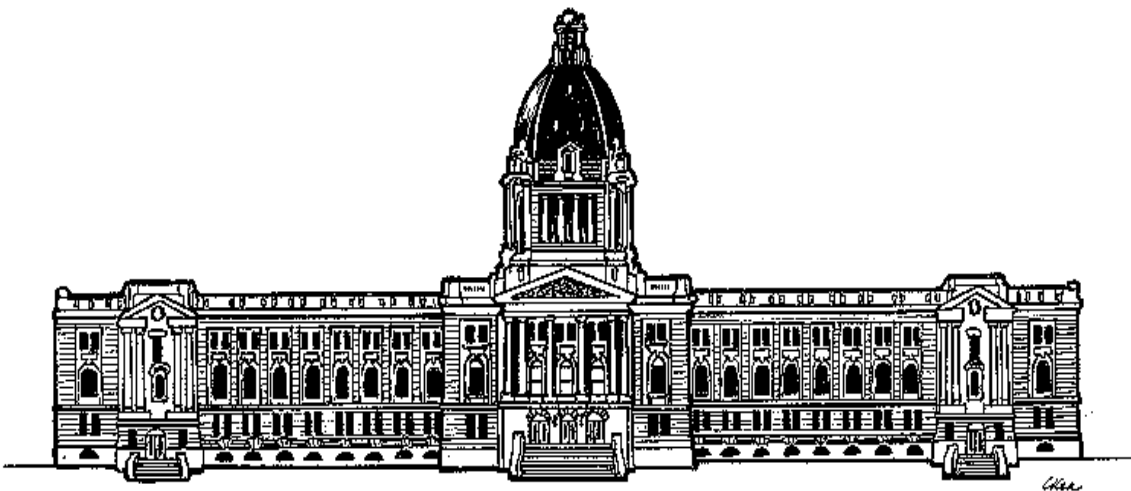




STANDING COMMITTEE ON PUBLIC ACCOUNTS

Hansard Verbatim Report

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Legislative Assembly of Saskatchewan

Twenty-fifth Legislature

**STANDING COMMITTEE ON PUBLIC ACCOUNTS
2006**

Mr. Elwin Hermanson, Chair
Rosetown-Elrose

Mr. Lon Borgerson, Deputy Chair
Saskatchewan Rivers

Mr. Ken Cheveldayoff
Saskatoon Silver Springs

Mr. Michael Chisholm
Cut Knife-Turtleford

Hon. Glenn Hagel
Moose Jaw North

Mr. Kim Trew
Regina Coronation Park

Hon. Kevin Yates
Regina Dewdney

[The committee met at 10:00.]

The Chair: — Good morning everyone on the committee. I welcome you to our Public Accounts Committee, the first one of the year 2006. For those watching on television, this meeting actually occurred in February, on February 6. Those of you who are watching on streaming video are seeing us live, if there are any of you out there.

I'd like to welcome committee members here. We've got a few substitutions because of some changes on the government side in their cabinet, and also we have one substitution on the opposition side for this morning. I will just notify everyone that Glenn Hagel has authorized Joanne Crofford to sit in his place. We welcome you to the committee. And we also see that Kevin Yates has authorized Andy Iwanchuk to sit on his behalf. We welcome you, Andy. And Ken Cheveldayoff has authorized June Draude to sit on his behalf, so Ms. Draude, we welcome you to the committee.

Public Hearing: Provincial Auditor

The Chair: — We have a full day's agenda. We begin this morning with the business and financial plan of the Provincial Auditor, and so that's why the auditor is not sitting to my immediate left. He and his colleagues are witnesses this morning. We will look at his business plan and budget for the upcoming year.

I encourage him not to be too long so that we have enough time to adequately question him, so we could actually deal with the budget. Otherwise he may not get his budget approved, and then he might have some problems coming into the next year. And so he assured me that they would very astute and very forthright in presenting this business plan to us.

You may have seen the plan. It's in a book like this. Some of you may have it. It's called *Business and Financial Plan For the Year Ended March 31, 2007*. And we'd like to welcome our Provincial Auditor, Mr. Fred Wendel, and his colleagues. Would you please introduce your colleagues and make your presentation, and then we'll open up the meeting to committee members.

Mr. Wendel: — Thank you, Mr. Chair. On my right is Brian Atkinson, the assistant provincial auditor. On my left is Angèle Borys, a principal in our office. She looks after hiring and so on. And behind me on my left is Heather Tomlin, the data system administrator. And Sandy Walker on my right, the manager of administration. She actually knows what's in these numbers.

So I'll keep my presentation short. First I will briefly review the contents of the business and financial plan. Then I'll provide details of our resource request.

In summary our business and financial plan sets out what we plan to do and what it will cost to carry out the plan. We discuss the forces and trends that affect our work plan and where we plan to focus our efforts. We explain our key risks and our risk management processes. We set out the indicators that we use to measure our success. For comparison we also set out our

financial proposal for this year, next year, and the previous three years.

We also talk about our employees. The knowledge and skills and abilities of our employees determine how well we can serve the Assembly. At any time we have about 57 people, organized into five groups. About 30 of our employees are professional accountants, and about 15 to 20 of our employees are training to become professional accountants.

As a point of interest, the results of the national exam to qualify as a chartered accountant were published on November 25. We had five employees challenge the national exam. I'm pleased to say that four of them were successful, and we're very proud of those new chartered accountants.

One of our outputs is trained professionals for public service. Many of the employees who leave our office work for other agencies in Saskatchewan's public sector. For the 12 months ended October 31, 2005, 12 employees left our office. We replaced these employees by hiring at the two Saskatchewan universities. Our employees on average are about 37 years old and about 60 per cent of our employees are female.

In our supporting reports and schedules part of our plan beginning on page 27, we provide detailed financial information and work plans for several years. This section also contains a renewed strategic plan for 2005 to 2009. In appendix 1 beginning on page 75, we provide the recommended estimates for our office. Under The Provincial Auditor Act we are to present our estimates in the format that this committee recommends. The provision is intended to ensure that the estimates format for the entire legislative branch of government is consistent. And we used last year's format to present that.

Before I discuss our actual request for resources, I want to make the following remarks. Legislators need relevant and reliable information to assess our request for resources. We prepare our business and financial plans using the public sector reporting principles developed by the CCAF. These principles are the current best practice in Canada. The government also uses these principles for departments.

Legislators need to know if we are delivering the products and services they need. Our operating plan sets out what we are trying to achieve in the way of products and services and our targets to monitor and report on what we actually achieve. We encourage legislators to review the operating plan and provide us advice on how we might improve on what we are doing.

The committee's mandate states that it works closely with the Provincial Auditor to ensure the maximum accountability of the government to the Assembly. Legislators also need to know whether a request for resources is reasonable to carry out our operating plan. On page 29 of our business and financial plan is a report from the auditor that this committee appointed to audit our office. The auditor gives you assurance that our request for resources is reasonable to carry out our operating plan.

Now I'll talk about our request for resources. Pages 5, 6, and 7 are a summary of the request. As in previous years, we are requesting two appropriations. The first appropriation is for

auditing the government agencies during the next fiscal years. It is based on what we know about the number of government agencies, the state of their records, and existing professional standards at October 31 of last year. For our first appropriation we are requesting \$5.695 million for the year ended March 31, 2007. This request is \$119,000 more than last year's request or about a 2 per cent increase.

We explain on pages 5 and 6 the factors that increase our costs for 2007. We estimate it will cost \$100,000 to audit the new agencies the government created in 2005. Also we had to respond to the job market to recruit employees from the universities to train as chartered accountants. Starting salaries increased 13 per cent. This increase also affected our salary structure for existing trainees in the office. The overall effect is \$106,000.

In the past I have commented on the financial impact that changing audit standards will have on our office, both in terms of increased work and salaries. These new standards are caused by the collapse of major companies such as Enron and WorldCom. By law our office must follow these new auditing standards. We are now beginning to see the effect of these new standards. The increasing need for more professional accountants and those training to become professional accountants is causing shortages. This shortage has led to increased salaries to hire and retain these people.

Earlier I said that our office lost 12 employees for the 12 months ended October 31, 2005. That's more than 20 per cent of our workforce. Some of these employees were very senior. Our usual turnover is six junior employees. This large and senior turnover has delayed some of our work and caused increased costs to hire contractors to help us carry out our work. We continue to monitor closely the salary effect that the job market has on our employees.

For 2006 we plan to maintain our workforce at 57 positions. For the last 10 years we have gradually reduced our planned workforce from 63 to 57 positions. This trend is no longer sustainable, because of the new auditing standards, and may reverse. However we cannot reliably estimate next year's impact on salaries, benefits, and scope of our work. Consequently we have not asked for additional resources other than the increased salaries for new employees training to become professional accountants. We will use our contingency appropriation if the new standards cause us a shortfall in resources for 2006 and include any increase in our next business and financial plan.

Our second appropriation is the contingency appropriation. The purpose of this appropriation is to provide our office resources to respond to unplanned work, pressure to improve the timeliness of our reports, and unplanned salary and benefit increases. In the past we have kept net financial assets or received a contingency appropriation equal to about one month's salary and benefit expenses to respond to these matters.

We are requesting a contingency appropriation of \$359,000 for 2007. For 2006 our contingency appropriation request was \$356,000. These amounts are about one month's salary and benefit expenses. If we use the contingency appropriation during 2007, we will make a full report as to why we used the

appropriation and the amount that we used in our 2007 annual report.

We forecast that we will use our entire 2006 regular appropriation and \$104,000 of our 2006 contingency appropriation. As I explained to this committee last year, we planned to use our contingency appropriation if we incurred a shortfall. We needed to use the contingency appropriation for unforeseen expenses, such as special investigations that we did at Saskatchewan Environment, Community Resources and Employment, Liquor and Gaming Authority.

We also had to audit several new government agencies. This work was not included in our regular appropriation request. We will make a full explanation for any use of the 2006 contingency appropriation in our 2006 annual report on operations. That report should be tabled in June 2006.

In closing, for the last 11 years legislative committees have supported our office's request for resources and recommended the amount that we requested to carry out our work plan. The committees' support has allowed us to discharge our duties to the Assembly.

And that ends my comments, and I'd be pleased to try and answer your questions.

The Chair: — Thank you very much, Mr. Wendel, for that report. Before I turn to my colleagues, I'll just have two or three opening questions, and then we'll get on with the other questions.

You talked about the challenges in recruiting personnel with the qualifications you need. When I began the chairing of this committee, we appointed an Audit Committee. Has your office used that Audit Committee? Or could that in some way fill some of the gaps that you experience when you have a turnover of staff, or do you see their role as being totally apart from that type of function?

Mr. Wendel: — I have used them to review our strategic plan, used them as a focus group, and that's been the extent of my use. It's really an advisory committee for this committee.

The Chair: — So did you use them in the past year then?

Mr. Wendel: — No I haven't.

The Chair: — You haven't. Secondly you talk about the contingency fund. It's my understanding that what is not used of the contingency fund is returned to the General Revenue Fund at the end of the year. You don't carry that into the next year. Is that correct?

Mr. Wendel: — That's correct.

The Chair: — Okay and then the last question, we've just had a new government department created, the Advanced Education and Employment I believe it's called. If there is additional costs to your office because of that type of structural change, likely those funds would come out of the contingency fund. Is that a reasonable assumption?

Mr. Wendel: — It could come from there.

The Chair: — What would you normally say the cost to your office would be of a structural change in the government of — say — just one new department or one shifting of responsibility from one department to another? Do you have any idea?

Mr. Wendel: — I would have to analyze just exactly how it's been structured, but it would increase our costs to some extent because there would be a separate audit required.

The Chair: — Right. Okay thank you. I just wanted to ask those general questions. Mr. Chisholm.

Mr. Chisholm: — Yes, my first question is, you mentioned that there was new government agencies that are going to require two full-time equivalent additional staff. What exactly are the agencies that we're talking about?

Mr. Wendel: — There's a schedule of them in the business and financial plan. I'll just maybe have a look here. On page 42 of the business and financial plan, there's a list of new government agencies that were created during 2005-2006, and there's a list of them there.

The Department of Finance had several retirement benefit plans that were established that we have to audit. And there was an item where the two universities have a joint venture; it's the Saskatchewan population health evaluation research unit that's required a separate audit.

The Department of Property Management became a department. Previously it was a Crown corporation. So if you look on the next page to it, on page 53, you'll see we removed the amount of hours that it took to do the Crown corporation before, and we put in the hours for the Department of Property Management, and you'll see a substantial increase and that being that was previously done by an appointed auditor, and we now do it directly as a department.

Mr. Chisholm: — Okay thank you. On the Department of Property Management, it was formerly done by independent auditors, and then you would, or is that . . .

Mr. Wendel: — We would oversee the audit.

Mr. Chisholm: — Right.

Mr. Wendel: — That was our work.

Mr. Chisholm: — Right.

Mr. Wendel: — That was done by, I think it was Deloitte & Touche.

Mr. Chisholm: — Okay. I guess I've got a couple of questions about the staffing situation. Of the 12 people that left, did they remain in the province, or do you know?

Mr. Wendel: — I think all but two. One I'm not sure where he ended up, but all but two. One has gone to the Grand Cayman. We have quite a bunch from our people that have gone to work in the Grand Cayman, the young people. And another one went

to Medicine Hat. Her husband got transferred to Medicine Hat, and she decided to move to Medicine Hat. But the rest are here. Three of them work for government agencies now, and four of them have gone to work for firms, and a couple have gone into industry.

Mr. Chisholm: — So I guess in some respects you're a bit of a training ground for all other government services in the province.

Mr. Wendel: — That's one of our outputs. We have a lot of former employees that are working in government agencies, yes.

The Chair: — All right. Are there other questions? Mr. Borgerson.

Mr. Borgerson: — A couple of questions. First of all as someone who has served on this committee for a couple of years, I'm always interested to know which chapters we're going to be dealing with in the next Provincial Auditor's report. And given the fact that people are watching this now and kind of wonder how it's decided, you know, I guess the question is: how do you decide which areas of the departments that you're going to be looking at in each of your reports?

I know in your report here it indicates how you've divided up your department, on page 42 I think it is. Is that right? No . . . 14, sorry. So you've got certain individuals, each with a staff. You have five sub departments, right?

Mr. Wendel: — That's right.

Mr. Borgerson: — So when you put out a new report, do each of those sub departments choose — let's say — one or two areas of that, that they're responsible for to report on?

Mr. Wendel: — Each of the departments has an assigned audit portfolio, and we list all the government agencies on pages 36 and 37. And each of them would have so many of these agencies to audit.

And what they'd be required to do is to audit any financial statements that would be there, audit whether their financial controls are adequate to safeguard control of public resources, and make sure that there's been compliance with the law. They'd be required to do that on each and every audit.

And then we also have some particular areas that we've identified in this, in our action plans and strategic plans, to look closely at human resource plans for the next few years to make sure there's good succession plans for the public service. Also look at infrastructure. We've got a very valuable infrastructure. It needs to be carefully managed. There should be good capital asset plans. So those are the focuses, generally.

Mr. Borgerson: — Let's take a department like Health, for example, which is a large department. Would it be the intention of your office then to — over a certain number of years — to have looked into all aspects of the Health department, knowing that you can only do so much at a time? Do you kind of cycle through?

Mr. Wendel: — We try and look as where the departments have their largest risks, what the biggest risk is, and try and look at those areas. And the ones we have identified again are human resource plans to make sure they have a good workforce going into the future and infrastructure plans. And we couldn't do all the departments in a particular year, but we would try and focus in on those key areas. And then every few years we would go look again and say, what are the strategic risks facing people now and say, okay, here we are. Here's where we're going to be looking.

Mr. Borgerson: — And of course for smaller departments like First Nations and Métis Relations because it's a much smaller department do you . . . may in fact cover most of their territory with each report?

Mr. Wendel: — We might, but in that particular one, also a key focus is they've got a very important job of trying to coordinate activities across a number of departments to advance their objectives. So we look at how they're doing that to make sure that they're doing, you know, a reasonable job of bringing people together, moving everybody forward on a particular topic, and then gathering information to report their progress in achieving that.

Mr. Borgerson: — You indicate that 60 per cent of your staff are female. Is there a concerted effort on the part of your department to make sure that women are adequately represented in the workforce, or has it just evolved on its own?

Mr. Wendel: — Angèle handles all this for me, I think it's the makeup of the business colleges now. The majority of the students are women, and it just reflects on our hiring practices. In the past when I went through, there were very few women in the business colleges. So there's a great number of men in the senior posts who will be retiring soon, and there'll be a number of women moving up to the senior posts in the coming years. But some of them are very senior like Angèle. But certainly the last few years most of our employees are female.

Mr. Borgerson: — Do you have a sense then of what the Aboriginal representation is in your workforce?

Mr. Wendel: — We had one person with an Aboriginal representation — she's gone to work for another government agency — but at the moment nobody that's self-declared to my knowledge. And we try. We've been at . . . try to get them involved in the co-op program. We have the co-op program with the University of Regina. They also have their own co-op program trying to get them to come in and work with us, but we haven't been successful in the last couple of years.

Mr. Borgerson: — Do you have plans in place? I guess as you pointed out, a lot of it depends upon the profile of the students who are attending the business colleges. I'm just wondering, and I guess with all departments including your department's work, do you see a way of increasing Aboriginal representation in the workforce, or do we have to be focusing on the educational institutions themselves?

Mr. Wendel: — Well I was hopeful that the co-op program that the First Nations University has would bring some in because that's one of our big recruiting tools at the university . . . is we

bring them in as a co-op student, and they get to know us, and they usually come and article with us then to become a professional accountant. And we were kind of hopeful that that co-op program the First Nations University has would bring people in. We haven't been successful getting them out of the business college themselves — anybody that's Aboriginal — just the one that I mentioned. And we'll keep trying.

Mr. Borgerson: — And my next question is about the articling students who have quite a high proportion of . . . I mean I haven't worked in this particular area but if you've got 15 to 20 articling students along with 26 professional accountants, that's quite a . . . Is that a high proportion, or is that what you would normally find in this kind of office?

Mr. Wendel: — I think in the past it might have been even a higher proportion that you were able to run with because the way work was, very routine type tasks. Now you find that you have to have more senior people, and the audit is done from the top down, working with management to see what controls they've got to supervise operations. If their controls are strong, you can reduce the amount of detail testing you have to do which is usually what was done with the junior people. That's where they would work. So as we move to this top-down audit approach and working that way, it's reduced the need for junior people.

Now that may all turn on its head shortly because there's new auditing standards coming out. They haven't been proclaimed yet, but I've seen the drafts. It's going to go back to the old ways where you had to do the detail testing and then work your way up. And that's what's going to be increasing all these costs in the future. Now that hasn't been put into effect yet in Canada, but I expect it will be because that's following the United States' practice.

Mr. Borgerson: — Well yes that's . . . I mean we're all conscious of the big push for accountability and transparency and how that's impacting audit functions in all other provinces as well and at the national level.

Do we have what we need here in this province to graduate the people that we need from the business colleges and to fill the positions?

Mr. Wendel: — We've been successful so far auditing from the universities, but there's a big demand from Calgary and Edmonton for our Saskatchewan graduates, and you are competing with them too. But at the moment we've been successful recruiting students. We haven't been so successful hiring in professional accountants. We tried this year for the first time in a number of years and no qualified applicants, no. I understand we are advertising again shortly, and maybe we'll get some this time.

Mr. Borgerson: — Good. Thank you. That's all the questions I have.

The Chair: — Thank you, Mr. Borgerson. Further questions? Mr. Chisholm.

Mr. Chisholm: — On the training programs, how many students are in the CA [chartered accountant] program, the

CMA [certified management accountant] program, or the three different programs right now?

Mr. Wendel: — At the moment I don't think we have any CMAs in the program, but one's coming on board in May from the University of Saskatchewan. And the rest would be in the CA program. Now we haven't . . . We had one CGA [certified general accountant] at one time go through the program with us. But there's only been the one so far that's expressed an interest in using that. We leave the option to them which program they want to pursue.

Mr. Chisholm: — Right. Okay thank you.

The Chair: — Ms. Draude.

Ms. Draude: — You had indicated that if the money that was in the contingency fund isn't spent, it goes back into general revenues. Can you give me an idea of how much has gone back into general revenues in the last two or three years?

Mr. Wendel: — For 2005, \$253,000 was returned. We're forecasting to return \$252,000 this year. I don't know what the final number will be, we're still without. And the year before, we returned all of the contingency fund, along with \$25,000 by regular appropriation. So we returned the whole contingency fund and then \$25,000 of the regular appropriation because we didn't spend it either.

Ms. Draude: — So basically it's been three-quarters of a million dollars in the last three years. And has there ever been a time where your office had wanted to do a separate audit or more detailed work on some area and felt they couldn't because there wasn't enough funds?

Mr. Wendel: — No we've never had that situation. The contingency fund allows for that. And should I get a situation where my regular appropriation would be spent and my contingency appropriation looked like it would be going over, I would come back to this committee with a special report saying I need a special warrant. And then the committee would consider what I would need and decide whether we would get any additional resources at that time.

Ms. Draude: — I think the point I was trying to make, it would be good for the general public to know that there has been . . . it's not some year that you're spending a whole lot more money because you could. It's actually some money could have been considered owing to you or that you could have used, and I think what the public would want to know is that you had the resources to do what you felt had to be done to ensure that public money was spent the way that it was supposed to be spent.

Mr. Wendel: — Yes this committee has supported us very well on that, and we've received all the money we've asked for, and we've been able to deliver on our plans and do all the things that needed to be done.

Ms. Draude: — Thank you.

The Chair: — Ms. Draude . . . I'll jump in with a couple of more questions. On page 30 we have the estimate for 2006, and

we are now five-sixths of the way through the current fiscal year. How much of the contingency fund do you anticipate you will use, and how much do you anticipate you'll return to the General Revenue Fund at the end of the current fiscal year?

Mr. Wendel: — At the date we prepared this, we were estimating that we would return \$252,000 of it and spend 104 of it.

The Chair: — Okay. You had to do additional work to deal with two fraud cases within government departments — one in Community Resources and Employment and one in Sask Environment. Can you tell the committee how much each of those investigations cost your department? I believe that came out of the contingency fund. Is that correct? So is that all of the contingency fund, or is there some other contingency fund expenses besides those two investigations?

Mr. Wendel: — There was a further investigation at Liquor and Gaming Authority for money that went missing, and we also had to audit four new government agencies that weren't in our plan for the previous year.

The Chair: — So can you break down the cost of those special investigations that came out of the contingency fund?

Mr. Wendel: — I don't have the exact numbers, but I have numbers that are approximate. I have . . . \$35,000 would have been spent on Environment, and \$52,000 was spent on Community Resources and Employment; \$35,000 was spent at Liquor and Gaming Authority. And I think about 35 or \$36,000 was spent auditing new government agencies that weren't in the plan. So that's actually a little more than \$104,000, but all the costs aren't in yet, so it may be a little less than that but that's what it looks like.

The Chair: — So when you do these special investigations, do you use all of the money to do that from the contingency fund, or would some of that be under existing budgets and then just the additional cost would come out of these contingency funds?

Mr. Wendel: — We begin using it out of the regular budget.

The Chair: — Right.

Mr. Wendel: — And as we saw we were going to be overspending at that rate, we would look at the contingency fund, and of course we'd have to only use it for specific purposes.

The Chair: — So when the costs are calculated for these cases and, you know, money lost and costs of investigation within the department, your cost would not be added to those costs.

If the government, say, reported that there was fraud in, let's just say Sask Environment, to pick the first one you mentioned, of X million dollars or X hundred thousand dollars and you know the cost to correct the situation as requested by the auditor cost X number of dollars to fix our internal structure. And the department would say it cost us, let's just say \$1 million for sake of a round figure. If it cost you an extra 35,000, the actual cost would have been 1.035 million rather than \$1 million. But that never gets calculated when we consider the costs of these

cases. Am I correct?

Mr. Wendel: — I'm not sure what the government would include in their numbers, but I'd expect they probably wouldn't have because nobody's asked me for them.

The Chair: — Perhaps I'll ask Mr. Paton if the auditor's costs in these cases are included in the total government reported costs of dealing with these issues, or if that's an additional expense the taxpayers bear?

Mr. Paton: — Mr. Chair, I don't believe those costs that the auditor is incurring would be included in the costs that the government's reporting.

The Chair: — Okay, very good. That's what I assumed. So actually the costs, if you include the auditor's additional costs, would be in addition to that.

One final question that I have . . . And we do have to get to some motions which I believe Mr. Borgerson is prepared to bring, and there may be some further questions as well.

On page 69, we see the Provincial Auditor's spending, and we also see the government's financial trends, revenue and expense, and assets and liabilities. Forgetting assets and liabilities and just looking at the Provincial Auditor spending and revenue and expense, how does your department's budget compare with the rate of inflation or consumer price index or whatever you use? And how does the government's revenue and expense compare with the general cost of living or general inflation rates?

Mr. Wendel: — On page 70, we've taken and shown the present value of the budgets and the government spending, and it looks like we're following a fairly similar path.

And as you can see, our spending from '96 to 2005, our '96 spending is pretty well the same as our 2005 spending over the long term, and government expenses are not a great deal larger than what they were. They've gone up a bit.

The Chair: — Yes. So your line is quite straight. If you look at the government's line, the top line is assets and liabilities. The bottom line would be revenue and expenses. So it actually has increased faster than the rate of inflation. Is that what that chart means?

Mr. Wendel: — The revenue, expenses, it's the two together.

The Chair: — Right.

Mr. Wendel: — So there's been a lot of resource revenues come in over that one last year there so.

The Chair: — Right. And what is . . . The number of government agencies on page 71 has increased. Does that increase the cost of government, or is that not a factor in the cost of government?

Mr. Wendel: — It increases our cost because we have to audit the individual agencies. I don't know what impact it would have on the government.

The Chair: — Right. Are there any other questions before we get to the motions?

You've done an excellent job of answering the committee members' concerns. We have three motions, and we'll allow discussions on the motions as well. The first motion that we will entertain states:

That the 2006-2007 estimates of the Office of the Provincial Auditor —that's vote 28, subvote PA01, Provincial Auditor — be approved as submitted in the amount of \$5,545,000.

Mr. Borgerson.

Mr. Borgerson: — Yes, I'll so move.

The Chair: — All right. Is there any discussion on the motion? This would be for the upcoming fiscal year of the Provincial Auditor. Any questions on the proposed budget allocation?

Seeing none . . . You're an agreeable group. Seeing none, I will call for the question. All in favour? None opposed. That's carried.

The second motion states:

That the 2006-2007 estimates of the Office of the Provincial Auditor — that's vote 28, subvote PA02, unforeseen expenses — be approved as submitted in the amount of \$359,000.

Mr. Borgerson.

Mr. Borgerson: — And I will move that as well, Mr. Chair.

The Chair: — All right. Is there discussion on the motion? This would be for the contingency fund, is what we've been calling it. It's also called unforeseen expenses. Ms. Draude.

Ms. Draude: — Is there a certain percentage that you always get every year, or how is that amount determined?

Mr. Wendel: — We try to make it equal one month's salary and benefit expenses, so it goes up gradually as the salary and benefit expenses increase in a regular budget.

The Chair: — All right. Any other questions? Seeing none, we'll call the question. All in favour? It's carried unanimously, I believe.

And the final motion reads:

That the estimates as approved be forwarded to the Speaker as Chair of the Board of Internal Economy pursuant to section 10.1(4) of The Provincial Auditor Act.

Mr. Borgerson.

Mr. Borgerson: — And I will move that motion as well, Mr. Chair.

The Chair: — All right. Thank you, Mr. Borgerson. I think by

way of explanation, if I understand this correctly, while it is our committee that approves the budgets, we must inform the Speaker that we have done so. And it is actually the Speaker and the Board of Internal Economy that provide the final approval. I don't believe that they would go against the decision made by this committee but, you know, I guess stranger things have happened.

However that's the structure that we operate under, and if we pass this motion we will be saying to the Board of Internal Economy that we approve the Provincial Auditor's budget for the coming year. And then they would approve it and submit it to the legislature and submit it, it would be a part of the budget, the government's budget. I hope I have not confused you with that.

Is there any other discussion? Seeing none, we'll call the question. Oh sorry, Mr. Chisholm. Okay. All right. Comment after the question. All in favour? Again carried unanimously. Mr. Chisholm.

Mr. Chisholm: — Yes I'd just like to commend you on your report. As I was going through it, I could see that if all our departments and divisions and groups were measuring their performance the way that you are, finding places to decrease costs as well as recognizing places where costs have to increase, I think we might be in a little better shape. Thanks.

Mr. Wendel: — Thank you.

The Chair: — And I would also like to, as Chair and I think on behalf of all committee members, thank you, Mr. Wendel, and your staff for professionally providing all of the information you do — not only for the people of Saskatchewan but certainly for this committee. You are an integral component of the work that we do, and we very heavily rely on that work. We want to thank you for the patience you have shown with the Public Accounts Committee and also the professional relationship that we have with you and your office. And I trust that you will pass this on to other staff members who are not with us today; perhaps they're watching on streaming video.

Anyways thank you very much for this time, and we will just recess for a short time while we await the arrival of our other witnesses. Mr. Wendel, you wanted a closing comment?

Mr. Wendel: — I just want to thank the committee for supporting our request for resources and our business plan again. Once again, thank you very much.

The Chair: — All right we are recessed until our next witnesses arrive.

[The committee recessed for a period of time.]

Public Hearing: First Nations and Métis Relations

The Chair: — All right ladies and gentlemen, we will resume the business of the Public Accounts Committee. We are now to the second item on our agenda, First Nations and Métis Relations. That's in chapter 12 of the 2005 report, volume 3. We are pleased to have officials from the Provincial Auditor's office with us, as well as Deputy Minister Nora Sanders from

the Department of First Nations and Métis Relations office. And we will allow you to first of all introduce your colleagues and respond after we have heard a summary of the report done by the Provincial Auditor. I believe Ms. Ferguson has the report this morning, so we will turn the floor over to you, Ms. Ferguson.

Ms. Ferguson: — Thank you, Chair, members, and government officials. I'm pleased this morning to present chapter 12 of our 2005 volume 3 report related to First Nations and Métis Relations. The chapter covers the results of our audit of the department for a six-month time frame ending March 31, 2005, and the status of the recommendations that we made on two previous audits.

Volume 1 you'll find contains the results of the audit of Métis Development Fund for the year ending December 31, 2004. As noted on page 270, we conclude the department complied with the law, had adequate rules and procedures to safeguard and control public resources except for the monitoring of spending to the First Nations Trust and community development corporations.

The department provides the trust in these corporations with substantial money under the gaming agreement. This agreement restricts how the trust and the community development corporations must manage and spend monies they receive. These restrictions help ensure First Nations and Métis people benefit from these monies. The committee discussed these matters at its October 26, 2005, meeting and has previously agreed with the recommendations set out in the chapter.

So turning to the findings . . . the department needs key information from the trust and each corporation to help it determine if they spend the 30 million it provides. Page 271 outlines the information the department needs to make this determination. In this chapter we note that the department has made some progress since our last report, particularly with respect to the four community development corporations. The department received more complete and timely information from these corporations than previously. It looked at the corporations' information more promptly and took steps to try to fill in the identified gaps in information including delaying payments until the corporation submitted the required information.

On page 273 we highlight the information the department received to October 2005. The department's progress includes receiving and reviewing the annual reports of each corporation. At October 2005 the department had only received the 2004-05 annual reports from two out of four corporations. Unfortunately these annual reports did not provide the department with sufficient detail on projects to help the department determine if the corporation spent the money as required. You may wish to ask the department of steps they are taking to help the corporations improve the content of their annual reports.

With respect to the First Nations Trust, the department did not make as much progress as they did with the corporations on the First Nations Trust from the prior year. As previously reported in our 2005 report, volume 1, the department was advised in the fall of 2004 of serious concerns in the trust's processes. The trust could not give the department assurance that it spent the

money as the gaming agreement requires. The trust did advise the department that it planned to improve its processes and shared with the department some of its planned changes. At October 2005 the department had not received assurances that the trust spent money as the gaming agreement requires. The annual report of the trust does not provide the department with sufficient information to make this determination.

As noted on page 272 of the chapter before you, at October 2005 the department had not received critical information from the trust. Without this information the department does not know if the trust has spent money it received as the gaming agreement requires. So as noted on page 273, our previous recommendations continue.

On pages 274 to 278 we set out the department's key actions on our 2001 and 2003 recommendations related to how the department reports progress on its work with other agencies to achieve its goal.

I'll focus my remarks on the reporting practices relating to the Aboriginal employment development program. This program is designed to contribute to the increased participation of Aboriginal people in the workforce. To know if the program is successful, the department must measure and report whether Aboriginal people are adequately represented in the workforce.

The department is fully aware that it faces a number of challenges to measure and in turn report progress accurately. For example it must rely on good and timely information from employers. It must work with employers to convince them to report the information in a common way so that the combined information the department uses is reliable — that is, it reflects similar time frames and the department's not adding up apples and oranges.

Further, the department recognizes that employers rely on workers to self-identify their cultural heritage. The department works with employers to encourage their workers to self identify.

As noted in the chapter, the department has made some progress from moving from reporting on just activities to reporting results for this program. But more work remains. The department needs further effort and co-operation from employers before it can make accurate and timely reports of overall progress towards employment for Aboriginal people.

That concludes my presentation, and we'd be pleased to respond to any questions. Thank you.

The Chair: — Thank you, Ms. Ferguson. And again welcome Deputy Minister Nora Sanders and would you introduce your colleagues and respond.

Ms. Sanders: — Thank you very much. I'm pleased to be here. And if I can introduce, next to me on my left, Laurier Donais who is the director of finance, accountability, and corporate services with our department. And on my right, Robert Spelliscy, director of gaming trust and grants. Behind us, Richard Gladue who is our new assistant deputy minister in the department; John Reid, executive director, policy and operations; Trisha Delormier-Hill, director, lands and resources;

and Jennifer Brass who is my executive assistant and senior policy adviser in the department.

So we're very pleased to be here today and just by . . . I'll keep my opening remarks quite brief because it's not too long since we've appeared before you before. But it's always an opportunity, as we see it, to have a chance for feedback. We very much appreciate the feedback and the discussions we have along the way throughout the year with the Provincial Auditor's office as we strive to do better at our accountability.

And just to summarize about our meeting, we do take our responsibilities about managing money very seriously. We're committed to addressing the issues that are raised, and I think that the auditor's reports will reflect that, that we are seeing improvement in our relations with the First Nations Trust and with the CDCs [community development corporation], and we see that as a movement in the right direction very, very much. And it's certainly something that I would say has improved since we've had the opportunity of having Mr. Spelliscy full-time working on the gaming area.

We're confident that our work and our continued progress in that area will get us to the point where the auditor is as happy with us as . . . and we want to be. So I think I'll just say that by way of opening remarks, and I'd be very pleased to answer any questions that the members may have.

The Chair: — All right, thank you. Ms. Draude.

Ms. Draude: — Thank you. Mr. Chair, I have a number of questions, and I don't want to take up so much time that nobody else has an opportunity to question, so I understand if I'm interrupted when I'm questioning.

First I'll say welcome and I look forward to the opportunity to ask some of these questions that I have been wondering about. And I want to start by asking how many of your staff are Aboriginal?

Ms. Sanders: — We can get you that number. You know as you ask it, I realize it's something that I should have at my fingertips and I don't. I would say about half, but we need to get that to be sure and confirm that for you, so we'll undertake to do that.

Ms. Draude: — Thank you. I'm going to start with the issue that we've been talking about for a number of years, and that will be starting with the First Nations Fund and then going to the First Nations Trust. And I'm going to start asking the Provincial Auditor. It says that the department expected to wind up the fund in late 2004 and yet in December . . . late 2005, yet in December 2004 the First Nations Trust assumed the fund's legal responsibility. So is the fund wound up, and why the difference in the year there?

Ms. Ferguson: — As you may have noted through the gazettes, a minister's order did go through. I think it was mid-December when the minister's order went through to wind up the First Nations Fund. I think the response to the delay probably would be more appropriate to ask that question . . . to ask of the department than our office.

Ms. Draude: — Okay. Then I'll ask the deputy minister: why was it a year from the time that it was indicated that the trust took over the fund's legal responsibilities till it actually did wind down?

Ms. Sanders: — My understanding is that there was a small amount of money, maybe \$4,000 that there was a bookkeeping issue about. And because of the transition between the two, the fund and the trust, it was a matter of some way establishing a process where the former board members of the fund could sign the appropriate documents to ensure responsibility should there be any issues.

It was a winding up issue as I understand it. And it was something that took some finesse to work out as to what was the appropriate thing because the one entity was disappearing, and the other one had in fact taken over, and all the new money was being put in there. So that was completed this fall, and everything, all the books were brought to an end and the fund is no longer.

Ms. Draude: — Thank you. Can you tell me how much money went from the fund to the trust?

Ms. Sanders: — I think what happened was that in the previous year the money went to the fund and was spent by the fund. And then when the trust set up, the money that went from gaming through the government went into the trust rather than the fund. I don't believe there was an actual transfer of money. I think there was simply a matter of finishing up the books for the fund, and there were some little issues that took the time as to who should be signing what to finalize those things.

Ms. Draude: — Thank you. To the Provincial Auditor, then can you tell me how much money was spent by the fund that your department didn't have the opportunity to audit?

The Chair: — Mr. Wendel.

Mr. Wendel: — I think I have that information with us. It would have been all the money that the fund received from the department for the years after 2002.

Ms. Draude: — Some of the information I have, it looked to me like it was probably in the area of about \$51.9 million. Does that make sense?

Ms. Ferguson: — That's the total; that's actually the number that's reflected on page 274, and that's the total amount that the department provided the fund since its initiation.

Now our office did audit that through the department, but we didn't audit the fund directly for a number of years because we were denied access. And I think we only really actually audited the fund directly for a couple of years. So it's that split that we don't have before us.

Ms. Draude: — The concern that many of us have, and I'm sure the department is one of them, that this . . . is there going to be an opportunity ever for the department to look at this so there will be some security in knowing that the money was spent correctly even though the fund is now wound up?

The Chair: — Ms. Draude, is that question to the auditor or to the . . .

Ms. Draude: — I'll start with the deputy minister.

Ms. Sanders: — I'm not aware of any intention to do that kind of a thing. I think though that the issues to do with the Provincial Auditor having access to the direct books of the fund lay behind the decisions that were made to create the trust instead, to go at it in a different way by way of accountability. So I think it was worked out that way.

As far as the future, I'm not aware of any intention to go back through the books of the previous times with the fund.

Ms. Draude: — I'm sure your department has many concerns about this issue, as do many people out in the general public, and I'm sure a lot of First Nations people as well because it holds over their heads some suspicion that money wasn't spent correctly.

We notice when we're looking at some of the recommendations for the trust that there is some non-compliance there, and it's mostly on the reports of controls and compliance. So there is some reason to be again doubtful that the money is going to be, that things are going to be audited. So I guess my question to you is: has your department considered withholding any funds that's going into the trust until we have an opportunity to reflect on what happened with the rest of the money in the fund?

Ms. Sanders: — We would always consider it, should the appropriate circumstances arise, but at this point we aren't considering that with the trust. We have had difficulty getting some of the information. They have established some new processes. I understand their difficulties relate to the fact that they're trying to get information from 75 First Nations. And as with many things, the majority of those reports are received in a timely and appropriate way, and there are a few that they have more difficulty getting them from. And that's, I think, what brings about their delays and their difficulty, than providing the information to us.

They do have new guidelines for the First Nations as to what requirements they are expected to meet. And we're working with them and hoping that this will come to be. Certainly we've seen improvement, but we're not quite there yet.

Ms. Draude: — Yes I can appreciate, but I see the Provincial Auditor's recommendations that there has been considerable improvement in the working relationship. But it was the 2002 gaming agreement that allowed the trust to come into effect. Does it have any backup or any provisions for non-compliance so that this won't happen again?

Ms. Sanders: — We certainly believe that in appropriate circumstances we could withhold the funds. Our practice is that where best efforts are being made and where we see a plan by which the information will be coming in, we tend to not withhold them. But we always understand that, should we need to, we could.

Ms. Draude: — The full-time person that was hired by the department to monitor the spending of the trust and the CDCs,

it said, started in April 2005. Is this full-time person paid for by the department itself, or is it paid for out of the funds from the liquor and gaming money?

Ms. Sanders: — It's in the department's budget, but it's money that we received in our budget with the intention that we needed that position in order to help us in monitoring these funds.

Ms. Draude: — Was the person that hired, was part of the mandate to see if they could make some further steps in getting the confusion out of the fund money, the audit?

Ms. Sanders: — Well certainly . . . And it's Mr. Spelliscy who's next to me that we're referring to — he's a chartered accountant — and we see him in general as having the role of ensuring full accountability on the gaming funds that flow through our department. This is the single biggest item in our budget. It's over half our budget. And we're very anxious to make sure that those monies are handled appropriately.

So he has both the role of reviewing the documents as they come in, with an accountant's eye, and also with maintaining contact with the different entities that we deal with, attending board meetings, making sure that he's known to them so that if there's a question they need to call and discuss or if there is a concern or a delay that's going to come, it's something we can talk over and understand what's going on. So those are all things that he does as part of his role.

Ms. Draude: — My concern is that the First Nations people that I talk to on a regular basis doesn't have the secure feeling that they need to know that everything is spent correctly themselves. I mean they are out in the real world facing a lot of the challenges that we all know are happening, and they just know that there's money coming somewhere, and they don't always see it. And I don't think . . . I'm not here to say that somebody is misusing it, but all we need is for somebody to clear it up so we can start out right.

I am concerned that you'd indicated there is 72 bands that your department is working with. And yet you're working with the FSIN [Federation of Saskatchewan Indian Nations] to set up the CDC standing committee, and not all bands are members of the FSIN. So what percentage of them wouldn't really have a voice in this committee?

Ms. Sanders: — My understanding is that there's only one First Nation that's not part of that group.

But just aside from that, if we're now talking about the CDCs . . . because I think the earlier questions were about the First Nations Trust, and I think we need to distinguish the First Nations Trust. The accountability for a band member is to their own band and through that band to the First Nations Trust. And that was, I think, the intention of setting up that structure — that instead of the government being the one that supervises all of that, we need to make sure that our money flows and the money is spent according to the terms of the gaming agreement. But it's the First Nations Trust that then becomes accountable to each of those First Nations and their membership. Each of those First Nations is accountable to their membership.

So sometimes when we hear questions asked, they relate to

questions the band member has of their own chief and council as to how money has been spent. And there are processes within their own organization and within the Indian Act as to how they should address those.

As to the CDCs, an interesting thing that I think relates to your question was that about a year or so ago we were asked by some First Nations, or it was raised with us, that they would contact one CDC and be told they weren't in the catchment area for that. And they would contact another one and be told they weren't covered by that one either. And we didn't feel it was our part as a government to step into that, but we did bring that issue to the attention of Chief Bird. And I understand there was subsequently a motion at a FSIN legislative assembly, and they are working out internally a process that all the First Nations would relate to one or another of the CDCs.

As to whether that will cover any that are not members of the FSIN, that's something I'm going to look into because it's something that we haven't addressed specifically. And I guess my assumption was that it would, but I think we ought to look into that since you've raised it.

Ms. Draude: — Thank you. I've also spoken to Chief Bird, and I know that everybody's desire is the same and to make sure that the money is spent well, right for everybody. But I think that there has to be a way of monitoring to ensure that everybody feels absolutely positive that the money is going where it's supposed to be going. And I think not only is it bad for the First Nations who may not get the money, but for the relationship between Aboriginal and non-Aboriginal people. We don't need to widen any gaps there may be.

So I think this department does have the responsibility to ensure that in Saskatchewan, at least, it's open and accountable, and that's what all First Nation's people are asking for.

When it comes to the CDCs, the CDCs are comprised of members of different bands within that area. Are they? And so do they determine, when an application comes in, who would get the money and who wouldn't and how much money they are given?

Ms. Sanders: — Yes the CDCs receive proposals, and they make decisions about how the money is spent, yes.

Ms. Draude: — And do they meet with anybody in your department to determine . . . They just know the amount of money. And does your department have any other input at all?

Ms. Sanders: — Well we don't take part in the decisions as to how the money is spent. But Mr. Spelliscy has been attending the board meetings so that he is aware of their deliberations — doesn't take part in voting or deciding on who gets the money, but is aware of their deliberations.

Ms. Draude: — Okay. And I'll just ask one other question and then I'll see if there's other members want more . . . When it comes to the money that was spent last year, I see that the policy and coordination spent 2.3 million which is more than the 2 million that was originally estimated, and I'm wondering why that is. And secondly I'm wondering why the TLE [treaty land entitlement] money was less than originally estimated.

Ms. Sanders: — I believe with the TLE money that there's always an estimate made. And because there are negotiations that are under way, it sort of depends whether certain agreements come to a conclusion or not, whether we end up paying money out at that time. And at the moment I know we have some negotiations under way that haven't come to a conclusion, and I think that was the case last year as well, and when those do come to a conclusion, there'll be more money needed to pay it out. So it's a difficult area to estimate in our budget because you're either going to have huge expenditures or none at all in relation to those particular ones.

And at an earlier stage when there were a large number of TLE settlements going through as a group, I think the payments were somewhat more predictable. At this point that first group is completed, and we're working on a smaller number that are working their way through. So I understand that's the way with TLE.

With the policy money, I can just say that last year was the initial year of the new department. And it seems to me that there were changes made mid-year when the new department was set up that involved setting up more of a headquarters function. And I think those are probably reflected in the policy. And I forget the other word that was used as to that portion of our budget. So I think that those are all things . . . I suppose I was new and I didn't get paid that much, so that's all right. But there'd be a number of expenditures related to setting up the headquarters function of our department. I think that's where they would have fallen.

Ms. Draude: — Thank you. I'll save the rest of my questions if somebody else has some.

The Chair: — Ms. Sanders, with regard to the fund which has been wound up, which statement would you suggest would be closer to the truth? The statement that, if authorized, either your department or maybe even preferably the Provincial Auditor's office could go back through the records of the fund and do a complete audit to determine that all of those funds were properly spent according to the, you know, the prerequisites of the fund? Or would it be more accurate to say that there isn't proper record keeping, and it would be impossible to do a trustworthy audit of that fund?

Ms. Sanders: — I don't have any reason to think that there wasn't proper record keeping. I think that they did have their own audits done. My understanding is the issue . . . And this predates me, but what I've learned since arriving into this job, my understanding of the issue was more with access by the province to the full details of their books and that that was some of the thinking — the sensitivity around that — that led to the creation of the trust. But I don't have any reason to think that their books were in particularly bad shape or that the information wouldn't be available. I think that they did have their own accounting practices in place and had some kind of an audit done themselves.

The Chair: — All right. That's a good answer. And if that's the case, given the fact that year after year the Provincial Auditor's report would note that access had been denied and the taxpayers' money was not under the scrutiny of the Provincial Auditor's office — or as I understand it, even under the scrutiny

of your department to the extent that it should have been — and given that there are probably new players and there's a more co-operative relationship now under the restructuring and the new set-up, wouldn't it be advisable to do that audit of the fund and get that totally cleared up even though, you know, it's going back over some ground that was ignored in the past?

Wouldn't it be wise for your department to ask the Provincial Auditor to go and do a thorough audit of that fund and clear that matter up once and for all so that the trust, the new arrangement wouldn't have this hanging over them, and there would be confidence among First Nations people and the taxpayers of the province that everything was done right?

Ms. Sanders: — Well I guess we're a little bit trying to look back into history. But I think that there is a sensitivity. I know there's a sensitivity and I think there's a legitimate aspect to the sensitivity. It's a First Nations organization and I think the reason why the Provincial Auditor . . . In fact our department had trouble getting the information. Wasn't simply a matter of that they didn't have it or that they were thinking on some whim, but simply that there was a matter of principle in their minds of not wanting the province to supervise in that way.

And so I think it would be a . . . And I think that the establishment of the trust with some good guidelines but a different manner of handling it so that the accountability is clearly there within the First Nations institutions was a very creative way of dealing with that for the future.

I'm not aware of particular concerns or allegations about how the money was handled before, but more simply this question of access that means that neither the auditor nor our department can give the assurances about it. So it's for that reason that we haven't . . . I think there would be a difficulty about access, but we haven't pursued that because we've established . . . a new institution has been established, and we're trying to work with that and develop the good will necessary to make that work as effectively as possible.

The Chair: — Would you then say that you are justifying or are acknowledging that those sensitivities are acceptable when, you know, if it was taxpayers' dollars going to any other area, it wouldn't be acceptable?

For instance if it's taxpayers' dollars going through Social Services, there is an accountability. We have to know the people that receive those services in fact are eligible to receive those services. If it's a grant or a loan to business under certain stipulations, we know that the business needs to comply, and taxpayers expect a full accounting for that.

You know, if the First Nations Fund was sourced from some other entity than the taxpayers of Saskatchewan, obviously the taxpayers shouldn't, you know, wouldn't care about this. But in fact the Provincial Auditor, and this committee for that matter, are responsible to assure the people of Saskatchewan that taxpayers' dollars are doing what they were intended to do. You know there could be people on Social Services with sensitivities about, you know, why is somebody insisting that we spend this money for food and housing and looking after our children and that we in fact qualify for these funds. But nevertheless the taxpayers in that case have a right to know that the dollars are

spent according to the rules.

In this case the taxpayers don't have that assurance. Is that acceptable? And don't you think if it isn't that there should be a full audit to assure the people of Saskatchewan that the money wasn't misappropriated? And I know most of it probably was spent correctly.

But we also know that, you know, in every avenue of society there are a few that might not. Not just First Nations. It could be in business. It could be in Social Services. It could be in Environment. It could be in any one of a number of segments of our society where someone might misappropriate funds, and the taxpayers just want to know that the watchdog has access to those dollars.

Ms. Sanders: — Well it's interesting too because you do hear gambling referred to as a form of tax. In fact it's not tax money in the conventional sense that government is used to spending which is public money. It's money voluntarily spent by those that choose to go and take part in the gaming activities.

And when those arrangements were set up, and many people here have a greater history than I do on that, part of the transaction was that a certain amount of that would be dedicated to First Nations. So I think the structure we have now is just starting with that, where First Nations' members can expect accountability from their own institutions as to how the money was spent.

And in a sense that was the case prior too, when it was the fund as well because they were still receiving the money. I mean we know that. We received it and we forwarded it to the First Nations Fund, and I think that their membership would still have been entitled to ask for accountability from them. It's more the question, because it was still under a different regime where the province in name was to have that authority or that window into how the money was spent, but on the face of it at that point there should have been the access by the Provincial Auditor.

I don't think it's the same sort of a sensitivity. I think First Nations jurisdictional issues are difficult ones. I don't think it's the same sort of a sensitivity as to the average taxpayer with just a beef about, you know, how some things have been done. But certainly everywhere there is a sensitivity doesn't mean that the province accepts that as a legitimate thing either.

I think in this one there has been a very excellent solution worked out in the establishment of the trust. I'm not aware of any particular concerns about how the monies were spent before, and I think that's why we haven't identified any particular need for going back into history and doing the sort of accounting that's being referred to.

The Chair: — Don't you think that there are a number of First Nations people that have the same kind of sensitivities about accountability, and they are wanting to be assured that the fund was properly allocated and properly spent?

Ms. Sanders: — There may be and I think they also have avenues through their own organizations to try to get that. I'm not aware of specific issues being raised, and it may just simply

be that I'm not aware. But specific issues relating to the expenditures from the fund that would in any way affect or relate to the province having forwarded that money and how it was used, I'm not aware of those particular issues.

The Chair: — But just to sum up then, you would agree then that if say your minister or the Public Accounts Committee were to ask for a complete audit of the fund through its entire history, that that could be done. You would concur that that could be done.

Ms. Sanders: — Could be done in the sense . . . would we get access to the books or could be done in the sense that should we have access, someone could look at them. I think that those funds, as I understand it, were audited at the time, that the First Nations Fund had them audited. The issue was I think that the province wasn't given access to the detail of that material. And so I think it exists, if that's the question. I think the information does exist as far as I know.

The Chair: — There's just not a will to do it.

Ms. Sanders: — And I think there would be an issue as to access.

The Chair: — Just on one other front to ask the Provincial Auditor, under the new structure where we have the trust fund rather than just the fund — if we call one the trust and the other the fund I think we can keep them separate — do you feel that your office has enough access to enough information to thoroughly and accurately audit the trust?

Mr. Wendel: — Mr. Chair, we wouldn't audit the trust directly. What we're auditing is the department's practices to make sure the money's spent properly and is properly safeguarded until it's spent. And we've pointed out some concerns we've had with the department on that, and I understand what the department's saying is they're working on trying to correct that.

The Chair: — So then how could First Nations people and how could taxpayers, albeit if they spend that . . . they raise it through gaming. How could they be assured — under this new relationship where the Provincial Auditor still doesn't audit the trust, he just audits the department that's responsible for the trust — how can we be assured, how can First Nations people be assured that that trust is properly accounted for?

Ms. Sanders: — Well I think the accountability that's intended — just to summarize under the new structure — is that the First Nations Trust flows money out to each First Nation. They get information back from each First Nation. They have their books audited. They have an annual report prepared which is provided to each of the First Nations, and any First Nations member is entitled to that report, and they are entitled to ask questions, both of their own First Nation and of the First Nations Trust as to how monies have been expended. So that's the direct accountability that they have under this structure.

The Chair: — Well if that exists in theory, does it also exist in practical practice? Is that what's happening?

Ms. Sanders: — I'll say mostly. And as I said, I think that the difficulty is, I understand with the First Nations Trust . . . and

let's recognize that they are a relatively new organization and still getting their procedures well in place. And I think that they have very good success with the majority of the First Nations as far as the reporting requirements. And there is some that they, either that First Nation struggles to provide it or they struggle to get it from them at any rate. And I think they are attempting to work out those issues. And those are the things that Mr. Spelliscy follows up with the trust about: to find out how we can be of assistance. But it's a matter of them being able to work out those arrangements with each of the First Nations.

The Chair: — All right. Mr. Borgerson.

Mr. Borgerson: — Yes I have a specific question and then a general comment and a general question.

The specific question, page 273 where the auditor responds to reporting from the CDCs — they indicate that, you know, understanding that all the CDCs have to go through their own audit function. A copy of the auditors' management letter was received for all four CDCs and the response to this letter of three CDCs, the 2004 annual reports of two CDs of the four . . . so there is some material that, when this report was made, had not been received. Is that where we're at now, or has some of that come in?

Ms. Sanders: — My understanding at this point, there is only one item that has not been received, and that is the annual report from the Bear Claw CDC. And that's quite a small CDC. They have a small board and limited staff, and Mr. Spelliscy has been trying to work with them on the requirements that we have. But they get, I think less than \$50,000 is probably the estimate of their amount that will be flowing through to them. And so there is a lot of accountability required, and we do require it so we're working with them on that.

Mr. Borgerson: — And so my general comment . . . actually you've used the word required twice there, and I'll pick up on that. I would see . . . It's been an interesting discussion that we've had here, but I'll call it the three R's are at play. And one of the three R's is requirement: requirement of the Public Accounts Committee to do due diligence in terms of asking questions of officials such as yourself, requirement of the Provincial Auditor and of course requirement of the trust to those who belong to it, requirement of the First Nations to their people. So there is that whole area of requirement, and I think that what comes out of this for me is that that isn't enough because we still have, you know, difficulty because of the large number of First Nations involved getting all of the information in that we require. So requirement is the first of the three R's.

The second of the three R's is respect because what I hear you saying is that through all of this process we have to respect First Nations and the fact that they themselves have to be accountable to their people. And we have to respect the CDCs and the trust and those who sit on those boards. So respect of jurisdiction plays into this as well. So that's the second R.

And the third R I think, which is probably the most important, is relationship. And I think my personal comment on that is that you've made a really . . . probably even, maybe even more important than shifting from the fund to the trust has been the fact that you've designated someone from your staff to

constantly be communicating and attending and speaking with the CDCs and with the trust.

So out of that then, in terms of relationship, what other kinds of things have you done to develop that kind of working relationship with FSIN in terms of other staff and other activities?

Ms. Sanders: — Well I think when you mention relationship it isn't also just a matter of well we're friendly now and we know each other's names, although that certainly doesn't hurt. But it's also a matter of trying to get a better understanding. Where people are delayed in providing information, what is it that's causing them the difficulty? And what we're finding, as Mr. Spelliscy gets to know them better as well, there's usually some reason. It's not that people are trying to be uncooperative. It's typically there's a piece of the information that they have trouble getting it.

I think for example we like to have the audited report and the annual report, but they have to have the audited report done before they can do the annual report. So if one's been delayed, then the other one's going to be delayed. So that doesn't help us get it faster, but it gives us an insight into what's going on, and I think it helps us as far as even planning with them about, you know, next year, how they might need to time things and that sort of thing.

So we're simply trying to have the door open and have a comfortable enough relationship so that if there is an issue or a delay or a problem somebody would feel comfortable to phone, and Mr. Spelliscy will get a heads-up that here's what the issue is and we can try to see, is there another way to work at it.

We are also intending the ADM [assistant deputy minister] and I will be meeting with the First Nations Trust Board just at a senior level, just not to do the numbers part of the actual auditing but to talk in general about . . . share with them the experience we have of coming to you and sorts of things we need to explain about and why, and getting a sense from them of the accountabilities that they face in the kinds of things they are hearing from the First Nations members that they deal with and so on . . . so just to, on that level, establish that kind of relationship as well. So we're doing those things as well.

With the FSIN, they are the party to the gaming agreement. Although they don't operate specifically to the trust or the CDCs, we do tend to have informal discussions with them at different levels to try to say, you know, is there an issue that we both should be aware of and who's better to try to work that one out. So we try to keep in touch with them on a variety of issues and sometimes before there's an issue or a problem.

Mr. Borgerson: — Well those are the only questions I have. I thank you and I'm pleased to see that, I said to you earlier, it's kind of déjà vu again. It seems that you just appeared before this committee, might've been at our last meeting.

Ms. Sanders: — Always a pleasure.

Mr. Borgerson: — But I'm glad to see that the progress has continued.

Ms. Sanders: — Thank you.

The Chair: — All right, Ms. Draude.

Ms. Draude: — I'm a very inquisitive person today. Thank you, Mr. Borgerson. You talked about the three R's that you're looking at and I agree with you, but the other ones are also the rights and responsibilities I think we all are dealing with as well.

I don't think any of us are talking about the need to look at this fund as for . . . There's also some concern to make sure that money is spent right, but it's just the openness so that people feel like we're working on the same page. And I think that's probably what the new agreement, the trust, tried to do.

I believe the First Nations denied access in the first place because they believe that the money was their money; it wasn't taxpayers' money. They operated a business and that they basically gave the government money, around 67, 63 per cent of it or some number. What is your government's stand on that?

Ms. Sanders: — As to the First Nations Fund?

Ms. Draude: — Do you see it as First Nations money or government money?

Ms. Sanders: — Well I think the process is that it flows through our department or flows through the government. And there's, as you've indicated, a formula, and then that money is given to First Nations. And I think when we give it to First Nations, there are guidelines as to how it's to be spent. And within those guidelines, it's up to the First Nations to spend it as they think best and to make the appropriate arrangements.

Ms. Draude: — Okay. I have a question to the auditor. Now that the fund is wound down, will you continue in your report to recommend that there's access to that fund's account, or will it no longer be an issue?

Mr. Wendel: — I would think the next report would just report that it's been wound up.

Ms. Draude: — Okay. And now I have three questions that are off this issue. I imagine you'll be really happy.

First of all, on page 275 we talked about the Métis and off-reserve First Nations strategy. And I understand that it's really the government's plan to work through different departments to make sure that the Aboriginal issue is looked at across government. And I understand that. But the last paragraph kind of confuses me because it says that the department is advised as it plans to replace the Métis and off-reserve First Nations strategy. Do you mean the one they're just working on now, are you replacing?

Ms. Sanders: — My understanding is that the Métis and off-reserve strategy referred to is one that was in place some time ago, and we're now in process, with a number of other departments, to develop a replacement one. So we're not replacing the one that isn't developed yet, but we are still in process of developing it.

Ms. Draude: — Okay thank you. And then on page 276, we're talking about the Aboriginal employment development program. And one of the recommendations is that the department should inform the public of its progress. And before you can do that, you have to have sort of a baseline. So like, how did you start with a baseline so you know whether we're going up or down?

Ms. Sanders: — And I think those were comments from the auditor that we found very, very helpful. And in fact when I had joined the department and seen it, seen the reporting we got . . . is a need that I identified as well to have accounting or reporting that shows not just cumulatively over the years how many people have been hired, but also how many people are employed or still employed. And because it involves getting information from all the different partner agencies, that's now happening.

And I believe by the end of this fiscal year, we hope to have it from all the different partners, and it will be available through the website, sort of a snapshot at a given time. And then we'll be able to do a snapshot, you know, a year later or something like that.

And I think it's important because we're concerned not just about the partner organizations hiring people but also keeping them, providing them continued opportunities. And we also know, and I know it from, you know, working in government, that often you get a good employee, and they become in demand and they may be hired several times by different agencies. And so we don't want to just show that . . . The hirings are useful, but we're also looking at broadening the information that's available. And I think our website even today reflects a good start at that, and I'm hoping by the end of the fiscal year it'll be quite a complete picture from all our partners.

Ms. Draude: — I'm very pleased to hear that because you're right, and so many times we talk about hiring somebody but then the retention is what is basic to growing the economy and making a better life for everybody.

Okay. My last question, it's not in here, and I don't know whether you can or will answer it. But the First Nations and Métis grant business program that was announced in October and I spoke to the minister about it in November and the beginning of December, and he had indicated that the application hadn't been designed and the regulations weren't put in place. And this week I found out that they still aren't ready. My question to you is, when will they be ready? And the second question is, is this money going to disappear at this fiscal year-end if we don't spend it?

Ms. Sanders: — Well thank you very much, and as you point out it's not strictly speaking part of this but I'm happy to give a little update. We anticipate flowing money this year and having money spent within the fiscal year. So we already had a smaller amount allocated for this year. So it was a certain amount over four years, but it wasn't equal amounts each year anticipating that this year would be a partial year.

The material is almost ready. We've got our brochure that's being printed. It was announced because we needed to have then the flexibility to do a little bit of consulting with potential

users about what would it look like, and we wanted to have the transparency as we did that. But the forms are pretty well done now. We are working out the final arrangements with the partners who will assist us with it, and those should be finalized I would think this week, and the material would go out within in the next week or two.

Ms. Draude: — I'm really pleased to hear that. I'll give you an idea of some of the concerns. I'm not sure what the requirements are going to, be but some people would have to know if they're approved by the middle of March. And I mean that's just giving us a little over a month to do something that's really important. So I'm hoping that when it's ready, maybe my office will get a copy and maybe other MLA [Member of the Legislative Assembly] offices will get a copy of it because I know we've all had phone calls from people who are excited about this.

There's not a lot to be excited about in the farming community right now, so there are some people who look at this as opportunities. So I will be asking you or giving you Godspeed to get this done as quickly as possible. And thank you very much for answering the questions today.

The Chair: — All right. We just have a couple of more minutes. I have one other area I wanted to quickly touch on if we had time. Can you just update the Public Accounts Committee — it's not in this report, so you may not have it — but where do we stand as a province when it comes to the purchasing of TLE lands? There is a certain target that was set for the number of acres that hopefully First Nations would be able to purchase throughout Saskatchewan. Can you tell us how far along that is, if the timeline is being extended? Just a quick update.

Ms. Sanders: — Well this may not be as complete an answer as you would like, but what I can tell you is, as of last month 665,323 acres have attained reserve status through the TLE process. And of that amount 589,359 are in rural Saskatchewan — rural as opposed to northern — and almost 75,000 are in northern, and the rest is in communities and urban areas.

And I'm not sure how to say how many acres to go because there have been . . . I would say the majority of the First Nations that will have TLE have been completed, but there are still negotiations under way on four. And it's a little hard to be exactly precise about how many more would be coming because some of them, it's subject to reviews by the Indian Claims Commission and so on as to whether they will have an entitlement to then proceed.

So there are probably about another 10 under research of some kind or another. And of those, say half of them would probably proceed. But I don't have an estimate as to how many acres would be associated with some of those because some of them are still at the research stage.

The Chair: — Okay. So you'd anticipate there could be . . . Would there be in total 1 million acres that would likely fall into TLE then? Wasn't there an objective that was put forward?

Ms. Sanders: — You're probably showing me, and in fact I've got it here, a chart showing it could be up to 2 million.

The Chair: — Two million. Right. We're already over 1 million. I'm not adding right here.

Ms. Sanders: — That's for the 29 . . . oh sorry, it's for the 29 First Nations that have already settled. It's 2,052,123. Is that right? Yes.

The Chair: — Can you tell me what your department's policy is with regards to TLE purchases on land that is likely or has already been proven to have gas and oil reserves? I know there's been some deals put together in the South Saskatchewan River Valley and the Shackleton gas find. And my understanding is that it took so long these deals fell apart or at least some of them fell apart. Can you just explain to me what's happening there?

Ms. Sanders: — Well I can just explain in general that when land is selected . . . if it's Crown land it's a little simpler. If it's owned by somebody, it's subject to willing buyer, willing seller and that kind of thing. But with regards to the land there are certain issues about environmental assessment and so on. And at the best of times, my understanding at the best of times between our processes and then particularly relating to the federal processes, it would take anywhere from a year to a year and a half to go through all those particular steps. And I know that those delays — delay may even be the wrong word — the time that it takes is often frustrating to First Nations who want to get on with their development. But a certain number of those things just have to do with taking the time to make sure any interests within that region are taken into account, the appropriate environmental and other steps are taken.

So that's the best I can say right now. If there were a particular issue, we can probably get information, but I think that just in general sometimes that's frustrating for those that have selected lands because they want to do immediate development, particularly if there's a business partner that's anxious to get on and doesn't understand the kinds of times that it sometimes takes.

The Chair: — With the delay and one case that I'm thinking of, there was a willing seller. These delays, would they primarily be the fault of the federal level of government, or would they be Sask Environment, or are they equally slowing down the process?

Ms. Sanders: — No, where there's fault, it's federal.

The Chair: — Oh yes.

Ms. Sanders: — But I think it's expected that, you know, there's some time needed for the process. And depending on the type of land selected and so on, if there's an environmental sensitivity . . . I mean the lands are classified as to whether there's an environmental sensitivity or not. So I mean we do expect the Environment department to do its job, and that takes some time. But I'm only partly kidding when I say the delay is federal because they do tend to have things that take some time.

The Chair: — Just a last question. I'm sorry to be maybe getting off the topic here, but it is an important issue, and I don't see anybody else with their hand up for a question.

If there is land that has . . . It's Crown land and it's leased by a private individual and they have no mineral rights. The minerals are in the Crown. If this land is then converted to TLE property, how does that change the responsibility of the developer of the oil and gas — in this case it would be gas — to pay both mineral rights and surface rights? Would there be greater surface rights than mineral rights to an Indian band that acquired TLE as versus to the Crown if it remained leased land?

Ms. Sanders: — I think, sir, that I'm not 100 per cent clear on the question. If it's leased land, if it becomes TLE land, then the lessee is out of the picture.

The Chair: — Right.

Ms. Sanders: — And then I'm not sure I'm fully understanding what's being asked.

The Chair: — Well then if it's TLE land, would the oil and gas company have to pay a higher rate or a different rate of surface rights and mineral rights than if the land remained with the, you know, with the Crown?

Ms. Sanders: — I don't know. I don't think so, but I don't know. I haven't heard that question asked in quite that way before. And I . . .

The Chair: — Mineral rights, do they stay with the Crown when land is transferred through the TLE process, or do the mineral rights then go to the band?

Ms. Sanders: — The First Nations.

The Chair: — The mineral rights go to the First Nations.

Ms. Sanders: — If they're undisposed minerals, then those rights go to the First Nations as part of the process, yes.

The Chair: — And you don't know about surface rights? Because I know that if you're a leaseholder, you receive almost no surface right remuneration if there's oil and gas wells developed. But the province does acquire a fair bit of revenue from those wells. I'm just wondering, if it's TLE land, whether the rate would be higher yet or whether it would be the same as the province has received. And perhaps you don't know; it's maybe not a fair question to ask. But if you could find out we'd appreciate that.

Ms. Sanders: — And I'm thinking that perhaps the reason we don't know is that it would be a matter, I think, for the First Nation to negotiate. If they were going to have a different regime than elsewhere, they would establish that and see whether it was a deterrent to those that wish to come and develop.

The Chair: — All right. I'm sorry; I perhaps was unfair to ask you these questions. But I appreciate the answers that I did receive without any forewarning.

Colleagues, we have used our time this morning, and there are no recommendations in this chapter, so no motions are required. We will recess until 1 o'clock.

By the way, thank you, Ms. Sanders and your officials, for appearing before us. We'll give you a break now. You won't have to appear for quite some time; I think you can count on that. So thank you for coming and, the rest of you, we will see you after lunch. We are recessed.

[The committee recessed for a period of time.]

Public Hearing: Justice

The Chair: — Good afternoon ladies and gentlemen. We'll reconvene our Public Accounts Committee meeting. We've now moved into the afternoon agenda beginning with the Department of Justice, chapter 13 of the 2005 report volume 3, by the Provincial Auditor's office.

We're pleased to have the deputy minister, Mr. Moen, here with several of his officials. Before we ask you to introduce your colleagues, we will hear though from the Provincial Auditor's office. I believe we have Kelly Deis, principal, doing a summary of chapter 13, and then we will get a response from the department and have a time for questions. Mr. Deis.

Mr. Deis: — Thank you, Mr. Chair. I have about a five-minute presentation that I'll deliver this afternoon. Our chapter starts on page 281.

In the first three pages we describe the department's mandate, its funds and agencies, and our audit conclusions. On page 283 we note that the department needs to improve its processes for the receipt of fines tickets. Improvements in processes are necessary so that the department can properly enforce fines and criminal charges. We expect the department to have cost-effective processes to know the tickets used by law enforcement agencies and unused tickets.

The department does have processes directly or through law enforcement agencies to track issued and unissued tickets. As a result, it does not know if it has recorded all tickets issued by the agencies. This could result in the department not achieving its goals of safer communities and upholding the rule of the law.

On February 18, 2002, this committee agreed with our recommendation. We continued to recommend that the department strengthen its processes to ensure that the department records tickets issued by law enforcement agencies.

During its meeting on June 1, 2004, of the Public Accounts Committee, the deputy minister told the committee that the department planned to review on a sample basis outstanding tickets in its information systems and use the information to guide future practices.

At the April 12, 2005, meeting of PAC [Public Accounts Committee] the deputy minister told the committee that this review is in process. This review was completed after our audit. We note from this review that the department was not able to find any of the tickets it looked for that cannot be accounted for.

We also note from this review the department is replacing its legacy Justice Automated Information Network, commonly referred to as JAIN. We understand that the department intends

to examine the tracking of tickets as part of the system's development work.

On page 285 we continued to recommend that the department ensure that when repeat offenders appear in court it informs the sentencing judge of any unpaid fines. In January 1999 PAC recommended that procedures be developed to ensure that when repeat offenders appear in court the sentencing judge will be informed if previous fines are unpaid. The department carried out a pilot project. The deputy minister reported the results at the April 12, 2005, meeting of PAC. The deputy minister told the committee that the limitations of Justice's existing fine systems prevent it from effectively providing this information to the courts. This system is in the process of being replaced, and the department intends to explore the feasibility of automated tracking of this information.

On page 285 we note the department needs to control its cash and suppliers payments. To do this, the department must segregate duties of its employees to safeguard resources from misuse. Segregation of duties is inadequate when an employee is in a position to perpetrate and conceal errors or frauds in the normal course of their duties. The department also needs to segregate duties to ensure that errors or fraud are detected in a timely manner.

We found that some employees at local registrars' offices have access to cash, enter cash receipts into the accounting system, and do bank reconciliations. We found that some employees of the administrative services branch can approve changes to records that establish eligible suppliers, approve payments to suppliers, and record payments to suppliers into the accounting system.

We also found that the administrative services branch accounting entries could be prepared and approved by the same person. On page 286 we make three recommendations that the department should segregate the duties of the applicable employees. We understand the department is in the process of doing this.

On page 286 we note the department needs to complete its business continuity plan to help ensure it can continue to deliver its critical services in the event of a disaster. During the year the department made progress in developing its business continuity plan. They identified staff responsibilities that would be required to respond to a departmental emergency. Also the department identified its critical services and is completing the development of plans for them. The department now needs to clearly prioritize which functions would be recovered and when, and ensure all key staff is aware of their priorities.

The department also needs to improve its documentation of the procedures for invoking the plan, the central coordination of the plan, and for the coordination between the branches. And that concludes my comments.

The Chair: — Thank you, Mr. Deis. We appreciate that summary of chapter 13. Again welcome, Mr. Moen. If you would introduce your colleagues and care to respond, then we'll open up the floor to questions.

Mr. Moen: — Thank you, Mr. Chairman. To my left is Rod

Crook, the assistant deputy minister, courts and civil justice. To my right is Gord Sisson, who is the director of administrative services. And behind me — and maybe they could just raise their hand when I call their name — are Murray Sawatsky, the executive director of law enforcement services; Daryl Rayner, the director of prosecutors and public prosecutions; Deb Barker, the director of financial services and fine collection and court services; and Mike Pestill, the director of assurance and financial reporting with the administrative services branch.

So I'd like to begin with a brief statement in response to the recommendations set out in volume 3 and just thank, first of all, the Provincial Auditor and his staff for their excellent co-operation during the course of the year.

The auditor noted three areas for improvement: tracking, enforcing, and collecting of fines; segregation of duties of certain employees; and completion and implementation of the department's business continuity plan. I'm going to address the second and third areas first, and I'll come back to fines at the end of my remarks.

In his report the auditor made three specific recommendations respecting segregation of duties. The Department of Justice recognizes the importance of sound internal control systems and takes all necessary steps to adequately safeguard all public assets that are the responsibility of the department.

The concern about segregation of duties in local registrars' offices and the Court of Queen's Bench arose out of an attempt by staff to maintain a level of customer service. Rather than turn a member away, on occasion an employee who prepares bank deposits would accept payments at the counter. In response to the recommendations of the Provincial Auditor, managers at the larger offices have designated employees to handle the deposit responsibilities for their office, and these employees will not be accepting payments at the counter nor handling payments submitted through the mail.

With respect to segregation of duties in the administrative services branch, policies have been amended to clearly outline that employees who initiate changes to supplier information or record payments do not have the authority to approve invoices for payment nor do they have the authority to approve local purchase orders. It's important to note that department employees do not have the ability to change existing supplier information or add new suppliers directly, only to submit changes or additions to the Department of Finance.

Now the concern about the accuracy of certain journal entries is restricted to a small number of revenue entries. To respond to this, administrative services branch has extended its approval processes to ensure all accounting entries prepared by staff are approved by senior staff not involved in the preparation of these entries. Staff who are tasked with the preparation of these entries do not handle cash, only the paper work after transactions have occurred. In other words we're trying to address all three of these recommendations as put to us, and I would just point out that in all of these situations — these three areas — the risk of fraud is minimal.

Now in response to the auditor's recommendations that the department complete and implement its business continuity

plan, I can report the department continues to have a resource responsible to coordinate and manage development of the plan. We expect the plan to be finalized by late 2006. Following finalization would be testing and ongoing updating as required. Mission critical systems have business continuity plans already in place.

And now the auditor has made a number of recommendations in the past with respect to the tracking, enforcement, and collection of fines, and the matter of fine collection has been the subject of recent media attention. I am pleased to have the opportunity to respond to the auditor's recommendations as well as to outline that the Justice department is currently doing to collect fines as well as several enhancements to our collection activities.

In response to the recommendation that Justice strengthen its procedures to ensure that we record the tickets issued by law enforcement agencies, we have done some further work in this area. First of all, the department continues to believe that there is very little risk that tickets would be used for fraudulent purposes. We did conduct a review of police services to see how they monitor tickets, and we have had discussions with police services. The review found that most law enforcement agencies destroy voided or spoiled tickets rather than returning them to the department. A review by one police service found that about 10 per cent of tickets were spoiled. A 10 per cent spoilage rate is to be expected. We also believe that 5 per cent of tickets were unissued. The auditor estimates that 15 per cent of summary offence tickets are unaccounted for.

We have recently written to law enforcement agencies throughout the province advising them of a formal department policy requiring them to return all issued, spoiled, or voided tickets. And we've asked them to begin that process by April 1, 2006.

Now with respect to ensuring that judges are provided information on outstanding fines at sentencing, I reported in April of 2005 that we had implemented a pilot project to provide outstanding fine reports for offenders on the court docket. We determined that the current court information system, the JAIN system which I have discussed here with you before, is limited in its ability to efficiently provide this information. JAIN tracks individuals that owe fines and the amount owing. However the process to access this information is manual and cannot always meet the timelines of a docket court.

The Department of Justice is currently in the process of replacing JAIN. A priority identified from the new system is to automate the ability to generate information with respect to outstanding fines for any offender appearing in court. We expect to have the new system in place by the end of 2007. In the interim, regional prosecutors are accessing information from JAIN with respect to outstanding fines and providing the information to the court at sentencing wherever appropriate and possible.

Our current fine collection program is largely driven by amendments to the Criminal Code made in the mid-'90s that require the Crown to exhaust all avenues to collect the fine before making an application to the court for a warrant to

incarcerate an individual. Through our efforts, more than 80 per cent of fines are collected over a five-year period, and there are serious consequences for people who do not pay fines. Since 1996 we have implemented a number of measures to increase our level of fine collection, and we continue to explore new avenues.

Beginning in 1996, court services expanded the options for offenders to pay their fines. Offenders can pay by cash, cheque, credit card, and debit card at any provincial court office in the province. Offenders can also pay their fines by using a credit card over the telephone. The locations of provincial court offices are easily accessible through the Saskatchewan law courts website and Saskatchewan telephone directories. In April 2003 Saskatchewan was the first province in Canada to provide offenders with the ability to pay over the Internet.

Since 1997 we have been issuing demand letters. Each month letters are mailed to each offender with an outstanding non-traffic related fine. If payment is not made within 30 days, the matter is referred to a collection agency. People whose fines are sent to a collection agent will see their credit card affected.

In 1981 we implemented a program whereby people who do not pay provincial traffic fines were not able to get their licence renewed. In 2001 we expanded the program to include Criminal Code driving offences as well. Every month offenders with outstanding traffic fines and approaching the renewal date for their drivers' licence are notified that they will not be allowed to renew their licence until the fine is paid. If these fines continue to remain unpaid, they are turned over to a collection agency 60 days after the end of the offender's birth month.

As of December 31, 2005, there are approximately \$20 million in outstanding fines accumulated since 1988 with about \$4.2 million older than six years. More than \$8 million of this balance is less than three years old. Our collection history demonstrates that a large portion of that 8 million will be collected through non-renewal of driver's licences and referral to collection agents. Older fines are more difficult to collect, and it is these fines that make up 20 per cent of the fines not collected.

On these older fines and for those that have not responded to the measures already outlined, we are stepping up civil enforcement. Effective March 1, 2006, we are expanding our civil enforcement unit which will provide a very important added enforcement resource to collect outstanding fines.

We have made significant improvements over the years. We are monitoring and evaluating our progress on an ongoing basis, and our goal is to increase our five-year collection rate from 80 to 83 per cent over the next three years.

I want to reiterate that there are serious consequences for people who do not pay fines. People who do not pay traffic fines will not be able to get their driver's licence renewed. People whose fines are sent to a collection agent will see their credit rating affected. People who do not respond to demand letters and the collection agents could see enforcement action taken through the civil processes and could also face a hearing to determine if they should be incarcerated.

And we're very pleased to take questions.

The Chair: — Well thank you, Mr. Moen. I should inform committee members that Mr. Cheveldayoff is now being substituted for by Mr. Morgan as opposition Justice critic.

Thank you, Mr. Moen, for that response — some familiar ground that we've gone over not too long ago. So I suppose that a lot of the questions will be regarding measuring of progress between this occasion and the last occasion we raised these issues. We'll take questions from committee members. Mr. Morgan.

Mr. Morgan: — Mr. Moen, the media reported some time ago that the department was really measuring the number of unpaid fines by the number of filing cabinets. I'm presuming that's the paper copies that are there. Can you tell us how many drawers and how many filing cabinets? Are they all centrally located? I'm wondering where that came from.

Mr. Moen: — Well I'll just ask Mr. Crook to speak to that question.

Mr. Crook: — There was a media report in Saskatoon that referenced a staff member in the Saskatoon Provincial Court office. I don't know whether or not that staff member was accurately quoted or not. Each office does contain files with the paper record, but our collection statistics are kept in terms of the aggregate amount that is collected and what's outstanding.

Mr. Morgan: — So each office would have a filing cabinet or filing cabinets with . . . would they be the only thing that's in that filing cabinet would be the tickets that have, or the files of unpaid fines or . . .

Mr. Crook: — Yes I couldn't say whether it would be the only thing in the filing cabinet but certainly, you know, whatever storage requirement is needed would be there.

Mr. Morgan: — And their statement may well be accurate that we're talking about several or many cabinets full of unpaid fines.

Mr. Crook: — Yes. As the deputy reported our collection record is 80 per cent of fines ordered in any given year are collected over a five-year period. So there is the 20 per cent that is not collected, and all of the paper records relating to those are kept.

Mr. Morgan: — So their figure of 12 or 20 or whatever number of filing cabinets may well be a low number if you include all of the province.

Mr. Crook: — Yes, I don't have information on the number of filing cabinets.

Mr. Morgan: — The deputy minister made reference about replacing or updating the JAIN system. I'm wondering how much money is anticipated, whether a contractor has been retained to do that, and what's happening in other provinces with regard to the software.

Mr. Crook: — The department is in the process of replacing its

JAIN system as well as the systems in adult corrections and youth corrections. The threshold question for us was whether to build a new system or to acquire a system from another province, and the decision was made to licence the Nova Scotia JEIN [Justice Enterprise Information Network] system which is a newer system that has much of the functionality we require and to adapt it as a cheaper solution than building our own system. The total budget for that project, that has been approved, is 1.53 million over two years. And that's split between the Department of Corrections and Public Safety and Department of Justice.

Mr. Morgan: — And how long will it take to have that implemented?

Mr. Crook: — Our target date for completion of the system is the end of 2007, and we're currently in the process of doing the detailed, what's called, gap analysis between the functionality that we require versus the functionality that's in the Nova Scotia system and then to obtain cost estimates from the developers as to what each of these pieces would cost to have that functionality in place. And I should just mention that that includes the functionality about the outstanding fines report, automating that functionality to provide to the sentencing judge.

Mr. Morgan: — Okay. What about taking all of the existing outstanding, would that cost include going through this 15 or 20 or more filing cabinets and taking all of the paper information there and putting it in there?

Mr. Crook: — All of that paper information is currently in the JAIN system. It's already in place, and we can access the information on each offender's outstanding fines without recourse to the paper file.

Mr. Morgan: — I understand the weakness with the JAIN system — and correct me if I'm wrong — is that you are unable to do what in business they would refer to an aged-accounts receivable, that you couldn't say you've got so many outstanding fines that are 30 days in arrears, so many that are 60, so many that are 90 and then produce a list of them. Is that the weakness?

Mr. Crook: — No we do have aged-account receivable balances for outstanding fines, aged according to how many, whether they have been outstanding in the current year, more than one year, more than two years, more than three years. That kind of information is available.

Mr. Morgan: — So your issue right now is that it is not readily accessible by the judge unless you do a separate query for each offender. Is that . . .

Mr. Crook: — Yes essentially what would be most useful for the court is to have the information on offenders' outstanding fines on docket. And because of the rather long lists of some of the dockets, particularly in the bigger centres, while the information can be obtained from JAIN, the computer system, there is a manual component to it where, as you say, the staff member has to look for each offender. It's not an automated process whereby the information is automatically generated for each name on the docket list.

And so because of some of the timelines for docket court and the staff resources that would be required to pull the information, it is difficult to get it for every name on the docket.

Mr. Morgan: — Mr. Crook, I'm not sure what you're saying. You said that you can produce an annual list of all of the offenders with all of the fines. Can it be done on a monthly basis or on a . . .

Mr. Crook: — I'm sorry. That was aggregate financial information, you know, the total account receivable balance aged by how long it's been outstanding, that type of aggregate . . .

Mr. Morgan: — But it does not list the individual offenders.

Mr. Crook: — No.

Mr. Morgan: — Okay so that's where I'm going. That's the weakness of the system. You can't print out a list of everybody that's 90 days or a year old. At the end of the year, you just know the total number of fines.

Mr. Crook: — That's right. And match it up to a docket list so that the information could be provided to the sentencing judge.

Mr. Morgan: — And will the system you're proposing to acquire from Nova Scotia be able to give you that on a monthly or an annual basis?

Mr. Crook: — We want to be able to produce it for every court docket so it would be an automated process whereby for every offender's name appearing on that court docket, the system would pull up their total aggregate outstanding fines.

Mr. Morgan: — Well that addresses the offender that's going back before a judge for yet another offence. That does not address the person who has an outstanding fine that hasn't reoffended or isn't before the system again. So will this system produce an aged list so that you can deal with the people that have not reoffended but still have outstanding fines?

Mr. Crook: — Yes. Right now because of the limitations on JAIN, we have to do special runs on JAIN and to produce reports. But for example, we can produce reports that list as of a certain date how many fines over a certain amount are outstanding and the offender information. So that can be produced although it takes some special effort with the computer system and some cost goes along with that. It's essentially a very old system that isn't . . .

Mr. Morgan: — What I want to know is, when the new system will be implemented, will it be able to have that function, and it will be able to produce a list of aged accounts receivables without having to do a query by offender?

Mr. Crook: — Yes that is our intent, that with the modern system on a modern database, we should be able to get the types of management reports that you are talking about that are currently difficult to get from JAIN.

Mr. Morgan: — And that you should be able to get on a monthly or an annual basis.

Mr. Crook: — We would be able to get it on a monthly basis.

Mr. Morgan: — Okay. And you think that will be implemented by what date?

Mr. Crook: — The target date for completion of this system is the end of 2007 and . . .

Mr. Morgan: — Supposing you had that list available to you today, what would your department do with that list?

Mr. Crook: — Well currently we do have that information for fines over \$2,500, and we do actively monitor those fines for collection purposes. What it would give us, though, would be on a regular basis the information on fines below that \$2,500 threshold. The vast majority of fines are smaller — there's not a large number of files where the total outstanding fines is high — and so it's relatively straightforward to pull that information from the current system but not for the larger volume that would be involved in lower dollar fines.

Mr. Morgan: — The auditor raised it in two contexts. One is the concern about the lost revenue or the revenue that the government should have but doesn't. And the other one that . . . [inaudible] . . . raised was the upholding of the rule of law. And I have a particular concern about people that have fines that are not paid, that by not coming back in a court of law are effectively able to scoff at it, not pay it at all.

So my question is, if you have that list now and you expect to have it in 2007, what would you do to deal with it? What would your business plan or what would the department's plan be to collect that? What kind of resources would you put to it? What would your plan be by way of handling this once you identified the individuals, the amount for each individual, and the length of time that that fine was delinquent? What would you do?

Mr. Crook: — Well our focus would be on enhanced civil collection. So as the deputy minister pointed out there were the two streams depending on whether it's a traffic-related offence or a non-traffic offence and the various collection processes that are currently in place that gets us to the fine collection rate of 80 per cent.

Over and above that however is . . . in situations where the person does not pay voluntarily and through the collection mechanisms that are currently in place that provide some significant consequences for people, whether it's driver's licence non-renewal or having their credit rating affected, etc., the next step if there is still not payment is to look into . . . investigate the circumstances of that offender in terms of their financial situation, enter into discussions with them about payment, and if it's necessary arrange a payment schedule.

But failing all of that, then the only recourse left to us is expanded civil enforcement using our civil law branch and our sheriffs throughout the province in terms of the types of things like garnishment of wages if there's wages to be garnished, bank accounts, seizure of vehicles. Those are the types of civil enforcement that we would be looking to.

Mr. Morgan: — In 1996 there was the amendments made to the Criminal Code to allow for or require an application be

made to the court before a person was committed or before a person were to serve their time in default. Would you develop a procedure or a method that those things would be brought on a regular basis, or is there a plan in place as to how you would deal with that?

Mr. Crook: — The provisions of the Criminal Code dealing with that area require civil enforcement to be exhausted so it is fully appropriate to consider jail as a last resort if someone does not pay voluntarily or will not pay through civil collection. And particularly in the larger dollar files, those are monitored quite closely. And if payments are not made and civil collection is exhausted, then those would be referred to public prosecutions.

Mr. Morgan: — I see this as two separate problems. One is the one raised by the auditor insofar as being able to identify the individuals, the length of time, etc., and have the information available to the judges. I see that as one problem. And your department has indicated a timeline to address that and have indicated that you are acquiring software from Nova Scotia and look forward to seeing that being completed in that time line.

The second part of it — and I want to raise it for you now because I know we'll be back dealing with it later on — is sort of the double issue of how we're going to collect that money once we've identified the individuals that are there. One is the revenue issue for the province, and the other one is the integrity of the justice system, respect for the justice system, having fines as being a meaningful method of punishment for people. And I know we've got a large number of methods available now through fine option, payment over time, and I know that our judges have been very supportive and see jail as a last alternative.

But the expectation that I think the citizens of this province have is that when the people don't meet those expectations, is that the province is dealing with it somehow other than by sending letters or collection agencies; that these people will be accountable.

So I raise that for you now, and if you want to comment on that, please do. What I'm looking for from you is a commitment as to what your target is to get your collections. You said you wanted to move it from 80 to 83 per cent in five years. I don't know whether you're saying you want to be 83 per cent after five years or whether you want 83 per cent of it collected per year over the next five years. I'm not sure what you're meaning by that.

Mr. Moen: — Thank you, Mr. Morgan. Through the Chair, I would say that the concerns you have around integrity and revenue we fully share. We very much agree that it's just not acceptable to have people not paying their fines. And it does run the risk of the justice system being brought into disrepute — our system of justice — as well that there's obviously a revenue issue that we need to be concerned about.

And I would also say that, you know, I think improvement can be made here, that I don't think that 80 per cent . . . 80 per cent is what we collect in five years. It's a rolling average. I think we can do better than 80 per cent, and I'm quite confident of that.

We have now decided to apply new resources, additional

resources, on the civil enforcement side. Those resources would work with sheriffs to proceed against, particularly in the first instance, the larger fines — the ones over \$2,500 — make sure that those are proceeded against and that work is actively ongoing. And as of March 1 this additional resource will be put in place. And the kinds of mechanisms that you've talked about — garnishment — the usual remedies that are available are ones that we fully intend to use and explore.

I would say that we are having some success recently in terms of we've had one very large fine recently paid that, you know, we were anxious to see paid. We've made arrangements for ongoing payments in a number of other cases. I'm talking larger ones here now. And so some of this is coming to fruition. But we're seeing with this additional resource, we will be able to proceed with the kinds of remedies that you are suggesting we proceed with.

Mr. Morgan: — The federal government uses . . . with unpaid monies owing to Canada Revenue Agency, if there is fines or unpaid taxes, they are very quick to obtain a judgment and register a writ of execution. Has the provincial government ever used a writ of execution or registered a writ of execution to collect unpaid fines?

Mr. Crook: — Yes we have. And the writ of execution then goes to the sheriff for civil enforcement. I could maybe just use as an example . . . there are 10 fines in the province that are currently outstanding as of the date we ran the last report, which is within the last month, over \$20,000. Those fines, a number of them, the writ of execution has been issued. The sheriffs have done their investigations. Arrangements have been made with debtors for payment. So the answer is yes. But if, you know, you want more detail, I can provide that as well.

Mr. Morgan: — Well you're using it by way of an example, or were you saying you've done it 10 times in total?

Mr. Crook: — No I was using that as an example.

Mr. Morgan: — Okay. I'm just wondering what threshold you would be willing to do it. My suggestion would obviously be that, you know, with computers and the availability of ISC [Information Services Corporation of Saskatchewan] to register against a debtor's land — you have addresses for most of these people — why we wouldn't be registering against the titles to property they own once they're in an arrears situation? Canada Revenue Agency is relatively sophisticated at doing just that. And I'm wondering whether the province intends to do that as well.

While I'm asking, my next thought would be if those same individuals have drivers' licences. And why aren't we doing that at a relatively small level of fine? Why are we doing it for ones that are 10 and \$20,000? Why aren't we doing it for ones that are 100 to \$300 or whatever that are . . . because that's where the vast majority of fines exist.

Mr. Crook: — The focus is not just on the very high dollar fines. But the focus of the civil enforcement unit, once you exhaust the more routine collection methods in terms of driver's licence non-renewal and things of that nature that you've mentioned, what we're wanting to do is focus on fines over

\$2,500 in aggregate and using the array of civil enforcement, including what you mentioned in terms of registration against land. So if as a result of the investigation of the debtor's personal circumstances there is land, then that is an option for us to register to . . . certainly to prevent further dealings with that land until the fine has been paid.

The driver's licence non-renewal program is in place for all traffic related fines, both provincial offences and Criminal Code fines in the province of whatever dollar amount. So you don't pay a traffic fine; you don't get your driver's licence renewed, period.

Mr. Morgan: — Right now that's just for traffic offences. That's not for other Criminal Code offences like an assault or something else.

Mr. Crook: — No. You know, that is I think an interesting policy question as to whether or not to expand the driver's licence non-renewal program to cover all fines because it is an effective collection method, but at the present time it is limited to traffic fines.

Mr. Morgan: — When you've mentioned the figure . . . When I read the report and saw that we were around 80 per cent or actually less . . . I think in the 70s was the figure I had seen earlier. If a business had only a 70 per cent collection, and I realize you don't make credit decisions before fines are granted, but I think most people in the public, if SaskPower or SaskEnergy or SaskTel were only collecting 70 or 80 per cent, that would be regarded as unacceptable unless there was a fairly aggressive collection method in place.

And given that this is taxpayer dollars and given that this also deals with the importance of the rule of law, I think it is the expectation of the taxpayers that a higher priority should be given to collecting these funds once your computer system comes online. So I raise that with you now that it's something I think the citizens of the province will find important as we go along.

The money that you collect is divided up between Criminal Code offences, traffic offences. In there, there are no municipal offences. Is that correct?

Mr. Crook: — No, not for money owing to the General Revenue Fund.

Mr. Morgan: — Okay. And then the traffic tickets, is that money, some of it collected on behalf of municipalities?

Mr. Crook: — Yes there are municipalities where there is fine revenue. A portion of fine revenue goes to municipalities depending on their policing arrangement.

Mr. Morgan: — So that will vary from municipality to municipality.

Mr. Crook: — Yes.

Mr. Morgan: — So right now we have . . . General Revenue Fund is short money. What about the municipalities if the funds aren't collected? Then do they not receive their money either?

Mr. Crook: — That's correct. We remit what we collect.

Mr. Morgan: — Do we know how much the municipalities are short?

Mr. Crook: — I don't have statistics on the 20 per cent of fines that aren't collected, as to how that would impact municipalities, but I can perhaps get at your question another way. The total municipal fines that are collected for municipalities and distributed . . . the amount of revenue distributed to municipalities for fine revenue is 5.52 million.

Mr. Morgan: — That's in one fiscal year?

Mr. Crook: — Yes that's an annual number so . . .

Mr. Morgan: — How much goes to GRF [General Revenue Fund]?

Mr. Crook: — The GRF, there is a total of 10 million 206 million. These are figures for the 2004-05 fiscal year.

Mr. Morgan: — So it's about two-thirds of the money is provincial money; one-third is municipal money.

Mr. Crook: — Yes I think that's fair.

Mr. Morgan: — Okay. And of the 18.8 that's outstanding, uncollected, it would probably be fair to assume about \$6 million of that belongs to our municipalities?

Mr. Crook: — The figure for outstanding accounts receivables is for the province only. We do not track separately amounts for the municipalities.

Mr. Morgan: — So the 18.8 is money owed to the province?

Mr. Crook: — To the province.

Mr. Morgan: — And then assuming this one-third, two-third is reasonable, if the default rate is the same, there would be another \$9 million that would be outstanding to municipalities. Would that be . . . it would be in that range.

Mr. Crook: — Yes based on those assumptions, I'd agree.

Mr. Morgan: — So we're not only hurting the provincial taxpayer, we're also hurting the municipal taxpayer as well to a significant amount.

Mr. Crook: — Yes the only other comment I would make is you were referencing figures around 70 per cent, and our collection rate is 80 per cent of fines ordered in any given year, are collected over a five-year period. Our three-year collection rate is 77 per cent, so that may be where you're getting the number in the 70s from, but there are certainly 80 per cent of fines collected through an active fine collection program.

We think we can do better. We intend to do better in terms of expanded civil enforcement but we think we do have at the present time an active fine collection program that does bring in, as I say, fully 80 per cent.

Mr. Morgan: — Without wanting to belabour the issue, in November 2005 the outstanding amount was 18.8. We're now into 2006. Do you know what the current amount is now?

Mr. Crook: — As of December 31, 2005, the current amount is 20.03 million.

Mr. Morgan: — So it's actually gone up.

Mr. Crook: — Yes. Now it's important to note that of the 20 million, if you break it down in terms of . . . on an aged-receivable basis for example, 8.5 million of the 20 million is less than three years old. And so given our historical collection record, we expect to collect the majority of that money. So this running balance is kept of outstanding fines but every month judges order new fines. Those fines are not . . . During the period of time when they're not paid, they are added to the balance. And then when the collection comes in, they are taken off. So the 20 million does, you know, represent a number of different things.

Mr. Morgan: — But it's gone up, not down.

Mr. Crook: — Yes. And with the 20 per cent of fines that are not collected, it has to go up.

Mr. Morgan: — This sum does not include money that would be owing for federal fines, for fines levied under The Income Tax Act?

Mr. Crook: — No.

Mr. Morgan: — What about narcotic fines?

Mr. Crook: — Those are fines paid to the federal government. These are only fines payable to the province.

Mr. Morgan: — Okay. So what pieces of legislation would the fines be generated by? The Criminal Code?

Mr. Crook: — The Criminal Code and provincial statute offences.

Mr. Morgan: — Okay. So the only federal offence that is included, or federal legislation that is involved here, would be the Criminal Code?

Mr. Crook: — That is certainly the main one. We would have to . . . I would have to check that point, but the Criminal Code is certainly the predominant statute in terms of the federal side.

Mr. Morgan: — Okay. And there would be . . . And then are you able to break down within that what offences generate what sources of revenue?

Mr. Crook: — Again because of the system limitations with JAIN, it's not possible to break down without running special reports and that kind of thing.

Mr. Morgan: — Will your new system be able to say, we are able to say there were so many fines levied for drinking driving offences, there were so many were theft, so many were assault? They would break it down by offences. Will that be the type of

information will be available?

Mr. Crook: — That is the type of functionality that we would like to have on the new system, and we're currently exploring with the developers what it would cost to put that in place, in comparing that with what our budget is and to determine what we can do. But we would like to have as much information as possible in order to analyze the fines and the various categories.

Mr. Morgan: — Will it include fines by sentencing judge? Is that something that you asked for?

Mr. Crook: — No we have not.

Mr. Morgan: — Okay. This money that's uncollected right now will also include victim surcharges as well that are levied?

Mr. Crook: — Yes. The victim surcharge is tracked separately from fines, so the figure for fines is the one that you have. For the surcharge as of December 31, 2005, is approximately 2.9 million.

Mr. Morgan: — Okay. So in addition to this, there's another \$2.9 million that's in arrears that would be money that would be available for victims. That's correct?

Mr. Crook: — Yes.

Mr. Morgan: — On any of these funds, is there a provision for collection of interest or costs of collection, or is that something that you have considered with regard to your new system?

Mr. Crook: — When collection is done through the civil enforcement with the sheriffs, the normal costs that they would charge creditors are added on to the amount outstanding. And there is also a late payment fee of \$40 which is applied to every fine in recognition of the fact that the province is having to spend additional efforts . . .

Mr. Morgan: — That's a fixed sum no matter how much the fine is.

Mr. Crook: — That's correct.

Mr. Morgan: — Canada Revenue Agency has got an interest rate that's roughly the commercial interest rate if not higher. It's on unpaid fines. Why would the province not consider a similar approach or is that something that's under consideration?

Mr. Crook: — Certainly when writs of execution are issued, interest can accrue. And so . . .

Mr. Morgan: — Interest on a writ of execution accrues at 5 per cent unless it's a federal one, and then it accrues at the other rates stipulated by the feds. Would the province consider legislation that would allow a more appropriate rate to be charged?

Mr. Crook: — Yes, we would.

Mr. Morgan: — And can you tell me what rate you're considering or what . . . how you would work that?

Mr. Crook: — It's one of the areas that we're looking at in the context of the new civil enforcement unit, but I do not have any specific additional information. We would need to come back with a recommendation on that to ministers.

Mr. Morgan: — The auditor's office raised the book of the numbering system used on ticket books. The ticket books I presume would not be used for anything other than vehicle offences or are they used for other things as well?

Mr. Crook: — They're used for all . . . whatever tickets the police write. So whether they're traffic related or otherwise, they would use the tickets.

Mr. Morgan: — And so they would be used for . . . when you say ticket, you're not talking then just traffic tickets. You're really talking an information under the Criminal Code as well.

Mr. Crook: — Right, with the summary offence ticket for that under which The Summary Offences Procedures Act applies.

Mr. Morgan: — And there's approximately 10 to 15 per cent of the tickets that are issued are not accounted for.

Mr. Crook: — Yes, that is correct in the sense that these tickets are either unissued in a police officer's briefcase or storage room in a police detachment or they have been voided or spoiled. And there is some additional information on that from the survey, if that's useful.

Mr. Morgan: — I presume the auditor's concern will be where the tickets include a voluntary payment option. Would that be . . . Am I correct in assuming that that's their concern for lost revenue is where there's a payment component on the ticket rather than merely a court appearance to be required?

Mr. Crook: — Yes, I think that is part of it. They want the department to have the ability through the police agencies to be able to account for every ticket that has been distributed to police agencies regardless of whether it's issued, unissued, or been spoiled.

Mr. Morgan: — The issuing of a ticket that would have a voluntary payment component to it, those tickets will go back I presume to a police station and will be entered into some system so that they can be recorded so that it's crossed off when the payment is made. Is that correct? They're entered into a computer somewhere?

Mr. Crook: — Yes. One copy of the ticket is sent to the court, one copy goes to the person charged with the offence, and one copy is retained in the police records. So we keep track of it through the copy that is sent to the court of the issued ticket.

Mr. Morgan: — And is that where . . . that's where the person would go, to the courthouse to pay the ticket?

Mr. Crook: — Or they may decide to pay online or by phone or . . . But however they pay, their payment will be recorded against the amount outstanding that we recorded once we received the issued ticket from the police.

Mr. Morgan: — How often does it happen, and how is it

recorded when somebody comes to make a payment where the ticket isn't in the system or where the court copy can't be located? How often are payments received . . . are people attempting to make a payment when they can't find the ticket?

Mr. Crook: — We've actually found that is a good check on the system because sometimes the police, they may be halfway through their booklet if it's, you know, a slow area and someone will come to make a payment and the ticket has not been sent in to the court office. We then contact the police detachment; they then send in the issued ticket. So given that approximately half of fines are paid voluntarily it is actually quite a good check on ensuring that the issued tickets come in. Because if there's one outstanding then when you contact the police they tend to send the book in of . . . the entire book of tickets.

Mr. Morgan: — And then there'll be some more in the book as well.

Mr. Crook: — Yes.

Mr. Morgan: — I think that's the concern that the auditor had. And my question is, how often does this happen? Is it a recurring thing that happens with a number of officers and is it a number of locations or whatever? And what steps are taken when it does happen? I appreciate that's a check, that's where you're going to find out if the system is not working.

Mr. Crook: — I just have anecdotal information for you that from our court offices it's fairly sporadic. But it does occur and when it does occur we follow up with the police agencies.

Mr. Morgan: — Not wanting to tell you how the department should do their job but I would think that would be an area where the potential for fraud is there or where there is certainly the possibility that money or revenue would be lost. Because if you have somebody in a book of tickets comes in where the ticket's not there and there is another book of tickets, the people that have not paid in that book are certainly going to be in the position where they will never have to pay and we will lose that as well.

I may want to come back and ask a question there but I think Mr. Chisholm wanted to ask something so I'll . . .

Mr. Chisholm: — Thank you. I have one question regarding the municipality and the province split on these tickets. Do the municipalities even know how much money they would be owed? Because it sounds like they don't get a copy of the ticket so they wouldn't know that they have . . . or do they receive that on a monthly report? I wonder if you could comment on that.

Mr. Crook: — I understand that many of the municipalities track it when the tickets are issued from the local police station so that some of them have their own tracking systems in place and when the payments are made that are collected they can then check them off against the tickets that they know they've issued. But that would be the responsibility of the municipality to do. We provide them with the information of what does get paid.

Mr. Morgan: — The public accounts show I think \$34 million

being paid to ISC. I understand that later this month ISC will be rolling out the changes to the personal property registry and I know I may be outside of what your officials are able to answer today but I'm wondering who the contractor was for developing that software, where that software came from, and what the cost was with regard to the ISC . . . or with the personal property registry.

Mr. Moen: — I'm sorry, Mr. Morgan. We can't . . . we don't have that information.

Mr. Morgan: — No, it's something I'll raise later on. I saw it was in the book and I thought maybe there was something that was . . .

The Chair: — Mr. Morgan, if I could just interject. We're just about to the end of our allotted time. I'll be flexible if you have another question or two that you would like to . . .

Mr. Morgan: — That was my very last one.

The Chair: — Well I guess my timing was fairly good. Maybe I should have said that about five or ten minutes sooner. I could have got all my questions in. But I do want to compliment both Mr. Morgan and our witnesses for the fine exchange of questions and answers. In my short tenure as Chair of this committee I am sure this is the hour where the most questions were asked and the most questions were answered, and that's a credit to both the committee member and the witnesses for a fine job done.

We have four recommendations in chapter 13. I'm just really feeling badly here that I'm not going to get my questions. I do want to ask one question, just one question. It's not related to this, but can you tell us how much the Milgaard inquiry is costing and whether it's on budget, over budget, or where that's at, just so that we would know?

Mr. Moen: — Sure. Just one second, I'll get some help on this. Okay. To the end of this fiscal year it's 7.7. We contemplate there will be some additional expense beyond that but at this point it's about 7.7. And I think the inquiry is hoping to finish the taking of evidence in May or June time period.

The Chair: — Had you projected a cost of the inquiry or are you just . . .

Mr. Moen: — The original projection of the cost of the inquiry was about \$2 million.

The Chair: — And it's now 7.7?

Mr. Moen: — Now it's 7.7. What you see happened with this inquiry is that, you know, as the commissioner's moved into the inquiry he's had to make choices about who got standing. A good chunk of the expense associated with this inquiry relates to legal fees and there are . . . it was very difficult for him, I think, and for the department, to make an assessment as to who would have standing at the beginning and how long it would take to roll the evidence out. And that's where the cost comes in.

The Chair: — So if we could collect all these uncollected fines

we'd make up the shortfall?

Mr. Moen: — It would be of significant assistance.

The Chair: — Well thank you very much, gentlemen. There are four recommendations on page 286 and 287 of the auditor's report. And the first recommendation on page 286 reads:

We recommend that the Department of Justice segregate the duties of employees handling cash and recording cash receipts at the Local Registrar offices.

Is there a motion? Mr. Borgerson.

Mr. Borgerson: — Yes. I'll move that we concur and note progress.

The Chair: — The motion is to concur and note progress. Is there any discussion on the motion? Seeing none, we'll call the question. All in favour? None opposed? That's carried.

Recommendation no. 2 just below no. 1:

We recommend that the Department of Justice segregate the duties of employees that approve changes to eligible suppliers, approve payments to suppliers, and record payments to suppliers at the Administrative Services Branch.

Is there a motion? Mr. Borgerson.

Mr. Borgerson: — I'll move that we concur and note progress.

The Chair: — Again a motion to concur and note progress. Is there any discussion on the motion? Seeing none, we'll call the question. All in favour? Again carried unanimously. Recommendation no. 3:

We recommend that the Department of Justice segregate the duties of employees preparing and approving accounting entries at the Administrative Services Branch.

Is there a motion? Mr. Borgerson.

Mr. Borgerson: — I'll move that we concur and note progress.

The Chair: — Again a motion to concur and note progress. Is there any discussion on the motion? Seeing none, we'll call the question. All in favour? Again I believe that's carried unanimously. And the final recommendation on page 287 reads:

We recommend that the Department of Justice complete and implement its business continuity plan.

Is there a motion? Mr. Borgerson.

Mr. Borgerson: — Yes. Again I'll move that we concur and note progress.

The Chair: — Again a motion to concur and note progress. Is there any discussion on this motion? Seeing none, we'll call the question. All in favour? Again carried unanimously.

Thank you very much, Mr. Moen and your colleagues, for that fine, as I mentioned, fine interchange or exchange of questions and answers. We will just recess for a minute or two while we await our next witnesses and continue with the agenda.

Public Hearing: Executive Council

The Chair: — Thank you, committee members. We will now move on to the next item on our agenda for which we've allotted 45 minutes, the Office of the Executive Council. I'm pleased to welcome the deputy minister to the Premier, Mr. Dan Perrins. He has a couple of officials with him. We'll allow you just a few moments to introduce your colleagues and also respond to the chapter in the auditor's report.

But first of all I'm going to ask Judy Ferguson to review that chapter with us. Ms. Ferguson.

Ms. Ferguson: — Thank you, Chair, and members and officials. This afternoon I've been asked to present chapter 18 of the 2005 volume 3 report. This chapter covers the results of the audit of the department or the Office of the Executive Council for the year ending March 31, 2005.

In the report, we conclude that the department complied with the law, had adequate rules and procedures to safeguard and control public resources except for two matters related to reporting and monitoring of planned and actual results.

In many of our reports we've congratulated the government for adopting a managing-for-results approach for government departments. A key part of this approach is developing and providing the Assembly and the public with solid performance plans and reports. As the government acknowledges in its own publications and releases, this process improves the transparency and accountability of the government. The government expects all departments with the exception of Exec Council to follow this approach. Cabinet does not currently require Exec Council to provide the Assembly and the public with its performance plan and report.

Our office recognizes that Exec Council is a key government department that provides leadership and direction to others within the government. While it does not deliver programs in the same manner as many other government departments, it does provide services essential to a well-managed government.

We agree with the government that public performance plans and reports result in a more transparent and accountable government. We are troubled and disappointed that a key department such as Exec Council does not provide the Assembly with a public plan and report. We think it sends an inappropriate message to both the Assembly and the public.

We further recognize that the committee has discussed a similar recommendation in February 1998. We think that, since that time, expectations have changed. Both legislators and the public have changed their expectations on reports they expect to receive. They expect to receive better and more timely information on performance, information on both plans and results.

Also in 2003 the government changed its reporting

expectations. It made it clear when it adopted a managing-for-results approach that it expects departments to provide better and more timely information on performance.

As noted on page 324, we make a new recommendation for the committee's consideration. We recommend that each year Exec Council provide the Assembly with its performance plan and annual report. Also that we noted in our audit that Exec Council was updating its plan. It did not have complete processes to monitor its results against its plans. These processes are critical to help ensure Exec Council is achieving what it expects without wasting resources.

As noted on page 325, we make a second recommendation. We recommend that Exec Council complete the development of its systems to measure work performed and results achieved for its key performance measures. We understand that Exec Council has plans to work on the development of these systems and is carrying out such development.

This concludes my presentation and we'd be pleased to respond to questions.

The Chair: — Thank you, Ms. Ferguson. And again welcome, Mr. Perrins. I think in my term as Chair this is the first time I've had the opportunity to welcome you to our committee, but I'm quite sure that this is not the first time you've appeared before the Public Accounts Committee. So we welcome you here, ask you to introduce your colleagues and respond to the auditor's report.

Mr. Perrins: — Thank you, Chair. No it's not the first time I've been here but it's the first time I've been for a while.

So to my right is Bonita Cairns, who is the director of corporate services, and to my left Tracy Sletto, who is the director of senior management services. If I can, Mr. Chair, I'd like to introduce Heather George, who is our Master of Public Administration intern that's working with us and try to give her the opportunity to experience as many things in government as she can while she's here.

But I think first, I thank you, Judy, for the report. I think it's fair to say that in our discussions with Ms. Ferguson from the auditor's office, we've agreed with the recommendation with respect to performance management and are actually in the process of developing a plan that could be public. I think for clarification's sake, Chair, it's not so much that the Department of Executive Council didn't have a performance plan. It didn't have one that was public. And there'd been an exemption in place both in terms of . . . Well when the exemption was put in place 18 years ago, it was with respect to annual reports. The question of performance plans hadn't been contemplated 18 years ago. So I think it's a fair observation and, as I say, we've agreed and we are working on a performance plan that can be published.

I should say that part of the reason I think for the difference with respect to Executive Council in Saskatchewan's experience is that many executive councils across the country — and Saskatchewan used to be similar to this — actually deliver programs, as Ms. Ferguson mentioned. And when you're reporting on programs, it's more readily identifiable in

terms of defining program outcomes and performance measurement. When you're not really delivering programs, it's not as readily available to . . . so the sense of the normal way we use performance outcomes. That just means we have to work harder with the auditor's office, I think, in making sure that the things we would report on publicly are those kinds of things that would be relevant to the public in that sense because it is really in a sense . . .

I've been a, I think, a permanent head in six different departments, and, you know, performance reporting is critical. And as I say, the experience I've had in Exec Council on the nature of what you'd report on is something that we need to continue to work on and define at the beginning of the process those things that we would see being most relevant because a lot of the work actually relates to the internal process and support for cabinet, etc.

So by and large, as I say, we're — with respect to performance reporting — quite prepared to accept the auditor's recommendation. We still have an issue with respect to the annual report because it's a cabinet exemption and would await sort of direction there. But at this point we're not in a position to say that we would prepare an annual report. But we are in a position to certainly say we would do public reporting of a performance plan.

The Chair: — All right. Thank you, Mr. Perrins, for that response. I'm not going to make the same mistake and wait to get a question at the end. I'm going to start this time, with apologies to my colleagues.

Just a couple of areas that I want to touch on. And the first one you've already raised, and that is the annual plan. The governments of other provinces have expanded their planning process and the reporting of that process extensively. Some of them have three-year rolling plans which they publish on their websites. Once the year is completed, they drop off the nearest year and add a fourth year which, you know, is really the third year because they've eliminated one year. I'm not sure that would be an extensive plan for your department, but obviously the direction for that type of planning and reporting of planning and performance would emanate from Executive Council.

Can you inform us as to what progress you are making or if, in fact, you are moving government departments in that direction so that the public of Saskatchewan — not just internally within government — but the population of Saskatchewan would have a better idea of what the overall objectives of government are?

Mr. Perrins: — Yes. I think it's important that we move beyond the immediate horizon and in terms of outcomes especially because in many departments it's very difficult to . . . If you think of health outcomes, for example, or outcomes with respect to several programs, whether it be public assistance reform, you need at least three years to really assess the effectiveness of the program. You can do annual reporting that's incremental and it should really . . . The point of the rolling work is a baseline and moving forward.

So again I agree. And I think departments are actually preparing plans that are well beyond their initial, especially if I think back to where we started. I mean I think the auditor has pointed out

the significant progress we've made in Saskatchewan in terms of the work on performance plans. And the level of sophistication I think is far beyond where we were and that in part is I think because people are looking beyond the individual year to three and five years. But at this stage I think we're more likely settling on the three-year perspective.

The Chair: — Well thank you for that answer. Can you give me some indication as to how soon I might be able to go to the government website and find out what the three-year rolling plan is for the Department of Health or the Department of Justice or whatever?

Mr. Perrins: — Well I think we have another issue in terms of continually updating websites. I'd hope, as I know — I was going to say Minister Crofford — Ms. Crofford was routinely reminding us of in terms of updating our website. So I'd like to think we could start that, you know, and have action in terms of the internal planning, just making sure it gets translated to the websites immediately. It's the detachment between getting the plan done and then making sure we get it on the website and having, you know, sort of a webmaster who makes sure that all the material that's prepared in departments is current. I mean I looked at our own and found out today it's not. Ours isn't current either.

The Chair: — Of the 20-some-odd government departments, how many would have three-year performance plans in place?

Mr. Perrins: — You know, I'd have to confirm that for you. I know the major departments in terms of the expenditure plans are all going to the three-year plan. But I could actually get an actual answer for you on it.

The Chair: — Yes, that would be good.

Mr. Perrins: — Yes.

The Chair: — It's something I've been . . . a pet peeve of mine. I've been pestering your colleagues, other deputy ministers and haven't gotten much information at this point. You know, lots of talk about annual plans — many of them still internal — but not very much discussion about public three-year plans. And I certainly think that, given the knowledge base of the general population, that there is going to be a growing demand for that kind of information to come forward.

Mr. Perrins: — And I should mention, Chair, that it will be in some program areas more than others; within some departments more than others. So, you know, I think you'll find it in some program areas far more developed even within a department than in some other program areas. I think generally speaking that's been the experience.

The Chair: — Well thank you. The other area that I wanted to question you on, and you indicated that you really don't operate any programs out of Executive Council. Well I'll beg to differ with you but on a very minute scale. We were informed by the Premier a couple of years ago when there was an increase to the budget of Executive Council that the purpose for the increase, and that was to bring on more research capability, was to answer written questions. And you know, that is documented in

Hansard. There were a number of written questions submitted in the fall session of the legislature and there was absolutely no attempt to answer any of them even though many of them were very, very simple questions — yes or no; required almost no research.

I suppose, you know, with all these extra research people in place, there may have been a few questions that perhaps would have begged a longer time frame but the majority that could have been answered within the five-day period particularly with the additional resources that the Premier put in place.

Can you explain to us why no attempt was made, not even the slightest attempt, to answer any of those written questions?

Mr. Perrins: — Well my organizational answer would be that the question that you're asking would really be directed through the chief of staff's office and the business office. It does not really fall under my responsibility. Exec Council's . . . [inaudible] . . . department has actually been part of the discussion we've had with Ms. Ferguson about the nature of our plan which I really didn't describe at the front end.

Because if you think of the deputy as the administrative head of the full enterprise, I'm not actually when it comes to Exec Council. The chief of staff to the Premier actually has an area of responsibility that doesn't fall under my purview, as does the chief of communication — not my responsibility either. So I'm not really able to answer the question in terms of matters that are raised in the House. They're actually managed through the political process directly.

The Chair: — So of the staff under the Department of Executive Council, how many staff would answer to you and how many would answer to others?

Mr. Perrins: — Well my office directly which has four people in it, the cabinet planning unit. I haven't got the numbers in front of me now but I'll give you the areas. The cabinet planning unit and Bonita's staff and then I share a responsibility with the cabinet secretary for her staff. So then people in the communication area, media services, House business, the caucus office — I think that's right — would all report to the chief of staff.

The Chair: — So what you're really telling me then is that there is a big gap in the scrutiny process because Public Accounts do not bring these people to appear before the Public Accounts to answer for their questions in the performance of their departments.

Mr. Perrins: — That's part of the dilemma we've had in preparing a strategic plan, Chair, yes. It's been ever thus, by the way. I think in terms of the chief of staff and the functions that I have described have never fallen under the purview of the — however described — the deputy minister to the Premier or the cabinet secretary.

The Chair: — So I guess I'd ask the Provincial Auditor, how extensive are you able to audit Executive Council? Are you permitted to audit the entire Executive Council, including the chief of staff and communications and that sort of thing or do you limit your auditing to the part of Executive Council that's

under the purview of the deputy minister?

Ms. Ferguson: — Given the scope of our audit we've never been denied access to information when we've had to make queries of the other areas.

The Chair: — All right. So the audit is done. It's just that there's no mechanism whereby the Public Accounts Committee can provide scrutiny to that area. Would that be correct, Mr. Deputy Minister?

Mr. Perrins: — Well, Chair, I'd say if you . . . I'm looking to others for some guidance too, but I know whatever job I was in, if Public Accounts summoned me, I'd come. You're one of those daunting groups so, you know, if you want us here, you know, in the context of public accountability and transparency, I don't think there would be an issue.

The Chair: — All right. Very good. Well I'm disappointed I didn't get an answer to my question but when all those questions weren't answered . . . You know we weren't able to get an answer to that in the Legislative Assembly and of course we don't have answers to the questions yet. We may be well into the spring session or to the end of the spring before the 180-day requirement is fulfilled and I've not yet to determine how we can bring that accountability factor into this function of Public Accounts, so perhaps we'll have to communicate on this in the future to find out how we can accomplish that.

Thank you. Are there further committee members with questions? Don't tell me I had all the questions. All right. There are a couple of recommendations. One on page 324 and the other one on page 325. We're ready to go to the recommendations. Recommendation no. 1 reads:

We recommend that each year the Office of the Executive Council provide the Legislative Assembly its performance plan and annual report prepared using the Government's Accountability Framework.

Is there a motion? Mr. Borgerson.

Mr. Borgerson: — Mr. Chair, I'm going to move that we not concur with that recommendation.

The Chair: — Okay. The motion is to not concur with the recommendation. Is there any discussion on the motion? Mr. Borgerson.

Mr. Borgerson: — This is an interesting . . . well call it an interesting dilemma for our committee. When I read this chapter, two questions came to mind — one question being why the Executive Council should have to provide an annual report and the other being why not. The auditor has indicated very clearly reasons why they feel that Executive Council should provide an annual report.

As for reasons why not, I mean it's clear from the response from the deputy minister and from what I know of Executive Council that it is not like other government departments, that it has . . . It operates as a central agency. As the deputy minister has indicated, it doesn't provide programs. So it's a much narrower function. There's no direct service delivery to outside

agencies or to government in general, so it is . . . so it's different. And so the question then arises: should it then fall under the same requirements that other government departments do?

So this has been grappled with before in this government . . . or sorry, in this province. And I refer to The Government Organization Act of, I believe 1988, in which the government of the day, when it came to annual reports in section 23, gave the power to exclude certain provisions:

The Lieutenant Governor in Council may by regulation determine that any of the provisions of sections 13 to 19 and 21 [which is the annual report clause] do not apply in respect of a minister or department or for any purpose that is specified in the order.

An amendment was made to that the same year which stated . . . the title was, "No annual return required," and it says:

Section 21 of The Government Organization Act does not apply to: . . .

(b) the President of the Executive Council in connection with work performed by the Executive Council.

And so, cognizant of that, I mean my question as a member of Public Accounts is then: is there, is there an accounting for the work of Executive Council? Is there transparency and accountability from the department? And for myself, I believe that there is. So that's the ultimate question. And so I'm satisfied that there is and until there is a change to the regulations, I feel that we cannot support this recommendation, that the why not overbalances or outweighs the why . . . sorry, the why overbalances the why not. So that's my reason for making that motion.

The Chair: — Well that's an interesting comment you made. If one thinks back to the history of the province, back in 1988 things happened that probably should have been brought to light. And I guess you could make an argument out of some of the outcome of that decade as to whether or not that lack of fuller accountability was the right direction to go and whether or not a future government shouldn't change that.

Mr. Morgan, you had a question regarding the motion.

Mr. Morgan: — I'd like to speak to the motion. I think this Executive Council provides research and analysis, it coordinates policy development, and I think those are measurable items. We have a recommendation from the auditor that this should be provided, that these type of reports are there.

Mr. Borgerson makes reference to the fact that we want to have accountability and transparency. Exec Council has in the past a long history of exemptions and we do have some unfortunate chapters in our provincial history where things probably should have had a higher level of accountability and transparency — and I know those are much overused words.

But I think the recommendation from the auditor's office is one that we as a committee should do. And I didn't hear anything from . . . [inaudible] . . . that would indicate there was a good

reason for saying we don't want to provide this. We do have a significant amount of taxpayer public dollars going there. Why shouldn't the taxpayers know what method of determining the measurable items of success or lack of success are there, whether it's number of reports written, number of pages, number of . . . You know, I realize there's some things have to be kept in confidence but there certainly is the usual items that would be measurable by any other department, number of files, etc., and I see no reason why we should not have the ability to develop how those things are measured and determined.

So I would think this would be something that we would want to concur with or at a bare minimum look to the council to provide us with some direction, what kind of things they might be capable of providing so that we can determine whether we're getting good value for taxpayer dollars.

The Chair: — Mr. Perrins, you wanted to comment.

Mr. Perrins: — Well just on the recommendation. And actually this is very helpful because we had exactly the same dilemma with respect to the legislation. That's why, I think with Ms. Ferguson at the time, we distinguished between the annual report and the performance plan and publishing it and the . . . I mean we do actually, on our website now, we do actually describe the nature of Executive Council — our mission, our goals, etc. I mean that's public.

What hasn't happened is the publication of the plan on an annual and go-forward basis so that there would be a public reporting. It just wouldn't be, as Mr. Borgerson indicates, the legislation at this stage doesn't provide for an annual report filed. I just wanted to clarify that there's two elements actually, I think it's fair to say.

The Chair: — We are experiencing an evolution of more disclosure. There was a time when the Board of Internal Economy would not make minutes of its meetings public. That since has gone by the board and democracy has not been destroyed as a result and the functioning of the work under the auspices of the Board of Internal Economy has not suffered as a result. In fact it may be we have enhanced it.

So you know I don't think that the argument — and you know, Mr. Borgerson, perhaps this isn't what you were arguing — but you know the argument that just because we haven't done it in the past doesn't mean it's not a reason to change it in the future. I think that we need to look at whether more transparency is beneficial or whether, you know, the confidentiality of cabinet would somehow be challenged through more transparency in the publishing of an annual plan of the Executive Council.

Mr. Borgerson, Mr. Morgan, and myself have made comment with regard to the motion. Are there further comments with regard to the motion? The motion, I would remind members, is to not concur with the auditor's recommendation.

I'll follow your guidance. If there is more that want to speak we will because we usually don't . . . we usually do concur. We don't usually not concur. So I just want to make sure everyone knows what we're doing here before we call the question.

All right. We'll call the question. All in favour of the motion to

not concur with recommendation no. 1? Four in favour. All opposed? Two opposed. The motion is carried.

Recommendation no. 2:

We recommend that the Office of the Executive Council complete the development of systems to measure work performed and results achieved for its key performance measures.

Is there a motion? Mr. Borgerson.

Mr. Borgerson: — I move that we concur with this recommendation and note progress.

The Chair: — We're back in our usual route. A motion to concur and note progress, did I hear you say?

Mr. Borgerson: — Yes.

The Chair: — Okay. A motion to concur and note progress. Is there any discussion on a motion regarding recommendation no. 2? Seeing none, we'll call the question. All in favour? This time we're carried unanimously.

Thank you very much. We've had a very interesting discussion, Mr. Perrin. We might have to have you back more often because this is . . .

Mr. Perrins: — . . . clear if I can, Chair. So are we doing a published plan? Because the recommendation linked them and that's why my interjection there. Is there some ability on the performance plan?

The Chair: — The way I would understand it, Mr. Perrins, is that obviously if the Executive Council wants to do a published plan, there was some expression around the table that that would be a good thing. However the motion that was carried just did not agree with the auditor's recommendation that you do it. It doesn't mean you can't do it.

Mr. Perrins: — Okay. All right. That's helpful.

The Chair: — It just means that we don't, we don't follow the auditor's recommendation and tell you that you should do it.

Mr. Perrins: — I just didn't want to fly in the face of the committee. Okay, that's helpful.

The Chair: — I doubt — and I've got to be careful what I say here — but I doubt that you will be in trouble with the Public Accounts Committee if you published a performance plan. But what the Public Accounts Committee is saying, that it is not asking you to publish a performance plan. Have I got that correct . . . [inaudible interjection] . . . All right, very good.

Thank you. We have completed this portion of our agenda slightly ahead of schedule. We will try to be back at about 5 minutes to 3 hoping that the next group of witnesses will arrive a little bit early and we can therefore dispense with our agenda more quickly. Thank you again and we are recessed.

[The committee recessed for a period of time.]

Public Hearing: Saskatchewan Property Management Corporation

The Chair: — Colleagues, we will resume. I'll ask the witnesses from Saskatchewan Property Management if they would take the chairs at the end of our committee table. We are now going to deal with chapter 20 of the 2005 report volume 3, Saskatchewan Property Management Corporation.

I guess just as a point of information, the auditor's report deals with the entity up to the point that it ceased to be the Saskatchewan Property Management Corporation and became just simply SPM [Saskatchewan Property Management]. So while we have the deputy minister of SPM, we are speaking about SPMC [Saskatchewan Property Management Corporation]. I think I am correct on that. Before we allow you to introduce yourselves we will hear a report from the Provincial Auditor, and reporting is Kim Lowe. Kim, welcome to our committee and the floor is yours.

Ms. Lowe: — Thank you. Thank you, Mr. Chair, members, and officials. Chapter 20 of our 2005 report volume 3 includes our audit conclusions and findings for the Saskatchewan Property Management Corporation for the year ended March 31, 2005. Effective April 1, 2005 SPMC became the Department of Property Management.

We worked with Deloitte & Touche, the appointed auditor for SPMC, to form our opinions. We found that SPMC's financial statements are reliable and SPMC complied with authorities governing its activities and had adequate rules and procedures except for its processes to approve and document significant estimates.

SPMC's financial statements contain a significant estimate for the lease escalation accrual, the estimated amount SPMC owes landlords for unpaid rent. For the year ending March 31, 2005 SPMC had not fully documented the basis for its estimated lease escalation accrual when management approved the estimate for recording in its accounts. As a department, it will continue to need to make accounting estimates.

It is important organizations properly document, review, and approve all accounting estimates before recording them in their books and accounts. Without this process, organizations increase the risk that the estimated amounts recorded in their accounts may be incorrect.

On page 334, we recommend that management of the Department of Property Management document the process and basis for accounting estimates.

This concludes my presentation. We would be pleased to respond to any questions.

The Chair: — Thank you, Ms. Lowe. We welcome Ms. McDonald, the deputy minister of SPM who's appeared before our committee before. We'd encourage you to introduce your colleagues and then respond to the auditor's report.

Ms. McDonald: — Thank you. I would like to introduce to you and members of the committee the officials from Sask Property Management who are here with me today. On my far right,

Garth Rusconi, assistant deputy minister, accommodation services. Beside me, Mr. Dale Minion, director, divisional support services, accommodations. I would like to thank them for coming before the committee today to assist me in answering questions the committee may have.

As you know, SPM offers a wide range of centralized support services to meet the needs of government. While government departments are SPM's major clients, we also provide services to regional health authorities, Crown corporations, SIAST [Saskatchewan Institute of Applied Science and Technology], and government agencies.

Today we will discuss chapter 20 of the Provincial Auditor's report. The auditor has recommended that management perform an independent review of the lease escalation estimate and approve it prior to recording the amount in its accounts. SPM agrees with the recommendation and has taken steps to implement the recommendation.

With that, I welcome any questions you may have.

The Chair: — Thank you, Ms. McDonald. We will open the floor to questions. Mr. Chisholm.

Mr. Chisholm: — I think I heard you say that the auditor recommended a review, whereas the auditor's recommendation I think is, I would say it's a little stronger than that. We recommend specifically that we document the basis on which the accrual estimates are come to. Could you comment on that?

Mr. Minion: — I think that what was talked about was that there would be an independent review of the material and also that we would document the process and also that we would ensure that it was properly approved. I think the issue that was brought about was that it wasn't formally approved, the estimate that went forward. So the intent is for us to document how we come to that estimate and after that ensure that somebody's approving it and independently reviewing the information.

Mr. Chisholm: — I guess my question is, maybe you could explain to me exactly how this accrual is required and why such a, you know, a fairly large number — somewhere between 1 and \$1.7 million — how does this actually arrive at in the marketplace with your customers or your people that you're leasing from?

Mr. Minion: — I'm sorry, I missed the last part of that. How does . . .

Mr. Chisholm: — Well it's unpaid rent that is owed . . .

Mr. Minion: — . . . by SPM to independent landlords — to the private sector landlords typically.

The reason that we have this accrual is that landlords often have to provide us with information in order for us to make payments. So for example on a property tax matter they have to provide us with a copy of the receipted tax notice before we can pay the increased tax. And sometimes they don't send them in. Also there's situations where we're in the middle of a change in our lease and we can't calculate the escalations until more

information is available. So a lot of that doesn't get paid until we've got appropriate information in order to pay it. So we have to estimate what those amounts are going to be and then create an accrual for it.

Mr. Chisholm: — Thank you. When the agency changed, became a department, what would be the status of the agreements between the original organization and the new department on agreements that they would have with other parties — lease agreements, rental agreements, all that?

Mr. Minion: — The legislation allowed for all contracts that were entered into by SPMC to be transferred automatically to SPM.

Mr. Chisholm: — So there was no changes in any of the ongoing relationships with former people that you were dealing with?

Mr. Minion: — No change.

The Chair: — Just a follow-up on Mr. Chisholm's question. Do I understand then that in the rental arrangements you have, that in some cases you pay a portion of the property taxes in that arrangement rather than just paying a flat rent, and the owner of the property looks after all of the property taxes associated with that property? Do I understand that correctly?

Mr. Minion: — Typically we enter into leases called gross leases where all the costs are covered by the landlord. But in most circumstances, particularly for longer-term contracts, the landlord has a clause in the contract that says that if the taxes increase, you have to pay the increase in the taxes, your share of it for that building. And almost every contract that we have is like that unless they're very short-term contracts. The landlord has to get covered for his increased costs basically.

The Chair: — So are there cases then when that recalculation is delayed so long you don't get the updated information that these become fairly large amounts? You know, they're backdated, how long would it be — like a year or 18 months or longer than that?

Mr. Minion: — Some of them are actually three to five years in length, not many but there are a few like that. Particularly in Regina with reassessment there's a number of estimates that were made on that because there's an appeal of the assessments. So a lot of those are still waiting around for final numbers to be able to make the payments.

The Chair: — So this is not considered a grant in lieu of taxes like some government Crowns and agencies would pay. This is a part of a rental agreement that SPMC has signed.

Mr. Minion: — Yes. Landlords are required to pay taxes, and through our contract we reimburse them for their payment of the taxes.

The Chair: — So you don't know what the total amount is that you may be called upon to pay because you don't know . . . Some of these have gone back three and five years. I mean, do you track this? Do you follow tax rates so you have some idea of what's going to happen here, or could this catch you off

guard?

Mr. Minion: — Well it is just an estimate, but it's a pretty educated estimate of what we're going to have to pay. We have comparable leases that have had payments on them, so we can always make that comparison and say on average the increase is this amount of money kind of thing.

The Chair: — Of your expenditures, what percentage of the total expenditure would be payment for rental properties?

Mr. Minion: — Of our total expenditures I believe it would be about 40 per cent or so.

Mr. Rusconi: — Excuse me, of our total departmental budget?

The Chair: — Right.

Mr. Minion: — Oh departmental budget, it's . . .

The Chair: — So in other words it wouldn't be cars. It would be buildings and land.

Mr. Minion: — Yes. Oh just on that side?

The Chair: — The part that property taxes would be have to be paid on by someone.

Ms. McDonald: — Are you talking about just with private, on the private side or on the side of the property that we own as well combined?

The Chair: — I'm talking about on the expenditure side for SPM.

Mr. Minion: — On lease expenditures I believe it's about \$45 million and this is about 1.7 of that 45 million, so whatever that is.

The Chair: — So 1.7 million is the part that you pay for your share of taxes.

Mr. Minion: — No. That's just the escalations that are outstanding.

The Chair: — So of that \$45 million, how much of that would be paid out based on property taxes?

Mr. Minion: — That's a tough . . .

The Chair: — I'm just trying to figure how big a component property taxes are in your budget. How big a role do they play?

Mr. Minion: — I would say it's 20 per cent, maybe. That's a really rough number.

The Chair: — We should have the Minister Responsible for SPM and the minister responsible for property taxes to be the same person — might be a little more sympathetic to the escalating property taxes that we are experiencing in Saskatchewan.

That's the only question that I have. Are there further questions

from any of the committee members? No? Oh, Mr. Morgan?

Mr. Morgan: — Yes. What percentage of the properties are owned by the government and what percentage are leased from private sector?

Mr. Minion: — . . . properties, I can't tell you. I can tell you the area. There's about 30 per cent is . . .

Mr. Morgan: — By percentage, by square feet.

Mr. Minion: — By area, yes.

Mr. Morgan: — Is there a preference or a shift towards moving towards more rented accommodation or towards owning more accommodation? Or is there, is it just what becomes available? I'm just wondering if there is a policy in place.

Mr. Minion: — There's no policy in place, but we have a kind of a target of increasing our owned portfolio over time where it makes sense. And that is just because on the long term, if you have long-term requirements, owned spaces tends to be cheaper. So that would be sort of a target but often it's difficult. It depends on market conditions.

Mr. Morgan: — Are you attempting to negotiate options to purchase the ones that you are renting? Is that a component of lease renewals?

Ms. McDonald: — Sometimes the owner will approach us to purchase their building if we've been a long-term tenant and they want to get out of owning it. We tend to go out for RFPs [request for proposal] for space that we're looking for and sometimes people will approach us for owning the buildings or the property or leasing it. It depends. I mean we're in so many communities throughout the province, it's different everywhere.

Mr. Morgan: — When you moved from being a Crown corporation to being a line, what happened with Central Vehicle Agency? Did that follow along in the same way?

Ms. McDonald: — It just became exactly . . . It operates exactly as it always did.

Mr. Morgan: — Okay. How many vehicles are in that fleet?

Ms. McDonald: — Approximately 4,500.

Mr. Morgan: — Okay, and do you log the age of those?

Ms. McDonald: — Absolutely.

Mr. Morgan: — How old are they on average?

Ms. McDonald: — On average, I'm just guessing, but I would assume they're probably, maybe about four years old if you were to average the ones that are eight years old and the ones that are brand new. And that's just a guess, sir.

Mr. Morgan: — You have some that are more than eight or would that be the oldest of the fleet?

Ms. McDonald: — Well there's probably some that are older than eight years old. We tend to dispose of the vehicles based on how many kilometres they have on them.

Mr. Morgan: — At what point would that usually be?

Ms. McDonald: — Between 180,000 and 200,000.

Mr. Morgan: — Okay. I don't have any further questions.

The Chair: — Mr. Huyghebaert.

Mr. Huyghebaert: — Just on the vehicles, has there been a cost analysis done that would reflect the cost of SPM purchasing vehicles vis-à-vis leasing from a private leasing company?

Ms. McDonald: — I don't know if there's been a cost analysis done. We know what our cost is to us and we think that our costs are probably most cost-effective for government and for the taxpayers.

Mr. Huyghebaert: — And is it the opinion of SPM that the same would apply to the aircraft that are leased or owned by government? And I don't have the breakdown of which ones are actually owned by government or leased by government.

Ms. McDonald: — We would say that ours is most cost-effective, the program we run.

Mr. Huyghebaert: — Is that the lease or is that the purchase?

Ms. McDonald: — Well we only have one that is leased and the others we own, so we put them together and look at them as sort of a . . . it's looked at as a program that we operate.

Mr. Huyghebaert: — And would you confirm there's only one aircraft that's leased?

Ms. McDonald: — In which program? Like we have . . . are you talking air ambulance or are you talking executive air or . . .

Mr. Huyghebaert: — All of the above.

Ms. McDonald: — I'm sorry, I can't answer because I know that in executive air we have one leased, but I'm not sure in air ambulance.

Mr. Huyghebaert: — I guess where I'm coming from here, we buy vehicles and we lease them out or we lease . . . We purchase vehicles and lease them to other agencies and from what you've stated is, if we purchase the vehicles, that it's more cost-effective.

Ms. McDonald: — Yes.

Mr. Huyghebaert: — But yet we go ahead and lease an aircraft from a leasing company. And I'm trying to get the comparison. If it's better to purchase in the vehicle side then wouldn't it be better to purchase in the aircraft side? But we've all of a sudden gone and leased. And that's what I'm trying to find out, how many we've actually leased if there's only the one on the executive air side. And I'm just curious as to how many are

actually leased by the provincial government.

Ms. McDonald: — I'm not sure but I think it's just the one we have leased, just the one aircraft.

The Chair: — All right. Just one more question; this is for the Provincial Auditor. Just prior to the recommendation on page 334 you state:

Without the proper supporting documentation, SPMC increases the risk that the estimated amount recorded in its accounts may be incorrect.

This is in regard to the issue we talked about, leasing and accrual accounting. Is this difficult to do? Is there generally accepted accounting principles that the department should be following or do they have to, in your estimation, would they have to design something new? Is this sort of subjective or objective?

Mr. Wendel: — In some cases they will have to make estimates to a greater extent. Other cases there would be evidence to help them make the accrual. I think it's just important that they document how they came up with the numbers so that someone can review it and make sure those numbers are accurate.

The Chair: — Okay, very good. Are there any other questions or are we ready to go to the recommendation? Seeing no hands, we'll go to the recommendation on no. 1, page 334. It reads:

We recommend that management of the Department of Property Management document the process and basis for accounting estimates.

Is there a motion? Mr. Borgerson?

Mr. Borgerson: — I'll move that we concur with that recommendation.

The Chair: — The motion is to concur. Is there any discussion around the motion? Seeing none, we'll call the question. All in favour? It's carried unanimously.

Thank you very much, Ms. McDonald, and your officials, for appearing before our committee. We were easy on you today. We just took up half the time. Well we started five minutes early, so we . . . What percentage is that? You should be asking us, what percentage of your time did we use? But we do thank you for appearing before us.

Public Hearing: Office of the Chief Electoral Officer

The Chair: — And we'll ask the next witnesses to come forward. And they are the office of the Chief Electoral office . . . the Office of the Chief Electoral Officer. I'll get that correct. And, ladies and gentlemen, we have the Chief Electoral Officer, Mr. Jean Ouellet, with us, and he has two of his colleagues whom he will introduce shortly.

But first we will ask the Office of the Provincial Auditor to give us a summary of chapter 19 of the 2005 report on the Office of the Chief Electoral Officer.

Ms. Ferguson, you are bringing that report, please.

Ms. Ferguson: — Thank you. Chair, members, and officials, we're very pleased to present quite a short report on the Office of the Chief Electoral Officer. The report deals with our audit findings relating to our year-end, our audit of the year ending March 31, 2005.

As indicated on page 329, in our opinion the office had adequate rules and procedures to safeguard public resources and comply with the law. And there's one area that we'd like them to focus on and we know that they are working on it. That area deals with performance planning and recording.

As previously discussed with this committee, annual reports are key performance documents. And the electoral office agrees with the recommendations as presented in the report and the committee has previously dealt with the recommendations. We look forward to working with the office on their improvements that they're making in this area and are pleased with the progress that they're making thus far.

That concludes our comments.

The Chair: — Thank you, Ms. Ferguson. A very short response. Must have been at least a year since we've had an election — that's my deduction here.

But, Mr. Ouellet, again we welcome you. Introduce your colleagues and you would be welcome to respond.

Mr. Ouellet: — Sure. Thank you very much, Mr. Chair. Members of the committee, and members of the Provincial Auditor, Mr. Wendel, it's always a pleasure to be here. I have with me today, to my left, the assistant chief electoral officer, David Wilkie. And to my right, should there be any question, the manager of election finance, Brent Nadon.

Thank you, Judy, for those very encouraging progress reports since basically a progress report is a recommendation in this particular chapter. I stood here last March 1, which was my first visit to this committee, and in response to a very similar recommendation. And this is basically a progress report. And I said at that time that in order to implement a recommendation of the Provincial Auditor, my office was going to put in place three measures.

The first one is the office was going to table an annual report covering these activities during the period of January 2003 through to March 31, 2005 in order to close the loop on outstanding reports. A promise made; a promise kept. On July 27 I did table that report.

The second measure — the office was developing a strategic plan from 2005 to 2011. A promise made; a promise kept. We tabled that . . . Well we didn't table, but we produced that report on June 27 and sent you a copy of it. We're very pleased.

The third measure was that future annual reports by my office beginning with the annual report covering the activities 2005-06 would include measures of our performance, will show how we are meeting our goals, and will disclose what financial resources have been allocated to the various activities. A

promise made; a promise that will be kept. I can guarantee you that.

So on that note if you have any questions, by all means I'll be happy to answer.

The Chair: — Thank you for that response. You should go into politics. We like to make promises, and it's very important that we keep them. So that's very impressive. Before I open up the meeting to questions, there was a great deal of concern at the last meeting about the failure to meet deadlines for reporting to the legislature, and you have assured us now that that is on track.

Could you maybe just expand a little more as to how you were able to correct that problem. There was questions about not enough staff, you know, the uncertainty of when elections would be held. I remember a lot of discussion about how this could have happened. How can you guarantee that we're not going to see a repeat of deadlines missed? What's changed?

Mr. Ouellet: — Well the Chief Electoral has changed. That's a good start. The previous Chief Electoral Officer always mentioned that there was not enough staff, and there's still not enough staff. But we have the question of putting priorities to it. And we keep those dates in mind and don't start a few days before but start, you know, as you go along. That way once the year is complete then you have the material all together and it's just a matter of putting it into prose and coming out with it. And that's what I intend to do.

The previous Chief Electoral Officer had issued I believe only a single report during her term of office in five . . .

A Member: — Yes, I think it was about a five-year period.

Mr. Ouellet: — Yes, and it was a . . .

The Chair: — One annual report in five years.

Mr. Ouellet: — That's correct. And I produced the last compendium to bring everything up to date so that, as the Provincial Auditor had recommended, that we report in terms of fiscal which is from April 1 to March 31 of every year. Previously my predecessor reported on a calendar basis. So that's why I issued the last compendium which was very narrative.

The Chair: — Okay, thank you. My second question is with regard to set election dates which are beginning to occur in Canada. British Columbia actually set an election date and fulfilled that. Ontario I believe has set one that they intend to fulfill. Some of the Atlantic provinces have moved — begin to move down that road. My understanding that, apart from a lot of other reasons, from your vantage point there would be some advantages in knowing or having . . . you can't know for sure in a parliamentary system but more certainty as to when the election would occur would help you in planning and possibly reduce costs. It's certainly an issue that I have championed for quite some time and have a private member's Bill that sits on the table but never moves forward.

In your mandate do you have the latitude to comment on that

and can you recommend or suggest or do you have to be a neutral bystander and just say, whatever you send my way I'll accept? Because I think your federal counterpart expresses opinions from time to time. I just wonder how much freedom you have to express your viewpoint on issues like set election dates, and, you know, permanent voters lists, a number of issues.

Mr. Ouellet: — Sure. Basically there is no structured forum for such recommendations, if you wish. Jean-Pierre Kingsley, the federal Chief Electoral Officer, usually issues from time to time special reports that are how to move the electoral process forward and so on. I have . . . Perhaps members have read the last annual report that I produced. It does include recommendations for changes to the legislation. I intend to use that particular forum for that purpose.

Atlantic Canada, it was Newfoundland I believe, now is looking at permanent dates of elections and I believe that one of the desires of our new Prime Minister is also to move on that field towards, you know, a fixed election date. Although with a minority parliament, it's always very difficult to get there. But you're quite correct. It's ideally perfect for planning purposes in terms of, you know, an election readiness plan. We're always, because it's part of our mandate, always in that mode.

But if you have, for example, a particular election date in mind, then acquisition is much more effective. For example, we have pens that have shelf life. If we packed them four years ahead, we may have to replace them before we send them out. So we have also NCR [no carbon required] forms that have very definite life, shelf life.

And so if you face somewhat of a thin majority parliament, you as a result always get ready for the next one just in case a bus could get hit the next day and you are in election mode. So you know, if you can plan, that much better and then certainly, it's certainly a good point.

The Chair: — Thank you very much. Are there questions from other members? Mr. Morgan.

Mr. Morgan: — The performance plan you're talking about implementing, is that something that's been fully completed and implemented now?

Mr. Ouellet: — It will be indeed on the next annual report which will cover the fiscal year 2005-06, will have measures of performance. It'll be a performance report.

And we're starting . . . Next couple of weeks, we have to go before the Board of Internal Economy for our budget, our office budget as always. We will be filing our first reports on plans and priorities which will show what we intend to do in the next fiscal year and how much it will cost.

Mr. Morgan: — The media reported at one time that there was litigation either threatened or undertaken by your predecessor. Is that still under way or has that been resolved?

Mr. Ouellet: — My office would not be involved in that since we're not respondent to that claim.

Mr. Morgan: — Okay. Then if that claim goes forward or if there's a payment in there, would that claim come out of your budget or would that come out of other funds or do you know?

Mr. Ouellet: — I'm afraid I could not answer that at all. Since we're not the respondent, it would be difficult for us to pay it. You know, we're not party to that particular suit.

Mr. Morgan: — Okay. So it's something that at this point then you haven't been asked to make any allowance or . . .

Mr. Ouellet: — That's correct.

Mr. Morgan: — I wonder, maybe Mr. Wendel can answer. Is there a claim pending there or is that a settled thing at this point in time or maybe you're not aware?

Mr. Wendel: — Not aware.

Mr. Morgan: — Okay. That's fine for me.

The Chair: — Mr. Chisholm.

Mr. Chisholm: — So I just . . . I can appreciate you must have a difficult time at budget time not knowing what's coming up in the next 12 months. I wonder if you could just comment on that. Like I noticed that the difference between, you know, an election year and a non-election year is 780-some million dollars.

Mr. Ouellet: — Up to 9 million actually.

Mr. Chisholm: — What?

Mr. Ouellet: — Up to 9 million now with impending amendments to the legislation that increases reimbursements. But the way we budget is we budget under what we call a base year. A base year is strictly an operational budget that would cover the activities we intend to do during the year, some of which may be election readiness as well.

We provide estimates at the time of requesting our monies for information purposes as to what an electoral event would cost, what would a by-election cost, what would an enumeration outside an electoral period would cost. And so if any of those activities occur then those funds are added to the base budget to form the full budget. The budget of the Chief Electoral Officer is statutory.

Mr. Chisholm: — So I guess my next question would be that the \$7.8 million budget represents nothing happening in that year, like as far as an election, a by-election, enumeration. That's just . . .

Mr. Ouellet: — Right. We generally request an operational budget of somewhere in the neighbourhood of less than \$1 million. And if we have a general election, for example, then to that million dollars would be added 9 million to make a 10 million budget that year, that particular year. And as all the amounts are statutory they are automatically added to it because we cannot in an election time — let's say in a general election time — there is no Board of Internal Economy, there is no members to come to and ask for an appropriation. So those

amounts have to be statutory.

Mr. Chisholm: — I've got one other question. Is there ongoing enumeration that kind of happens all the time or how do we as a province do our enumerating right now?

Mr. Ouellet: — Sure. At the present time, and the way the legislature is structured, each electoral event — by-election or general election — at the beginning of the event an enumeration is conducted to make the list of electors.

There was, I don't know if you recall, another committee that was appointed to look at electoral reform that generated some modification to The Election Act. One of their strongest recommendations was the establishment of a permanent register of electors for Saskatchewan. There is no legislative provision for it. There is legislative provisions for conducting enumeration outside an electoral period. Any change from this particular enumeration into a register of electors would require either legislative provision or regulatory provision to do so. Those do not exist at this time. However it was a very, very strong recommendation for the establishment of a register.

Indeed the minister at the time of the second reading of the amendments, Bill 119, which has since passed but yet to be proclaimed, made that observation that there is a will for Saskatchewan to go towards a register of electors. And we're planning for that at this time.

The Chair: — Mr. Morgan.

Mr. Morgan: — Are there outstanding claims still going back to the 2003 election? I guess my question is, have all of the candidates and MLAs filed everything they're required to, and has everything that's supposed to be paid out from your office been paid out or is there still disputed claims and monies, paperwork still going back and forth on that?

Mr. Ouellet: — No. I'm happy to report everything has been paid. There is still one candidate statement was never filed — it still has not been filed — but everyone else has been filed and paid, including registered political parties.

Mr. Morgan: — The one that's not filed, that is not from a registered political party?

Mr. Ouellet: — I'm sorry?

Mr. Morgan: — The one that's not filed, is that from an unregistered political party or an independent candidate, or are you at liberty to tell us?

Mr. Ouellet: — It was a Liberal candidate. I can't remember . . . [inaudible] . . . There is a Liberal candidate did not file.

Mr. Morgan: — And as yet that's still unfiled?

Mr. Ouellet: — That's correct.

Mr. Morgan: — What is your office . . . how do you deal with that? Do you charge them under the Act or do you give them opportunity . . .

Mr. Ouellet: — The Chief Electoral Officer does not have prosecutorial capabilities. It's done through the Minister of Justice.

Mr. Morgan: — Through recommendations. Has a recommendation been made to the minister?

Mr. Ouellet: — Not at this time.

Mr. Morgan: — Do you intend to make a recommendation?

Mr. Ouellet: — We'll have to look at it.

Mr. Morgan: — Thank you.

The Chair: — Thank you. Mr. Trew.

Mr. Trew: — Thank you, Mr. Chairman. Mr. Ouellet, thank you. I appreciated your opening remarks, particularly with respect to tabling the annual report. I thank you for that. The strategic plan, thank you for that, and the promise of future annual reports with measures that are meaningful and letting this committee and the public know how you're meeting the goals. Congratulations on all of those counts.

I'm wondering how many political parties there are currently registered in Saskatchewan.

Mr. Ouellet: — Six at the present time.

Mr. Trew: — Okay, there's six. In your elections report, November 5, 2003 on page 1, there are seven listed and on page 8, six. And that's consistent with, if I might, Roman numeral VIII on page 8 you described one party, that being the Indigenous Party of Saskatchewan, deregistering. My question is, what happens to the assets and the resources of the Indigenous Party on its deregistration?

Mr. Ouellet: — Well the party was deregistered because of failure to present the required number of candidates, which was 10. In this case they present none. So then it becomes an automatic deregistration.

When the party, the Indigenous Party was registered, all parties that register must file a financial statement at the time of registration disclosing assets that they may have. They had none. The party every year has to file an audited return. My understanding is the Indigenous Party did not file an audited return which . . . [inaudible] . . . we're incapable of making an opinion on the assets if they have any. They have never used the political tax credit system so they have no public money that we know of in their hands. And so that's where we're at.

Mr. Trew: — So you're saying that you don't know, you're unaware of any assets.

Mr. Ouellet: — That's correct.

Mr. Trew: — What would happen with one of the remaining six parties if they were to deregister?

Mr. Ouellet: — Well we certainly . . . There is a mechanism under the Act for deregistration and the assets would flow to, if

any are left at the time of deregistration, would flow to the GRF. And for two years they are held in trust. If the party reregisters then the assets will go back. If they don't then it's just forfeited.

Mr. Trew: — I see. So for two years they're held in trust. I think that pretty much sums up. And the six parties all . . . you're aware of all having assets, the six remaining ones.

Mr. Ouellet: — That's correct. They're all filed.

Mr. Trew: — You know where the assets are, they're filed and they're . . .

Mr. Ouellet: — Correct.

Mr. Trew: — Fair enough. How would any party get around that? You said when on dissolution, I'm not sure if I've got the right word, but if a party ceases to exist how does that happen? Deregister I think was the word.

Mr. Ouellet: — Yes, it's deregistration. There is again, under The Election Act, there's a mechanism by which the Chief Electoral Officer may deregister. All parties are given an opportunity to be heard beforehand. But there's various reasons. For example if they do not file their financial statement; if they do not file alteration in the registration of the party; if they fail to present 10 candidates in a general election — which is now coming down to two with the amendments to the Act once proclaimed. So those are various reasons whereby a party may be deregistered. There is also a voluntary deregistration. A party may wish to deregister on their own. So there's various reasons in the Act.

Mr. Trew: — Yes, thank you and again congratulations on the top three things. Thanks, Mr. Chair.

The Chair: — Thank you, Mr. Trew. I was just trying to think, now if the NDP [New Democratic Party] deregistered in two years they have to give up Tommy Douglas House to the General Revenue Fund. I don't know what the General Revenue Fund would do with it. Anyways Mr. Morgan, you have a question.

Mr. Morgan: — Yes, just one more and I'm not sure whether . . . is it public knowledge the name of the candidate that did not file a return?

Mr. Ouellet: — Yes, it's in the report that was quoted.

Mr. Morgan: — Okay, who is that?

Mr. Ouellet: — I don't have . . . I'll find the name though. I'll certainly advise the committee of the name through the Clerk, perhaps.

Mr. Morgan: — Yes. Sure, that will be fine. Thank you.

The Chair: — I have another question that . . . maybe a few questions. Just regarding deputy returning officers. How do you choose deputy returning officers in the province of Saskatchewan?

Mr. Ouellet: — Are you referring to deputy returning officers at the poll or the returning officers in the constituencies?

The Chair: — I'm talking about the deputy returning officers and the returning officers at the polls as well.

Mr. Ouellet: — Okay, sure. The returning officers, until such time as the amendments to The Election Act are proclaimed, are appointed by order in council, cabinet. Once the provisions of Bill 119 will be proclaimed, then the Chief Electoral Officer will appoint the returning officer. The deputy returning officers — unlike federally where they're suggested by the candidate first, first in the riding and then the poll clerk by the second candidate — in Saskatchewan they are appointed by the returning officers. There's no requirement to seek names. But certainly we encourage returning officers to communicate with the various local associations and candidates of political parties to obtain names because sometimes it's very difficult to get a full slate of people. Sometimes it's merely warm bodies going through the motions. So that's how the process works.

The Chair: — So my question, my follow-up question then is: is there any way that you can assure integrity at polling stations if the political parties don't have scrutineers present? And the reason I ask this is because of the controversy around the federal election where in some remote polling areas there were no scrutineers; there was delays in, you know, in returning election results. And my mind is wandering. I thought, you know, if the deputy returning officer and the poll clerk decided suddenly that they chose to fill . . . if no one else was around, they chose to fill out the ballots themselves and stuff them in the box, who would know?

And so is the provincial system the same? If you have the, you know, the returning officer appointed by an order in council, I mean that could be a political appointment. And if they are then responsible for all of the officials within that constituency, how can you ensure integrity at the polling stations if the political parties can't provide scrutineers for all of those polls?

Mr. Ouellet: — Sure. There is provision . . . well let's say there's provisions if they're central polling places now. Once proclaimed, once, a candidate's representative may act in several polls without having to be sworn at each poll. If there is no . . . There's certain activities in the Act that must occur before witnesses and before a candidate's representative. For example the, you know, putting the seals on the ballot box in the morning; and the count must be done before a candidate's representative.

If none are present, the deputy returning officer and the poll clerk are to seek the assistance of electors that are in the premises to complete that in lieu of a candidate's representative who would be absent. So there is provisions or mechanism in the Act to preserve the integrity of the process if the representatives are not there.

The Chair: — So basically that's all you can do. And if there was conspiracy to defraud the system, it could be done if there are no representatives of the party. But I mean, we were hoping that . . . we hoped that it wouldn't. But if there was some kind of conspiracy to do that, it would be next to impossible to determine. Like there's no way you can audit the votes with

people being sworn in. You know, if people haven't showed up to vote but they live in the community and their names are stroked off, there really isn't a sure way of determining that there wasn't electoral fraud.

Mr. Ouellet: — Well we've in this province been voting for 100 years, 101 years. The system has worked fairly well. I don't know of any instances of . . . such as you're speaking. And that's why also because there's a mechanism to preserve that integrated throughout the process.

The Chair: — Very good. Thank you. Are there any other questions? We may be finishing ahead of schedule which is great. We want to thank you, Mr. Ouellet. By the way, there are no recommendations in this chapter of the auditor's report so we don't need any motions. But I want to thank you, Mr. Ouellet, and your officials for appearing before our committee. I suppose this might be at best an annual appearance so we hope that . . .

Mr. Ouellet: — It's a pleasure.

The Chair: — We hope we've made your day. Also I want to thank my colleagues for their co-operation. We covered a great deal of material today, a number of chapters from the auditor's most recent report. If the auditor does an audit on this committee he's going to have glowing terms about how expeditious we are within this committee at dealing with the issues that he brings to our attention.

Committee members, we will notify you of when we intend to convene again in the future. Thank you. I declare this meeting adjourned.

[The committee adjourned at 15:43.]