

Standing Committee on Crown Corporations



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Main points

The Standing Committee on Crown Corporations reviews the activities, performance, and reports of Crown corporations. During its review, the Committee can inquire about current matters, future objectives, and past performance. The Committee also reviews significant transactions made by these corporations. Increasingly, the Committee's discussions relate to broader issues including strategic plans, key risks to achieving goals and objectives, and performance measurement. It also reviews chapters of our reports concerning Crown Investments Corporation of Saskatchewan (CIC) and related corporations.

Through its work and recommendations, the Committee helps the Assembly hold the Government accountable for its management of these corporations. In Exhibit 1, we set out the status of the Committee's outstanding recommendations and indicate whether they are not implemented or partially implemented.

In June 2003, the Committee recommended that CIC and its related corporations disclose additional information about persons who receive money from these corporations and the amounts they receive (see Exhibit 2). For many years, my Office reported on the need for these corporations to improve their accountability by providing more payee information to the Assembly. We congratulate the Committee for making this important improvement to the accountability of Crown corporations.

In April 2003, the Assembly agreed to implement new rules and procedures governing its committees. The responsibilities of the Committee were transferred to the Standing Committee on Crown and Central Agencies. We will continue to work with this new Committee to help it carry out its important responsibilities.

Introduction

This chapter provides an overview of the role and responsibilities of the Standing Committee on Crown Corporations. We describe what the Committee does, how it is structured, and how it works. We discuss the importance of the Committee's deliberations and recommendations. We highlight some of its recent accomplishments. In addition, in Exhibit 1, we set out the status of the Committee's outstanding recommendations.

Overview of Committee's role and responsibilities

At the beginning of each Legislature, the Legislative Assembly appoints the members of the Committee. The Assembly refers the annual reports and financial statements of Crown corporations and related agencies to the Committee. The Committee uses these reports to review their operations. In addition, the Assembly refers the Provincial Auditor's reports (or parts of reports) that relate to Crown Investments Corporation of Saskatchewan (CIC) and its agencies to the Committee.

Our Office attends meetings of the Committee to help it in its reviews. The Committee also invites each corporation's appointed auditor to help the Committee in its review.

The Committee focuses on corporations that generate revenues from sources other than the General Revenue Fund. During its review, the Committee can inquire about issues of current concern, future objectives, and past performance. Because of the magnitude of financial activity that the Government manages through Crown corporations, the Committee has an important role. It helps the Assembly hold the Government accountable for its management of these corporations.

The Committee also requires Crown corporations to submit reports of their significant transactions. Significant transactions are defined as those that are material in amount and outside the ordinary course of business, or are judged by the Crown corporation to be sensitive and likely of interest to legislators and the public. These reports describe the transaction, the objectives of the transaction, its financial implications, and the authority for the transaction. Because Crown corporations must submit these reports within 90 days after the transaction, the Committee can review them on a timely basis.

Crown corporation officials (and if requested, the Minister responsible for the corporation) attend the Committee's meetings. They answer questions about their corporation's financial results, plans and priorities, significant transactions, and related chapters in our reports. Periodically, the Committee formally reports its findings and recommendations to the Assembly.

The Committee's meetings are open to the public. Information about the composition of the Committee, as well as records of the Committee's meetings, i.e., Hansard verbatim, minutes, and reports, are available on the Committee's web site (part of the Assembly's web site – <http://www.legassembly.sk.ca/committees/>).

As with the Standing Committee on Public Accounts, this Committee's discussions and recommendations to the Assembly result in a more open and accountable Government and in better management of Government operations. The Committee's work is crucial in a well-managed parliamentary system of government. The Committee provides a vital link in the chain of accountability over public resources. The work of the Committee also contributes to the public's confidence in our system of government.

Members of the Committee

The Committee last met on June 17, 2003. At that time, its members were:

- ◆ Harry Van Mulligen, Chair
- ◆ Pat Atkinson, Vice-Chair
- ◆ Greg Brkich
- ◆ David Forbes
- ◆ D.F. (Yogi) Huyghebaert
- ◆ Carolyn Jones
- ◆ Don McMorris
- ◆ Peter Prebble
- ◆ Kim Trew
- ◆ Brad Wall

Committee activities

During 2003-04, the Committee met four times. The Committee concluded its review of the 2002 annual report and financial statements of Crown Investments Corporation of Saskatchewan. In addition, it completed its consideration of recommendations 2 and 3 in Chapter 11 of our 2001 Spring Report, which relate to the disclosure of payee information by Crown corporations. On June 18, 2003, it issued its Fifth Report of the 4th Session of the 24th Legislature.

Status of recommendations

The Committee's Reports contain recommendations, some of which will take more than one year to implement. In Exhibit 1, we list recommendations that the Government has not yet fully implemented as at December 31, 2003. They are classified as follows:

1. **Committee (CCC) concurs** – These are our Office's recommendations that the Committee supports, agrees, or concurs with. The Committee does not expect a formal response from the Government but does expect the Government to follow up on progress made in complying with the recommendations. In the exhibit, these recommendations are identified by a non-bold number (e.g., 4.1) preceding them. The non-bold numbers reflect the chapter and recommendation number of our related report.
2. **Committee recommends** – These are the Committee's recommendations. The Committee expects an official response or action by the Government. In the exhibit, these recommendations are identified by a bold number (e.g., **1.**) preceding them.
3. **Committee considered** – These are our Office's recommendations. The Committee has deferred them for future consideration (e.g., pending the presentation of additional information) or has made its own recommendation on the matter.

For each outstanding recommendation, we assess the status of the recommendation and indicate whether it is not implemented or partially implemented using the following criteria:

Not implemented – Based on the last time that we audited the area or agency, the Government has not taken action on this recommendation.

Partially implemented – Based on the last time that we audited the area or agency, the Government has taken some action on this recommendation.

Future direction

Increasingly, the Committee's discussions focus on broader issues pertaining to Crown corporations, including strategic plans, key risks to achieving goals and objectives, and performance measurement. We congratulate the Committee for fostering a more open and accountable Government and better management of Government operations. We encourage the implementation of the Committee's recommendations.

In April 2003, the Assembly agreed to implement new rules and procedures governing its activities, including those of its committees. The responsibilities of the Standing Committee on Crown Corporations were transferred to the Standing Committee on Crown and Central Agencies. Information about this Committee is at <http://www.legassembly.sk.ca/committees/>. We will continue to work with this new Committee to help it carry out its important responsibilities.

Exhibit 1 – Outstanding recommendations

Report Year	Outstanding Recommendation	Status
Third Report of the 3 rd Session of the 24 th Legislature – tabled December 9, 2002		
2001 Spring	<p>CCC considered:</p> <p>11.1 The Government should clarify the law to require CIC and its Crown corporations to obtain Order in Council approval before purchasing or selling real property through a subsidiary.</p>	<p>Not implemented.</p> <p>The Committee asked CIC to review its procedures and report on the pros and cons of changing the legislation in the context of a commercial environment. Further consideration has been deferred as the Committee has not yet received a response to its request.</p>
2001 Spring	<p>CCC concurs:</p> <p>11.4 The Government should change current laws to:</p> <ul style="list-style-type: none"> - require subsidiaries of Crown corporations to obtain an Order in Council before purchasing shares; and - require Crown corporations and their subsidiaries to report the sale of shares to the Crown Corporations Committee within 90 days of the transaction date. 	<p>Not implemented.</p> <p>Legislative amendments have not yet been made.</p>
2002 Spring	<p>CCC concurs:</p> <p>1.2 SaskPower should establish policies to support a long-term continuous process improvement plan that includes training and support plans for its employees.</p>	<p>Partially implemented.</p> <p>SaskPower has begun to implement the policies and strategies it established to promote a process improvement plan.</p>

Report Year	Outstanding Recommendation	Status
2002 Spring	<p>CCC concurs:</p> <p>1.3 SaskPower should provide its Board of Directors with independent advice on benefit targets and measures, the effectiveness of the new work processes, and on the reliability of key reports.</p>	<p>Partially implemented.</p> <p>SaskPower got an independent assessment of the processes, benefit targets, and measures in Power Production. It has not yet completed a similar assessment in Transmission and Distribution.</p>
2002 3 rd Report	<p>The Committee recommends:</p> <p>1. The provincial Government consider the recommendation on page 35 of the Dillon Consulting Ltd. report to the Saskatchewan Rate Review Panel. [Dillon suggested that SaskPower consider treating SaskPower International (SPI) as a fully cost-accounted, non-regulated company. Otherwise, SaskPower’s ratepayers will be at risk to cover the potential costs of SPI’s investments, due to SPI’s forecasted losses.]</p>	<p>Not implemented.</p> <p>The Committee has not yet received a response from the Government concerning the implementation of this recommendation.</p>
2002 3 rd Report	<p>The Committee recommends:</p> <p>2. SaskPower undertake a careful and thoughtful analysis of the rapidly changing electrical utility regulatory regimes of other North American jurisdictions, their applicability to SaskPower, its subsidiaries, and its activities in order to minimize risks to SaskPower ratepayers and remove the potential for investment losses by SPI (SaskPower International) therefore putting upward pressure on the rates of SaskPower customers.</p>	<p>Not implemented.</p> <p>The Committee has not yet received a response from the Government concerning the implementation of this recommendation.</p>
2002 3 rd Report	<p>The Committee recommends:</p> <p>3. The provincial Government update the fair wages clause included in Crown corporation tenders per Order in Council No. 301/44, March 23, 1944.</p>	<p>Not implemented.</p> <p>The Committee has not yet received a response from the Government concerning the implementation of this recommendation.</p>

Report Year	Outstanding Recommendation	Status
2003 5 th Report	<p>The Committee recommends:</p> <ol style="list-style-type: none"> 1. The CIC Crown corporations and related agencies that are called to appear before the Standing Committee on Crown Corporations publicly disclose the following payee information to the Standing Committee on Crown Corporations (see Exhibit 2 for categories and thresholds). 	<p>Partially implemented.</p> <p>In June 2003, the Assembly concurred with the Committee's recommendation that CIC Crown corporations and related entities publicly disclose payee information in specified categories and over specified thresholds.</p> <p>The new practice is in the process of being implemented for the 2003 reporting period.</p>

Exhibit 2 – Recommendation on payee information

In June 2003, the Legislative Assembly concurred with the following recommendation of the Standing Committee on Crown Corporations.

Recommendation: That the CIC Crown corporations and related agencies that are called to appear before the Standing Committee on Crown Corporations publicly disclose the following payee information to the Standing Committee on Crown Corporations:

- ◆ **Board expenses**
A list of amounts paid to and on behalf of each person on the board of a Crown corporation including base retainer, all other remuneration and benefits, and out-of-province travel costs;
- ◆ **Ministerial expenses**
Out-of-province travel expenses for the Minister(s) and ministerial staff undertaken on behalf of the Crown corporation;
- ◆ **Employee remuneration**
A list of all employees and the amounts they were paid for salaries, and other expenses with a minimum threshold of \$50,000;
- ◆ **Grants, contributions, donations and sponsorships**
A list of all grants, contributions, donations, and sponsorships with a minimum threshold of \$5,000;
- ◆ **Payments to consultants**
Payments to consultants (including legal and advertising fees) totaling over \$10,000; and
- ◆ **Supplier and other payments**
A list of payments for goods and services with a minimum threshold of \$50,000, except those items and categories where:
 - 1) there is a legitimate need to protect commercially sensitive information;
 - 2) disclosure could reasonably be expected to prejudice the competitive position of or interfere with the contractual obligations of the Crown corporation or a third party; or
 - 3) disclosure is prohibited by law, including the provisions of *The Freedom of Information and Protection of Privacy Act*.