



# **STANDING COMMITTEE ON PUBLIC ACCOUNTS**

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**STANDING COMMITTEE ON PUBLIC ACCOUNTS  
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Rosetown-Elrose

Ms. Joanne Crofford, Deputy Chair  
Regina Rosemont

Mr. Lon Borgerson  
Saskatchewan Rivers

Mr. Ken Cheveldayoff  
Saskatoon Silver Springs

Mr. Michael Chisholm  
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Mr. Andy Iwanchuk  
Saskatoon Fairview

Mr. Kim Trew  
Regina Coronation Park

[The committee met at 10:30.]

### Public Hearing: Managing for Results

**The Chair:** — Good morning, ladies and gentleman. We'll call the Public Accounts Committee meeting to order. I'd like to welcome all of you here this morning. I believe that a few introductions are in order.

We have a couple of different representatives from Finance than the usual suspects, and so we would like to welcome Larry Boys and Jane Borland to the committee representing the Department of Finance. And we have two deputy ministers appearing before us. We have Terry Lang, the deputy minister of Corrections and Public Safety and then we also have John Law, the deputy minister of Highways and Transportation.

As well, sitting farther back and perhaps she can identify herself, we have Raelynn Douglas, director of performance management branch of Finance. Yes, there you are. And so we welcome you and our other officials that the deputies are free to introduce when we give them an opportunity to respond to the Provincial Auditor's summary of the chapters under discussion, which are two this morning.

From 10:30 to 11, we want to deal with chapter 10 of the 2005 report volume 3, managing for results. And then from 11 to 11:45, we want to deal with reporting on infrastructure, a follow-up. That's chapter 21 of the 2005 report volume 3.

So with that by way of setting the framework for the meeting, I would ask the Provincial Auditor to provide . . . I believe it's Ms. Jane Knox, principal, who will be reporting on chapter 10 of the 2005 report. Ms. Knox.

**Ms. Knox:** — Thank you. Good morning, Mr. Chair, committee members, and colleagues. My comments this morning relate to chapter 10 of our 2005 report volume 3, entitled managing for results.

Since 1999, the government has invested public resources to guide department managers to change the way they manage and report to the public. The change shifts the management focus to managing for results rather than focusing on activities. The accountability framework selected by the government has three components: planning, performance management, and reporting. We have previously examined the planning and reporting parts of this framework. This audit represents the first time we have examined the performance management part of the accountability framework.

We asked the Department of Finance and the Public Service Commission to assist us in identifying departments that are leaders in performance management. The departments of Corrections and Public Safety and Highways and Transportation were selected as leading departments. Both departments volunteered to participate in this audit. Before I go further, I would like to explain some key terms used in this chapter.

We use the term results to mean both the activities completed and the outcomes achieved. Managing activities is seen as

short-term, most often within one year. Managing outcomes requires a longer-term perspective as outcomes often take several years to achieve. Outcomes are the consequence of activities. They describe the public benefit that is achieved through services. Examples of outcomes would be reduced crime or safer roads.

The government's accountability framework expects managers to focus on achieving planned outcomes in addition to completing activities in the short term. Therefore our audit objective was to assess the adequacy of management processes at Corrections and Public Safety and Highways and Transportation to achieve planned outcomes as at August 31, 2005. Both departments agreed with the criteria on page 243 and that they were reasonable and attainable.

We found the departments of Corrections and Public Safety and Highways and Transportation had adequate management processes to achieve planned outcomes with one exception. Analyzing and monitoring outcomes was challenging for both departments. Both regularly monitored activities completed and compared those to their plans — that's a very good step — but they did not use this activity information to explain their progress towards their outcomes. For some outcomes, analyzing progress was difficult as specific data was not always available until the end of the year.

On page 243 we recommend the departments of Corrections and Public Safety and Highways and Transportation “. . . analyze and report quarterly to executive managers the departments' progress toward planned outcomes” or in the context of planned outcomes.

I'd like to say that we very much appreciated the excellent co-operation we received from both departments in carrying out this audit.

In addition this chapter contains highlights, a few key steps to help any agency improve its performance management process. These are basic steps and they were developed from our experience in this and other audits and also from our review of relevant literature. We set out these basic steps on pages 249 to 252 to support further progress across government.

Mr. Chair, I look forward to the discussion of your committee.

**The Chair:** — Thank you, Ms. Knox, for that summation of the auditor's findings. I bring to the attention of the committee that the Chair has been informed that Judy Junor is substituting for Kim Trew as a voting member of the committee this morning.

We will ask the two deputy ministers to respond. As you know, we have a short time frame to deal with this matter and we have two departments to go through so that's going to be a little bit challenging. However, perhaps this committee can measure your performance by how comprehensive you can make your response to the auditor's findings yet in a very brief and succinct way.

Also if you want to introduce your colleagues sitting behind you, we would welcome that as well. And I'm not sure who wants to begin but whoever volunteers to go first has the floor.

**Mr. Lang:** — Thank you, Mr. Chair. I'm Terry Lang, the deputy minister for Corrections and Public Safety and I want to introduce two of my officials. Mae Boa, sitting directly behind me, is the executive director of management services, and Jim McIlmoyl is the executive director of our strategic planning unit.

I have very brief comments. I want to first of all thank the Department of Finance for recommending that we be one of the two departments to participate in this special managing for results audit. We are pleased that, you know, our department is one of the two as recognized as sort of being on the leading edge of the results-based management. Our department since it was formed in 2002 has been very much performance-based and wanting to continue to develop and get better at it and so this audit really does help us with that piece.

We appreciate the observations in the audit on the required analysis and the importance of enhancing our quarterly reporting on the department's progress towards planned results. And we've already begun some work on those recommendations. So I just want to thank the Provincial Auditor for involving us in this audit. It was a very good experience for us and we appreciated the support that we received from them. Thank you.

**The Chair:** — Okay. Thank you, Mr. Lang, Mr. Law.

**Mr. Law:** — Thank you, Mr. Chair. First just to quickly introduce . . . I noted that my officials were quick to find the back row of the seating today but nonetheless I'll try and identify them. Terry Schmidt, the assistant deputy minister for operations I think many of you have met before. Ted Stobbs is here as well. Ted is our assistant deputy minister responsible for corporate services. We also have Gary Diebel, our director of finance and administration and Tim Kealey, who is the director of our corporate support branch who are with us today.

Like Terry, I would just offer a few very brief comments with respect to the experience of the audit. Again like Terry said, this is a process that we have been actively engaged in with some vigour in the past number of years. I think it is a process that probably is well-suited to the kind of business that we are in. We are, I think, we're happy to be a part of what had been previously audited around our work in planning and in reporting and it was an area that we were very comfortable in. This was a little bit of a new experience for us. We weren't sure what to expect in terms of performance management. But the professionalism of the Provincial Auditor's staff I think made it an experience that, like Terry, we would say was very beneficial for us and very well managed on their part.

We have taken seriously the recommendations that the Provincial Auditor has provided to us and are happy to report, and can provide more details if the committee is interested, on how we have responded to some of the specific recommendations that have been made. But the long and short of it is that we have attempted to respond to this particular set of recommendations by implementing some new management and reporting and monitoring processes within our department as part of the response to this.

The final comment I would make I guess in this regard is that

we have also, as a result of this work in attempting to coordinate a more corporate response, begun the process of implementing a corporate risk management framework for our department which I understand is, is something that is perhaps again towards the front end of the pack in terms of this kind of work going on. But again I think a very helpful part of our ability to manage is being able to assess this in a more systematic way in terms of understanding the risks and the challenges and opportunities in terms of how we can better improve our management systems by implementing a risk management model for the department's programs and its services. Thank you.

**The Chair:** — Thank you, Mr. Law. We will now open the meeting up to questions from members. Mr. Cheveldayoff.

**Mr. Cheveldayoff:** — Thank you, Mr. Chair. Thank you to the deputies and all the officials for attending Public Accounts this morning.

The information provided by the auditor talks about the government adopting a results-based management approach for use by departments in 1999. Could you explain to us what types of . . . or what type of management process was used prior to 1999 and just explain the difference.

**Mr. Lang:** — Well I'm not sure it would have been consistent across all departments and I think that's one of the benefits of moving towards more of a corporate approach. I can only speak for parts of our department because we came together as a department in 2002, so before we were part Department of Justice, part Social Services. And adult corrections and young offenders were brought together. So part of it was the ongoing management of performance on an individual basis, so you would be setting objectives, yearly objectives with various managers throughout the department and you would be reporting on that.

But then it was simply from a corporate perspective reporting those, some of those results in the overall annual, in the annual report. So there was not sort of the regular reporting back to the managers on some quarterly results. It was individual performance, but then the annual report was really the only reporting structure.

**Mr. Cheveldayoff:** — So I take it to mean that it was always reported on results but it was just done in somewhat haphazard way, and this is more consistent across the government. Is that what I hear you say?

**Mr. Lang:** — Yes, I think that's a fair assessment. I mean these are all based on strategic plans, strategic results, key action items that are set out in advance and published and then we report on them. And I think prior to that time there wasn't that sort of formal rigour to the performance reporting piece.

**Mr. Cheveldayoff:** — Okay. I think you may have already answered this question in part but, you know, prior to that, were there no quarterly reports? Were they just done on an annual basis?

**Mr. Lang:** — I can only speak for our parts of the department. They were only done on an annual basis, yes.

**Mr. Cheveldayoff:** — Okay. The recommendation has been made by the auditor to analyze and report quarterly to executive managers of the department's progress towards planned income. Can you just comment on specifically the progress that you've made towards adopting the recommendation?

**Mr. Lang:** — Okay, let me . . . I'll follow up and then John may want to reply on his department's perspective.

We have, as we were going through the audit, we were already using management reports that were done on a monthly basis. We have continued to develop that. So we do management reporting on a monthly basis that would provide information to our management group. We do quarterly reports, which are larger roll-ups, and then we do an annual report of the department as well, and following the advice or the recommendations from the auditor trying to incorporate more of the results reporting back directly in those reports. I've actually brought copies of those reports along. If the committee is interested, I could leave those behind.

**The Chair:** — That would be appreciated.

**Mr. Cheveldayoff:** — Thank you for that information. The departments were told that they need to improve their definitions to specify what to measure and document and how to calculate each measure. Does that still provide a challenge for you? Have you made some progress in this area? Are you quite comfortable in how you're able to produce the reports as far as the measures indicated?

**Mr. Law:** — Terry was doing such a good job I didn't want to interrupt him.

The issue of measures for us is one that we are relatively comfortable with, Mr. Cheveldayoff. We've been using these as a part of our ongoing management system for some time.

The part that I would have more difficulty commenting on is whether or not our measures from the perspective of their consistency across the government would be comparable to what you would see from other departments. In our case a lot of our work is quite quantifiable. We're in a business where we have usually set out, you know, certain measures with respect to how much work we're trying to get done in terms of measuring the work units and the inputs to that and so on. So for us those measures sort of come with the business and so that's been a part of what we've done.

The challenge I think is in understanding whether we are, for purposes of book reporting and for people to understand what we do, if we're using the right kinds of measures and whether or not those would be the kind of consistent measures that should be applied in measuring what we do perhaps in comparison to the performance of other organizations. But for ourselves and speaking just for the Department of Highways and Transportation, that's something that we're quite comfortable with.

**Mr. Cheveldayoff:** — Thank you, Mr. Law, for that answer and you touched on my next question a little bit. Obviously you've been asked and you've volunteered to come here. You would be two departments that are probably further ahead than

most.

Can you comment on your knowledge as far as across the government and the whole piece and how departments measure up to your department, or are they all following the same sort of path. Are they looking to you for leadership?

**Mr. Law:** — I'm not sure that I can do a good job of speaking on the state of affairs for all other agencies. I would say that out of the work that we did with the Provincial Auditor in this regard, we have offered to make available the work that we've done with respect to some of these additions and improvements in our processes, including the things that Terry alluded to. We've done something very similar. We have a series of monthly reports that we use as a means of keeping track. We roll those up into quarterly reports and so on as has been recommended by the Provincial Auditor.

With respect to the issues specifically of measures, I know that departments are working on this. I've been involved in at least one forum in which other deputies have talked about that as a tool and how it might be used. But as to the specifics of the state of affairs for government as a whole, I don't feel confident to be able to speak to that.

**Mr. Cheveldayoff:** — Yes. I was just wondering more if this is something that would come up regularly at a meeting of deputies where, you know, the topic would be discussed and you would have a chance to talk about best practices and things like that.

**Mr. Lang:** — Well again I can't speak overall, but in some of the human services forums that we have, I mean, we work together on a number of integrated kind of initiatives. And one of the focuses of discussions very early on will be, what are the outcomes that we're looking for, and how are we going to measure? So I think there's much greater consciousness of the need to, you know, to know where we're trying to get and how we're going to measure how we're going to get there.

And the best example that we use is the Regina auto theft strategy, where the auditor's report refers to one of the examples for us to look at, crime stats. And that, you know, I think that's sort of the ultimate piece in terms of, you know, are we having any impact on crime stats?

But really we will only know those crime stats on a yearly basis. We don't know what impact we're having on a monthly basis, whereas the Regina auto theft, we can look weekly to know how many cars were stolen that week — have they gone up; have they gone down — and are there some specific actions we can take to have some impact on that. If we only looked at them every six months, we're well past having any significant impact in terms of a quicker response.

So those are, you know, some examples of how if we drill down in terms of knowing exactly what we're looking for, we can have a quicker response to some of the immediate results.

**Mr. Cheveldayoff:** — Thank you for that answer. Mr. Chair, to the deputies, much has been written about the topic of productivity, and productivity in the public sector seems to be a topic that is being discussed, you know, across governments

and in municipalities. Like the city of Saskatoon for example has adopted some management techniques to look specifically at productivity levels. And they've set some targets, and they've been led by the Saskatoon Regional Economic Development Authority and the chamber of commerce in this regard. Is measuring productivity, productivity specifically, and setting targets something that is a priority for your departments?

**Mr. Law:** — Well I'll start on that one. The issue of productivity in the context of how we go about doing our business is something that has incorporated internally the process of establishing targets for us, and it rolls right from the very sort of top levels of our strategic plan down to individual performance plans. So when we establish our goals and objectives under each of the main areas of our plan, of our strategic plan, ultimately those will be reflected in individual performance plans for employees throughout the organization.

And our effort is to try and align and coordinate those. And we're then in a position, although we don't . . . I'm not sure if we've done this in as integrated a way as your question implies, but we certainly do try and keep track of how we are living up to or identifying where we need to do better in some of the performance areas in the department. And that forms part of the ongoing, sort of a rolling plan that we have in terms of the changes that we make to our strategic plan. So it starts at a senior level in terms of the overall objectives for the department, and ultimately resides in the performance metrics we use for individual employees in our department.

**Mr. Lang:** — In terms of our department this sort of the senior management and the individual performance pieces that are developed I think are similar to what John described. But from our service delivery perspective we have very specific performance standards that we set for our service delivery, for example for our youth and adult corrections workers. And there is a quality assurance piece that goes along with it. So there is some specific training that all staff get.

And then we measure to make sure that, you know, they are performing those tasks as required. So it's things like developing case plans with individual offenders, making sure that they're following through on what's supposed to be happening with those particular offenders — so very specific standards.

And we have the quality management piece to go along with it to assess whether or not they are being carried out as according to standards.

**Mr. Cheveldayoff:** — Thank you, Mr. Chair. I am very pleased with the answers. I'm glad to hear that it's a philosophy that's prevalent through your departments and right from the top management level on down. So thank you for those answers. Mr. Chair, that's all I have.

**The Chair:** — Just a couple of questions for the deputies. Maybe I'll start with Mr. Lang. To do performance management you have to have targets and then see how you measure against those targets. Are those targets entirely internal or do you have a mechanism to publish the targets? Obviously when targets become public there is more incentive to reach them and there's more accountability because the public, for

instance, is aware of what those targets are.

You mentioned the Regina auto theft, which I think is an excellent example. Could you tell me to what extent you make public your targets so that there is an accountability factor that comes into play?

**Mr. Lang:** — Well with our performance plan which is a published document, I mean it sets out our key strategies, it sets out the key actions for every given year and underneath there are specific performance measures that are set out as well. So those are published and there are . . . A lot of the performance measures that we have are fairly specific.

They will talk about, for example, referral rates to specific corrections programs, completion rate for specific programs, the number of inspections that we do on the licensing inspection side, for example. And so we measure against those. And I mean part of it is looking at, you know, have they changed from year to year and have they improved?

At the same time, we're also looking to continue to develop what those . . . our performance measures so that they really get at more robust measures.

Part of the issue we have now is . . . I mean, we need to have the data — we have to be able to capture the data — to be able to report on it. And so there's some . . . We need to be able to have some systems development so that we can capture the data and so we can report on things like the Regina auto theft which we have. So we have that process set up but we need sort of a more robust ability to do that across our service so that we can report on the broader performance objectives.

**The Chair:** — And do you have time lines associated with those targets? For instance, short-term goals, reduce auto theft by 50 per cent in six months, as well as long-term goals that the number of repeat offenders will be reduced by a certain amount in three years or that sort of thing?

**Mr. Lang:** — We do on some of those performance objectives. So the specific one that you referred to with Regina auto theft, there was that specific target right out of the gate. And then with the city police, this past year we set additional targets of 5 per cent reduction per year for the next three years. We've done similar things with the break and enter strategy in Saskatoon as well.

So the targeted crime reduction initiatives, we have been able to set those targets and measure how we're doing towards them. We haven't been able to set the targets with all of our measures.

**The Chair:** — And do you publish those targets on a website? How available are the targets?

**Mr. Lang:** — Well if I'm not . . . I think the Regina auto theft is one of the measures that we report on in our performance plan. We don't report publicly on all of them, again because there are different stages of development. We would like to get there though, so that we can report publicly on all of those.

**The Chair:** — And is . . . That report is on the website or how available is it or is it . . .

**Mr. Lang:** — This is on our department website.

**The Chair:** — Okay. That's what I wanted to know.

**Mr. Lang:** — Yes. Sorry.

**The Chair:** — Okay. And then just a quick question for Mr. Law, just so we have some idea of the scope of the performance management program.

I would assume that at the higher levels of human resources information technology, those areas you have a performance measurement plan in place. How far do you drill down? Do you drill down to the point where you have a performance measurement goal or target for a division of highways in Saskatchewan? Do you drill down to the point where you measure the quality ... you know, you have performance targets for the quality of thin membrane highways in Saskatchewan or dare I say even performance of Riverhurst ferry. Do you drill down that far?

**Mr. Law:** — Yes we do, Mr. Hermanson. In our department, we have established and have for some time had internal targets around all of those things. So in reference to some of the examples you've used, we would have ... One of the performance measures that we have, for example, in the area of northern roads is we would have a certain percentage of those roads that we would want to have demonstrated some improvement in the standard of the access for those communities based on the quality of the roads. And we will keep track of that on a regular basis.

Similarly, with respect to Riverhurst ferry, we have a specific target associated with the hours that that is up and running — as it should be — in terms of a full-time service. And we measure that on a regular basis. So those are things that we have.

And as for the human resources side, we also have a fully integrated human resource plan which sort of establishes those for individual employees. And usually we've done those by division and worked them down to individual units within the division so that we have some means of keeping track of how we're doing in all areas of training and performance with respect to individual performance objectives.

**The Chair:** — And how available are your targets to the public? If I happen to live on one of those northern roads or if I happen to use Riverhurst ferry, can I access what your targets are to help hold you accountable for reaching the level of performance you've aimed for?

**Mr. Law:** — Like Terry, we have some of them that are included in our performance management systems, and those are available as part of our performance plan. Some of the more detailed ones have not regularly been published. But we're currently working with the Department of Finance, who set the objectives corporately for government in terms of where we go, in terms of how many more of those we would include. But we certainly have them available.

**The Chair:** — So if a member of the public — an MLA [Member of the Legislative Assembly] or whoever — wanted to find out, you know, what are the plans or, you know, what

targets have the government set for the highway that I use, can they do that? Can they contact someone? Do they contact you on your website, and you can provide them with that information so they know what to look forward to, say in the next three years?

**Mr. Law:** — I'm going to give a conditional yes to that. We have, I think, depending on the nature of the inquiry, we would have most of that information available. We might not necessarily have it sitting on a website. Some of it would be. Some of the performance measures are. But depending on the nature of the inquiry, in many instances I think we would be able to respond to that.

**The Chair:** — Last question. Do you have a performance plan for the highway depots? As you know, there was some controversy about whether or not there were plans by the department to close certain depots. I think that's an issue that has been raised several times. There seems to be some confusion between documents that were provided by the department and communication that came from the department that seemed to contradict that. Can you explain that?

**Mr. Law:** — Yes. The documents that I think resulted in the confusion publicly were planning documents that were done that looked out over the next 10-, 15-year horizons in terms of what at the time were limited investments we could make in terms of the renewal or replacement of some of our equipment repair depots. And as part of the planning exercise, based on resource availability, some scenarios were worked through at some of the regional levels in terms of how they would organize to make those investments and where they would or couldn't make some of those investments.

Publicly we've been very clear that we have no plans to close any of our existing equipment repair depots, and we've undertaken meetings on a regional basis to try and make sure that that is understood at the detailed level and explain the documentation that had been originally prepared and how we were acting on that as a department.

**The Chair:** — But wouldn't you agree that there was some conflict between the long-range planning and the, you know, the planning for lack of equipment in some of these depots and also the communication of assurance that those depots would be open, which I think lends people to believe they'll also be effective and provide the services that the public expects? Wasn't there a conflict there?

**Mr. Law:** — In isolation, there was.

**The Chair:** — Okay. Thank you very much. Are there any other questions? Mr. Cheveldayoff.

**Mr. Cheveldayoff:** — Thank you, Mr. Chair. One question to the Finance officials. I see the title of the official is performance management branch director, and I'm just wondering if you could comment on the goals of your particular branch and any new initiatives that we may have coming forward across the government.

**The Chair:** — Ms. Douglas.

**Ms. Douglas:** — The goals we have coming forward for 2007-08 — is that your question?

**Mr. Cheveldayoff:** — . . . short term, long term, just quite wide open, just so we can understand a little bit more about the coordination role that you provide and some of the advice you're giving departments.

**Ms. Douglas:** — Okay. Well the system is fairly well established. We're pleased with the progress that we've made so far and the co-operation and leadership that we're getting from departments like Highways and Transportation and Corrections and Public Safety. So we want to continue to work with them, with the Provincial Auditor's office to establish best practices and to try and improve where we can.

I think one of the focuses for this next year coming up is certainly improving upon the performance measures. It's a challenge to establish ones that are reliable, have strong and credible data that can establish trend lines before we're ready to publish targets. Ones that are outcome-based are always more challenging to develop. And this isn't unique to Saskatchewan. This is a problem everywhere. But performance measurement is certainly a key area of focus for us for this year.

Risk assessment and risk management is another area that we're working with departments to determine what kind of systems are in place and how we can improve upon assessing risk, which will also feed into improving the performance plans and the reporting of outcomes for the future.

So generally we're just trying to work on improving the plans overall. Better decision making from the plans so that the performance measures can inform the decision-making process in Treasury Board and in cabinet. But mostly, you know, the system is improving and we're trying to work on just making it better all the way around.

**Mr. Cheveldayoff:** — Thank you, Mr. Chair, to the official. Are you working in a proactive way with those departments that maybe aren't as far along? One thing we see in Public Accounts is different departments in differing stages of readiness and ability to adapt. And sometimes they come to us and say that, you know, they don't even know the right questions to ask. So are you being proactive with all departments to make sure that there is at least a certain minimum level?

**Ms. Douglas:** — I would say yes, we're trying to be a lot more proactive and have more of a client service orientation with our departments now. Instead of establishing, you know, sort of a prescriptive approach you want to be a little bit more open and flexible with our approach to performance planning and measuring.

So we have a team of four consultants which divide up government into approximately six departments each, and we work with the ones that need more support, obviously, throughout the year. There's been a number of departments that have been reorganized last February so they're just starting out developing new plans. So a lot of our energy is spent working with them to start from scratch.

Many are already well established and fairly mature so they

don't need as much support from us, but there's always new areas where you'll want to focus on like risk and, you know, improving the environmental scanning and linking the budgets to the plans. So there's always areas where we need to, you know, spend some more time and energy. So yes, I hope that we're being proactive. That's our intention, anyway.

**Mr. Cheveldayoff:** — Thank you. That's all, Mr. Chair.

**The Chair:** — Mr. Borgerson.

**Mr. Borgerson:** — Yes. On that note, I would suspect that between setting targets and measuring results and outcomes, there's often a danger that you try to draw a straight line. In other words you try to do what you've always done, but to do it better. But of course you always want to leave room for innovation and creativity and for, as people say, thinking outside of the box.

And I indicate, I notice that the auditor says that both departments use some innovative management processes. And I'd be curious to know, perhaps with an example or two, of the kinds of innovative processes that you've used to get from setting your targets to the results and outcomes.

**Mr. Law:** — Well maybe I'll just speak to one of the corporate initiatives that was alluded to that we had just started to work on when Jane and her team came, and we've now accelerated, and that's the establishment of our risk management framework for the department. What we've done in that exercise is to try and quantify and prioritize what we consider to be all of the risks that are of significance corporately for our department, and that includes everything from financial risks to project delivery risks to everything . . . I mean, we have a number of factors that affect our ability to deliver on our programs that include weather, contractor progress, a variety of those things.

And so what we did is we took some of the information that we already had in our department, and we engaged some outside expertise to help us formalize a structure around that. We are at the point now of having gone through the first scan of what we consider to be our corporate risks.

We've prioritized those, and we've now gone through to identify action plans associated with each one of those risks. And we've communicated those back out through the department and incorporated those into a performance management direction as the first phase of trying to understand them. And this is a rolling exercise that we go through and something that we think will really help us, given the nature of what we do.

I could use other examples. We have targets . . . The Chair asked questions about human resources. One of the areas that I think we have, we're pretty proud of in our department is we have some very good work that's gone on in the area of diversity planning and implementation. In that regard I think the department received three or four awards.

And what I think is most telling about that sort of thing is that it really is happening at the front lines of our organization. This is not a senior management decree. This is people in our equipment repair depots and on the front line of our teams who are thinking about different ways of engaging, you know, First



Nations and other groups into our workforces and are doing that in very innovative ways.

And as I say, these are things where we provide some support to the general, you know, emphasis that we would like to see in the area. But it's really the front-line folks who are developing new training programs, new ways of working with local communities to bring some of the folks into the workforce that we'd like to see.

So from a performance management perspective, I think there's lots of examples. At a corporate level I reference, you know, what is I think a relatively new piece of work for executive government departments but one that I think well serves our business. And at individual levels I think we've got lots of good examples.

**Mr. Lang:** — Just quickly if I could talk about two specific examples. I referred to the targeted crime reduction initiatives. I think for us that's a good example of working differently together. We work hand in hand with the Department of Justice, but we also work with the various police forces and community organizations to identify what are the specific crime issues in those communities and come up with a plan with the communities that's really defined by the communities and supported by them. And so it's just a really good example, I think, of working, the provincial government working together to help communities.

The other example specific to our department. Labour relations is always a big concern and, you know, a lot of effort goes into managing labour relations. We spend a lot of our time with our union-management committees talking about our strategic directions, our key action items, our budget so that they understand where we're going and the money we have to do it with, and also asking for their input in terms of what are some of the directions that you think we need to take and working together. So I think that's a key for us in terms of making sure that there's a good understanding throughout the organization.

**Mr. Borgerson:** — Okay. Thank you. Thank you.

**The Chair:** — Thank you. I believe there are no more questions. We have one recommendation to deal with, that is on page 243 of chapter 10 of the 2005 report volume 3. I will read the recommendation. It states:

We recommend the Department of Corrections and Public Safety and the Department of Highways and Transportation analyze and report quarterly to executive managers the departments' progress toward planned outcomes.

Is there a motion? Mr. Borgerson.

**Mr. Borgerson:** — I don't have a motion. I heard from the Department of Corrections and Public Safety that this is in progress and I may have missed it. Where are we at with the quarterlies from Highways?

**Mr. Law:** — We've actually implemented this recommendation in our department now. So we've acted on the report from the auditor and are now following the . . .

**Mr. Borgerson:** — So we have progress in one and compliance in the other. So I'll just even it up by moving that we concur with the recommendation and note progress.

**The Chair:** — All right. Thank you for clarifying that. And we have a motion on the table. Is there any discussion of the motion? Seeing none, we call the question. All in favour? That's carried unanimously.

I want to thank the witnesses for appearing before us. I believe, Mr. Law, we're going to hang on to you for the next chapter. But we excuse Mr. Lang and thank you for appearing. And Ms. Douglas, thank you for answering your part of the questioning.

#### **Public Hearing: Reporting on infrastructure — follow-up**

**The Chair:** — We will move directly to item 2 on the agenda which is reporting on infrastructure, follow-up. That's chapter 21 of the same volume we've been dealing with. We are inviting Ms. McDonald, the deputy minister of the Department of Property Management and her officials to be ready to answer questions.

Immediately, we will go to the Provincial Auditor and I believe we have presenting a summary of their findings on this issue, Judy Ferguson. Judy, we welcome you here and give you the floor.

**Ms. Ferguson:** — Thank you very much. Thank you, Mr. Chair, members, officials. I'm pleased to present chapter 21 of our 2005 report.

The chapter starts on page 300 . . . let me see. I don't have the page number — 336 of the report here. It sets out the results of another follow-up of our recommendations that we made in 2002 and 2003 about public reporting on infrastructure. We focused our work on Saskatchewan Transportation Company, Department of Highways and Transportation, and Saskatchewan Property Management Corporation, which is now the Department of Property Management corporation.

Each of these agencies manage significant infrastructure. In general we found each is improving the information it provides the public about its infrastructure and I'm briefly going to touch on the progress of each one.

Saskatchewan Transportation Company has fully addressed our recommendation. It now provides the public with good information about the condition of all of its facilities and its fleet of buses.

The Department of Highways and Transportation at the time of this report had not fully implemented our 2002 recommendation because it had not provided targets within its performance plans. And by targets we mean quantifiable estimates of results expected to occur over a specific period. The definition is actually on page 339.

Property Management Corporation also made significant progress. It published adequate information about the capacity of its facilities and used an industry standard called the facility condition index to report on the condition of its facilities. As with Highways, it had not published its targets within its

performance plan.

Without targets, the annual reports of the departments of Highways and Transportation and of Property Management do not fully compare the actual results related to infrastructure to those planned or explained differences. We recognize that both departments follow the accountability framework and under the accountability framework they were not required to report publicly in their business plan on their targets at the time of our report.

So that concludes our presentation here and we'd be pleased to respond to questions.

**The Chair:** — Thank you, Ms. Ferguson. Again we welcome you, Ms. McDonald, and if you would like to introduce any of your colleagues that you've brought with you we will let you do that and give each of you a few moments to respond to the auditor's findings. Ms. McDonald.

**Ms. McDonald:** — Okay, thank you. We certainly welcome these opportunities to meet with the committee. It's just one way we are able to communicate with the public and ensure our operations continue to reflect public needs.

With me today are two members of Sask Property Management, Mr. Garth Rusconi, assistant deputy minister accommodations services; and Mr. Donald Koop, assistant deputy minister commercial services.

**The Chair:** — And did you have any response at all?

**Ms. McDonald:** — No.

**The Chair:** — It's not required. Mr. Law.

**Mr. Law:** — Thanks, Mr. Chair. Maybe just two very quick comments. We talked a little bit about targets in the earlier discussion. But again this was an area where we were pleased to work with the Provincial Auditor in terms of how we report on public infrastructure. And we're certainly open to suggestions about how we can improve. I think that Judy's report did reference some progress that we've made in terms of how we go about that.

The issue for us is not that we don't have the targets as part of our planning process. In fact, as I mentioned in the earlier discussion, this is part of our regular management exercise. We are in a position and I think the auditor's report notes that we are prepared to report on those at such time as the appropriate standards and decisions have been directed to the government as a whole. And so I just wanted to simply record for the committee that this is an area where we're comfortable with our work and prepared to proceed when the standards and criteria have been set out.

**The Chair:** — Okay. Thank you, Mr. Law. Just a point of information for our committee members before we go to questions. The Saskatchewan transportation corporation is also included in this reporting but it was not possible for them to attend the meeting this morning. And because the auditor had showed that STC [Saskatchewan Transportation Company] had met the recommendations, the Chair excused them from

appearing. So just in case there was any lack of clarity in that regard, I thought I should make that information available. I will open the floor to questions. Mr. Chisholm.

**Mr. Chisholm:** — Yes, my first question will be directed to the Highways. When we talk about setting the targets for, let's say, the upcoming year, I can imagine that there has to be a certain amount of flexibility in that we're dealing with a number of variables during that year. Specifically I was thinking of what happens to your targets when, for example, in this year there's an additional relatively large amount of funding come throughout the year that was not anticipated at the beginning of your period.

**Mr. Law:** — Thank you for the question. We're always happy to receive additional funding and we . . . Our plans are such that we have more demand out there than we have supply in terms of available resources to do it. So it's usually not a challenge for us to be able to fit the additional resources into a plan, in that our plans are typically multi-year plans. And oftentimes we have challenges in terms of a number of the factors that you alluded to. Could be in this instance, for example, we had some major challenges in certain areas of the province with respect to weather conditions that were not conducive to getting certain work done or created other problems for us in terms of maintenance activities. When that happens, we have generally provided in those plans for what we might choose to do next in terms of the relative order of priority.

And so as a result, when funds become available . . . And typically in this case we made a case for the additional funds in terms of addressing some of the challenges that were out there. So usually we are trying to catch up with where we would like to be or we're advancing somewhere where we think there is an advantage in terms of the overall sort of standard of the system that we are working to.

**Mr. Chisholm:** — Certainly in the highways business, it's very dependent on working with independent contractors. And I am just wondering, maybe this is a little bit off topic, but when you're setting your targets for the upcoming year or two years, do you see a problem in your availability to get the contractors that are needed for the kind of work that you're hoping to do? And does that affect your actual targets as to what you will be able to do?

**Mr. Law:** — Actually that's a very good question. We do and have been working . . . as you mentioned, the way we deliver most of our major project is through, you know, private sector contractors who we work with. And so one of the factors that goes into our planning is an understanding of what capacity is in each of the subcategories of work that we will need to be doing. So one of the strong arguments that we've tried to respond to from the industry is that the more information we can provide them about what our plans and activity levels are for the coming years, the better they're in a position to respond.

So we for example last year worked with the industry. We have a joint policy committee and a number of subcommittees under that policy committee with the industry and our department where what we try and do is discuss what we anticipate the activity levels to be in each of the categories of work and understand what capacity the industry has. And part of our

calculation is to try and ensure that we are working within reasonable sort of scopes of work in each of those categories so that we can accommodate what would be reasonable.

And you know, the industry is always interested in accommodating more business. But there is an acknowledgement I think on both of our parts that there are certain parameters within which we will try and operate those in order to maximize both value for taxpayers and appropriate level of work for the industry.

**The Chair:** — Just a question for Ms. McDonald with regard to the auditor's concern about being able to identify the capacity of your facilities and vehicles, including their current condition, and the potential volume of service. Could you explain, you know, without going into minute detail, I guess, how you evaluate the length of service for vehicles for instance? Perhaps we could focus on the vehicles — it's probably easier — and how that compares to perhaps service in the private sector or other provinces.

I having at one time driven a vehicle under your department, I think I was told that I should use that for about 160,000 kilometres. I'm trying to pull the numbers out some . . . for some categories, it was 180,000 kilometres. You know, I don't know. Is that average? Is that better than average or poorer than average? How do you measure that and determine whether you're doing a good job?

**Ms. McDonald:** — Well it's actually 180,000 that we try to determine that that's . . .

**The Chair:** — I must have been really hard on my vehicle, I guess.

**Ms. McDonald:** — No, no you weren't. And it's the way we look at our vehicles and sort of the replacement time is 180,000 kilometres or eight years. That's a good payback for us. It's a good life for the vehicle. And I mean each program has different requirements of vehicles depending on what they are — whether they're city driven, whether they're taken out to programs, whether they're half-tons for conservation officers, or whether it's crop insurance or some other specialized program.

In all the analysis and research that we've done, we probably hang on to our vehicles and treat our vehicles a little bit better than private industry does. And in selling our vehicles, people are always anxious to get a hold of them at the auction because of the way that they are treated and maintained.

I think probably the other thing we do is we . . . in maintaining and looking after our vehicles, it's from beginning to end. It's the maintenance from the tires, the oil changes, and everything else that add to the longevity of our vehicles.

**The Chair:** — So what concerns did the auditor express? Maybe I should ask the auditor, what concerns were there that precipitated this report?

**Ms. Ferguson:** — Basically where we're at is that we think that the public has the right to know what the condition of the infrastructure is. And so what we're doing is we're basically

encouraging the management groups to share with the public, you know, what is their assessment of the current condition of the infrastructure. That way then they can understand what the performance is of the organizations, what challenges they fit that they will face in the future, maybe what their future direction's going to be. Does it make sense. And you know, how much dollars will it cost at the end of the day.

**The Chair:** — So then, Ms. McDonald, what changes have you made since this report came out to facilitate that?

**Ms. McDonald:** — Well certainly in our performance plans and our environmental scans and all of those documents, we try to adhere to what the auditor would like, but we're still at the point where we're setting internal targets and working within our department and following the FAM [financial administration manual] policy.

**The Chair:** — Well there's no public reporting that goes beyond what you were doing prior to this report coming out?

**Ms. McDonald:** — I would say we probably do better reporting with regard to our performance documents, much better reporting, and better reporting with regard to the depth of our programs. I mean when people look at our department, they think we're buildings. And that's pretty well all they think we are. And I think what our performance document has done is described exactly what the department does and the roles within the department.

**The Chair:** — As far as value and condition, there's not been any progress in that regard?

**Ms. McDonald:** — Well I think we're working with some of the targets and with industry to set some of our targets. I mean we don't . . . We want to be able to follow industry standards as well. I mean we don't want to be so far off base that the development of this is taking some time.

**The Chair:** — I would think that hand and glove with operating your department would be the need to know depreciation values. And just for your financial statements, that information should be readily available, and it doesn't strike me as being an insurmountable challenge to make that information readable to the public. Is there a problem in taking the information that an auditor or an accountant would understand and making that available to the public in a format that's easily understandable regardless of your, you know, whether you're a trained auditor or accountant?

**Ms. McDonald:** — I suppose, like using the example of the facility index which is one of the tools that we're using now, it . . . I want to say this delicately. For the average person who doesn't follow life of buildings and doesn't follow what takes place with building, it would be complicated to read. So to make it easy to read and to have them understand will take some effort. For those who are interested in the industry, it will be very easy for them to follow.

**The Chair:** — So are you making that effort then to make this readable to the general public?

**Ms. McDonald:** — Probably as readable as possible.

**The Chair:** — And in what format then would you publish this information? How can the public find it?

**Ms. McDonald:** — Well in a performance, in our performance plan that's attached to our annual report.

**The Chair:** — And do you have a website or is . . .

**Ms. McDonald:** — Yes, we do.

**The Chair:** — And is that kind of information posted on your website?

**Ms. McDonald:** — It's included in the performance plan which is on the website.

**The Chair:** — Okay. Thank you. Are there any other questions of our witnesses this morning? Seeing none, we may be able to conclude early. There are no recommendations in this chapter, so that brings a conclusion to the two items on our agenda.

The only thing that I would remind committee members of is that next week we will not be meeting on Tuesday. We will be meeting on Wednesday, and we have special meeting with an official from the CCAF who will, I think, be well worth hearing. I believe perhaps the auditor may be sitting in on our meeting as well. I've certainly invited him and any officials he wants to bring to be present as well.

Therefore I want to thank again the witnesses for appearing before us, and their colleagues, and Department of Finance — our new people — we welcome you here. It's a refreshing change. Don't tell the usual bunch. And, colleagues, I declare this meeting adjourned.

[The committee adjourned at 11:30.]