

WEDNESDAY, APRIL 21, 2004

The committee met at 12:03 p.m.

K. Stewart: As the convenor of this meeting of the Select Standing Committee on Crown Corporations, I suspect the most appropriate thing to do would be first to approve the agenda, and then we'll move into the first topic of the agenda.

Meeting agenda approved.

Election of Chair and Deputy Chair

K. Stewart: The first order of business would be the election of the Chair, and I'll turn it over to the Clerk to do that.

C. James: This being the first meeting of the Select Standing Committee on Crown Corporations for the current session and there not being a Chair, I'll call nominations for the Chair.

A Voice: I nominate Ken Stewart.

C. James: Further nominations? Further nominations? Further nominations? We have no further nominations. I'll put the question.

Motion approved.

[K. Stewart in the chair.]

K. Stewart (Chair): I'll take over as the Chair, and I'll now be taking care of business on the election of a Deputy Chair. Do we have a nomination for a Deputy Chair?

D. Jarvis: I nominate Harry Bloy.

K. Stewart (Chair): Okay. Harry Bloy, do you accept the nomination?

Any other nominations from the floor for a Deputy Chair? Going once. Any other nominations for Deputy Chair? Going twice. Any other nominations for Deputy Chair? Going three times. Any other nominations for Deputy Chair? Harry Bloy has unanimously been chosen, unopposed.

Committee Terms of Reference

K. Stewart (Chair): The first item up is the terms of reference, and I unfortunately haven't had a minute to go through our package here. I would just suggest that we take two or three minutes and go through our package. We can take a very short, three-minute recess to do that.

The committee recessed from 12:05 p.m. to 12:07 p.m.

[K. Stewart in the chair.]

K. Stewart (Chair): I'd like to bring the committee back to order. Any comments with regards to terms of reference?

D. MacKay: Yes. Just for clarification, please, on the first couple of lines, where it talks about the ability of the committee to review the annual reports. I suspect that it goes into a little more depth than just to review the reports. It encompasses more than just reviewing.

K. Stewart (Chair): Oh, yes. Being relatively new to the committee, Dennis...

Actually, there's one other comment I'd like to make — a procedural comment. In the past, the practice of this committee has been to go on a first-name basis. I'd just put it out to the committee to see that everyone's comfortable in continuing in that practice. Is there any opposition to that? Okay, so we will continue on the first-name basis with regards to the way we address people in the room here.

Sorry. Continue on, Dennis.

D. MacKay: I just wanted to make sure, Mr. Chair, that the committee had more authority than to just review. To me, when I read the word "review," it sounds as though I'm going to read the report and that's it.

K. Stewart (Chair): The way we've been interpreting our terms of reference is that we make due reports, and we report out. We certainly comment and make recommendations. My suggestion would be, if you had the opportunity, to go over some of the past reports. They're all on *Hansard*. By doing that, that'll give you a good opportunity to see what we've taken by way of interpretation of these terms of reference, which to my understanding have not changed.

I'll look to Jonathan as our recorder.

J. Fershau: No, not to my knowledge they've changed. They've not been changed.

K. Stewart (Chair): In the past we've found — having been the Chair since this committee started reconvening — no limitations in our reporting out with regards to our terms of reference. If we did, I'm sure we could easily go back to the House to ask for an expansion. To date, we've had no restrictions on our ability to go anywhere we wanted, basically, with our committee.

D. MacKay: Thank you.

K. Stewart (Chair): Any further comments on the...?

T. Nebbeling: Just to clarify that, that is with the understanding that we only can recommend. We cannot say: "You have to ask the body to do this and that." They have an independence as a Crown corporation.

K. Stewart (Chair): Our report is a recommendation to the House, at which time the House can choose

to do with our report as it wishes. Just to make another clarification, this is a select standing committee of the House. We do not report to caucus. This is an all-members committee, and we report to the Speaker and the House. That's where we get our authority to operate from. Okay?

If we're comfortable and there are no further comments on the terms of reference, I'd like to introduce Dana Hayden, deputy minister and chief executive officer of the Crown agencies secretariat, to give us a bit of a review.

Thank you, Dana.

[1210]

Review of Crown Corporations: Crown Agencies Secretariat

D. Hayden: Thank you very much, Mr. Chair. Thank you, committee, for inviting me today. I've been asked to come and give you a little bit of an overview of what the Crown agencies secretariat does. To assist in that, I've had circulated to you a document that is a brief overview or a high-level overview of the role of the Crown agencies secretariat. I'm going to speak to that, though I won't be reading it to you. I'm just going to speak to it a little bit.

The Crown agencies secretariat supports both Crown agencies and the provincial shareholder and the relationship between them to promote good governance, continuous improvement in performance and accountability for results. In doing that, we try and recognize that Crown agencies have been established to provide products and services in a manner that is different from core ministries of government. For that reason, they do require a level of independence that is slightly greater than it is in ministries. Having said that, there is obviously a requirement for government to provide oversight and the shareholder to be accountable for the activities that are done by those Crown agencies. We try and work to support that balance, I guess, between governance and oversight. We work, really, both with and for the Crown agencies and with and for the shareholder.

In terms of our lines of business, we provide a range of services related to public sector governance, shareholder oversight and performance management and reporting. In the area of public sector governance and shareholder oversight, CAS works within government to ensure that the policy development process that government goes through includes consideration of the implications of those policies on Crown agency perspectives and interests. We're currently doing that with a number of cross-government policy groups on issues that range from first nations accommodation and consultation policies to contaminated site policies and even to how assurance will be provided on performance information that's contained in annual service plan reports that Crown agencies prepare.

At the same time, we also work with Crown agencies to implement and interpret government policy. One of the most significant aspects of this, which we've

been working on in the last few years, has been meeting the requirements of the Budget Transparency and Accountability Act, which does affect all Crown agencies. It's helping them to understand what their requirements are with respect to the BTAA. On public sector governance, we've worked with the core review and deregulation task force on the core services reviews of major Crown corporations, and we continue to work with those Crown agencies or corporations on the implementation of the mandate and service delivery shifts that resulted from those core review decisions.

We've also done things like initiate shareholders' letters of expectations with major Crown corporations, which are key accountability mechanisms to establish shareholders' performance expectations and document clear roles and responsibilities. Those are signed off jointly between the minister who is responsible for a Crown agency and the chair of the board of the Crown agency. We found it a very useful tool, I guess, to use to ensure that there's clarity in terms of the mandate and expectations of government of those Crown agencies. We review those and update them each year before the service plans of Crown agencies are prepared so that in developing their service plans, we have a refreshed and renewed understanding between the minister responsible and the chair of the board about what government's expectations are with respect to delivery of services and/or products from those Crown agencies.

On the performance management and reporting side, CAS develops and provides to Crown agencies the guidelines under which Crown agencies prepare service plans and annual service plan reports that this committee reviews. We also provide both Crown agencies and the ministers responsible for those Crown agencies with our assessment of how the Crown agencies are meeting those guidelines. We do see drafts of both the service plans and the annual reports from the Crown agencies and work with the Crown agencies if we feel there are areas that they have missed in their reporting, and we do provide our advice to ministers on issues that have been addressed or issues that might still need improvement in future years in those Crown agencies service plans and annual reports.

[1215]

In doing that, we also try and recognize that Crown agencies are at different stages of developing performance management systems. We don't, for example, expect the same level of performance reporting and planning from — I don't know — the B.C. Arts Council as we would expect from B.C. Hydro. As I'm sure you're fully aware of, having looked at those reports, there is a differing level of ability, I guess, of those organizations at this point in time in producing those. Our perspective on it is that we try and work with all of them so that we can raise the level of their ability to develop service plans and do annual reports over time.

Over the past two years we've been working also with the office of auditor general, Treasury Board staff, the office of the comptroller general, and ministry and

Crown agency representatives to develop new reporting principles for British Columbia. These reporting principles were endorsed last fall by the Select Standing Committee on Public Accounts, and those are now incorporated into the guidelines that we are giving to Crown agencies in the development of their service plans and annual reports.

These principles represent a significant advancement in providing legislators, the public and organizations using them with better clarity to manage and assess performance. Those reporting principles are quite key and germane to those guidelines that we put out. In fact, they do represent, I think, a similar approach to the questions that this committee has put together in its guide to operations. If the committee is interested, we do have a comparison chart that we have done where we take the questions that are in your operation's piece and compare them to those eight reporting principles to try and get a sense of the areas of similarity or differences in the questions you in fact are asking Crown agencies to be prepared to answer when they come forward to you. I think if you take a look at that matrix, which I'm prepared to circulate to you, you'll see that there is a fair degree of commonality in those questions.

One of the reasons why we did that is that we often get questions from Crown agencies about: what are the set of questions we're really trying to answer? Are they the eight reporting principles? Is it the questions that the Select Standing Committee on Crown Corporations is asking us? Is it another level of questions? They're always looking to us, I guess, to try and interpret and, to the extent we can, to streamline the range of questions that are being asked of them so that they can ensure that their annual reports and service plans are focused on answering the right kinds of questions.

We're also seeking continuous improvement in performance management and reporting, and we use the feedback from Crown agencies, the auditor general's assessment of annual reports and, in fact, your assessments and your reports that you as a committee put out to develop training and development opportunities with Crown agencies.

For example, we recently brought the Conference Board of Canada representatives to British Columbia for a two-day workshop with Crown agency reps on benchmarking. We looked at the issue of benchmarking last year and said that this is an area Crown agencies should improve in. We have a working group of people that work on the service plans and annual reports, and we brought them together and did a workshop on benchmarking to try and help them improve their expertise in that area and develop it.

In the performance management area another key process that we get involved in is budgeting. CAS coordinates Crown agency input into the government's budget process, and we work quite closely with Treasury Board and the Minister of Finance to ensure that the government has a clear understanding of the expected performance of Crown agencies and the risks associated with their operations to achieving those fiscal targets that they've set up.

We also work with Treasury Board staff throughout the year in monitoring Crown agency performance — whether it's through quarterly reports or things like that. We work with the Crown agencies and the Minister of Finance and Treasury Board staff on those activities.

Within the package that I gave you, there's a graphic on page 4 that sets out the relationship that CAS has with executive council, its committees, ministers responsible and Crown agencies. What's not on the page but what we also do is work closely, obviously, with central agencies of government such as Treasury Board staff, the comptroller general, public sector employee council secretariat and the Attorney General on other Crown agency-related issues as they arise.

[1220]

In terms of our reporting relationship, you can see from that diagram that we are an organization within the office of the Premier. The last page in this document lays out a little bit about our resourcing in terms of budget and staff complements. Since '01-02 we've had a 57 percent reduction in resources, so we are now at a total budget of \$1.5 million and 10 FTEs in total in the organization. We are a very small organization.

K. Stewart (Chair): Any questions at this time of Dana? I know that, especially for the new members.... I'm sure there is lots of information that you're wondering about at this point. Anyway, thank you very much. There doesn't appear to be any questions.

I'd just like to make a couple of comments, if I may, with regard to our relationship to the secretariat, and that is that we work very closely with the Crown agencies secretariat, especially in our reporting out. An area that we're constantly trying to improve is the value of our reports. Although we are autonomous — I wanted to be really clear about that; we are autonomous — we certainly do utilize their support services. They're very helpful. The reporting out is an area that we're constantly trying to improve and standardize, and I do appreciate your support in that.

If we can now maybe move on to some of our previous work and briefing. Jonathan, in that, I trust that you have a list of the Crowns that we can go over?

J. Fershau: Yes.

K. Stewart (Chair): Okay. The other comment I should make at this time.... For those of you who are new, you'll notice on the wall that we are on record, on *Hansard*. This committee is on *Hansard*. We do occasionally go in camera. Those occasions are very limited. They're usually when we're doing our drafting of our reports or if we have a witness with areas that may be of interest for them to keep confidential. The classic one I can just remember offhand is the Organized Crime Agency. So there are times that we will go in camera. We always make it very clear to all the witnesses that everything they say while we're actually on *Hansard* will be recorded and reported out to the public within a couple of days.

With that, I'd just like to introduce Jonathan Fershau, and he can give us a bit of an update.

Work of the Committee

J. Fershau: My name is Jon Fershau. I'm the acting research analyst for the committee. The select standing committee's role is to examine the annual reports and service plans of B.C.'s Crown agencies. To this extent, the committee generally reviews Crown corporations which are active and not exempt from annual reports and service plans, as specified under the Budget Transparency and Accountability Act.

To date, the committee has reviewed the annual reports and service plans of 12 Crown corporations. These include the B.C. Buildings Corporation, B.C. Lottery, Tourism B.C., B.C. Transit, ICBC, B.C. Securities Commission, homeowner protection office, Organized Crime Agency, B.C. Utilities Commission, B.C. Hydro, the Oil and Gas Commission and B.C. Housing.

The past practice of the committee, as detailed on page 3 of the guide to operations, has been to invite the chief executive officer and senior officials of the prospective Crowns to give a one-hour presentation to the committee on the key aspects of the agency's annual reports and service plans. Recent practice of this committee has also been to invite the chair of the board to attend as well, as this committee has found some questions concerning the governance that they would like to address of the various Crown corporations.

The committee then poses questions to the witnesses pertaining primarily to the agency's annual reports and service plans; however, the committee often poses questions pertaining to specific programs in which they request further information. This is going back to, I believe, Mr. MacKay's question concerning how this committee goes and looks for information from the Crowns. Often, some of the important information isn't contained within the annual reports and service plans and so we need to flush out that information.

The committee then evaluates the reporting of the agency based on table 2 of the guide to operations. I believe that's on page 10 of the guide to operations. The table highlights 11 key reporting principles, such as whether the agency's core projects and services are specified, whether the goals and objectives are realistic and truly reflective of the Crown agency's mandate, whether there is a clear linkage between the stated goals, objectives, measurables and desired outcomes, and whether or not comparables to other agencies and jurisdictions are reasonable or even given within the annual reports and service plans.

[1225]

The responses I receive from this table serve as the basis for this committee's reports. You notice that I've handed out the guide to operations. The last time it was formally updated was last year in April. I just updated it yesterday with information I received on, I guess, which Crown corporations are still active. I

think there are another couple that I need to add on to there that are currently missing. I think there's one missing from that list. That provides information on which Crowns are still in operation and which ones have ceased to operate.

One thing this committee might want to look at is whether or not there need to be any major revisions done to the guide of operations — again, it's based on material that was two years old — and whether or not we need to look at the reporting principles and whether or not they are still satisfactory for the needs of the committee.

K. Stewart (Chair): Are there any quick questions of Jonathan?

Committee Meeting Schedule

K. Stewart (Chair): We can now move on to our next item of business, which was the committee meetings schedule. This committee now will be in effect until we come back in February, so we have from now until the start of February 2005 to work together. My suggestion would be, given that the meetings scheduling is an interesting part of trying to get an appropriate time.... The time we'd used in the past was Wednesday mornings. Traditionally, when we call witnesses, our meetings are about two and a half to three hours long. In the first hour and a half to two hours we'd deal with the witness, and then we'd do a review, so we do need a block of time. The fact that we do have the Wednesday morning meetings at least until the end of this session, for the next five weeks, is a bit of a hindrance for us.

I would make the suggestion and look for further comments from the committee that we meet and have a similar lunch meeting so we can go over that schedule. One of the things, I think, that would be helpful is if we had an update of all the Crowns and who we've seen and when we've seen them, and then have online copies, or e-mails with the connections, and copies to the members of who we've seen and what we have seen.

As I mentioned earlier, Hansard has a very accurate record of our committee work. All the reports are there. If you go to Hansard and then the committee section, you can find everything that we've done, pretty much, there on line, open and transparent to the public.

Any thoughts on a tentative meeting, say, a week from Wednesday — a similar type of meeting that shouldn't take any more than the hour of noon?

T. Nebbeling: Like I expressed here earlier on, I really have a problem using the noon hour, which is the only hourly break that we have, for the meetings, because I normally go back to my apartment, cook something, take a medication for my asthma — and then I'm fine. I really would like to see meetings done during working hours and not in the lunch hour.

K. Stewart (Chair): I appreciate that. I would suspect that we would only have one more such meeting.

T. Nebbeling: Okay. That's fine.

K. Stewart (Chair): Then we would try and get the block, but we've.... I'm sure in talking to Randy with regard to his meeting scheduling, he's looking to change the Wednesday meetings off the Wednesday, and if we could get back into that block again, especially for the fall session, that's pretty helpful for us. I don't know. Maybe we can look to some of the experience of the past members. Harry? Dan? That seemed to work out pretty well for us, didn't it?

So we can look forward to a new meeting a week from today, and then we can talk about all those issues surrounding scheduling, our availability, dates. I know we have to look at calendars and what other events are going on, and then we should have some discussion as to how far after session we want to go with this, what blocks we want to use in the times when the Legislature isn't sitting, to work within ours. I know scheduling is always a real interesting process. Just come with whatever information you have about your next four months, and then we can take it from there.

D. MacKay: The 28th?

K. Stewart (Chair): A week from today would be the 28th.

I'm looking to both the Clerk and to Jonathan. Are there any thoughts or conflicts you see for a noon meeting next Wednesday?

C. James: I think next week is fairly heavy, with some other events that are happening around the buildings, but I think noon should be fine.

K. Stewart (Chair): If we can keep it to half an hour, that will allow someone the opportunity to get out. That was what I was trying to do today — keep the meeting to half an hour.

If there is no further information, I think we could probably.... We've been pretty good about keeping to schedules and time lines, so at this time, if there is nothing new, we have a meeting scheduled tentatively for next Wednesday, and I'd certainly entertain a motion to adjourn.

The committee adjourned at 12:30 p.m.