our valuable administrative assistants who's trying to make sure our audio-visual equipment works for the session on district health boards later this morning.

So I'm going to turn over the discussion of Chapter 14 of our spring '98 report to Bill Harasymchuk. Bill.

The Vice-Chair: — If I could just apologize and interrupt for a moment. I should have called upon the Provincial Comptroller to introduce himself and some officials with him. I'm sorry.

Mr. Paton: — Yes, Mr. Chairman. I've got two individuals with me today. I have Chris Martin, who is a senior analyst in my office; and Jim Fallows, who's a manager in our office.

The Vice-Chair: — Thank you very much. With that I will invite you to . . .

Mr. Strelloff: — Okay, thank you. Chair and members. Bill, take it away.

Mr. Harasymchuk: — Okay, thank you. Chair, members of the committee. Chapter 14 of our *1998 Spring Report* contains our audit conclusions and findings for the Department of Environment and Resource Management and its special purpose funds for the year ended March 31, 1997.

In our opinion the financial statements of the special purpose funds listed in this chapter are reliable. The department complied with authorities and had adequate rules and procedures to safeguard and control their assets except for the following matters.

On page 153 we report that the department needs better information to monitor its activities and the activities of its special purpose funds. We recommend the department should define and document its operational and compliance reporting requirements. The department should also follow its established rules and procedures for preparing all of its internal financial reports.

Operational reports should show the effectiveness of programs, i.e., what did the department expect to accomplish, and how is it performing toward that expectation. Compliance reports should describe the department's compliance with its legislative and related authorities.

We realize that defining and documenting operational reporting needs is not easy and will take time. However, we believe setting objectives and reporting on performance is important for program control and accountability. We are pleased to say the department is working toward this goal. The department has a strategic planning process which will help the department define its operational reporting requirements.

The department is also developing a new financial reporting system. This system will assist the department in preparing its required internal financial reports in accordance with its established rules and procedures.

On page 154 we report that the department needs better rules and procedures to safeguard and control its capital assets. We believe lack of complete capital asset records may result in a loss of these assets without timely detection. We also believe the department should include information about its capital assets in its annual report. This information is useful for understanding and assessing the department's accountability for the fiscal resources entrusted to it.

Therefore we recommend the department should keep complete records of its capital assets. The department should also periodically reconcile its capital asset records to its financial records, determine if the risk of loss of capital assets is at an acceptable level, and include information about its capital assets in its annual report.

Management told us it is developing a new internal financial reporting system that will help the department safeguard and control its capital assets. And this concludes our overview of the chapter.

Mr. Strelloff: — Thank you very much, Bill. Chair.

The Vice-Chair: — Thank you. I'll invite Mr. Kramer to make any comments on the presentation just received.

Mr. Kramer: — Thank you, Mr. Chair. I appreciate the opportunity to be here — the department officials do as well — to talk about operations of Environment and Resource Management.

I'll make a few comments on each of the specific recommendations that are underlined in chapter 14. And for the benefit of the committee, the recommendation that's under paragraph .21, I believe page 154, indicates, "The Department should define and document its operational and compliance reporting requirements."

The observations or comments I'd make from SERM's (Saskatchewan Environment and Resource Management) perspective is that we do have a process that we follow with a fair bit of rigour around annual corporate planning and priority setting. We put out a document that looks like this at the beginning of the year. The process we would use during the preceding year would work essentially like this, where about at the beginning of this fiscal year we would be thinking about next fiscal year already. We would go through a scanning process where we look in the months of May and June at what our priorities seem to be, what the pressures are that we see coming on the department. We would develop some key priorities for the next fiscal year, thinking ahead at that point about nine months or so. We would have our branches and our regions develop their own priorities based from those broad departmental priorities. That would happen during the time of late summer and fall.

We would then have a draft corporate plan, this document at a draft stage that would be ready by January and February. We would have senior management meetings to finalize that over the course of March, and then would put out our corporate plan at the beginning of the fiscal year, in April. That corporate plan then is used to finalize the branch work plans for the department for the following year. The year would begin in April, and it would also be used to develop individual staff work plans that flow from the overall department priorities.

So we have a process summarized in a very brief fashion, but one where we're continually looking at our priorities. We try and do that a year in advance and when this comes out then at the beginning of a fiscal year — this being our current year corporate plan — we would twice during the year do an assessment of how we're doing. That would be a written

assessment. We would just complete it for the first six months of the '98-99 fiscal year. We'd have just completed that and it would say, are we ahead of schedule, behind schedule, or on track for what we've identified as our priorities for the year. We will do that again at the end of the fiscal year. So we are dealing with one year in advance. We are also doing evaluation as we go through.

The other document I'd refer to in terms of our corporate planning and priority setting we do on a regular basis, a five-year plan. This one is one that was completed in 1997. It lays out priorities from the department's perspective as we see them, things that will come to be issues for government and the administrative side of government — an environmental perspective. And we follow a similar kind of pattern but this is put out on a periodic basis every two or three years but looking at a five-year time horizon for priorities for the future.

So we do have a process that we use with a fair bit of rigour around priority setting. The observations I'd make related to the auditor's comments is that we do not yet have, in the department, a system of measurement or quantifying that we would be fully comfortable with either where we would identify standards for performance measurements, and do a formal report around those standards of performance measurements.

So clearly there's work to be done. We recognize that to be a priority, and we have a priority of completing that portion of additions really to this planning work, but we also recognize that that is something which is time consuming. It's also difficult to quantify and develop formal standards as one might appreciate for some of the service activities that we do. How does one take that to the point of quantifying a standard on some of our service activities?

It's easy to quantify number of visits, but how does one quantify performance or effectiveness. That's certainly more difficult.

We recognize that across government departments are grappling with that, and we're part of those discussions as well. But we would not — we with the committee — in the sense that we will have over the course of a few months a fully operational performance standard measurement side to the planning that we do now.

We'd be happy to share the documents with the committee, if that would be useful, at the conclusion of the session. But we are committed to planning. We have some rigour to that. I think that's the way I would characterize what we have as current status on the issues raised by the Provincial Auditor.

I've got comments on the other two recommendations as well. I don't know if we want to have questions on the first or shall I comment on the others as well?

The Vice-Chair: — No, I think I'll have you comment on the other two.

Before doing so, I think I'm correct in saying those are documents which have not been otherwise provided to the members. Since you've referred to them, you should ... we should table them. If you can provide 15 copies to the Clerk,

he'll record it and distribute them. Please continue then.

Mr. Kramer: — The second recommendation, again page 154, paragraph .22:

The Department should follow its established rules and procedures for preparing all of its internal financial reports.

I think the issue that has been discussed with the Provincial Auditor and with the comptroller's office around that recommendation is one that relates to monthly reconciliation of our projected expenditures compared to our actual expenditures.

We do reference to our monthly projections now when we do our fiscal forecasts on a monthly basis. Typically our priority is to reconcile year-end projections to year-end projected actuals. But we do look at monthlies.

Often what happens with the variation around monthlies is that an expense happened a month early or happened a month late compared to our annual expectation of when expenditures will occur during the 12 months of the year.

So we haven't had a practice of doing a written reconciliation of monthly projections, but we do look at them as we do our month-by-month look at final year-end numbers. So that's something that we will need to pay further attention to in terms of the monthly written reconciliation of actuals with projections.

The Vice-Chair: — Thank you very much for what has been a very comprehensive response to the auditor's comments. The Chair recognizes Mr. Gantefer.

Mr. Gantefer: — Thank you, Mr. Chairman. And welcome, Mr. Kramer, and officials.

If I could this morning I'd like to touch on three areas that I would like to deal with. The first one is an update on your oil recovery program, and I believe they're called ecocentres that are being set up for the collection of used oil. Could you bring me up to date on how that program is progressing?

Mr. Kramer: — Yes. It would be a program where the board that runs the program is called Saskatchewan . . . SARRC, the Saskatchewan Association for Resource Recovery Corporation.

In any case it's a corporation which is comprised in its majority from individuals who are from private industry. They work, as their authority, from regulations, what we call our used oil regulations, under our provincial environmental legislation. But the corporation is directed to run a program under those regulations that would provide for recycling of oil and oil filters. And they are in the process of organizing that program.

As you referred to, one of the key components is commitment to have a number of ecocentres that would take collection of oil throughout Saskatchewan. There have been some of those centres that have been established already — for instance Outlook, Bengough, Weyburn I believe are centres that are already operational. I believe there's a couple more. The objective of the corporation is to conclude with somewhere between 30 and 40 of those centres. But that is only a small

portion of their total activity.

The other significant emphasis they have is one that would provide for pick up of used oil and filters throughout rural Saskatchewan so that there's not a requirement to drop off all of these oil products and filters at the ecocentres.

So that's something that they are giving emphasis to. I don't recall the numbers exactly, but I believe that in the last year of operation they are somewhere around 10 to 12 million litres of oil collected, which is a significant portion of the total that is available in Saskatchewan for collection.

So they're making good progress. But the program, to characterize it against a mature, functioning program, is many ways in its infancy, both in terms of establishing the ecocentres and in terms of the rural pick up functions.

Mr. Gantefer: — Are you satisfied with the pace at which this is being implemented? You know, we hear a fair bit of frustration out there that it's moving too slowly, that some of the regulations set by SARRC are unreasonable, that people that are currently collecting oil wouldn't even qualify under these regulations, and that there just seems to be . . . strikes me as a fair bit of frustration out there.

And I wonder if you're evaluating the progress against the timeline; it's sort of over a year and there's just very few of these things in place. So what's your analysis in terms of how it's being implemented?

Mr. Kramer: — Yes, the comments I hear is this, that there is no doubt there is a measure of frustration.

What leads to that is that the corporation didn't start with a pool of funds. The immediate expectation of the public would be, once there's 10 cents a litre collected on oil cans or for oil or for filters, once there's a surcharge of some sort, that immediately available to them is all of the facilities and all of the pieces of the program that provides for a fully-functioning program.

The reality for SARRC has been that they have needed to take some time to build a nest egg, if I can call it that, so they have investment to make in ecocentres, so that they have also opportunity to run the pick-up program.

So there has been frustration. And we have pushed them hard to move as quickly as they can and they are sensitive to that.

But I think the program starting from a surcharge being implemented by SARRC, the public expectation was, if I'm paying I want to have the program fully functional from day one. So there's been pressure to do that. We have pushed them hard to do that, but it's a problem of making the program fully functional and needing to do that from some buildup of capital as they manage the program.

So that's been a challenge and it's been an issue for SARRC. It's been an issue for the department as well.

So I think . . . and there was good discussion of this at the recent SARM (Saskatchewan Association of Rural Municipalities) convention. There were some accolades for

SARRC, but there was some frustration from the public and that's a reasonable, I think, description of where we're at. Things will get better. They will get better month by month as there is more of the program that's able to be delivered from the funds that are collected, but certainly from day one there was not a full program and that's led to some measure of frustration.

Mr. Gantefer: — Thank you. I'd like to turn to another area that has created some frustration and that is with the elk breeders and the elk game farms.

I understand that there are a number of breeders or owners that have animals that are being held outside of Saskatchewan and that there is a concern about being able to identify if these animals are disease-free from some specific disease that escapes me. But that is difficult to identify in a live animal, that there are not laboratory tests that are developed at this stage or imminently potentially being developed and because of that they're not being allowed to be imported into Saskatchewan until it can be determined if these animals are disease-free.

Can you update us please on the status of where that's at and also on the status of where the test for this disease is at?

Mr. Kramer: — I will do my best. You'll get more a layperson's description of an update as opposed to a good technical description, but . . .

Mr. Gantefer: — We'll probably understand it better then as well.

Mr. Kramer: — And we would certainly commit to get to the committee, if that's what you want to request at the end, any details that I'm not able to give you that are of a technical nature.

As you described the problem is really as it is. There is concern in Saskatchewan, to describe the problem most broadly, that disease that is in game-farmed animals does not come into the province and in doing that become a risk to wildlife or to other game-farmed animals that are here and don't have that disease. So we have restrictions in terms of movement of animals on our borders.

The animals that you referred to, I expect, are ones that are in Ontario. They're in long-term quarantine there.

And there is active work being done, with federal government research capacity, with university research capacity, and our own people, to sort through tests that stand the rigour of science. And we have worked on that for some fair length of time and I think there's prospects that on some of the diseases at least, within a matter of a few months, we will be able to have tests that are able to be applied without the death of the animal. I mean that's the problem with some of the tests now. When an animal dies they can find out what was the cause of death but that isn't helpful for animals that are in quarantine.

So there is active work that is being done; I think good communication with the elk breeders in terms of where that work is at. Clearly their interest is to move animals that they own into their own herds to reduce their costs of holding animals elsewhere — we understand that. The offsetting issue is

one of how we ensure that there is not a threat to other game-farmed animals here or to wildlife animals.

And that is work, I'd say as well, that is co-operatively being done with Alberta and with Manitoba. We've had a number of meetings in recent weeks with Alberta to ensure that the protocols we have are ones that are consistent between provinces and that in fact these aren't used as artificial trade barriers which is clearly not desirable and not acceptable.

But there needs to be assurance to the elk breeders as well that this is science-based and that, when we have comfort from a science perspective that risk is low and manageable, then that would happen and a number of provinces are working on that to achieve that objective.

And I recognize in saying that, my answer is pretty generic but there's active work that's being done to meet those objectives and I would be happy to give further information that would look at particular diseases, particular tests that are being pursued.

Mr. Gantefer: — I certainly appreciate that and I think the reputation of the quality of the Saskatchewan elk herd is an important component in this and I certainly share the desire to make sure that that's safeguarded.

I guess that we have to balance that with pragmatism a bit because the wild elk don't know when they've left Manitoba and have entered Saskatchewan. So that there is sort of that level that while the imported herds that move around through controlled means can have these stringent sort of regulations applied to them, it's more difficult to apply that to the wild herd. And of course by the nature of this being a domestic and wild herd it creates some extra challenges, I'm sure, as compared to say the bison situation which I think has now been pretty much turned over to the Department of Agriculture and treated that way.

But I recognize the dilemma that SERM has because there is two components of the industry if you like, the wild herd and the domestic herd.

Mr. Kramer: — The one brief comment I'd make is that there is close co-operation, really daily co-operation, on this issue between Agriculture and Food and ourselves. I think we want to proceed that way so there's good communication within government and with industry as well.

So we don't take an approach that says SERM has certain standards and that they need to be met without communication and discussion. I mean we believe that we'll have the right answer when we have something that protects wildlife but also recognizes the needs of elk breeders as well.

Mr. Gantefer: — Thank you. One final quick area and that's with outfitters and outfitting licences. Can you explain how your policy works in terms of, and I'll just use for an example, say at Tobin Lake or something of that nature where there would be I believe a number . . . it doesn't have to be specific to that but I believe for any wildlife area or for outfitting area that there is a fixed number or a pre-determined number of outfitting licences that are awarded.

The question is once they're awarded, is there monitoring to make sure that they're actively being used or are people sitting on licences that aren't being used to the exclusion of other potential outfitters that want to get in . . . you know, what I'm asking is what's the policy and how does it work in terms of determining how outfitters get licences either for fishing or hunting or things of that nature in any specific district?

Mr. Kramer: — I'd ask Dave Phillips, our ADM (assistant deputy minister) for operations to respond.

Mr. Phillips: — Policy framework around outfitting is maturing. About two years ago, new directions for policy were issued on a number of different questions — on the specific question about how do new outfitters come into a particular area or where an area is underutilized. It will vary depending on which species is . . . you know, whether it's big game, waterfowl, or fishing is involved.

But if you took the case of Tobin Lake and perhaps outfitting for waterfowl, if that was the example, we allocate a certain maximum number of outfitters for purposes of outfitting on . . . (inaudible) . . . waterfowl hunters based on a wildlife management zone criterion so in . . . and I think in the case of Tobin Lake, it probably would be under-allocated at present so there would be opportunities. But where there are situations where an outfitter is sitting on an allocation and not using it, we look at two year's worth of returns on level of activity and then have the opportunity to not renew an existing allocation if it's being underutilized. But we're just into the second year of operating with this new policy so it's just starting to move through the decision making system.

They are situations . . . I'll speak about waterfowl again in the south-west where there has been a longer tradition of outfitting activity. Our present system of allocating a maximum number of outfitters per game management zone tends to still have some problems of concentration along say the river course where most of the waterfowl hunting activity is and we need to do further worked to refine — to be more discriminational in how we move the effort within a management zone.

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

The Vice-Chair: — Thank you very much.

Ms. Stanger: — Thank you, Mr. Chair and welcome to the officials. And I just want to thank you Stuart for the work that you and your officials have done to provide some good service to the people of Saskatchewan. We have to protect our environment and the wildlife. But I have a particular concern and I think you know where's it's coming from. And that is elk farming because in my area we have a great deal of elk farms. Right now we're going to have the second annual sale in Lloydminster and it's very detrimental because what's happened before the programs were printed, all of a sudden the border was closed to Alberta. So this means that people selling are going to have a big disadvantage. I have been in contact with both Ag and Food and SERM to try to — this is millions of dollars and a lot of people's livelihood at stake.

And the thing is that right now we've got a crisis in rural

Saskatchewan whether people in urban or other parts of Saskatchewan want to realize it. These people, the ones that I know personally, have all been grain and livestock farmers in the past. They have diversified into elk farming. They are respectable people. They are doing their job to try and protect the . . . they don't want to hinder the wildlife. They just want to do their business.

And the point is that we have as a government encouraged diversification and this has been a very successful part of diversification — the elk farming area.

I congratulate you in that I believe that you just couldn't go into something bang without regulations and without being cautious. I think the industry has matured enough that we could maybe use a little more common sense in certain . . . in the direction in helping these people keep the diversification that they had. I mean if they were solely reliant today on their crops they would be in the same situation as many of the other people in the north-west.

And it's just disheartening that I just had a phone call from the . . . just last night and they are a bit upset about the sale because the borders have been closed. It is my understanding that you are talking with Alberta, and I'd just like you to elaborate a bit on this situation please if you don't mind.

Mr. Kramer: — Yes. Thanks for the question. I'd make a brief comment just at the outset in terms of the references a number of members that have made to elk farm, game farm policy. I think people will be aware that this government . . . there's been a policy that has gone out over the course of spring and summer, the process of being put into regulation over the next number of months. But it's a policy where wildlife interests and game farmers have worked through the issues that tend to have them bump up one against the other over the course of the last couple years.

They've come to the point where the policy is not a 100 per cent, 100 per cent solution for either party, but certainly allows game farming to continue to grow into a mature industry in the province, but provides from the wildlife group's perspective adequate protection that their health concerns are covered off.

So it's been a good process. It's been an interesting process, one where a number of departments and government have worked with the groups to find some common ground to say while neither will find that to be a perfect solution, it certainly is a solution that's provided for lots of progress and moved the industry to the point where it can continue to grow and mature.

On the Alberta border issue, the background I provide is that Alberta's border has been closed going into Alberta for a good number of years. We have had letters, a number of letters, but in recent times over the course of late summer requests from the elk breeders that Saskatchewan would adopt the Alberta protocol while we're working to new tests and agreements about what kind of tests will be used and respected on border movement of animals. So the elk breeders have been writing, asking our minister to adopt the Alberta protocol.

What that essentially means is while we're working through a new set of tests we will go to Alberta's rules for what is proper

for testing and what is proper for movement of animals.

So we're at a spot where the elk breeders have asked to adopt Alberta's protocol. In effect that means we take the approach Alberta has taken in past years, so the border is closed unless certain conditions are met.

But we are very intensely working with Alberta to try and come up with a new set of agreements around when passage will be allowed, what the health requirements need to be, with an expectation that within a few months that will be mutually agreed, which will then put us in a situation where we have two-way movement; where our animals can move into Alberta and Alberta's animals can move into Saskatchewan.

Because what we have now, hence the questions and the concerns from the elk breeders, over the last year and years is that they could not move their animals into Alberta but the Alberta animals could move into Saskatchewan.

So certainly it has impact on sales, short-term impact. The long-term solution where we have movement of animals that can be both ways and a common protocol that says both provinces agree on what those rules will be eliminates the issue where this becomes an artificial trade barrier, as it were, based around health concerns.

So we needed to take action that in the short term would have Alberta come to the table and talk about how we work this out in a mutual basis so we have one set of rules for the two provinces and we get two-way movement of animals when we're done as opposed to one-way movement which is what we have now. Animals moving from Alberta into Saskatchewan — good for their export, good for our people who want to buy; not good for our people who want to move their breeding stock into Alberta.

So we needed to take that action so we bring them to the table and work through a common approach over the next few months.

Ms. Stanger: — Well I can understand that, Stuart, because it wasn't working because Alberta was shutting their borders. And I understand what you're doing. But in the short term it's difficult for the producers because now it's cut off both ways. I realize what you're doing in the long term.

But anyway we'll discuss this further on — the sale — with your department. Thank you.

The Vice-Chair: — Thank you. That's the end of the speaker's list. Oh I'm sorry; I didn't see you, Jack.

Mr. Hillson: — No, I . . . (inaudible) . . . Your colleagues in other provinces in Canada, are we approaching some national consensus as to whether elk ranching and bison ranching, whether that is an agricultural commodity or a wildlife resource?

Are you discussing this with other colleagues as to a consistent national approach or not? Or is being done piecemeal?

Mr. Kramer: — It is being discussed with the federal

government, being discussed with our neighbouring provinces.

The update I give in terms of where consensus is moving is that I think, for the longer term, solutions will be based on reality that it's some of both. What I mean is that the administration of permits, the regulatory requirements are more and more coming to be administered by the Departments of Agriculture and Food as was the case in our game farm policy that was released in recent months.

The reality for the game farm industry that won't go away, even in the long term, is that these issues we've talked about with regard to health and the need for protection for wildlife and having game farm policy and regulation that ensures ongoing health of wildlife, that will be an ongoing issue that continues to be part of the complexity around game farming — which will be other than and in addition to complexity around beef farming — for instance, ranching — just because the same animals are outside the fence or inside the fence. And that's a reality that the beef industry, as an example, doesn't have.

So we need to ensure that the health of wildlife provided for, protocols need to be arranged that ensure that; so there will always be a need, as in our current policy, to ensure that those health interests for wildlife are covered off. That means things about the industry that would be more complex than beef, but the day-to-day administration, the day-to-day interaction is one that's more and more moving to the Agriculture and Food department to interact with the industry.

But that piece of complexity will continue to be with the game farm industry for the long term because that's the reality of their farm product. Being the same as what is outside the fence will still bring some complexity, some need for protection that you don't find in other traditional agricultural areas of production.

Mr. Hillson: — I am told that . . . of course it may be . . . it might be difficult for elk to return at least a decent profit to producers except for the velvet as well as the meat of course. I'm wondering if you can shed any light. Is that a short-term market or is that a long-term market? Is that subject to wild fluctuations? Is it a fad, or is it something that you anticipate will always be there?

Mr. Kramer: — Well again, I preface my comments by saying this is sort of a layman's version of what one observes and absorbs from working with industry, but the antler market is one that we probably look at in North America as more of a fad than in truth in world markets it is. I mean those are long-standing traditional markets in the Asia/Pacific area and in Europe, which are traditional and which have big dollars spent on them year after year after year for many hundreds of years now.

So there's a soundness to that market but it is, I mean it's a somewhat limited market. But I think the caution that we tried to build into those who are thinking about game farm production, elk production, is one that says you know you're low here is likely going to be the meat market. And there will be times where you can always get some portion of your return on the cream, on the antler velvet if you can call it that, but if the prices you're paying for breeding stock, if your operating costs are such that you need to rely on premium prices for antler

velvet every year to pay your bills, then you're probably going to be non viable in the longer term.

Because as this moves through a very large production base, it's as with other forms of agriculture, the meat market has to be a significant portion of the revenue that comes; and to this point, prices have been carried more or less around the breeding market, sale of breeding stock, people wanting to get into the business for antler velvet prices, and the prices that they have been paying for breeding stock to get into the business have been ones that one couldn't justify on the meat market.

So I would say that's a long answer. I mean the conclusion is there's a soundness to the market, but it's not a very large market. And if we're going to continue to expand in numbers as we are now, we'll have to move to prices that are justified more on the meat market than just an antler return. So it's clearly a risk for our industry over time, that they won't be able to sell as they expand all of their product, and have all of their returns come from the antler velvet market.

Mr. Hillson: — So are you saying it's a niche market that can be saturated?

Mr. Kramer: — It is. But it's a significant market and it's a historic market but there is . . . It isn't a market that can take untold increases in volume for the future without being saturated.

Mr. Hillson: — Okay. Of course we know we had quite a bad year in forest fires this past season. Does that mean we can anticipate now a few years when there will be a lower number of forest fires? Or does that not necessarily follow?

Mr. Kramer: — The answer to that is no, that doesn't necessarily imply that. I'll make my answer reasonably short. Our challenge in Saskatchewan fire management in forests is our history that . . . If we go many, many generations back, our tradition would have been regular fires through the North that would've covered many, many acres, would have basically cleared out the North on a regular basis. Our typical life of forest might've been in the order of 40 to 60 years.

What's happened now that we have significant population in the North, we have forest management agreements, we have many people earning their living in the North, we've had a practice for the last generation of fire suppression. So we have a forest in Saskatchewan which is an old forest compared to our long-term history. So the degree of old wood, the degree of rot wood, is far more than you would have with the new clean growth that's 30 years old and it comes from a base where it's been cleaned out by fire in the last generation. So it's a long way of saying that as we continue to have more people in the North, more jobs in the North, there is a need to protect the forest base through fire protection activities.

The risk, almost on an annual basis as that forest ages past when it normally would have in the times where there were a lot of people there and a lot of jobs there, we continue to have annual risk which grows, because the nature of the forest is an old, rot forest with lots of fuel inside the forest.

And those are particular problems when people follow things

like the P.A. (Prince Albert) National Park, the other places like that, where they've had very intense control of fire. They have lots and lots of concerns that when you get a strike the odds of a fire that will be significant now compared to three generations back when we weren't doing artificial fire control — it's far higher. And we can expect to put more dollars into fire control because our forest is artificially aged because of the fire control that we have. So it's an ecological problem, and it is a financial management problem.

Our biggest fluctuation depends on the weather in any given year. I mean this year as people know, particularly in the north-west, was very hot for a sustained period of time and that's what led to the extreme number of fires. But if one looks at this from a long-term average, sort of decade after decade, we are looking at increasing fire expenditures for the future because our management of forests is somewhat artificial. Because the history is they cleaned out, burned the fuel on a regular basis by natural causes and we don't now allow that to happen. So when we get strikes the odds of a fire that will be an escape fire are far higher than before we were into artificial fire management in the last couple of generations.

Mr. Hillson: — So if we did absolutely nothing you would expect to clear out about twice in a century then.

Mr. Kramer: — That's our Saskatchewan tradition. That's the way the North would have worked its way . . . the ecosystem worked in the past.

Mr. Hillson: — Is there any evidence then so far that the fire suppression leads to increased disease?

Mr. Kramer: — Yes, there is. In fact if you see some of the discussions around Nesbitt forest in Prince Albert we have mistletoe — dwarf mistletoe. Even some of our spruce budworm issues are ones that . . . It's like almost human aging. The susceptibility to those kinds of diseases rises with age and the issues of disease and insect damage are higher as we come to an aging forest. And that's part of our reality so clearly there's evidence that that's the case.

The people are looking at things like controlled burning. Other jurisdictions have moved a fair ways into some of those issues as control through all things that we're looking at as options for the future on a very selective basis. But fire for the ecosystem managers is coming back into the point where it's getting active consideration as to its use in controlling the forest, and having a healthy forest as opposed to something that by definition in all cases needs to be . . . the fire needs to be put out sort of on initial starts. There's clearly cases where human value is at risk, environmental economic values at risk dictate that to be the case. But fire is part of history in terms of forest management in Saskatchewan.

Mr. Hillson: — So you've got to look at challenges ahead of you. It's the old story that whenever we attempt to manage, sometimes the management itself can become part of the problem.

Mr. Kramer: — Very true.

Mr. Hillson: — Okay. Thank you.

The Vice-Chair: — Thank you very much.

Mr. Goohsen: — Thank you, Mr. Chairman. My question for Mr. Kramer and his colleagues is with regards to the tire recycling in our province. And I'm wondering if we have any long-term plans at present with regards to the recycling of tires? And more specifically do we have your department working in conjunction with the Department of Highways in research projects perhaps along the lines of those being done in the United States? And I'll just give you a little reference about that.

They are chipping tires of course in the United States and mixing it with asphalt with the results so far of their tests being extremely positive in terms that the asphalt has almost doubled and tripled its life expectancy with the addition of chipped rubber.

It particularly is good in withstanding weather conditions like frost, and it just seemed like a natural thing for Saskatchewan where we have that kind of adverse effect on our highways. So I'm wondering if you have work going on in conjunction with Highways to bring this kind of a program into effect? If perhaps you are looking at a government sponsored chipping machine? Apparently that's the big cost. You have to, in order to use the more modern tires with the metal strips in them, the radial tires, you have to have choppers that are very expensive and you have to have magnets that pull the metal out and that sort of thing.

Private interests so far in the States haven't found that economical. And so I'm wondering if, because we are a place where that kind of asphalt would be of particular use, if you were working in that direction?

Mr. Kramer: — Okay. I'll give you a brief update just on the tire recycling program and then address that question directly.

I think people may be aware that since January of 1996, going back almost three years, there's been a voluntary program, again managed by a corporation similar to what I described for used oil, but that has been working on a voluntary basis around recycling of used tires.

There's been a schedule of levies that have been set and dealers have been encouraged to participate in the program, where there would be a surcharge on tires that would go to the corporation for the costs of collecting used tires in the province.

That program was reasonably well received. The corporation was in operation and significant number of tires were collected. What occurred over the course of the last year is that the corporation and the organizations that were part of it came to the conclusion that if the program was to have a significant and effective future in Saskatchewan, it needed to become a mandatory operation — that is, where it would be necessary for those who sold tires at the retail level to participate.

What happened is that those who wanted to participate had made that choice to, but it became a significant issue around business where some retailers were not participating, were saving the \$3 a tire and in fact using that as a way to encourage business coming to them and not through those who would be participating in the corporation.

So they brought that recommendation to the department in spring. There was very, very broad support for that from retailers and we have moved in the course of the last couple of months to put in place a mandatory program so the through-put through the program over the course of the next year will be much larger than it has been in the past. And that's been done in response to industry saying, if this is going to be effective, we're going to have to bring the last few folks who have not participated on a voluntary basis into the program on a mandatory basis.

Around the way the program works, essentially the dollars that are collected at the time of sale of tires go to the corporation. They use that to pay collectors, those who go out then and collect from used tire stocks — be that at dumps, be that at old retailers, wherever they collect them from. Those costs go to pay for collection of those activities from those who are involved in collecting the tires.

The corporation then in turn, when it has the tires, sells the tires to processors. So government itself, as part of the program, is not involved in the processing activity. In fact the used tires become revenue for the corporation. Their cost is the collection of tires; their revenue is the sale of the tires. And processing is something we very much encouraged in the province and worked on with a number of prospective companies.

And at this point I can't give you, as I sit here, good information on just what the status is of the in-province processing that takes place but I would be happy to circulate that to the committee, because I understand your question is, you know, the tires we collect, how much of that do we turn into jobs and how much of that do we turn into a product which is useful for Saskatchewan.

So the status of our current in-province processing we would provide to the committee, because I can't give a good answer to that. I understand the operation of the program, the progress we've made in the last couple of years, but I can't give you good update on just what processing activity now takes place inside the province, but we will do that.

Mr. Goohsen: — Okay. And would you follow up a little bit on any plans of the Department of Highways to become a buyer of the product from you to use in our highways?

Mr. Kramer: — Yes.

Mr. Goohsen: — That's all for now.

Mr. Koenker: — Yes, during your discussion, Mr. Kramer, of the first recommendation from the auditor regarding operational reporting, you mentioned that's it's difficult to quantify service performance and I think we certainly understand that. I think there's an added element when it comes to evaluating service performance with SERM and that is the cutbacks that your department has suffered in the last five years, and I'm wondering if you could outline for the committee the scale of cutbacks that you have experienced in your department over the last five years.

Mr. Kramer: — I can. We would have gone through a significant process of reorganization inside of the department. I

would offer to provide to the committee a summary of our reorganization process as well. We've put that out in the last couple of months as a summary of the reorganization we have gone through, what some of the key changes have been.

So the way I would characterize what we've been through is yes, there's been some reduction in resources, but we have reworked and rethought the role and the function of the department. As an example — and I'll go to your question but to give a bit of background — we have reorganized or restructured in a significant fashion.

We have had, in the past, six regions for the department that handled our regional delivery of all of the activities that we have been talking about here. Those were set up in geographic areas basically around major trading centres.

What we've done is moved to an eco-region basis for our operations. So we have a grasslands region, we have a parkland region, we have two — because of volume — forest regions, and a shield region, where now the expertise in those regions deals with a common set of problems as opposed to having in a region a little bit of forest, a little bit of parkland, and a little bit of grassland.

So there's been many good things happen in terms of how we've approached our work. And we've moved as well to restructure our field offices in a similar kind of capacity to give clarity to people and their role within the new department and I'll give that summary to the committee.

As part of doing that, we have been through staff reductions in the order of about 12 per cent. The department at this point in time is I believe 1,205 FTEs as government would call it, the full-time equivalents. That gives us about, more or less, 2,000 staff people in summertime and about a thousand staff people in wintertime.

People will understand that whether it's parks or whether it's forest fire management, other things like that, we have a bump in our staff levels in summer. But our permanent establishment would be in the order of about 900 to a thousand based around about 1,200 full-time equivalents of staff. If we go back, five years back, we would have had something in the order of about 1,350 is my recollection.

So there'd be a reduction of staff in the order of about 12 per cent, about 150 full-time equivalents; but we're now at the point where it's at 1,200. But I would be pleased to give to the committee the summary of organizational changes that we've been through which we believe allows us to deliver on our mandate in an effective fashion.

I mean there's no doubt we're busy, there's no doubt we have lots to do. It's an extremely interesting part of government's mandate in terms of the issues that we deal with and the impact on our society in Saskatchewan. But we believe we have the resources to do the job that is needed. But we're busy I guess as are all departments and we should be.

Mr. Koenker: — Thank you, Mr. Chair. I would disagree very frankly with that last comment. I respect your opinion that you believe you have the resources to do the job that you're

mandated to do. I don't think you do have those resources.

I look at the changes that you've just outlined in terms of the ecosystem management and note that we no longer have an air quality branch, do we, per se?

Mr. Kramer: — Correct.

Mr. Koenker: — Now that's just one example. And so to get action on air quality issues, one could argue, is more difficult now than it had been in the past. Although having said that, I will say I've had a particular instance in my constituency where the person responsible for air quality, Dale Bonke, I'll name him, has done just, I think, a heroic job in addressing the problem and deserves a lot of credit.

And I would say this for all of your staff in terms of performance auditing that I think their actions speak for themselves in terms of the quality of the work that's being done.

But I do have a bone to pick with the government in terms of the resources that are provided to your department, particularly when it's measured against other government departments. And I just want that on the record.

And so I commend your department for really a remarkable job. And I think that if the auditor were to look at SERM and its performance, its service performance, as stacked up against other departments, I'd dare say that it would be at the top or certainly very near the top relative to other departments.

That's a personal judgement, but I want that on the record.

Mr. Kramer: — If I could make just one comment from the department's perspective. I have been with Environment and Resource Management as deputy for three years now. I would only, I guess, concur with Mr. Koenker's comments around people's approach to their work.

And I observe it to be a department where people care about the environment, care about resources, care about Saskatchewan. What they bring to their work is something that is more than just a job, and I would observe that to be true and commend our staff as well. I mean, they care about their jobs and do a good job and we appreciate that recognition.

Mr. Koenker: — I just want to belabour this point if I may. I look at the job that many of your people are doing under the circumstances that they're having to do it and I can't . . . as an elected official, I can't believe that they're doing what they are doing and not resenting it.

And they're doing it with joy and with commitment, and that is really remarkable. I just marvel at some of what I see in terms of the performance from your department.

The Vice-Chair: — Thank you very much.

Mr. Thomson: — Listening to Mr. Koenker's comments actually reminded me of a set of questions I had wanted to ask you about air quality. I've had several letters of protest written to my office and several phone calls this spring about the air

quality — or this fall — about the air quality in Regina related to stubble burning.

On no fewer than three occasions the south end of the city has been blanketed with a sooty haze that's obviously blown in and trapped under some sort of temperature inversion I guess in the south end of the city. It has resulted in letters from, I think I've received letters from five or six doctors now as well as many asthma patients . . . asthma sufferers.

I'd like to know what your department does in this case to attempt to protect the air quality of our province.

Mr. Kramer: — That is a significant issue for us. It's one where in the last month we have made a commitment based on again this fall's experience, actively working in a group with the Department of Agriculture and Food but also with the Regina Health District and their board to look at issues and alternatives for action for as early as this coming fall. We will bring that to a point of discussion. So there is active work that's being done.

It seems that for the sake of the complaints we receive — but not only the complaints, where there is an actual level of irritation in the air — that Regina is the centre of the concerns and the centre of the problem. Some of that makes sense.

But the answer . . . (inaudible) . . . make it quick. But I mean in Regina it's heavy clay and the management of straw particularly in good crops years is such that people resort to burning far sooner in the Regina heavy clay area than they do in other places where . . . I mean there's a six or seven year crop rotation and people don't think about burning. That stubble is valuable to them and they don't think about it and they have ways of handling it with their soil types that allow for incorporation far easier than happens in Regina with this heavy clay.

So we've got a large population that's close. We've got agricultural soil conditions which make burning for farmers, in their judgment, a good alternative, and we need to work through how we manage that.

We've had education programs. We've had ads, other things like that in recent years. I mean it has been addressed, but I think the experience of this fall in terms of the extent of smoke and the extent of complaint has us working with Agriculture and Food and the health district to see what might be done for the following year — because it is a problem in the Regina area that isn't going to go away.

Mr. Thomson: — You do have, as I understand it, a legislative means to deal specifically with this problem. We're talking about a situation which in the south end, and that's predominantly where it seems to impact, was affecting some 40,000 people.

I understand it's not politically palatable to go and talk to farmers, particularly this year, about crop burning, but I mean to irritate some 40,000 people over stubble burning, I just have to wonder about the wisdom of that. What means are there to deal with the repeat . . . I don't want to say offenders but people who burn indiscriminately?

Mr. Kramer: — Well you're right in that there is legislative authority to put in place regulation that makes this an illegal activity. I think other provinces . . . I stand to be corrected, but I know Manitoba has thought about that. I think it moved to the point of some regulation in the Winnipeg area, but it's been very troubled as you described in terms of removing this as an option for handling straw, particularly in good crop years.

So we have the legislative option. It wasn't where we would go to first. Education dealing with the RMs (rural municipality), I mean are all things that we would pursue but that's clearly one of the things that are on the table as an option. But it's not preferred at this point because of a difficulty not only acceptance, but in making it work and making it effective. Winnipeg still has smoke issues and smoke troubles even after they've moved in a legislative fashion.

Mr. Thomson: — So is it fair to say then this is an issue that you are working on actively?

Mr. Kramer: — It's fair to say that, yes.

Mr. Thomson: — Okay, I'm satisfied. Thank you.

The Vice-Chair: — Thank you very much. Okay, we have the . . . I see three recommendations. Someone will correct me if I'm wrong, but I think in all three cases we can concur and note progress towards compliance. This is from my notes. Thank you. If that's agreed then.

A Member: — Agreed.

The Vice-Chair: — Thank you very much. I thank the witnesses for a very comprehensive report, a very comprehensive response to the auditor's report, and a very interesting and comprehensive response to members' questions. It was an interesting morning and I thank you on behalf of all members of the committee.

Mr. Kramer: — Thank you very much for the opportunity to be here and talk about Environment and Resource Management.

Public Hearing: Saskatchewan Government Growth Fund Management Corporation

The Vice-Chair: — I want to thank the officers of the Saskatchewan Government Growth Fund for attending. And I will, I think, begin, Mr. Benson, by inviting you to introduce yourself and your associate.

Mr. Benson: — Okay. My name is Gary Benson. I'm president and CEO (chief executive officer) of Saskatchewan Government Growth Fund Management Corporation . . . Crown corporation. And to my right is Mike Merth, our CFO (chief financial officer), comptroller for the same entity.

The Vice-Chair: — Thank you very much. Before calling upon the auditor to proceed, I have a statement which is read to all witnesses, and I'll do so now.

Witnesses should be aware that when appearing before a legislative committee your testimony is entitled to have the protection of parliamentary privilege. The evidence you provide

to this committee cannot be used against you as a subject of a civil action.

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

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

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

You're reminded to please address all comments to the Chair. Thank you. And I will call upon the Provincial Auditor to introduce his associate and proceed with the presentation.

Mr. Strelloff: — Thank you, Chair, members, and officials. With me this morning is Dale Markewich who is going to review our findings and reports. Dale.

Mr. Markewich: — Thank you, Wayne, Good morning, Chair, members of the committee. Chapter 11 of our '97 *Fall Report* present out findings for the Saskatchewan Government Growth Fund and the fund companies it manages.

Paragraphs .06 to .15 we provide an update on a matter that was reported in our 1995 and '96 fall reports. In the previous reports and in this report, we note that the corporation did not meet the investment rules as required by the Canadian immigration regulations. The regulations require the fund companies invest at least 70 per cent of the money held for investors in their eligible businesses within nine months.

The Public Accounts Committee first dealt with this matter on October 9, 1996 when the chapter 13 of our '95 *Fall Report* was reviewed. At that time the committee agreed with our recommendation, but also asked our office to write to the Auditor General of Canada and advise him of the concerns raised. We wrote to the Auditor General office in October 22, 1996, and his response is included in paragraph .15.

On February 17, 1998 the Public Accounts Committee again agreed with our recommendation after reviewing chapter 15 of our '96 *Fall Report*.

At paragraph .16, we report the need for the corporation to improve its annual reports to include essential accountability information. We made two recommendations to improve the corporation's annual reports.

The first recommendation is included on paragraph .19. We recommend that SGGF Management Corporation's annual report and the annual reports of its fund companies include comparisons of planned performance to actual results, and we think MLAs (Member of the Legislative Assembly) and the public need this information to understand and assess the

performance of each company.

Our second recommendation is at paragraph .23. Here we recommend the corporation provide the Assembly with a list of persons who receive public money. We note that the fund companies do in fact disclose information of investments in their annual reports. We think that public accountability is strengthened when the government agencies provide MLAs and the public a list of persons who receive money from them.

That concludes the presentation.

Mr. Strelloff: — Thank you, Dale. Chair.

The Vice-Chair: — Thank you very much. I would invite you, Mr. Benson, and your associate to make whatever response you feel appropriate before members ask questions.

Mr. Benson: — Well the one comment that we think is particularly relevant, or criticism of the Provincial Auditor, is our inability from time to time to make investments in what's called eligible investments within the prescribed period of time.

It's been a chronic problem for the corporation and it's really precipitated by the fact that we have issues out of our control that really dictate the speed with which we make investments. The flow of capital into the various funds that we manage is irregular and driven by much . . . well by variables that really are out of our control. The decision by somebody in Iran to leave Iran is not dictated by how quickly we're going to make our investments.

So from time to time . . . And then on the other side of the equation, we have to put an infrastructure in place to place that capital in those eligible investments. Annually we try to estimate the rate of flow of that capital and we try to gear ourselves up accordingly. To the extent that events transpire that affect that flow of capital, our options are either to: (a) make investments within the prescribed period of time, which in our opinion may lead us to making imprudent investments, or; (b) that we increase the capability of our infrastructure i.e., people looking for deals, to do that. And the problem with that alternative is, if you gear up for a hundred per cent of the flow, when the flow falls off you have unproductive people.

We operate in a very competitive environment where we try to keep our costs of managing capital at 2 per cent of the assets that we manage. So those are the variables. And from time to time we do fall out of favour with the legislative requirement.

CIC (Citizenship and Immigration Canada) Canada is very much aware of these. We have to report to them quarterly. And so they have never sort of done anything other than to slow down the rate with which we might get a new fund approved, but that's been the extent, I guess, of the problem.

It's a chronic problem, experienced not only by the Saskatchewan fund but most other provinces as well that are participating in the program. So I guess that's my general comment, Mr. Chair.

The Vice-Chair: — Thank you very much.

Mr. Gantefer: — Thank you very much, Mr. Chairman. And welcome, Mr. Benson, and Mr. Merth.

I'd like to ask you that, in your investments, I think that you must have some criteria and some established methodology whereby you consider investments. And one of the arguments that always seems to float is that, do you by your investment create distorted playing fields, if you like? By investing in one company in a general sector of business, that potentially you put that company at an advantage vis-à-vis other companies in that same sector. How do you judge and evaluate those kinds of issues when you make decisions about investments?

The Vice-Chair: — Just before you answer that; just hold your thought for a moment. With respect to a 10:30 break, I was going to suggest to members that if we finish here before 11 we could take it then. If we didn't, I wondered if members wanted to soldier on. I think some members want to get away and get home.

So what I was going to suggest is that rather than take the 10:30 . . . we'll take it if we have time, otherwise we'll just work right through and soldier on.

Ms. Stanger: — Don't we have district boards?

A Member: — At 11.

The Vice-Chair: — At 11, yes. So I think it's a little unlikely that we're going to get finished much before 11. Okay?

A Member: — Agreed.

The Vice-Chair: — Carry on, Mr. Benson.

Mr. Benson: — Mr. Chair, we have a set of criteria that is dictated by the Department of Economic Development that sort of sets out eight areas in which we can invest. So within that broad parameter, we have to look for eligible projects, investments, businesses, that meet that criteria. Essentially they're economic value added to the province, is the simple definition.

With respect to the criteria for any individual investments, one of our criteria is that if we invest in a Saskatchewan company, if its success is at the expense of another Saskatchewan company, we don't make those investments.

Mr. Gantefer: — Thank you. The other issue I want to raise briefly and I don't want to go into specifics, but there are a number of investments that the time comes where you have to take more direct involvement: that the investment may not be turning out as you see fit; that you have to perhaps increase your investment or indeed exercise options under the initial terms and conditions whereby you could exercise more decision making on a day-to-day basis.

Again in a general sense, how do you decide and how do you weigh out when you have to exercise those options?

Mr. Benson: — Mr. Chair, I mean we have a very extensive monitoring policy where we are in touch with all of our investees on a monthly basis, either directly or through our

investment managers. And it's something difficult to prescribe when we think conditions have evolved to the point where we have to exercise some of our options under our contract with that company. I mean that's a matter of judgment, I would say, but essentially our role as a value-added investor is to try to keep that company's focus on meeting its business plan. And we do what we have to do or can do to help that company get there. And sometimes you have to separate management from ownership.

Mr. Gantefer: — As a general rule, Mr. Benson, I suspect that companies that would approach you for equity investments are companies that may have limited . . . or have limited their options in terms of the traditional lending institutions and things of that nature that in order to raise cash for either operations or capital improvements, they need investment capital; they need patient capital. And I guess by definition you're operating in a higher risk category of operations than the traditional lending institutions may operate in.

Have you done analysis in terms of — I don't know what the right word is — success rate or how you feel that your investments are progressing? Do you do sort of a report card on how it's turning out?

Mr. Benson: — Yes, we do. And we benchmark ourselves against the venture capital industry.

Mr. Gantefer: — And is that — again I appreciate confidentiality of investments and things of that nature — but is there a document that you have that sort of comes out with the report card? Is that kind of information in your annual report or is it somewhere that we as legislators would be able to look at a document that said, the success rate is such?

Mr. Benson: — Well the information that we have on the return — we call that IRR (internal rate of return) on our investments — is a confidential piece of information that our competitors would like to have and . . . I mean, we try to disclose as much information as we think prudently we can in the annual report.

You have to also realize we are constricted by confidentiality agreements with each of our investees.

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

The Vice-Chair: — Yes, thank you very much.

Mr. Koenker: — A question to the auditor regarding section .15 of the report, which has to do with the auditor . . . the disposition of reporting requirements with the Auditor General. What is the disposition of that correspondence right now? Is this an issue that's just gone into hibernation?

Mr. Strelloff: — Chair, members, Mr. Koenker, we did contact the Auditor General who then contacted people within the federal government, and perhaps the president might be able to comment on whether there's any general program changes coming out of the federal system. But we haven't done anything further than that.

We've asked the Auditor General for his views and he

contacted the federal government officials, and then after that I don't know. But Mr. Benson may have more recent information.

Mr. Benson: — You're wanting me to respond to that?

The Vice-Chair: — Yes, please, Gary.

Mr. Benson: — The federal government has for some time announced impending changes to the program and they have not come to fruition in the three years that they . . . the program has been under review.

And our latest information is that . . . Well what I can share with you is that the current program, as we understand it, is scheduled to terminate at the end of this calendar year and to be replaced by some unknown program or yet to be announced program effective January 1.

Now we have recently received word that there will be yet another extension of the moratorium for at least another quarter — first quarter of 1999.

Mr. Koenker: — So it's fair to say you don't know where you stand in this regard?

Mr. Benson: — That's correct, sir.

The Vice-Chair: — I'll just add this. In my former capacity I had some discussions with Mr. Manley, the minister. This is a very complex problem from the point of view of the federal government. If they only had to deal with Saskatchewan it would be . . . Their problems with Saskatchewan are really minuscule. It gets very complex when you have such different jurisdictions as Quebec and B.C. (British Columbia) into the mix there. It is really a complex problem for them. I think they're nowhere near resolving it. I think the extension is one, but I expect extension is almost an indefinite basis to the problem to the thing. So I think we carry on as we're doing. Any further comments on this? Okay.

Now our first one is recommendation .19, I guess.

A Member: — .19 and .22 are the . . .

The Vice-Chair: — .19 and .22 are the traditional comments of the Provincial Auditor with which we've had varying responses. Do you want to respond to .19 and .22 which invite you to include comparison of planned to actual results in your annual report, and list of payees?

Mr. Benson: — Yes, I can, Mr. Chairman. With respect to the publication in our annual report of our plan versus the actual results would really require us to put on the table our expected, as we call them, divestment strategy with respect to all our investees which would put us at a negotiated disadvantage. We don't have adequate numbers of individual investments in any one fund to hide behind the law of large numbers or anything like that. So it just would not be prudent for us to provide that information, although we do provide it internally.

With respect to the second part of your question, Mr. Chairman, it's governed by much the same principle. We believe by . . .

We're in a very competitive business with respect to soliciting capital. We have commission payments that are structured unique to our industry. We just could not disclose that kind of information. It would again put us at a competitive disadvantage.

The Vice-Chair: — Okay. Thank you for that. Well may I suggest to members of the committee that we handle this as we have all the others, and invite the Assembly to refer it to the Crown Corporations Committee. Agreed?

All right. I think that disposes of them both. Thank you very much for your attendance. We appreciate your assistance. That does give us a, yes, a long break I think. Unless Health will come early, Greg? I don't know. Okay. We might as well come back at five to I think, yes.

The committee recessed for a period of time.

Public Hearing: Department of Health

The Vice-Chair: — Okay. We want to thank you for returning in what I know is a very busy time for you. Mr. Hnatiuk, Ms. Klassen, and Mr. Lacey were here yesterday so I think there's no need for introductions.

I do, before we begin, have a couple of suggestions for members to consider and reject or accept. One is that we invite the Provincial Auditor to make their comments on the health districts and invite the department to make their response and then the members' questions could proceed on both simultaneously. It struck me yesterday that the line distinguishing the two can sometimes be pretty artificial. All right. That's agreed.

The other thing I was wondering if members want to carry on past . . . They were able to be here from 11 to 12 and 1 to 2. I wondered if members wanted to work past 12 and finish up. This is our last department and when we're finished here, members can take off home, and to be fair to the officials from the Department of Health, they have other fish they're frying too. So does that suggestion meet with general approval — that we work through and finish?

A Member: — A very fine suggestion.

The Vice-Chair: — Okay. We will do both. I will ask the Provincial Auditor to introduce any staff that require introductions and proceed with your presentation on chapter 23.

Mr. Strelioff: — Okay, thank you, Chair. Members and officials . . .

The Vice-Chair: — I'm sorry to do this. It's the second time today I've done it and I apologize. I invite the Provincial Comptroller's office to introduce your associate.

Mr. Paton: — Thank you, Mr. Chairman. I have Sandy Stepan joining us this afternoon. She's a senior analyst in the Department of Finance.

The Vice-Chair: — Welcome to the proceedings. I invite you to continue.

Mr. Strelloff: — Okay. Thank you, Chair. Members and officials, the two people who will be leading our presentations today are Mike Heffernan and Jane Knox, and it's on the chapter 23, district health boards. And Mike, can you take over please.

Mr. Heffernan: — In the interests of time, members, I'm going to deal with parts A, C, and E and then chapter 4 of our 1997 *Spring Report* all at once. And I'm going to do this in about five minutes, so it's going to be just a review of highlights.

In part A I want to just draw to your attention that we're moving from auditing all 32 districts each year to auditing 10. And we've been talking about this for a number of years and the reason we're doing that is that districts . . . management control systems are becoming quite good for the most part and we just want to concentrate our efforts on bigger fish.

We're going to continue auditing the two largest districts each year though and we're going to focus on the larger districts and audit a sample of the smaller ones.

I want to deal with part C of chapter 23 and chapter 4, part D, of our 1997 *Spring Report* together because I want to concentrate on the legal requirement for districts to report on their effectiveness and health status, and both of those reports deal with that. Much has happened in the past year or so in helping districts to report on their effectiveness. And this is important — both externally and internally, boards and management need this information to manage their districts.

The department in consultation with districts has prepared guidelines for three-year strategic plans for districts. It has guidelines for district annual reports and has prepared a framework to help districts select performance indicators. Now while this guidance is very helpful to districts, it's still not obvious exactly how districts should report on their performance.

The next step I think should be for the department to work with districts to provide more detailed guidance. This guidance would set out principles for performance reporting to ensure that district reports are relevant, reliable, focused on results, relate costs to results, and are comparable between districts. A lot of good work is being done on reporting principles across Canada and internationally, and we'd be pleased to work with the department and districts on such an initiative.

The final thing I want to draw to your attention is in part (e) of this chapter, we set out the details of revenues and expenses for all districts and I'm pleased to inform you that the department now provides that information in its annual report so we will no longer provide that information in our reports to the Assembly. Thank you.

The Vice-Chair: — Thank you very much. Mr. Hnatiuk. If you have any . . .

Mr. Hnatiuk: — I've got one more part.

The Vice-Chair: — I'm sorry.

Mr. Strelloff: — Members, Mike dealt with part (a) and (c) and

(e) of our *Spring Report* report which deals with our regular audits of each of the districts. Jane Knox is now going to review with you an audit of the resource allocation process used by the health districts as well as an update on our earlier audit of how districts determine health needs.

The Vice-Chair: — I always depend on the efficiency of the Provincial Auditor's department.

Ms. Knox: — Mr. Chair, hon. members, officials, staff, and guests. Good morning. It's a real privilege to give you highlights for an audit about resource allocation in health districts. First I would like to take this opportunity to thank the audit team, our internal advisory committee, the external advisor, Dr. Ardene Vollman, from the University of Calgary, the department, and most important the participating districts. All played a role in producing this report. We hope you find it relevant and useful.

Traditionally, to allocate resources in the health sector we have provided more of the same kind of services. Now there is an international trend to focus resources to improve health as effectively as possible. Saskatchewan is clearly a leader in this area but many other countries are changing the way they allocate health care resources.

Our objective for this audit was to access whether health districts had adequate processes to allocate resources based on health needs. We examined the processes used in five health districts between April '95 and October '96.

Intuition is really important for crisis response, but when a system is changing, it's our process for making decisions that ensures that we have the information we need to make informed choices. Our criteria outline a process. It is dynamic, it's iterative like a spiral that returns to the same point, and it's endlessly complex.

None the less each of these steps occurs to provide solid information to make choices. So when we looked at the five districts we expected the districts, somewhere in their process, to identify priority health needs, to set some goals and objectives to make a direction based on those needs, to assess strategies and select action plans, and finally to assign resources that would effectively carry out their action plans to meet their objectives.

We found that the processes in all five districts were changing significantly during the audit period, that is from '95 through to October '96. This is a time when there were board elections, when there was an injection if you recall of about \$40 million into the health system, and there were a number of other changes at the district level that, I think, created even more change in the processes for decision making than you might see at other times.

But nonetheless we were quite pleased with how the districts were managing overall in their resource allocation processes. They really had difficulties in two areas and those are marked with a little "NI" for needs improvement on the screen.

The hardest thing, I think, for the districts was to sort out, out of the many health needs that had been identified through their

needs assessment process, which ones should be priorities for the district in the short term, in the intermediate term, in the long term, and how to balance those needs with all of the other demands that were being made on district resources.

There are a number of specific procedures that the districts could have done even in the '95-96 time period, but at that time it was more difficult than it would be today. In order to really decide what priorities you want to focus on, you need to have a sense of how important each of the health needs that you've identified for your district are. And at this time, in the '95-96 period, there was less information available to compare one district to another district or to compare a district to a provincial health need or a district to a national health need. So it was harder for districts to decide.

But nonetheless many districts did make choices and I'd like to focus on one district that did very well. One district identified, for example, that asthma was a very serious problem, and they used provincially provided information from the department that laid out the number of hospitalizations and they noticed that their district had more hospitalizations for asthma than any other place in the province. And so they began to explore that and it became a priority for them. They set some direction based on that priority. In fact they determined that in their area physicians were not using the current knowledge about how to mix drugs with other options for care of asthma sufferers. And they set up a special clinic. They did a number of things around this whole priority that they had set for asthma.

So they really worked through the whole process in a number of ways, sometimes using special committees, and ultimately assigned resources that have resulted in fewer hospitalizations for asthma. So they have found a way to control their costs for health care by identifying an important health need and ensuring that they are addressing that need in the most effective way possible.

Our recommendations then, following this audit, are that districts should set priority health needs. And we hope they will consider both short-term needs, intermediate needs, and long-term needs because there are some health needs that will require perhaps 30 years to address, and it's important for districts to take a long-term perspective so that they can work away at those needs rather than being caught in the crisis of the short term.

We also encourage districts to set clear direction and by that we mean not only goals and objectives in a broad sense but also that they should think again about the short term and the long term. And they should try to find some balance between the health services which are so demanding and the health needs of their total population.

So, Mr. Chair, that is the presentation concerning the resource allocation. If you wish, I would move on to the . . .

The Vice-Chair: — I think so. I think the members can make note of their questions and we'll ask at the end.

I just have a question before you go on — having said that. Which five districts — did you tell us or did I miss it?

Ms. Knox: — No, I didn't tell you and we haven't published the five districts.

The Vice-Chair: — I see. I see. Okay, that's fine if it wasn't information you intend to give.

Ms. Knox: — Thank you. The second area to be addressed then relates to the follow-up for needs assessment. We did our original needs-assessment audit in 1995 and we did the first follow-up in '96 and this is our second follow-up from 1997.

We always do at least two follow-ups, and in this case we indicated that we would continue to monitor this area but we don't expect to do another report to you in the near future. It would be probably some years before we would come back to this area.

Here I would like to focus really just on the recommendations. That's what we do when we do a follow-up. We look to see what action has taken place on the recommendations. So initially we recommended that districts should plan their process for needs assessment over the long term; that they should pull that information that they gather together in a way that it presents an overview for the health needs in the district; and that it would also contribute to forming a provincial picture of health. And finally, we encourage the districts to find ways to improve their analysis of the health need information that they collected.

This was perhaps the most difficult thing for districts because they had collected an enormous amount of very useful information, but they were finding it difficult to use it, to make sense of it, if you will. And ultimately, if they improve their analysis, they will be better able to set priorities.

What we found when we did our follow-up is that districts are beginning to use longer term planning processes generally, and for needs assessment processes specifically. They are working much more strongly now with other sectors so it's very rare for us to find a district now that's not working with Education and Social Services and Justice. When you go into the districts, you really don't see them kind of focusing so narrowly on their own institution any more the way that one would have in the past.

And we also found that districts were responding to all of the agencies, the department, the universities, SAHO, Saskatchewan Association of Health Organizations. They're responding very well to all the offering, so it would be common when we did our analysis for us to find that all 30 districts at that time had attended many different seminars and workshops that were offered to help them in this area.

So we felt that districts were positioning themselves to do a better job of needs assessment in the future.

We also noted that the department's actions are very supportive of district needs assessments. They have offered some workshops directly themselves. They have created a very big resource binder which is full of useful information.

They have improved the information that they provide in the sense that now, for example, on service utilization information that the department provides to the districts, there is an

introductory part that explains what the information means and how they can analyse it for their district; whereas in previous years the information was often provided but perhaps had less explanation to help them actually use the information that they got. So we saw a lot of improvements.

When this audit was originally presented to the Public Accounts Committee, you recommended that you expected it would take four or five years for districts to improve their needs assessment process. And we feel that really after just three years they've made enormous strides with the support of the department. It's quite remarkable actually, the amount of improvement.

And we will continue to follow with interest the process that the districts use to assess needs. It's a struggle for them always to figure out what is the real need and what is sort of a common complaint in the community. And we think the process they use to figure that out is critical to help them make wise choices. Thank you, Mr. Chair.

Mr. Strelieff: — Thank you, Jane.

The Vice-Chair: — Thank you very much. I'm wondering if you want to respond to actually both presentations.

Mr. Hnatiuk: — Actually, Mr. Chair, I think probably any responses that I would make would be incorporated in my responses to questions. I note that the committee would like to complete their work today and so perhaps in the interests of time I would do that.

The Vice-Chair: — Yes. Jack Hillson had the floor when we adjourned on Tuesday.

Mr. Hillson: — Thank you, Mr. Chair. And thank for the two graphs you provide us. The "Institutional Acute Care Services, Percent of Service . . . Residents Receive Outside Their Home District" — I have no trouble following that. Although I do note that we apparently have over half of our health districts where a majority of the residents are seeking service outside the district.

Mr. Hnatiuk: — Mr. Chair, they would be seeking those services for the . . . you would find this in acute care because of the specialist services, particularly in Saskatoon and in Regina, but particularly associated with Royal University Hospital where the specialists are located. So I think that's why this would show up to that degree in acute care.

Mr. Hillson: — Do all of our districts have an acute care facility?

Mr. Hnatiuk: — Yes, they do.

Mr. Hillson: — What level of . . . You've spoken about tertiary and . . . What are the other levels called? There's the regional hospitals — what are they called?

Ms. Klassen: — Mr. Chair, primarily we talk about tertiary centres being Regina and Saskatoon; secondary centres, often referred to as the regional centres, which will have a limited degree of speciality services but certainly not things like heart bypass transplant and those kinds of services; and community hospitals which will have primarily family physicians, possibly

with some areas of speciality but not specialists themselves.

Mr. Hillson: — Okay. And how many of our districts would only have community hospitals?

Ms. Klassen: — Perhaps if you would like to ask a few more questions, I'll simply run through them quickly.

Mr. Hillson: — Okay, then I'd just ask you to lead me through the other graph, because I am having a bit of trouble reading that. I don't know if I'm the only one or not. But if someone could explain the other graph, table 25, "Per Cent of General Practitioner Payments by Patient District".

Ms. Klassen: — Mr. Chair, perhaps I'll explain it. It is a complicated graph and I apologize we didn't provide a summary sheet because I simply took it, in the interests of time, from the annual statistical supplement.

If I can just illustrate, Southeast District, the first district, would be considered no. 1 district on the horizontal column above, and 83.9 per cent of the general practitioner payments for patients of that district would be in the Southeast District; 3.3 per cent of the payments for physician services for residents living in the Southeast District would be to physicians in the South Central District, and so on.

Mr. Hillson: — Okay.

Ms. Klassen: — The primary district, as you can see if I just move down, South Central is the next district. You'll see in that where the two columns, no. 2 and no. 2, 80.3 per cent of South Central residents have physician service payments in the South Central District.

So it literally shows you, in a more detailed sense than the summary, where people are going for services. And the reason I thought it important to provide this to you is because obviously if you're seeking physician services outside your district, you're likely also to be hospitalized outside your district.

Mr. Hillson: — Okay. Yes, I've got it now.

Yesterday you spoke of the number of family medicine graduates from our department of medicine. What has been our retention of graduates from the College of Medicine?

Mr. Hnatiuk: — This past year was 18 of 24. That's a bit of a reversal of trend. I think that's a higher number than in previous years. I don't have those numbers with me, sir, but we can get those. But it's 18 of 24 last year.

Mr. Hillson: — So we had the bulk of them this past year?

Mr. Hnatiuk: — That's right.

Mr. Hillson: — Okay. And do you have any idea how many other doctors left the province last year?

Mr. Hnatiuk: — Yes, we do. We know how many leave and how many come and what the net result is. What we have is we have a slightly fewer number throughout rural Saskatchewan but we have an increase in specialists locating in what would be

called tertiary centres and in, to some degree, in regional centres. There's been a stabilization over the last two years with a slight increase in specialists.

Mr. Hillson: — Is there any concern that the new regulations of the Royal college of physicians and surgeons concerning foreign-trained specialists, will that negatively impact on Saskatchewan?

Mr. Hnatiuk: — You raise a very good question. We had a discussion at the provincial-territorial ministers of Health meeting and more recently amongst the western provinces to get the College of Medicine — the Royal College of Medicine — to certify foreign-trained physicians to meet our Canadian needs. Now that of course isn't the answer in itself, simply to attract foreign-trained physicians.

Yesterday at our medical council meeting . . . medical council is a forum where we meet on a regular basis with the college of physicians and surgeons, the Saskatchewan Medical Association, SAHO, the College of Medicine, and the department, as well as the association of interns and residents, and the students' medical society. And more recently, we've been joined by the chiefs of staff organization. And we had another discussion of this.

The report that we received from Dr. Kendal, who is the director of the college of physicians and surgeons, was that his most recent correspondence and contact with the Royal college was that they were going to be moving to begin to allow foreign-trained specialists to have access to the exams which would enable them, under supervision, to then practice in Canada and become qualified. This doesn't mean that they would qualify them permanently but would give them the opportunity to become qualified. And we're hoping to have a final response on this issue, both from the Royal college and the Canadian Medical Association and hoping that we'll see this implemented in July of '99.

Mr. Hillson: — And that will improve the situation?

Mr. Hnatiuk: — That's right.

Mr. Hillson: — Now I understand that a nursing shortage is projected for the entire continent?

Mr. Hnatiuk: — There's a combination of factors. I think that the reduction in health care spending and the downsizing that occurred in the early '90s has resulted in fewer people going into the profession. And as in a number of professions, we have an aging phenomenon in Canada and that's that the workforce in some professions is aging. The combined factors of having an aging workforce that's closer to retirement and people not going into the profession would potentially result in a shortage.

Now we do a survey annually of all of the health employers in our province. And the most recent survey that we did indicated concern but not severe shortages. We have shortages starting to be demonstrated in certain locations.

Now what we are doing about that is we're attempting to work with the Saskatchewan Registered Nurses' Association to find out how many people may be living in our communities that

with some additional support might be interested in coming back and entering the profession one more time.

The other very positive thing that's happened, and this has surprised us positively so in the last while, is that we were expecting about 180 entrants into the nursing education program, and what we're discovering is that we have an entrance of about 250 — 240 or 250, I forget the exact number. So I think that we're reversing that trend. So that's a good indication.

I think that the other thing is happening is that we are having discussions with other jurisdictions that some of our professionals who left Canada may be interested in coming back because of stabilization of the health care system. So we're hoping to see some more indication of that as well.

Mr. Hillson: — Yes. We certainly heard a few years ago of course of many of our graduates going to Texas and other . . .

Mr. Hnatiuk: — That's correct.

Mr. Hillson: — . . . other places in the U.S. (United States). You say that is now stopped and may even be reversing?

Mr. Hnatiuk: — Yes, very interesting. Yesterday in our meeting at medical council, the students medical society in the college of physicians and surgeons and the SMA (Saskatchewan Medical Association) reported that there has been a dramatic decrease in American recruiters here. And so there is much more interest in staying, yes, in Saskatchewan first for our residents, but certainly in Canada. And, yes, so that is starting to be reversed.

But the fact that we may have a shortage is still of concern. And we're working with the SRNA (Saskatchewan Registered Nurses' Association) and the various professional bodies. And we're hoping that the federal government will join us, the provinces, in finding some strategies to increase both support to education, making it easier for people to enter the profession, and perhaps — if I may use the word — recall some people to come back, either back to Canada or back into the profession.

Mr. Hillson: — Now back to the two graphs you have supplied us. Now the first is actually hospital admissions I take it, and the second is actually doctor visits.

Mr. Hnatiuk: — That's correct.

Mr. Hillson: — So some of our districts are even showing a very, very high number of doctor visits outside the home district.

Mr. Hnatiuk: — Yes.

Mr. Hillson: — What happens to those districts as the necessary adjustments are made in subsequent years for the fact that so many of their residents are not getting service in their home district?

Ms. Klassen: — Perhaps I can explain it by talking a little bit about the funding. And before I do that I'll just give the numbers . . .

Mr. Hillson: — Okay. Yes.

Ms. Klassen: — ... in terms of the hospitals that you requested. Thirty-two health districts in total — obviously Regina and Saskatoon are two tertiary centres. We typically refer to six mid-sized or regional centres which are Moose Jaw, East Central or Yorkton community, Swift Current, Lloydminster, Battleford, and Prince Albert. In addition to those six districts there are three districts who, as of March 24, 1998 — and I specify the date because it does change — had two active specialists. So they're slightly ... They obviously do not provide a full complement of services like at Prince Albert but they do have some specialists, and that would be North Valley, which is Melville; North Central, Melfort; and North-East, which would be Nipawin. Primarily these tend to be general surgeons although I don't have the list with me.

That would leave the remaining districts and if you count the three districts I just identified as part of the community hospitals, it would total 24. If you exclude them, obviously it would be 21.

In answer to your question with respect to funding, I think the important issue is the ... we would expect in a district that provides primary health services in hospital, that a much greater percentage of its population would seek services either in the nearby regional or midsize centre and the tertiary centre. Where the funding really begins to change, is when the trends change dramatically, and this is only for hospital services. There is funding for other primary health services which is not migrated out of the district in any case.

Mr. Hillson: — So you're saying that there is really no, no impact on funding to those districts that have a very high percentage of residents seeking services outside the district.

Ms. Klassen: — There would be an impact if we would see a dramatic change in trend. Otherwise the relative allocation to district currently that is in place is stable. It is where we would see a sudden change in that trend where you would see a shifting of resources.

Mr. Hillson: — Okay, but say for the district that said 85 per cent ...

Ms. Klassen: — Yes.

Mr. Hillson: — Presumably it stays at 85 per cent; there's no change.

Ms. Klassen: — If I can illustrate with Rolling Hills for a moment because it is probably the most extreme district ...

Mr. Hillson: — Yes.

Ms. Klassen: — ... and therefore easiest to describe. Certainly if the Herbert hospital no longer would provide any acute care services at all, we would work with that district in terms of any observation assessment services in the health centres, but the bulk of their funding would be moved. But in addition to that funding, they do have funding to provide services through health centres which relates to observation assessment, it relates to some of the diagnostic services, and supports physicians

working in those communities. So that core base of funding would remain in the district.

Mr. Hillson: — Now, you told us last day that because of the lower ... smaller number of boards and that, that we have had some administrative savings resulting in the consolidation of health reform. What is our experience, though, in those districts which are having to supply a low level of service to their ... to district residents. Is the administration component commensurate with, with that fact? Or do we see there that they need a full complement of administration when, you know, frankly the services are not there?

Mr. Hnatiuk: — I think that there is still a range. But the average administrative costs are relatively the same, so the same case would hold for the smaller districts. And that they don't have the same complement of administrative and support staff. Now many of the services that they receive are received through their agent or through their central — their essential, central agency like SAHO, for instance, pension plans, administration benefit, administration and so on. And those smaller districts depend more on those resources than, say, Regina or Saskatoon would.

There are also discussions ongoing right now between a number of district health boards to look at whether or not they can find additional efficiencies. And there are in fact some discussions ongoing right now about potential amalgamations of boards or amalgamation of some services or shared services. So there's a whole range of things that are starting to be discussed out there.

But in all, I would think that the administrative ... the comment that I made about administrative costs would apply across the board.

Mr. Hillson: — When boards are having to deal with shared services, some of the smaller districts, how do you deal with the fact that in most cases these ... I guess, Rolling Hills I guess is easy because it really only has one regional centre. But most of them I assume have more than one. For instance the one obviously I'm the most familiar with is Twin Rivers, and it would separate in two in terms of where they are going for larger service. They have of course regional hospitals at either end of their district.

How do they deal with those sorts of challenges where we're not dealing with just one centre but we're dealing with, in this case, a rural district sandwiched between two regional districts?

Mr. Hnatiuk: — The arrangements are made on a service-area basis. And so there could be contractual arrangements made between the different centres offering different kinds of services, provision of itinerant services.

So the arrangements would vary from area to area, or between districts in fact. So there'd be a whole variety of arrangements that would be made.

Mr. Hillson: — Okay, so there would be — again in the case of Twin Rivers — there would be some consideration taken of the fact that for some portions of the district, Lloydminster would be the obvious place to turn to, and for other areas the Battlefords would be.

Mr. Hnatiuk: — That's right.

Mr. Hillson: — Okay. How many of our health districts are presently in deficit position?

Mr. Hnatiuk: — Okay, '96-97, there were five that had deficits; there were 25 that were showing surpluses for '96-97.

Mr. Hillson: — Are you able to identify the ones that were in deficit?

Mr. Hnatiuk: — Yes. They were Greenhead, Living Sky, Lloydminster, Regina, and Swift Current.

Mr. Hillson: — Not Battlefords? They were reporting a deficit.

Mr. Hnatiuk: — '96-97?

Mr. Hillson: — That was my understanding.

Mr. Hnatiuk: — For that fiscal year?

Mr. Hillson: — They've reported a deficit each year.

Mr. Hnatiuk: — The information in front of me here is that they had a surplus in '96-97.

Mr. Hillson: — Well maybe that's the difference of . . . They say they're using reserves. Is that where this surplus comes in?

Mr. Hnatiuk: — On page 282, I'm advised, of the report that's under discussion, there Battlefords shows an operating fund of 455,000 excessive revenue over expenses.

Mr. Hillson: — Well perhaps . . . (inaudible interjection) . . . Well they're reporting a . . . of course for the current year they're reporting over a \$600,000 deficit. But there may well be, you know, different methods of reporting here. You're nodding your head. Are there . . .

Mr. Hnatiuk: — Yes, if you then take the capital fund . . .

Mr. Hillson: — Yes.

Mr. Hnatiuk: — Because the capital fund, they have long-term arrangements for funding. And if you net the surplus against the capital fund there would be a 335,000 deficit if you combined that operating capital.

Mr. Hillson: — Okay, so that's where the reported deficit comes from.

A Member: — Operating and capital.

Mr. Hnatiuk: — Operating and capital and I heard somebody say depreciation.

Mr. Hillson: — Yes, which I guess we understand is a book figure.

Mr. Hnatiuk: — That's right.

Mr. Hillson: — Okay, so in straight operations you say they're

not in deficit but if they include capital and depreciation then they are in deficit?

Mr. Hnatiuk: — That's correct.

Mr. Hillson: — And how many districts would be in deficit on that basis?

Mr. Hnatiuk: — We have to add . . . we have to just combine . . .

Mr. Hillson: — That's fine. Well it's here anyway then.

Mr. Hnatiuk: — Yes it's in there.

Mr. Hillson: — Now I know how to find it. Okay, thank you. For those districts that are actually in operating deficit, what are the Department of Saskatchewan Health's plans there?

Mr. Hnatiuk: — Well we're going through a new budget process. We are asking health boards to develop longer term plans than just annual plans to look at all of the options for managing their resource needs. Hopefully we will get an increase in the Canada Health and Social Transfer to the province of Saskatchewan, in fact to all the provinces, to enable us to ensure that we maintain a level of funding that's required. And when that information comes forward we'll take all of that into consideration in establishing the future budgets for the district health boards.

So some health boards have long-range . . . they have some borrowing, they have deficits, but they have some long-range plans because they know that there is a shift in the demographics or their investments or some of their borrowing will be paid off by that point in time. They'll have a change in situation.

So it is a request to government to increase funding which is always one of the options that health boards have and that the department and government has. Based on our capacity we'll look at that, but secondly the health boards will be then looking at what capacity they also have.

Mr. Hillson: — The presentation we had on needs/based funding doesn't take into account some of the peculiarities of some of the health districts. For example, as you say because of the history of the Battlefords that there's probably been a higher than average psychiatric component to our district. Are those sorts of factors taken into account, that you will find greater demand on psychiatric services in Battlefords for historic reasons?

Ms. Klassen: — If I could answer that, Mr. Chair. The Battlefords is a good example which has a provincial program for psychiatric services, and in that case we funded that separately and distinctly and recognize the fact that they are serving 100 per cent of the population with respect to some aspects of that service as well as in having somewhat of a regional component.

So that is taken into account. That service actually is not funded on the population/needs based approach that the auditor's office has described to you. It's funded on a historical basis that does

take into account the fact that it does serve the province for some aspects of its service and a wider area than that district for other aspects of the service.

Mr. Hillson: — Okay, yes I understand that in terms of the forensic unit that it's a provincial facility not a district facility. But my question is a little bit broader than that in that would the funding also take into account that in many cases discharges from Saskatchewan hospitals who came initially from other districts? Frankly there is little in the line of family ties left and on discharge they remain in the Battlefords. They're no longer in-patients but are likely to need ongoing service.

Ms. Klassen: — The population needs based funding is actually a series of calculations that try to take into account the differences in the characteristics of your population, whether that is age and gender or where they have come from. In the funding for example for long-term care facilities, it actually looks at where your residence is over a five-year period for some age groups, so that it tries to capture the fact that people will relocate to some centres for certain kinds of services.

So yes, it does try to take into account the fact that people have historically migrated to some centres for services. When it comes to mental health, generally the funding is part of a service area arrangement that does take into account more than the specific district.

Mr. Hillson: — Okay. I'm not trying just to talk about the Battlefords but . . . This may not be a fair question but currently the health district is reporting a deficit of over 600,000, you're probably aware. Now is that again in terms of capital and depreciation or is that in operating? If this is outside the purview of what we're supposed to be doing this morning, I accept it.

Mr. Hnatiuk: — Mr. Chair, I can't answer that right now because I don't have that information. But we're in the process of discussing with boards and in to development of the next budget process. I just don't have the information with me now.

Mr. Hillson: — Okay, it's maybe not a fair question . . . (inaudible) . . . Thank you. And you spoke yesterday about four centres where long-term care is being looked at for either regeneration or replacement.

Mr. Hnatiuk: — That's correct. That's Melfort, Weyburn, Battlefords, and Swift Current.

Mr. Hillson: — And the list you gave us, is that a priority list?

Mr. Hnatiuk: — That's correct. There is planning and process to do that regeneration as we speak. There was some funds allocated last year and there is a financing plan that's being developed over it as they move from planning into a formal approval and into construction and into actual generation, or regeneration I should say.

Mr. Hillson: — I'm sorry. May I ask you for that list again. Melfort is number one.

Mr. Hnatiuk: — Melfort, Weyburn, North Battleford, and Swift Current.

Mr. Hillson: — In that order?

Mr. Hnatiuk: — I wouldn't say in that order. I think all four are important. The two that . . . Melfort and Weyburn. In the assessment that was done, I believe it's Melfort and Weyburn show up as the two most critical, but there are issues with the other two as well. So there are plans to move all four along simultaneously; the pace of development might be different.

Mr. Hillson: — Has any decision been made, or is that what you're in the process of doing, of whether renovation and upgrading is the route to go or whether replacement is what needs to be done? Have any decisions been made in that regard in any of those four centres?

Mr. Hnatiuk: — There has been planning in that respect and I'm not up to date on the full extent of total replacement versus regeneration, but there is a difference amongst the four. And the planning is in process.

Mr. Hillson: — So it's something you can't give a final answer on.

Mr. Hnatiuk: — Yes, I don't have it. That's correct.

Mr. Hillson: — And now I was told that while the centres are being asked to submit proposals and where they think they're at, at this point in time no budget has been supplied for either regeneration or replacement.

Mr. Hnatiuk: — Yes, that's correct. That's in the planning process, that they've been given approval to plan, which is an indication that funding is likely to be forthcoming. But we need to see the plan in order to make that decision.

Mr. Hillson: — Okay. And then the last question in this regard, with all the centres I assume the issue of how much we spend on renovation and upgrading depends on how many more years we project operating them if they're going . . . you know if they're not going to be operated very long, obviously it makes little sense to put any money into the existing facilities. On the other hand, if they're going to be operated for say another 10 years then probably considerable upgrading is required.

So how do you answer that question? You can't really answer the question of how much is appropriate to spend on rejuvenation until you answer the question of how many more years the individual facilities will be operated.

Mr. Hnatiuk: — Mr. Chair, that's exactly the nub of the issue as part of the planning process. We would look at the demographics and look at the need and so one of the issues would be addressed is how big does the facility need to be? What would be the projected service requirements for the population that needs that particular centre?

The other thing you would look at is the business case for replacement versus regeneration. There are some facilities that simply would not want to put money into because the cost of regeneration would exceed the cost of a total replacement.

So those are all . . . the questions that you raise are all of the issues that are being dealt with in the planning process to make

the final determination.

Mr. Hillson: — And are there major economies to be achieved through consolidation? As you're aware in our case we have different facilities around the community, each of which requires a kitchen and that sort of thing. Would there be major savings to be achieved by having one facility located in close proximity to say the hospital?

Mr. Hnatiuk: — I think again it would vary community by community. Obviously one kitchen that's shared may have economy of scale. I'm familiar with Battlefords because of my previous role in Social Services and the shared facilities between Battleford hospital and the youth centre. And sometimes there's economy of scale and efficiency but there's other price to pay for it such as the size of the institution, the quality of the services, the other challenges that come along with it. So on a community-by-community basis, one would have to look at what those efficiencies might be.

I think that the other is the issue of the size and quality. Do we want to have very, very large institutions that provide people services that are not like a more normalized setting because they are essentially very big, big warehouses. So there's always a trade-off between efficiency and effectiveness in that regard.

I can't answer specifically to The Battlefords right now because I'm not right up to date right now. I have that information back at the department.

Mr. Hillson: — But anyway . . .

Mr. Hnatiuk: — Those are the considerations.

Mr. Hillson: — There's no one answer that will be general for the whole province; you'll look at each community . . .

Mr. Hnatiuk: — Mr. Chair, that's correct. It has to be looked at and that's one of the unique challenges that we have is that we don't have a cookie-cutter approach to the entire province. That what a particular district or area needs may be very different because the demographics are very different in respect to age and other needs.

You identified some differences about Battlefords in terms of its history and proximity to the North. The other issue with Battlefords is, for example, it's close to Saskatoon. So it's very easy for people to access tertiary care services where someone in another part of the province, the far south-west, does not have that kind of access so the planning would be somewhat different.

Mr. Hillson: — Thank you, Con.

Mr. Goohsen: — Thank you, Mr. Chairman. The first question I'd like to ask is about the process that is in place for coordinating surgeon availability. And I refer to two documented cases — and I'm told that there are several more — but I had two that were documented where in this fall there were no surgeons available in Saskatchewan in a line that would be drawn north and south through Moose Jaw, west to Alberta, and from the U.S. border north to Battlefords. During that period of time there were no surgeons available for

emergencies. And in two documented cases of emergencies, the patients had to be taken to Alberta.

Can you tell me, is there a plan where surgeons can be coordinated so that when one decides to take a holiday, that somebody else takes his place? Or is this strictly up to the surgeons?

Mr. Hnatiuk: — Well the planning for the availability of physicians is really the responsibility of the district health boards to ensure that they have an adequate coverage, and if not, to make arrangements with other districts.

We've been working with the college of physicians and surgeons and the Saskatchewan Medical Association through the array of programs I think I touched on last time I was here, in terms of emergency and on-call.

What we're encouraging is that there be services in groups — minimum groups of three — so that there is always someone to cover off and still provide a quality of life to professionals so they don't have to work seven days a week, 24 hours a day. It gets very difficult in a sole practicing . . . for a sole practicing physician.

We're very actively engaged right now in six areas of the province, and the population ranges from anywhere of 60,000 to a little over a hundred thousand where the district health boards, in consultation with the SMA and the college of physicians and surgeons and the department, are developing physician resource plans to ensure that there is recruitment strategies under way and that there is sufficient, so what you have described . . .

I can't speak to the specific situation that you've just articulated. I'm just not familiar with it. I'd have to go back and look. But if I was to accept what you've said, that's exactly what we're trying to overcome to ensure that that does not happen.

Mr. Goohsen: — I should hope so. Because while we have a lot of sympathy for doctors needing to have a day off and all that sort of thing, there is no comfort in that argument for people that are facing death in an emergency situation.

And so that leads me to the next question of how to solve this problem.

I was told by the doctors in Shaunavon that they are no longer allowed to operate. This used to be one of the most beautiful hospitals in south-west Saskatchewan. Not many to compare it to because there aren't that many there, but the truth of the matter is that they performed a lot of operations over the years in that hospital. The doctor there now is not allowed to operate in that hospital, and that very beautiful facility basically sits there as a band-aid station like so many others.

Is there any plan to expand the program that was used — I think in Humboldt — where they started to do operations and that sort of thing in that hospital? Is there any plan to alleviate the problem in the south-west by perhaps expanding operating privileges into either Maple Creek or Shaunavon or perhaps both?

Mr. Hnatiuk: — Mr. Chair, I'll make some general comments. I'm going to ask Ms. Klassen to answer more specifically.

The issue of providing certain kinds of services — and you reference surgery in particular — requires more than just a nice building. It requires appropriate support staff; it requires appropriate equipment and appropriate number of trained people to perform those procedures.

Science has changed so dramatically that there are many things that can now be done in a different way than what the way that we used to historically do them. That there is, through this physician resource planning, we can have plans but we need to be able to have physicians want to come and work. We need to be able to have the equipment. We need to have the full array of supports to have certain kinds of things done.

This process that I have described about physician resource planning will lead to addressing in part that situation that you've described. And I'll ask Ms. Klassen to make some additional comments.

Ms. Klassen: — The issue in terms of privileges in a hospital is an area as well that we work very closely with the college of physicians and surgeons. And they have requirements to ensure the safety and quality of care.

So essentially we do not want to have situations arise where there is not proper capacity to deal with any kind of complication arising from surgery. Even with respect to visiting physicians and providing of day surgery in locations, which is an area that we've begun to work on much more, and probably would apply more to Shaunavon than possibly to Humboldt which has a larger core community and surrounding area.

We've been working in terms, as part of those physician resource planning piece to look at where we cannot have permanent physicians who have the credentials and capability required now to meet guidelines that we have in place for safe and quality care, that we look to see whether we can arrange for visiting services in concert with local family physicians.

Mr. Goohsen: — I appreciate that. Unfortunately, when you talk about core populations being some of the criteria, and I understand the need to spread cost over numbers of people, however we do have in south-west a situation where you have very high risk industries with lower populations. Those industries are so important to the province that I don't think that a simple mathematical formula using a ratio in proportion to that kind is fair to that population. Because obviously their contribution to the province is great enough to warrant their demands to have health care services close to the job sites where they have to work. And of course I refer to the petroleum industry and to the agricultural industry — both high-risk industries.

And I would also suggest to you that perhaps the insurance problems that doctors are having need to be addressed in order to have them as members of the physicians and surgeons organization be more comfortable with allowing their doctors to perform operations under more high-risk circumstances.

And of course, you have to realize in that context we're talking

about emergencies, not general everyday practices. In emergency situations, it seems to me that doctors should have the right to perform the necessary services without the risk of being sued so easily as in other circumstances. And that seems to be one of the problems.

Is there any study going on in that regard, of how you can relieve the problems and the fears that the doctors themselves have in these areas?

Mr. Hnatiuk: — I'll start to, Mr. Chair, address that issue from again the last comment and work back and ask Ms. Klassen to help me with the first part of the question.

In respect to the insurance issue, you're right, there is a concern. We as a province have negotiated with the Saskatchewan Medical Association an agreement concluded last December that in fact increased our contribution very significantly to paying the CMPA (Canadian Medical Protective Association) dues of physicians in Saskatchewan. I think we pay now — I'd have to check to be certain — but I believe it's about 80 per cent of the dues are now paid through the negotiated agreement that we have with the SMA to alleviate this burden and increasing cost of insurance.

Now what can we do about it? Not very much in terms of the insurance rates and how insurance companies operate, and the fact that we, as a society, have become much more litigious. We're still in a much better situation than what happens in the United States, where many doctors are simply not practising because they can't afford to pay the insurance. And that's I think a very positive feature of the Canadian health care system.

Secondly, the Canadian Medical Association has had a number of reports. These reports have been tabled to provincial and federal ministers of Health, who've looked at them, which has led to the kind of action that I've just described in terms of the CMA . . . CMPA funds.

Thirdly we need to continue to discuss the relationship, and the most glaring example is the recommendation of the Krever inquiry, where Krever recommended a no-fault system for blood alone. But we need to examine a no-fault concept relative to all of health care.

Now that would require in essence Canada, as a nation, in all jurisdictions moving together. It would be very difficult to imagine how one jurisdiction would be out of step with the rest of the provinces because then you would have the supply of doctors moving around. There would be no ability to attract people if you weren't competitive in respect of that. So we've done a number of things. We recognize the problem.

I think that the other issue is preventing those circumstances where people could end up being sued. It's just as important as having instruments to deal with the issue in the event that they were. And that's why Ms. Klassen's comments about safety and relying on the professional bodies — like the college of physicians and surgeons and so on — to determine what standards, and that those standards are met. So we do not risk people putting themselves or getting themselves into those kinds of situations.

There is a . . . You raise a very important issue. It's of concern in Canada because there is a trend leaning towards more litigiousness not unlike the United States — obviously no where near where we are there. And this is a continuing discussion between the medical associations, both on a Canadian basis and on a provincial basis, as well as amongst ministers.

And again, what we've done here would go some way to alleviate that again through out negotiation with the Saskatchewan Medical Association.

I'll ask Ms. Klassen to supplement my comments.

Ms. Klassen: — If I could just add to the comment. I believe that the issue of population is not so much one in terms of whether that is the criteria for a service or not. The difference, quite frankly, between Humboldt and Shaunavon, for example, is the core number of family physicians you have.

We have an example in Meadow Lake where when you have more than two, one or two family physicians or perhaps three on an interim basis, they will go for additional training in anaesthesia, in surgery; and the College of Medicine actually has been supporting additional training to enable some services to be available. The college of physicians and surgeons works with us with respect to that.

But when you get to very small number of family physicians, like one or two or three, it's difficult to have the core of the individual who has some training in anaesthesia as well as general surgery.

We try to recognize the reality that you're describing where some of our distances are very long because of how remote some of our communities are, even in southern Saskatchewan, to ensure that physicians are aware and can access air ambulance services and other kinds of pre-hospital care to support having good care to all residents.

Mr. Hnatiuk: — I think if I may just add to that, Mr. Chair. The situation can be facilitated to resolution by the physicians themselves. In other words, in discussion with the district health authorities, and we're encouraging physicians and the district health boards to work very closely with physicians, the addition of a physician in the community with a different kind of working arrangement than currently exists to facilitate additional training, as Ms. Klassen has described, or the required competencies that are needed, could in fact help between the physicians and the district health board to resolve that issue for a particular community. There's nothing that prevents an expansion of physicians in that community.

Physicians of course will want to know what's their income going to be, will there be enough people to serve, will I have other people working with me. And because largely physicians . . . well physicians are a private enterprise, that they very much have also a role to play in determining what happens in a situation like the one that you've described.

And we've been trying to facilitate more meetings between physicians and district health boards, both through the SMA and the College of Medicine. For district health boards that are struggling for the kind of issue that you've described, we do

have a resource committee made up of these bodies that I've described to sit down and assist both the physicians and district health board in addressing the issues.

Mr. Goohsen: — The next natural step in this is the air ambulance as you've alluded to. Of course there seems to be a very huge reluctance for the air ambulance to be used. What would be causing that type of situation? Is this just something that the doctors aren't aware of or aren't using, or is there is a cost factor to the local health district that's impeding the doctors from ordering the air ambulance in the circumstances I alluded to earlier, where there were emergencies and people had to go to Alberta, why would not air ambulance have simply been called in to take these people to, say, Saskatoon or Regina?

Mr. Hnatiuk: — I have to look at those individual cases to give a response. It's very difficult to respond from a specific circumstance that you're aware of in respect of a general policy without having all the details.

You know in all of the situations that we deal with or that we hear of in the health care sector, there's a combination of factors. One is always . . . One of the factors is the resourcing, the level of resourcing, financing, availability of professionals.

But the second major area is the decisions that individual health care providers make, including physicians. And it's very difficult to understand why, in any particular case, without looking into that case, a physician may not have ordered or requested air ambulance.

Now one would have take that one step further, assuming that the physician did order and was not able to get, that would be still a different kind of issue. I would be more than pleased to look into the circumstances and perhaps to meet with you separate and apart from this body in respect of those individual situations.

I just cannot answer that because I don't have enough information about any particular situation. We're always open to taking a look at those to foster better understanding and perhaps even better information to physicians with district health boards and building the relationships between these different resources or health care professionals to alleviate the kinds of problems that may exist.

Mr. Goohsen: — Let me just take you to Frontier, Saskatchewan, which has a very beautiful airport but no hospital. And of course has the Honey Bee Manufacturing plant and is something like 300 kilometres, I think, from Medicine Hat, and even further to other places.

In the past two weeks, there was an emergency reported to me by people from the area where an individual was driven on icy conditions — and of course they also had a complaint about the highways at the same time so they followed that up as well — that this individual was taken by car to Medicine Hat in a crisis situation. And with an airport right there, why would they not simply have ordered in an air ambulance from the doctor's facilities in Climax instead of shipping this person by ground to Medicine Hat . . .

Mr. Hnatiuk: — Mr. Chair, I can't answer why they did something or didn't do something in that particular case, but I also would not make any comment about icy roads or what we could do about it from the Department of Health. And I'm not attempting to be facetious here at all. I'm just simply saying that I would look at that. We would look at why that case . . . perhaps the . . .

Mr. Goohsen: — In that particular instance there was also no surgeon available in Swift Current and there were no surgeons then therefore close enough by to take this person you know to a local facility. And the doctor in question did phone around and try to find surgeons. They were all on holiday at the same time or whatever they do it. And I want to know why did the system break down and where is it broke down? And if you would commit to an inquiry into that, that's fair ball.

The Vice-Chair: — In responding you should respond to the Clerk.

Mr. Hnatiuk: — Yes, thank you, Mr. Chair. We'll undertake to do that. If we could get just a little bit more information about even dates so we'd know how to zero in on the . . . If that'll be provided to us we'll follow up.

The Vice-Chair: — Feel free to contact the member from Maple Creek for additional details after . . .

Mr. Goohsen: — One last area, Mr. Chairman, is the donut boundary of course around the Swift Current area. Obviously from your chart that indicates the Rolling Hills is a problem. In statistical terms I can assure you living in that district that the boundaries are not at all statistical. I think people shook their head a little bit at the boundaries being set up the way they were originally. And when you say that your criteria for worrying about things, would-be trends, I would say that you could never have a trend that was any too much better in that area because it started out wrong.

I understood the arguments when they set it up that way and I heard those arguments and they did make sense, but obviously they don't make as much sense as the problems we've created. So my question to you is, are there any negotiations or plans to try to correct those problems which are obviously . . . (inaudible) . . . being closer to Moose Jaw for most people than they are to the people that . . . (inaudible) . . . supposed to serve from Swift Current . . . (inaudible) . . . Medicine Hat being the natural places of stops for people that are sick?

Mr. Hnatiuk: — The answer, Mr. Chair, to that is yes, there are discussions underway that I believe the two district health boards, Rolling Hills and Swift Current, are engaged in those kinds of discussions as well. It does appear as quite a serious anomaly to the system.

Mr. Goohsen: — It most certainly is and the need for a new hospital in Swift Current probably will be pointed out to you by their MLA, but I will, because I'm here. I jumped the gun and tell you that I do believe that there is a feeling in the community and surrounding communities that a better health facility in Swift Current would greatly improve the situation of health care in the south-west.

But we have to remember that in the south-west people that live in towns like Consul, are hundreds of miles away from health care. The opportunity to go south into the United States does exist to some extent but it's extremely difficult because we don't have 24-hour border crossings there and accidents don't usually happen on a time schedule from 9 to 5 or anything like that. And so I'm hoping that you will look into the needs of geography as well as numbers. Thank you, Mr. Chair.

Mr. Hnatiuk: — Thank you, Mr. Chair, we'll . . .

The Vice-Chair: — Thank you. Are there other questions? If not, we'll start through the recommendations. And we have a fairly lengthy list of them and I invite . . . oh, I'm sorry.

Mr. Thomson: — I think most of us have had a chance to review these and I was just . . . as I look in my notes, it would seem that we would want to simply concur with all the recommendations in chapter 23. I don't know if we need to go through them individually or not.

The Vice-Chair: — Yes, my memory of it was we can, I think, correctly concur and note progress. I don't know if there was any with which we would note compliance but I think we could note progress with them all.

Mr. Heffernan: — There's one. I believe there's one in chapter 24, recommendation no. 59.

Mr. Strelloff: — Page 299.

Mr. Heffernan: — That one has now been . . . (inaudible) . . . by Health.

The Vice-Chair: — Yes. I guess . . . (inaudible) . . . for Health.

Mr. Gantefoer: — That would be complying; all the others would be progress.

The Vice-Chair: — Okay, let us agree to that and that will speed things along. The Clerk has noted that.

.23 then, I guess this should make sense to go through this. There are no recommendations in (a).

Mr. Strelloff: — Page 239.

The Vice-Chair: — Thank you.

Mr. Gantefoer: — Could we ask the auditor's department what the status of these recommendations as a block might be as well.

Mr. Strelloff: — So that's page 239, .15 and .16?

Mr. Gantefoer: — Is there any standard in this whole section. I mean what I'm getting at is that there progress, compliant, or where are we at?

The Vice-Chair: — It seemed to me the comments that were made by Ms. Knox was that there was progress being made albeit a need for further progress in the ability to allocate resources.

Mr. Strelloff: — In general, these two paragraphs deal with some long-term issues that will take significant time to address fully, so it's . . .

Mr. Gantefer: — It's progress.

Mr. Strelloff: — Just the fact that they recognized it with the issues is progress.

The Vice-Chair: — Okay. All right. I think if that's agreed, just before we do that, I want to just congratulate the department. This is in the proper allocation of resources in the health system is in equal measure extremely important and extremely difficult, and the progress that's being made here I think we should congratulate the department on booting this thing along as well as they have. With that then I take it we agree that we will concur and note progress. All right.

Okay, I thank the officials very much for making time in what I know is a busy period. And we can excuse you.

I have a letter from the official auditor which only confirms what he told us yesterday and that is the second report, volume 2 rather will be made public next week on December 2. I think we were told that yesterday. Shortly we have agreed, I think, we'll set aside January 4 to 8 to deal with that report. I assume therefore shortly after June 2 the Clerk will hammer together a schedule and whip it out. Okay?

Mr. Thomson: — If I could just say, I don't know if I'll be available for that January meeting, but I don't see any reason to delay. I know that the auditor and members of the opposition will miss me but . . .

The Vice-Chair: — The proceedings will lack life and vigour but we'll soldier on as best we can.

Ms. Stanger: — I'll try to take his place.

The Vice-Chair: — I think unless there are questions or comments then we can entertain a motion for adjournment. It's perhaps not too early to wish everyone a Merry Christmas and a Happy New Year. And we'll see you on nine bells, January 4, I guess.

With that I move adjournment.

The committee adjourned at 12:20 p.m.

CORRIGENDUM

On page 938 of Standing Committee on Public Accounts
Hansard No. 42, November 24, 1998, left-hand column the
Chair states:

I think the Beef Development Board is concur and comply
and Agri-Food is concur and no progress.

This should read:

I think the Beef Development Board is concur and comply
and Agri-Food is concur and note progress.

[Note: The online transcript has been corrected.]