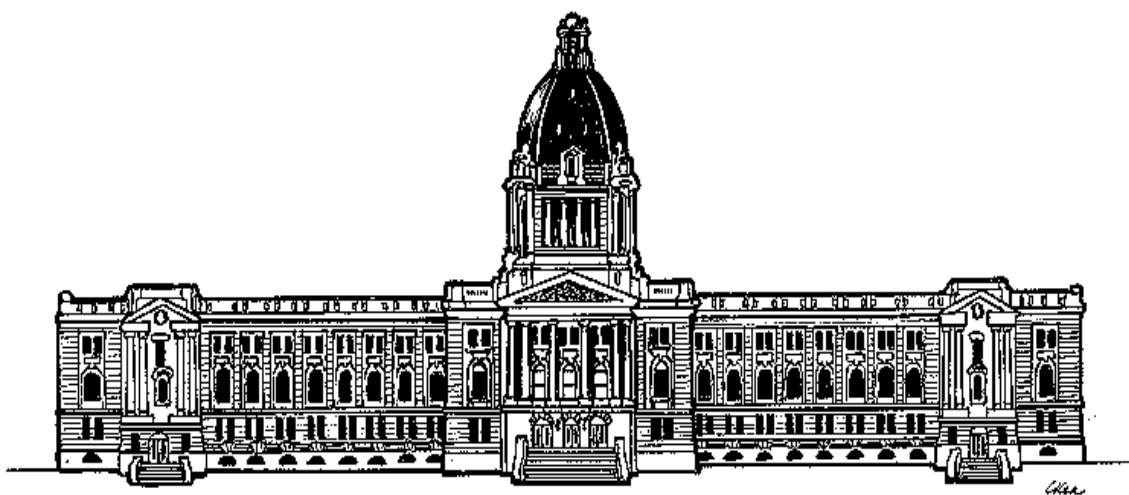




STANDING COMMITTEE ON PUBLIC ACCOUNTS

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

Mr. Harry Van Mulligen, Chair
Regina Douglas Park

Mr. Warren Michelson, Deputy Chair
Moose Jaw North

Mr. Fred Bradshaw
Carrot River Valley

Mr. Michael Chisholm
Cut Knife-Turtleford

Mr. Jeremy Harrison
Meadow Lake

Mr. John Nilson
Regina Lakeview

Mr. Jim Reiter
Rosetown-Elrose

[The committee met at 09:30.]

Agriculture and Food

The Chair: — Good morning. Public Accounts is meeting today and starting off with consideration of the Department of Agriculture. In particular there's chapter 2 of volume 1 of the 2007 report and chapter 3 of the 2007 report volume 3.

And at this point I would ask the deputy, Ms. Koch, to introduce the officials who have joined us here today. Then I would like to go to the auditor's office and to ask them for their comments, and back to you for any comments you may have and then be prepared to deal with any questions that the committee members may have. Ms. Koch.

Ms. Koch: — All right. Is that on? Okay, good. With me here today I have Laurie Donais, who is our director of corporate services for the Ministry of Agriculture. I also have Stan Benjamin, who is the general manager for Saskatchewan Crop Insurance Corporation. Also with me today is Al Syhlonyk, who is the director of lands branch, and also Roy White, who is manager of regulatory services for our inspection and regulatory management branch in the ministry. Thank you.

The Chair: — I'll take it over to Mr. Wendel, and if you can introduce the officials that you have and then get into your comments.

Mr. Wendel: — Thank you, Mr. Chair. To my left here is Andrew Martens; he'll be presenting the chapters. And over on the far side, starting at the left, is Kim Lowe — she attends all our meetings; she's our liaison with the committee. Trevor St. John, who led some of the work that's in the report; Rod Grabarczyk, who leads our work at the Crop Insurance Corporation; Victor Schwab, also at Agriculture; and Jamie Wilson from KPMG, who's the appointed auditor for Saskatchewan Crop Insurance Corporation.

The Chair: — And I think we go to Mr. Martens.

Mr. Martens: — Thank you, Mr. Chair. Chapter 2 in volume 1 contains our audit findings for the Milk Control Board for the year ended December 31, 2006. We found that it had adequate rules and procedures. It complied with authorities and its financial statements were reliable.

The rest of chapter 2 reports on our audit of the department's pesticide regulation processes. There are two recommendations in this section. Our objective for this audit was to assess the adequacy of the department's processes for pesticide regulation. We examined the processes over the 12-month period ending January 31, 2007 and we plan to do a follow-up in the fall of 2008.

The department is responsible for the regulation of pesticides for both agriculture and non-agricultural industries. This includes their sale, use, storage, transportation, and disposal. There is significant federal involvement in the area of pesticide regulation as it determines conditions, directions, and limitations. It also determines whether products can be used, what they can be used for, and registers them for those

purposes.

The criteria we use to assess our audit objective are provided in exhibit 1 on page 24. Those criteria are as follows: the department should license persons who are educated and trained to handle pesticides; provide information on current best practices in safe pesticide use; monitor and enforce compliance with pesticide control laws; review and recommend updates to pesticide control laws; and report on pesticide use and control in the province.

We concluded that the department had adequate processes except it had not done an overall risk analysis to guide its activities. As a result its monitoring and enforcement activities may not focus on areas of higher risk.

The department needs to analyze the risks associated with monitoring and enforcing compliance with pesticide control laws and prioritize those risks. Also it needs to document its strategy to address those identified risks. Our two recommendations are noted on page 29.

In chapter 3 of volume 3, it contains our audit findings for 12 agencies listed on page 39 with the years ended March 31, 2007. We found their financial statements were reliable and, except as reported in this chapter, we found that they had adequate rules and procedures and they complied with authorities.

Three matters we highlight are as follows. The department did not have adequate controls to ensure employees' pay was reviewed and approved. This weakness increases the risk that employees may be paid incorrect amounts. Our recommendation is noted on page 42. The department did not maintain adequate accounting records to prepare accurate financial statements for the Pastures Revolving Fund. Our recommendation for that is noted on page 43. The third matter is that Thomson Meats did not file senior employment contracts as required by the law. Our recommendation is on page 44.

The remainder of chapter 3 reports on our audit of crop insurance premium rates. There are three recommendations in this section. Our objective for this audit was to assess the adequacy of the corporation's processes to set premium rates under the related federal-provincial agreement for the year ended March 31, 2007. The criteria we used to assess our audit objective is provided in the exhibit on page 45. Those criteria are as follows: the corporation should collect and evaluate relevant data needed to set proper rates, adhere to agreed-upon rate-setting practices, and monitor rates and the rate-setting methods.

We concluded that the corporation had adequate processes to set crop insurance premium rates except that it needs to document and approve all of its procedures for calculating premium rates, establish and document procedures to check the accuracy of data and formulas used to calculate premium rates, and approve an internal auditor plan that includes follow-up of the internal auditor's recommendations. Our recommendations are noted on pages 48, 49, and 50.

Lastly the chapter includes a table on page 51 listing three past

recommendations agreed to by PAC [Public Accounts Committee] that were not yet implemented. One relates to the department's HR [human resources] plan. For that we plan to do a follow-up in the fall of 2008. The other two relate to Saskatchewan Crop Insurance Corporation's claims adjusting processes, and I'm pleased to report that those have now been addressed.

That completes my comments.

The Chair: — Ms. Koch.

Ms. Koch: — All right. Thank you. Well this is my first time appearing before the Public Accounts Committee since becoming deputy minister last November, so it's good to be here. I just wanted to share a few comments with you with respect to the report.

The ministry's main areas are federal-provincial business risk management programming — in other words crop insurance and what used to be known as CAIS [Canadian agricultural income stabilization], which is now the suite of business risk management programs — supporting the industry through research and providing information to the industry through a toll-free knowledge centre and regional offices which includes a variety of specialists; inspection and regulatory management which includes regulations in intensive livestock operations, pesticides, animal health surveillance; financial programs which includes things like the livestock loan guarantee program, the short-term cattle and hog loan programs, and we'll be also administering the new farm and ranch water infrastructure program; and then lastly, the administration of approximately 8 million acres of Crown lands.

So specifically in regards to the Provincial Auditor's recommendations, we have made much progress in addressing the Provincial Auditor's concerns raised in his 2007 report volumes 1 and 3.

Specifically on pesticide regulatory services, the auditor's recommendation was that we analyze the risk of licensees and exempt people not following pesticide control laws and to document our strategy to deal with this. Staff in the branch have taken risk management training and will be incorporating into the work plan an assessment of the risks associated with the monitoring and enforcement of the pesticide control laws. On analyzing the impact of anticipated workforce competency gaps, we will be addressing this as we continue to develop our strategic plan and identify the resources, both human and financial, that are necessary in order to carry out the plan.

On employee pay, the Provincial Auditor noted that the payroll reports were not adequately reviewed prior to paying employees. We have worked with the Public Service Commission, who is now keeping a record of its review of employee net pay reports prior to employees being paid. We will be reviewing this record from time to time.

On the Pastures Revolving Fund, the auditor recommended that we maintain adequate books and records to prepare accurate financial statements. The audit is not yet complete on this year for 2008 on the Pastures Revolving Fund, but I can report to the committee that we put additional effort in this year to reconcile

accounts and ensure amounts in the financial statements of the fund are substantiated, and so we expect to see this reflected favourably in the Provincial Auditor's report this year.

On Thomson Meats Ltd., the issue was regarding the requirement to file employment contract as required under The Crown Employment Contract Act. I am pleased to report that the employment contract of the CEO [chief executive officer] was filed with Executive Council in December 2007, so we report full compliance on that.

Finally with respect to Crop Insurance, again we would note that we consider that we have achieved significant compliance on issues regarding premium rate setting and documentation of information . . . [inaudible] . . . Crop Insurance is currently documenting procedures as it works through the cost-benefit study to automate the premium rate-setting process.

Secondly, Crop Insurance has documented procedures and checklists to verify the accuracy of the data that goes into formulas to set premium rates.

Thirdly, the internal auditor's work plan has been approved by the board and is currently working on providing a quarterly update on progress of internal auditor recommendations to the board.

And lastly, on prior year recommendations regarding documentation by adjusters to verify claims and providing guidance to the claim adjusters to help them identify suspicious claims, extensive training has been provided to claim adjusters and documentation is now on file to support the adjusting of claims.

So more generally I would just like to note that the Ministry of Agriculture takes its duty to manage and protect public money very seriously. We value the work done by the Provincial Auditor and value our relationship with the auditor's office. We are committed to addressing in a proper fashion any issues identified by the auditor.

And now we are open to any questions of the committee.

The Chair: — Thank you very much. If I could just refer the committee to volume 1 of the 2007 report chapter 2, Agriculture and Food, there are two issues. One's the Milk Control Board, but there are no recommendations. The audit conclusions were clean.

The other issue is the question of pesticide regulation where the auditor looked at the department processes for pesticide regulation, and he makes a couple of specific recommendations on page 29 about:

. . . formally analyze the risks that licensees and exempt persons . . . following pesticide control laws . . .

[and recommending] . . . that the Department . . . document its strategy to address identified risks associated with monitoring and enforcing compliance with pesticide control laws.

I wonder, are there any comments on this section with respect

to pesticide regulations? Okay, then I want to go to Ms. Atkinson. I just might, for those that are following this, either on television or on the Internet, you can find copies of the auditor's report at www.auditor.sk.ca. Ms. Atkinson.

Ms. Atkinson: — Thank you, Mr. Chair. A question to the officials in the Ministry of Agriculture: I think I heard you indicate that the department has started to implement the recommendations, the two recommendations from the Provincial Auditor in terms of risk assessment, and then of course a strategy to identify the risks associated with the monitoring and enforcing compliance.

Can you provide us with some specific information as to how the department is implementing these two recommendations?

[09:45]

Ms. Koch: — I'll call on Roy White.

Ms. Atkinson: — Thank you.

Ms. Koch: — To provide some details on that. All right?

Mr. White: — Mr. Chair, in response to the question, we . . . It depends on how detailed you would like the response to be. I can do a general response first and then, if you'd like, we can deal with any details at that point.

What we did in response to the recommendations by the Provincial Auditor is last fall we shopped around for a risk management training course that our entire regulatory unit could take, and we consulted with the Provincial Auditor's office as to what might be the best type of course offered locally in risk management. We eventually settled on a course that was provided here in Regina by 3e Training, and the entire unit took a course in enterprise risk management. I think it was January 15 or 16.

It was a one-day course that essentially covered the principles of identifying risk, analyzing risk, and using those observations as the meat for an action plan. As a result of taking that course, we have undertaken, our strategic planning as a unit this year undertook a special meeting to conduct a risk analysis in accordance with the principles we learned during that course and have come up with a 12-point action plan that is incorporated currently into our unit strategic plan for addressing the risk that we identified as a result of the process.

And that action plan essentially is 12 points we would undertake to do as part of our typical performance process, our planning for success process, where each unit, or each person in the unit is assigned certain tasks in accordance with the 12 points. And hopefully by the end of next year we'll have a report on how we made out on those 12 points.

Ms. Atkinson: — Mr. Chair, could you describe to the committee the 12-point action plan.

Mr. White: — Mr. Chair, we essentially sat down and . . . Well the process essentially, the first morning, was dedicated to brainstorming all the risks related to the functions, activities, and responsibilities we undertake as a regulatory pesticide

services unit. And we came up with four general areas of risk and then, after having identified those four general areas, we identified 12 sub-points under those areas where we considered areas where the risk level was unacceptable, and as a result some action would be undertaken by the unit to mitigate those risks.

The first one was . . . We have a rat control program that's more officially . . . That's my term. The official term for that is a field worker policy where we allocate to, under PCAB [Provincial Council of Agriculture Development and Diversification Boards for Saskatchewan Inc.], a lump sum of money so they can in turn ensure that that money is distributed to rural areas for the purpose of control of rats. We administer that program and one of the areas identified was making sure that program was effectively monitored and had oversight.

The second area of the 12 was freedom of information infractions. There's always a risk of improper use of personal information. And that was one area we identified as well, Mr. Chair.

A third area was the risk of licensing unqualified persons for applications, selling of pesticides, and we have a number of items under that area that would help mitigate that risk in terms of prevention or in terms of dealing with it if an event took place that was identified.

And the fourth general area . . . oh, these are general. Correction, Mr. Chairman. I'm beginning the four general areas of risk. And the fourth one is the risk of financial fraud and we identified that that is an area where events could possibly take place where revenue that comes into the unit could be inappropriately accounted for or whatever. Anyway there is 12 minor points under those or sub-points under those. And I can go through those very quickly.

Under the rat control program, the first preventative action item we identified was to update reporting provisions of the field worker agreement. The allocation of the funds is undertaken in concert with an agreement that we have between the department or ministry and PCAB. Oh, that's the provincial council of ADD [agriculture, development, and diversification] boards. That's what PCAB is.

That was the first one under rat control. Second item, action item under rat control was to update to the provisions of the agreement under which we coordinate the funding. And that action is really a review of the agreement updated to, I think it's about three years old now. It works on a one-year rotating basis. I think the interest here is update some of the wording and also to try and go to a three-year contract rather than a one-year kind of thing.

And the third area of three under the rat control is to generally improve communications between us and PCAB and the third delivery mechanism under this contract, which is the provincial association of pest control officers.

It's PCAB that really is the middle person, if you call it, between the department and the front line of dealing with rat control in rural areas. And the front line is pest control officers themselves. And those are the folks that actually use the funds

for controlling rats in their area. So those are the three action items under rat control.

The second one under freedom of information infractions is that in order, we only have one under there and that was our action item was conduct and refresh staff on improving their understanding on how and why personal information may be used. And we have a freedom of information expertise within the department that we plan to have come in and conduct, you know, a few hours or a half a day training on the freedom of information Act and its regulations.

The third general area was licensing unqualified persons. And we had a number of sub-points under this, Mr. Chair, beginning with a review of the training standards with the stakeholders in their application of commercial pesticides — stakeholders like SIAST [Saskatchewan Institute of Applied Science and Technology], who are really the training arm on making sure that the people who receive licences are adequately qualified — and to conduct a survey of clients who took some specific training last fall that was provided to deal with gopher control in rural Saskatchewan. So that was one area.

A second area within the licensing, of the risk of licensing unqualified persons was to improve or monitor and harmonize licensing standards with policy and legislative trends for other governments that may require farmers to take training. We have a group, a national group. It's a federal-provincial-territorial working group that is . . . One of its purposes is to harmonize the training standards between provinces. So for example when a person from BC [British Columbia] comes to Saskatchewan and wants to obtain a licence, what we'll do is ask them . . . what we'll do is ascertain what the BC training was. And if it is effective in Saskatchewan, we'll provide him a licence with the understanding that the BC training also qualifies under Saskatchewan regulations. I don't know if I explained that very well, what it is. It's really a process to make sure that people have been trained effectively before they get a licence.

The third action item in that area was to review the administrative monetary penalties and fine structure under the Act and its regulations. One of the priority regulations on our queue this year, Mr. Chair, is the pesticide control regulations. And one of the issues there is that our fees and our penalties are out of date, and we have been interested in updating that. So that was the third one under that.

The fourth one, Mr. Chair, is maintain educational, research, and enforcement activity, particularly in areas of higher risk such as the use of rodent control products. As we probably all understand in Saskatchewan this year — last summer and this year — is encountering a significant challenge with Richardson's ground squirrels. And we're in the process . . . part of our function is to ensure that the Saskatchewan farmers get access to effective control methods.

One of the special control methods this year that we gained permission from the pest management agency under Health Canada is the emergency registration of 2 per cent strychnine. And part of our function in the unit is to ensure that and provide some oversight to distribution of that material in rural Saskatchewan and, when identified, address not complaints but reports of inappropriate use. It is a function of our unit to

monitor that. And today for instance we're going to a demonstration that is being conducted in the Cadillac area for the use of not only strychnine but an integrated pest management mechanisms and other ways of controlling ground squirrels at the demonstration plot in Cadillac. So that's another mechanism, for example, Mr. Chair.

The sixth action item under the risk of licensing unqualified persons is to maintain an enforcement presence, including conducting inspections, investigations, and prosecution when warranted. On a regular basis, we inspect areas where . . . well institutions I guess where pesticides are sold, vended, and distributed.

We conduct investigations when there are complaints made about pesticide applications. A typical one, Mr. Chair, would be investigating drift complaints, for instance. And we're getting a few of those in now. And when warranted, we turn the file over for prosecutions. And we've had one or two of those in my time, Mr. Chairman.

And finally under the risk of unlicensed persons or unqualified persons, Mr. Chair, is to prevent non-certified persons from obtaining licences due to inaccurate reciprocity of licensing standards between provinces. So that's the seventh one in that area.

And the last one, the 12th one of all the action items, is in response to the risk of financial fraud or inappropriate financial accounting. And that is to maintain recently developed revenue handling procedures that we have undertaken for the reception and accounting of revenues for pesticide licensing. Those are the 12 action items that we have identified in our plan, Mr. Chairman, for this year.

Ms. Atkinson: — Thank you. So in terms of the recommendation which asks the department to analyze the risks associated with monitoring and enforcing compliance with pesticide control laws, prioritize those risks, what would you say the priorities of the 12, what would the priorities be for the branch?

Mr. White: — When we undertook our risk management action plan, we prioritized our risks or we . . . what's the right word? We did some math on establishing the possible impact a certain risk would have. And in the four areas, we identified the potential problem based on two factors: the probability of the risk and the seriousness of the risk. And we came out with some broad numerical factors in that regard, Mr. Chair.

[10:00]

For instance in rat control, the potential problem could have a probability that of ineffective programming of . . . We put a figure on — these are very subjective, Mr. Chair — but we put a figure of a risk factor of 2 out of 10 in terms of the probability that something could go wrong with the oversight of the rat control program.

And then we also put a numerical figure on the seriousness of the risk. And the seriousness of something going wrong in terms of monitoring a contract of this magnitude was 9 out of 10. And so what we did is we multiplied those and came out

with some not really extremely precise estimates of the nature of the risk, but at least enough to give us a general idea of where the priorities should be within the branch. And that obviously came out as number one, rat control.

And we did that for each one of the four areas, Mr. Chair, and as a result the number one priority area that we identified as a result of that process was the rat control. The second one was with regard to freedom of information in terms of the probability and the seriousness of something going wrong if there was inappropriate use of public information. The third one, the third highest priority, was the actual risk of someone out there not being effectively trained for application of pesticides. And the fourth one was financial fraud. Does that make sense, Mr. Chair?

Ms. Atkinson: — As you will know, there are more and more people identifying human health as a risk when it comes to the application of various pesticides, herbicides, and so on. When you do your risk assessment, can you indicate how you go about, I guess, the process of the . . . Well I think you have indicated in a sense, but is human health part of your thinking in terms of risk assessment?

Mr. White: — Mr. Chairman, it certainly is. I'll just step back and give you a . . . We're not the only player in ensuring that pesticides are effectively and properly used by the public and also by licensed persons. We work with a federal institution called PMRA [Pest Management Regulatory Agency], the pesticide management control agency, and it works under Health Canada. So it's kind of a dual jurisdiction where Health Canada puts a good deal of effort into monitoring the use of pesticides, the lawful use of pesticides. They have agents located right across Canada, one in also in Regina, where we share a dual responsibility for addressing concerns, complaints, and issues with respect to the safety and the impact on human health. So that is generally the mechanism we use. Although directly our unit is not responsible for looking at the human health factor, we rely on Health Canada and the PMRA to undertake their responsibilities in that regard.

If, Mr. Chair, when we do get complaints we . . . If it has to do with human health it's clearly not our expertise to deal with that kind of thing. What we do generally is — and in fact, you know, our responsibilities are pretty narrow in that regard in terms of what we can or cannot do when we get a complaint about a person being harmed by an improper use of pesticide — is generally refer to the public health office. And our responsibility is to investigate the incident, really.

Ms. Atkinson: — I understand where Health Canada would be involved in the determination of the health risks of various chemicals or pesticides, but the department is involved in compliance in terms of pesticide control laws. If there is non-compliance then that obviously increases the risk to human health and to the environment.

So then my question is this: given that there seems to be an increase in citizen understanding of the impacts of the environment — particularly pesticides, chemicals, herbicides — on human health, are there more people complaining to the branch about the improper use? I'm not talking about the improper storage, but the improper application of pesticides in

our province, whether that's either rural application or urban application.

Mr. White: — Mr. Chair, we monitor the world around us, and I would agree that there seems to be a higher level of public sensitivity to the use of pesticides. And, Mr. Chair, from our perspective mostly it's coming from the urban sector where pesticides are used and we don't get a lot of the same kind of concern expressed from rural Saskatchewan. But nevertheless it's a serious concern and typically in a situation where there is complaints registered about the urban use of pesticides, it's the city and the town people who will address those concerns, and if necessary we'll investigate as well. But having said that, we do license every person with the city of Regina, the city of Saskatoon, who is in the business of applying pesticides.

We're certainly aware that there seems to be an increase in public sensitivity for the world around them and for their own health and I guess maybe strangely enough we don't get a lot of, we haven't been receiving a lot of higher amount of complaints or concerns from rural Saskatchewan, but we see it in other provinces and we see it in the cities as well. But it . . .

Ms. Atkinson: — So then when you get complaints is it mostly about drift?

Mr. White: — Yes. Yes, Mr. Chairman.

Ms. Atkinson: — Okay, those are my questions.

The Chair: — Mr. Nilson and Mr. Bradshaw. On this topic, Mr. Nilson?

Mr. Nilson: — Yes. In the use of the word pesticide, that includes herbicides and rodenticides and fungicides, and not just in agriculture. So do you also monitor the ones used in forestry for example? Or I suppose and obviously you've indicated you regulate the use of these substances within the urban area which wouldn't be in agriculture. Can you kind of explain how that works?

Mr. White: — Yes, Mr. Chairman. We have a number of categories of licences and where a person can specialize in the application of a pesticide for a category or purpose. One is forestry, another one is structural, another one might be aerial for instance, and we do have broad licensing categories where we ensure that people who obtain licences have taken training specific to the use of the chemicals used for that broad category of pesticide use.

For instance, I'm not an expert and we have staff, thankfully, who work within the unit who are experts on biochemistry and experts on use of pesticides. They're in a better position to understand and develop training for the proper use of particular pesticides, depending on the broad category of use. There are forestry — they have probably a series of arboreal or broadleaf herbicides as opposed to rodenticides. And as I said before, there is a number of different types of rodenticides as well, including strychnine, Rossignol. What's the one they're using now — anhydrous ammonia is being used for treatment or for gopher control as well, Mr. Chair.

And again we work on the basis that we don't . . . And it's a

system where we work on the basis of identified concern and identified risk and in response to reports and complaints about the use of pesticides. And generally the landscape typically is responding to drift complaints, sometimes by farmers simply spraying on the wrong day at the wrong time, sometimes by inversion, a microclimate inversion where it's not drifting but the chemical, for whatever reason, lifts in the air and then comes down and sits.

So that's a second area, drift complaint. And also complaints about aerial drift complaints. And we get about four or five of those a year as well, Mr. Chair.

Mr. Nilson: — The work that you do together with Environment, Health, and Labour here in the province of Saskatchewan, is there a formal structure like a committee, or how does that work?

Mr. White: — ... a committee to update and continually review the training standards with SIAST, and from time to time the Ministry of Environment takes part in that process. Right now that's the only formal process we have right now for making sure that the ministry's expertise has a role.

Mr. Nilson: — Obviously you'll meet with federal government and other provincial governments around some of the national standards. Does every province regulate pesticides through their department of Agriculture or do most of them do it somewhere else?

Mr. White: — Mr. Chair, it's about half and half, although that's just my shirttail analysis. About half the provinces regulate commercial or agricultural use of pesticides through their Environment departments. Alberta does, Ontario does, and I think most of the Atlantic provinces as well. But if you'd like further information, I can provide that if you'd like.

Mr. Nilson: — Okay. Well no, that's helpful. I mean sometimes that becomes an issue of the public perception of regulation as to where it's done. So I just identify that one as one you may want to look at over the longer term.

The information indicates there are three full-time staff equivalents that work in the pesticide unit. Is that correct?

Mr. White: — We have six, Mr. Chair, two support staff and four specialists, and well ... two support staff, three specialists, and myself as the manager.

Mr. Nilson: — Okay. And then there's a budget on top of that?

Mr. White: — Yes.

Mr. Nilson: — On top of the staff. Do you have any idea how many millions of dollars of pesticides are applied in the province each year?

Mr. White: — Mr. Chairman, that's a great question and we're in the process of developing a vending database, sales database, so we can do a better job. We had developed a database but we're having problems getting enough co-operation from everybody selling chemicals in rural Saskatchewan to report on a regular basis, and right now I can't provide that information. I

could probably provide some dated information on that, Mr. Chair, but hopefully in the next year or so we'll get our database to the point where it's doing a better job of monitoring the volume and really the worth, the amount of money that goes into the use of pesticides.

Mr. Nilson: — I appreciate that. I think you should end up doing more work there because that is a concern obviously from the health side and from the environment side as nobody quite knows what the volumes of the use of pesticides are in Saskatchewan. And then here we have the regulation of it in this spot, which according to the legislation is the right place, but I think there needs to be a broader connection with these other departments. So, thanks.

The Chair: — Mr. Bradshaw.

Mr. Bradshaw: — I guess since I've been a custom applicator for 22 years, and a licensed applicator, I can just shed a little bit of light on this. First off I'd like to explain very briefly what an LD50 [lethal dose 50 per cent] is. An LD50 is a poisonous rating that all products are given. It comes on your MSDA [material safety data sheet] sheet which by law we are required to keep as custom applicators. Now the higher the number the safer the product, and I'll just use a couple examples to explain over the health, just to alleviate some of the problems and make a suggestion that something that we could be doing within the province to help out on some of the complaints.

First off, the LD50 of most of the products, most of the products, most of the crop care products we spray is 2500 and up. Now there are a few that are lower than that. Some pesticides, the likes of Loresban, etc. that are a bit lower, but most pesticides are 2500 and up. And I will give you an example. Common table salt, the LD50 of it is 3200. Aspirin is 2700. Gasoline, which we all drive around, is 1800. So most of the products that we spray are far safer than gasoline which we put in our vehicles every day. Now that's just one quick little thing.

[10:15]

To alleviate some of the drift problems ... And there was a questionnaire came out from the government here a number of years ago and I wrote a letter explaining my position on it. By law as an aerial applicator, which I am, we have to carry, by law we have to have drift insurance within the province.

There is no law stating for the ground — and I'm a ground applicator also — that we have to carry drift insurance. I think this would alleviate some of the problems. I wrote and suggested that the government implement that measure, that all custom applicators either by ground or air have to carry drift insurance. I think this would help alleviate some of the problems on the drift. That's basically just a couple of little comments I had on this.

Mr. Chisholm: — Yes, thank you, Mr. Chair. Just a question on interprovincial crossing — the particularly Saskatchewan-Alberta and Saskatchewan-Manitoba — when applicators are working on both sides of the border. You mentioned that they need to be licensed in Saskatchewan if they are a resident of Alberta but working in Saskatchewan. Or is

there any cross-referencing and because they are licensed in Alberta, they can operate?

Mr. White: — Mr. Chair, the system is that when you apply a pesticide in Saskatchewan, you are to have a pesticide licence for a Saskatchewan application. But we have these reciprocity agreements where if a person has been trained in Alberta and holds an Alberta licence and if we have identified that the training is the same that would allow the person in Saskatchewan to obtain a Saskatchewan licence, we'll allow him to apply and obtain a Saskatchewan licence without having to go through SIAST.

So the answer is a bit of a complicated answer. Any person applying pesticides in Saskatchewan in my understanding needs to be licensed if he's in the commercial business of doing so, unless he's doing it on his own lands, Mr. Chairman. And if an Albertan resident wants to work in Saskatchewan, he needs to have a Saskatchewan licence.

Mr. Chisholm: — What is the cost of a licence for a custom applicator?

Mr. White: — It's \$20, Mr. Chairman.

Mr. Chisholm: — And is that the same in other provinces or do you know?

Mr. White: — It varies. That's one of the areas where we're thinking of updating. In some provinces it goes up to \$100, Mr. Chairman.

And I can't give you the information right now as to what it is, but we conducted, I think, a survey last year of the different licences and what people are paying for this in the licences. Saskatchewan's really quite low right now but like I say, it's our time to update some of the licensing categories and also update the fees that are required.

Mr. Chisholm: — And do you know if in Alberta and Manitoba the standards, like, there are they automatically, are their programs such that those people would automatically be able to get their Saskatchewan permit because of . . . or are the programs different?

Mr. White: — If I understand the question, Mr. Chair — and I probably wasn't real clear before and I apologize — if a person who is a resident of Alberta can . . . What we do is we ask, anybody coming in and asking for a licence we ask: what credentials do you have? And we understand that Manitoba, BC, Alberta, have all given us their information on the kinds of training courses that they provide in their provinces. We analyze those courses to ensure, to see if they meet our specifications. If they do, then we'll give them a licence. And that's what I referred to earlier as reciprocity agreements between the provinces.

So not all provinces are exactly the same, and not all provinces have the same standards with respect to how long a gap a person can leave between times where their training has been updated — so easier way of saying that. But in Saskatchewan we require people to renew their training every five years. In some provinces it's less; it's three years. It varies from province

to province.

Mr. Chisholm: — Thank you. That's all I had, Mr. Chairman.

The Chair: — Mr. Michelson.

Mr. Michelson: — Thank you, Mr. Chair. I understand with the licences it says if individuals hire another person to spray, to apply pesticides on their land, then the law requires them to have an applicator's licence. In regards to agriculture, would that mean if you had a hired hand operating the machinery, that that hired hand would have to have a licence?

Mr. White: — I don't know if I can give you the right answer, but my understanding on how it works is if a person has a hired hand and he's applying chemicals on his own land, neither one of those persons have to be licensed.

Mr. Michelson: — Okay.

Mr. White: — However if they leave their land and undertake a project for someone else for pay, then licences will be required.

Mr. Michelson: — All right. In regards to licensing them, the standard that is the course that's offered through SIAST, is that the only course or do we . . . I guess the question I'm asking is, do we do all the training for licensing or is that all in Saskatchewan?

Mr. White: — Yes, Mr. Chairman, SIAST undertakes I believe all of the training. From time to time specialized courses will be provided by for instance by Pioneer Grain. I think they put a specialized training course on last year for Phostoxin as a way of controlling ground squirrels, but SIAST is also involved in those kinds of short courses as well. So SIAST is the short answer.

Mr. Michelson: — We don't have to send people out of the province for training I guess is what I'm . . . for any kind of the training to handle pesticides.

Mr. White: — As I understand it, we have full and complete training here in Saskatchewan for all the categories of licences.

Mr. Michelson: — A lot of the information that is passed on to the public from the department, is that done largely by the website?

Mr. White: — It's done by website. We have other mechanisms in the department, *AGRIVIEW*. We have some newsletters that go out from time to time. We communicate with SARM [Saskatchewan Association of Rural Municipalities] on a regular basis, and they also are an excellent mechanism for disseminating information on, well in the last year or so on the way to get access to 2 per cent strychnine, for instance. I'm not in the position right now to provide the committee all the communication mechanisms we have, but if you'd like a report on that, I can provide that as well.

Mr. Michelson: — In regards to our reporting detailed pesticide trends, we can collect from other provinces, and the department has the authority to acquire copies of vendors' records for all pesticides sold. However it does not routinely

exercise this authority on a province-wide basis. How do we do that? Do we do spot checks throughout the province?

Mr. White: — Yes, Mr. Chairman, we have one and a half persons right now that are dedicated to carrying out random checks of retail and commercial vendors of pesticides. For instance one of our inspectors was . . . It was really the work of one of our inspectors last summer doing some inspections in southwest Saskatchewan that discovered that there's some chemicals that were being sold that are required by law to be sold by a licensed vendor, and it was through that identification that he developed . . . Rather than go to a prosecution kind of scenario, he was able to use this leverage on . . . I won't say the name of the company because the company was very co-operative when they found out that some chemical had been improperly sold, shall we say, and they were very co-operative in setting up some training sessions in southwest Saskatchewan for the proper use of those chemicals.

So yes, we do. The short answer is yes.

Mr. Michelson: — Okay. How many spot checks, random checks would they do in a year?

Mr. White: — We do about 90 to 100 depending on the availability of staff, Mr. Chair.

Mr. Michelson: — Under financial reporting needs improvement . . . I'm looking at page 42 of chapter 3.

The Chair: — Are there any further questions on the issue of pesticides or . . . When we get back to it, I think we can note the progress being made here.

Then, Mr. Michelson, you want to turn to page 42. Is that . . .

Mr. Michelson: — Forty-two, chapter 3, yes. This is under financial reporting needs improvement:

In 2006-07, the Department did not maintain adequate books and records . . .

Consistent with prior years, the 2006-07 financial statements presented for audit contained significant errors.

Since our 2004 Report . . . we have recommended that the Department of Agriculture and Food provide written guidance to staff responsible for the Fund's financial reporting. The Standing Committee on Public Accounts reviewed this matter and agreed with our recommendation.

Has that been looked at? Like I find it . . . something that is three years old has not been addressed.

Mr. Donais: — Yes, I believe this relates to the Pastures Revolving Fund and preparation of the financial statements. This last year we put significant effort into reconciling the accounts from the fund back into, I guess, the global financial system, the MIDAS [multi-informational database application system] system. So we put some effort into getting those accounts reconciled and we believe that for the 2008 audit that things have certainly improved. The auditors are just in right

now auditing that. But we've gone back and actually done a better review I think, in-house within our own ministry, just checking the numbers back to supporting information, the detailed information. And we certainly feel confident that we've addressed this recommendation. That's all I've got.

The Chair: — Any other questions on the Pastures Revolving Fund? Yes, Mr. Chisholm.

Mr. Chisholm: — . . . Pastures Revolving Fund, but just on the . . . What is the department's position on the potential sale of any provincial lands that people have been renting for a number of years? I'm not sure what the policy is now or if it's being looked at. I know that's one of the inquiries that in my constituency office I get on a number of occasions, is look you know, our family's been renting this property for 40 years and is there any chance that we could actually buy it? So I'd just like to get a comment on that.

Ms. Koch: — Mr. Chair, I'll just make a general comment and then I'll defer it to Mr. Syhlonyk can speak more directly to the process. But certainly it always is an option for lessees to indicate their interest in purchasing and then there's a process that the ministry goes through. And maybe I'll just indicate that Mr. Syhlonyk can get into a little bit more detail on that. Certainly that would be the desire, is that if the lessee would hope to purchase the land that that option be given to him. We would do what we could to ensure that occur.

Mr. Syhlonyk: — Thank you for the question, Mr. Chair. In terms of the sale of Crown land, I guess from the ministry's perspective, of the seven and a half million acres of Crown land that we have, what we do is we firstly examine is there a public purpose for the Crown to maintain ownership.

And so we look at factors such as substantive mineral potential or sand and gravel or mineral potential on the land. We look at lands that are adjacent to major lakes, rivers, those types of things, and substantively important wildlife habitat. Much of our land is protected from sale under The Wildlife Habitat Protection Act administered by the Ministry of Environment.

So if and in fact the lands are eligible for sale, by all means what we try to do is try to make it available for direct purchase by the leaseholder. In doing so what we do is we have a process to obtain a pricing by an independent accredited appraiser. So they value it based on comparable sales in the area. And based on that we will go ahead and put out an offer to sell that to the lessee. So that handles the sale of land that's currently under a leasehold.

[10:30]

Other lands that come available where there is no leaseholder, what we do is we advertise those lands twice annually, generally in the spring and in the fall, for public tender and we take the highest bid on those lands subject to reserve price. So we do some internal pricing on it and when we do advertise we have a suggested retail price that goes with that.

If they do not sell on those initial tender sales, we move them over into a catalogue listing where it's first-come, first-served for a certain period of time for any individual that wants to buy

to it at that suggested retail. So our intent is to try to market whatever land that is eligible for sale while protecting the public interest.

Mr. Chisholm: — Now that when you talk about one of the exceptions would be if there was potential gravel or potential minerals, does that mean if you're anywhere in the province, there's potential oil development now — gravel certainly is more specific — but is most of the province exempted because there's always the potential that an oil well might get stuck here or there or whatever with the . . .

Mr. Syhlonyk: — That's exactly a very, very good question. What we mean by potential is, there's two factors. One is, where there is a known gravel or sand and gravel reserve on the land, where there's an interest in using that for the Ministry of Highways, local municipalities, or private contractors, we would withhold that land from sale for those types of uses.

But on the broader mineral development or potential for petroleum and gas development, what it comes down to is the issue of pricing. So once that land has been fully developed for oil and gas development, given that we know that the subsurface mineral rights have been leased out or sold by the province, once the surface is fully developed we will go ahead and sell it without a problem.

The issue is if we've got development that's imminent, that's going to occur very shortly in near term on that land — so for example in the Bakken field in southeast Saskatchewan where we have a clear indication that there's going to be some substantive development, we know that the subsurface mineral rights have been sold — it wouldn't be in the public interest for us to be selling that without recognizing the potential for full surface leases that will be coming into place.

So where we can price it adequately and get a fair return to the taxpayers of Saskatchewan, we will. We'll price it and sell it. But until such time as we can price it, some of those lands may be withheld temporarily. But by no means is this being a broad-based, everything in the province. It's only where you have very imminent development occurring.

Mr. Chisholm: — Okay. Thank you. That's it.

The Chair: — Ms. Atkinson.

Ms. Atkinson: — Yes. Well I had a different series of questions but just one follow-up question on this subject.

So if I'm a 40-year lessee and land were to be available, I would have first crack basically at that land. So it's not something that would be tendered. Is that correct?

Mr. Syhlonyk: — Thank you for the question. That's exactly correct. As the current leaseholder, you have a contract with the province, so you have the first right to purchase. And so you would be the one that would need to apply to purchase. We would determine if it's eligible. And if so, then there's a process for getting it appraised. Yes.

Ms. Atkinson: — And in the leaseholder agreements, is that clause in the agreement, or is this a matter of policy?

Mr. Syhlonyk: — Thank you for that question. In terms of the structure, it's set out in the regulations under The Provincial Lands Act and then by policy. Yes.

Ms. Atkinson: — So in the regulations . . . And it's in the regulations that leaseholders have access to purchasing the land, should it become available, over other people who may be interested.

Mr. Syhlonyk: — Yes, I believe so. Yes.

Ms. Atkinson: — Okay. And we think that's reasonable given, you know, we're in a marketplace. Why wouldn't we, if public land is going to become available, why wouldn't we open it up to the public?

Mr. Syhlonyk: — Well I guess . . . That's a very good question. And it's a long-standing policy where we have existing leaseholds whose operations essentially have evolved around the utilization of Crown lease land. And so to say that the land should come available for anyone to purchase at any time, I guess would be a matter of public policy, and it would be worthy of substantive debate. In terms of, you know . . . So I think we need to look at the context of the sustainability of the unit. And that's really where this policy has evolved. And it is a very long-standing policy framework.

Ms. Atkinson: — When was this . . . I mean this policy may have been developed in another time. We're now in a very competitive marketplace. And in that free enterprise system, isn't it the highest . . . the person who's prepared to pay the most is the one that usually gets the deal?

Mr. Syhlonyk: — I guess in terms of the question, that's a very good question raised and it should be an area for examination.

Ms. Atkinson: — Thank you. I have a question on the employment — just to move on just for a second — on the employment contracts.

The Chair: — Contracts on?

Ms. Atkinson: — Mr. Nilson has a question on this subject.

Mr. Nilson: — Yes, Mr. Chair. Just to . . .

The Chair: — Yes. Before we . . . Are there any other questions besides Mr. Nilson on the Pastures Revolving Fund? That's what we're on, right?

Mr. Nilson: — Yes. No, my . . . Just in light of the conversation here, is there any place in your legislation which recognizes the fact that the Department of Agriculture is the nominal titleholder of, I think you said, approximately 8 million acres in southern Saskatchewan in the same way that the Department of Environment is responsible for most of the land in northern Saskatchewan? And that, also the fact that we don't have land use legislation in Saskatchewan and so that you actually have a role and your role as manager of the land to be monitoring land use in addition to any question about best dollar for the taxpayer. So is that set out anywhere in your legislation?

Mr. Syhlonyk: — The current legislation, The Provincial Lands Act, is written in an era where development was at the forefront of the thoughts of the legislatures of the day. But in terms . . . So is it set out, the sustainability around land use, within the Act? It's implied but not very well articulated within the legislation.

Having said that, our ministry and my branch does have a substantial role in terms of monitoring the ongoing sustainability of land use. That's a key function of our branch. And so I have a number of staff that do range land monitoring, that work specifically with producers in terms of sustainable agricultural practices. For example, our Saskatchewan pastures program, we recently undertook 54 environmental farm plans on those lands to try to ensure that we are doing things in a sustainable fashion.

Mr. Nilson: — But this is an area where we need to do some work as a province, around land use, is what I hear in your answer.

Mr. Syhlonyk: — Substantively. Thanks for the question. Substantively, yes. There is some areas for doing some integrated land use planning, yes.

The Chair: — Do you have questions on the Pastures Revolving Fund and Thomson Meats? Ms. Atkinson.

Ms. Atkinson: — Yes, this is a question for the Provincial Auditor. The department has indicated that the CEO of Thomson Meats is filing an employment contract under The Crown Employment Contracts Act. Does that meet the test of this recommendation when it appears as though senior employees are to file their contract? I think I heard the department say that only the CEO is, or president is, filing his contract or her contract.

Mr. Martens: — Yes, thank you. Yes, under The Crown Employment Contracts Act, the CEO or permanent head as well as any direct reports must file contracts. I haven't done work at the department to see, you know, if other officials have also provided their contracts, but my understanding from the audit of Thomson Meats was that they had. So that's the best information I have right now.

Ms. Atkinson: — Thank you, Mr. Chair.

Mr. Donais: — Yes, Mr. Chair, just a clarification of that. The CEO's contract and the direct report — there is only one direct report, the plant superintendent — both of those contracts have been filed.

The Chair: — Saskatchewan Crop Insurance. Any questions on this section? There are a number of recommendations that . . . No questions. Can I just . . . Mr. Chisholm.

Mr. Chisholm: — Just a quick one. You mentioned that Crop Insurance were going to a bit more of a perhaps sophisticated system on determining the rates. Now the rates of crop insurance as I understand it, there's a joint funding for the producer, partially federal, partially provincial, partially producer. So when we're looking at setting the rates, are there relationship with the federal government where they'll only

fund up to so much of their one-third portion, and are we there? I guess that's really my question.

Mr. Benjamin: — Yes, thank you for the question. The recommendation deals with actually the process that is used to calculate the rates, not in the actuarially soundness premium rate process where that's where the federal government gets involved with the per cents of funding. So the recommendation is actually in the internal process that is used to collect the data and calculate the rate according to the given premium rate actuary's certification documents. So this recommendation deals with an internal process.

And in answer to your question dealing with the funding arrangement with the federal government, the crop insurance is a demand-driven program and therefore the federal government is complied, compiled to fund up to their required agreement. And so my answer to your question is yes, we are using as much of the federal dollars as possible.

The Chair: — On these recommendations it's indicated that you have documented some of the procedures setting premium rates, but it says that you need to complete the documentation and two recommendations, 4 and 5, deal with that. Are you making progress in that vein?

Mr. Benjamin: — Yes, in answer to your question, Mr. Chair, the documentation process is complete as of right now. However we must always continue to make sure it's . . .

The Chair: — Okay.

Mr. Benjamin: — The part that is not complete is the process which deals with actually recommendation no. 5 — which is the accuracy and formulas — where we are undertaking a project to automate the process.

The Chair: — And just refresh me on the recommendation no. 6, approving an internal auditor plan. What can you tell us about that?

Mr. Benjamin: — Yes, indeed. Yes, Mr. Chair. We have an internal auditor that presented a plan to our board of directors for this year. And beginning in this spring the corporation reports to the board on the status of those recommendations and whether they've been implemented or not.

The Chair: — Okay. Any further questions? If not, thank you very much for being here today.

Ms. Koch: — Thank you. I'd like to thank my officials for their assistance today.

The Chair: — Thank you. So we need some motion with respect to the recommendations we've looked at. The recommendations that are contained in volume 1, it's very clear that there's been progress made. And if someone could move a motion to that effect that we concur with the recommendations and note the progress toward compliance . . . Could someone move that?

Mr. Michelson: — Did you want to do them individually or . . .

The Chair: — However you want to do it. You can do one motion to deal with both those recommendations.

Mr. Michelson: — Okay.

The Chair: — It might be better to do them individually. So we've got recommendation no. 1:

We recommend that the Department of Agriculture and Food formally analyze the risks that licensees and exempt persons are not following pesticide control laws.

Can someone move that we concur with the recommendation and note progress?

[10:45]

Mr. Michelson: — I will so move — concur with the recommendation and note progress.

The Chair: — Moved by Mr. Michelson and discussed. Is that agreed? That's agreed.

No. 2:

We recommend that the Department of Agriculture and Food document its strategy to address identified risks associated with monitoring and enforcing compliance with pesticide control laws.

And could we have a motion to concur with the recommendation and note progress towards compliance?

Mr. Michelson: — I will move that we concur with the recommendations and note progress.

The Chair: — And that's agreed?

Some Hon. Members: — Agreed.

The Chair: — That's agreed. Okay. There is no other recommendations in volume 1. In volume 3, chapter 3, there are a number of recommendations. Well the one on page 42, that's the same recommendation we've had for every department. I don't think we need to make any further comment here on that. That's a standard recommendation we've seen for every . . . I don't think we need to deal with that any more.

Mr. Chisholm: — Just note compliance . . .

The Chair: — Yes. We just noted compliance, and we've done that, I think, for all departments because it was a central issue related to MIDAS.

Then we have a recommendation with respect to the Pastures Revolving Fund:

We recommend that the Department of Agriculture and Food maintain adequate books and records to enable it to prepare accurate financial statements for the Pastures Revolving Fund.

Does someone want to move that we concur with the

recommendation and note progress?

Mr. Michelson: — I'll move that we concur with the recommendation and note progress.

The Chair: — Okay. That's great. Then with respect to Thomson Meats and the fact of filing of employee contracts, I didn't hear the discussion on that, and I don't know quite what the committee wants to do with this.

Mr. Michelson: — I thought there was compliance there.

The Chair: — So we want to concur with the recommendation and note compliance?

Mr. Michelson: — So moved.

The Chair: — Is that what we want to do? Okay.

Mr. Michelson: — So moved.

The Chair: — So moved by Mr. Michelson. Is that agreed? That's agreed. Saskatchewan Crop Insurance. We have three recommendations. No. 4, "We recommend that . . . Crop Insurance . . . document and approve all of its procedures for calculating premium rates." And as I understood Mr. Benjamin to say, that in fact there is compliance on that point?

An Hon. Member: — Progress.

The Chair: — No, I think he noted . . . Well however, he noted compliance, but not so with recommendation no. 5. So if we can . . . Well it's up to you. However you want to word it, Mr. Michelson, or someone.

Mr. Michelson: — . . . concur with the recommendation and note progress.

The Chair: — Okay. Mr. Michelson has moved that we concur with the recommendation and note progress. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Then no. 5, recommending that "... Crop Insurance . . . establish and document procedures to check the accuracy of data and formulas used to calculate premium rates." Mr. Benjamin clearly has indicated some progress. So can we have a motion to concur with the recommendation and note progress.

Mr. Chisholm: — So moved.

The Chair: — Moved by Mr. Michelson. No, by Mr. Chisholm this time. Okay. Just to vary it up. Okay. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Then finally recommendation no. 6, "We recommend the Saskatchewan Crop Insurance Board of Directors approve an internal auditor plan . . ." And again I think we can concur with the recommendations and note . . .

Mr. Michelson: — Note progress.

The Chair: — Note progress. Moved by Mr. Michelson. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That concludes consideration of the recommendations. There are some outstanding recommendations. Inasmuch as we're into the 2008 report relatively quickly, let's maybe defer consideration of those until we see the 2008 report and see where we're at from that. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Right. Thank you very much. Hopefully we'll see you again. Hopefully we won't see you again. We're never quite sure how to say that.

Okay. We've got the next department with us, Culture, Youth and Recreation, at 11. Let's take a five-minute break and get back here at 5 to 11 because I'd like to just deal quickly with chapter 25 respecting the Standing Committee on Public Accounts. Okay? So if we can reconvene in five minutes, so at 5 to 11, that would be great.

[The committee recessed for a period of time.]

Standing Committee on Public Accounts

The Chair: — Chapter 25, with respect to the Chapter 25, the Standing Committee on Public Accounts. Ms. Lowe.

Ms. Lowe: — Thank you, Mr. Chair, and members. Chapter 25 of our 2007 report volume 3 has two main purposes. It responds to a prior request of the Public Accounts Committee regarding monitoring the status of its recommendations, and it highlights the work and accomplishments of the PAC since the fall of 2006 when we last reported the status of PAC recommendations.

Since the fall of 2006, and at the time of this report, the committee met 18 times to discuss our reports. When this report was released, the committee's most recent report to the Assembly setting out its recommendations was its second report of the twenty-fifth legislature. It was presented to the Legislative Assembly on May 16, 2007. That report included over 98 recommendations, including those where PAC concurred with our recommendations. PAC asked our office to monitor compliance with its recommendations and to report on their status.

In 2007 we changed the format of this chapter. Previously this chapter included an exhibit of all outstanding PAC recommendations. We have now placed many past PAC recommendations within ministry chapters. Those chapters provide an update on the status of the committee's outstanding recommendations. This format allows the committee to reconsider these recommendations.

The exhibit in this chapter lists all the committee's recommendations that the government has not yet fully implemented and are not already discussed in another chapter. All of PAC's recommendations that were not fully implemented

by the government are as at the date we last audited the organization or area, usually March 31, 2007.

[11:00]

We note that the committee's reports, including the second report of twenty-fifth legislature, during the previous five years contained 315 recommendations. Some of these recommendations may take a number of years to implement. However as of March 2007, the government has fully implemented 65 per cent of the committee's recommendations. Also the government has partially implemented 67 per cent of the remaining recommendations.

It has been approximately 14 months since we last audited the organization or areas included in each chapter and the exhibit. As a result, the report may not reflect the current status of the PAC recommendations because the government may now have dealt with some of these recommendations.

That concludes my presentation. We would be happy to answer any questions that you have.

The Chair: — Are there any questions? Mr. Chisholm.

Mr. Chisholm: — It certainly shortens up this section of the report where we used to have a number of pages, and it probably is more appropriate that we can look at those prior recommendations that either haven't been dealt with or partially dealt with when we actually have the people here to . . . I think that's probably a move in the right direction. So just a comment.

The Chair: — Just with respect to the outstanding recommendations, we got the 2008 report. Maybe we just could all concentrate on the 2008 report and see where we're at with respect to these recommendations, outstanding recommendations, and also in light of what Ms. Lowe had to say, and see whether we are inclined to do some further questioning of where we're at with those recommendations if need be. Is that agreed?

Mr. Chisholm: — . . . it's not included in this report, correct?

The Chair: — We're talking about chapter 25 of 2007 report.

Mr. Chisholm: — Right. Okay. I thought you were inferring that there was another chapter in the 2008 book that we could've followed up on.

The Chair: — There is probably a chapter in the 2008 report. I haven't looked at it, in volume 1, but . . .

Mr. Chisholm: — Right, there isn't. They didn't do another . . .

The Chair: — Could be in volume 3.

Mr. Chisholm: — Okay.

The Chair: — And so let's see where we're at when volume 3 comes out and when we need to . . .

Mr. Chisholm: — Good.

The Chair: — Is that agreed?

Mr. Michelson: — As far what was . . . There's just three in here?

The Chair: — Yes, and two of them are partially implemented, and there's a question about implementation of a third one. That one comes to us from 1999, and if that's still outstanding in the 2008 report, then let's take a look at it and why that's not happening. Perhaps, you know, we have a different view. I don't know. We'll see. Is that agreed?

Some Hon. Members: — Agreed.

Mr. Michelson: — Is that okay with the auditors?

The Chair: — Okay. Thank you very much.

Culture, Youth and Recreation

The Chair: — Next item on our agenda then concerns the Department of Culture, Youth and Recreation. With us is the . . . Now the Ministry of Culture, Youth and Recreation. With us is Van Isman, who's the deputy minister. And if Mr. Isman could introduce the officials with him, and then we'll go to the Provincial Auditor for the auditor's comments and then come back to Mr. Isman in case you have any comments to make and be prepared to deal with any questions. So, Mr. Isman.

Mr. Isman: — Thank you, Mr. Van Mulligen. It's my pleasure to introduce three officials from our ministry and an official from one of our affiliate organizations that is here today.

To my immediate right is Ms. Melinda Gorrill. Melinda is the director of corporate services with the Ministry of Tourism, Parks, Culture and Sport. On Melinda's right is Ms. Susan Hetu, who is the acting executive director of our culture and heritage division. Behind me, starting on the right, is Nevin Danielson, who is the acting executive director of our strategic policy, planning and partnerships division. And directly behind me is Mr. Peter Sametz, who is the director of operations for the Saskatchewan Arts Board. Thank you.

The Chair: — Mr. Wendel. Mr. Montgomery.

Mr. Montgomery: — Thank you, Mr. Chair. This morning I plan to briefly introduce the recommendations for the Ministry of Culture and Youth that are included in chapter 6 of our 2007 volume 3 report. In this chapter we make two recommendations. The first recommendation relates to payroll. This payroll point was reported in a number of different chapters and has already been dealt with by this committee.

The second recommendation relates to the Saskatchewan Arts Board. During the audit we noted that the board had invested approximately 544,000 with an organization without a signed agreement. This increases the risk of money being invested inappropriately. The agreement, which was made nine months later, included the policy for investing the money, fees to be charged, and rules for withdrawing funds and valuing the investments. We recommend that the board have signed agreements prior to making investments. Thank you, Mr. Chair.

The Chair: — Thank you very much. Mr. Isman.

Mr. Isman: — Thank you. Yes, I believe that the payroll issue has been sufficiently covered off in terms of dealings with other ministries. I have brought Mr. Sametz with me, who can provide direct response, but I should read to you from a particular item that was forwarded to us in relation to this whereby:

The Arts Board agrees that [the] . . . formal practice in such instances is to conclude signed agreements with other parties prior to such investment transactions. Accordingly, the Arts Board will in future negotiate such signed agreements in advance of investment transactions. The Arts Board also agrees with the suggestion to consider the opportunity to have a representative on the Foundation's . . .

It was with the Saskatoon Community Foundation.

. . . the opportunity to have a representative on the Foundation's Investment Committee, and . . . [in fact have made] inquiries to that end during the 2007/08 fiscal year.

The Chair: — I have a question, perhaps less for you than maybe the comptroller's office. Does Finance department in your office provide guidelines for all departments in terms of investments?

Mr. Paton: — Mr. Chairman, the Department of Finance provides guidelines in respect to The Financial Administration Act which does provide guidance as it relates to investments and in the Investment Board. I believe that the entity we're talking about probably has their own guidelines in regards to their investments.

The Chair: — So there are guidelines. But it's up to individual departments to make investments of this . . . like short-term investments? They don't go through Finance and say, look, you act as our contractor?

Mr. Paton: — Mr. Chair, most investments do go through the Department of Finance, but this agency, I think, perhaps provides their own investments. We do departments and ministries, but I believe they would invest on their own behalf.

The Chair: — Are there any further questions? Mr. Michelson.

Mr. Michelson: — Who would authorize an investment then?

Mr. Isman: — I'm going to ask Mr. Sametz to join us at the front here. I'll ask Mr. Sametz to respond to the question.

Mr. Sametz: — In this particular case the funds that were placed with Saskatoon Community Foundation, these are funds that were realized by the Saskatchewan Arts Board from the disposition of land that had been donated to the Arts Board, donated first to the Crown in the late 1980s and then subsequently transferred to the Arts Board. It had always been intended to be transferred to the Arts Board or donated to the Arts Board by the Mendel family in the 1980s.

Following The Arts Board Act, 1997 being proclaimed, these

funds were transferred from the Crown to the Saskatchewan Arts Board, and it was on the disposition of that land that the proceeds from that were placed in trust through a managed fund with the Saskatoon Community Foundation. And this is what the transaction speaks to. The board has independent authority under the terms of the Act to undertake transactions, under the Saskatchewan Arts Board Act, to undertake transactions of this sort.

The discussion with the Saskatoon Community Foundation took place over a number of months with the Arts Board having consultation with its officials from Saskatchewan Justice in terms of undertaking that action. And time was kind of of the essence when the transaction was entered into, but the only outstanding question before entering into a written agreement being whether the service provided by the Saskatoon Community Foundation would be provided through an endowed fund or through a managed fund. And it was through the course of the ensuing months that that determination was made and then the written agreement entered into. We had a verbal agreement with the Community Foundation as to the service provided at the time the transaction was undertaken.

Mr. Michelson: — So really this is a specific incident. It isn't a policy or a . . .

Mr. Sametz: — No, no.

Mr. Michelson: — Something that's been happening from time to time. Okay. Thank you.

The Chair: — If there's no further questions, the recommendation, how does the committee want to dispose of the recommendation?

Mr. Nilson: — I would say that it's been complied with.

The Chair: — Okay.

Mr. Chisholm: — Whatever and whatever, and then note compliance.

The Chair: — So we want to concur with the recommendation and note compliance?

Mr. Chisholm: — Right.

The Chair: — Who moved that? Mr. Nilson? Mr. Nilson moved that. Is that agreed? That's agreed.

And that concludes our consideration of the Department of Culture, Youth and Recreation. And we thank you very much for your attendance here today.

Mr. Isman: — Thank you.

[11:15]

Information Technology Office

The Chair: — We have with us the Information Technology Office and the ministry of Information Technology Office officials in the person of Don Wincherauk, the deputy minister.

Mr. Wincherauk, if you could introduce the officials that you've brought with us, then I'm going to ask the Provincial Auditor to get into his comments on your ministry, and then we'll go back to you if you have any comments to make and to also entertain questions.

Mr. Wincherauk: — Assistant deputy minister, Rory Norton; executive director, Richard Murray, of our policy and planning group; and our new director of business improvement, Darren Hoeving, who just joined us about two weeks ago, I think.

The Chair: — Great. Mr. Kress.

Mr. Kress: — Thank you, Mr. Chair. Good morning, everyone. We describe our findings and recommendations for the Information Technology Office in chapter 14 of the 2007 volume 3 report.

We have one new recommendation. We recommend that the Information Technology Office adequately review the payroll for accuracy prior to paying its employees to ensure that all employees' pay is approved in accordance with The Financial Administration Act, 1993. A payroll weakness is reported for all significant ministries. We understand the committee has already addressed this recommendation for all ministries.

We also describe our findings for the information technology security audit. The security audit covered the period from October 1, 2006 to March 31, 2007. We have no new recommendations for the audit.

However we did remove one recommendation relating to the ITO's [Information Technology Office] need to perform quality assurance tests. We found that the ITO is now performing adequate quality assurance processes for key areas such as change management and user access.

We continue to recommend that the ITO follow its policies and procedures. We continue to recommend that the ITO protect its systems and data from security threats. And we continue to recommend that the ITO have a disaster recovery plan for its data centre and client systems. We first reported these matters in our 2006 report volume 3. This committee agreed with those recommendations in April 2007.

Thank you. That ends my opening comments.

The Chair: — Mr. Wincherauk.

Mr. Wincherauk: — Good afternoon. Thank you for the opportunity to respond to the Provincial Auditor's report and to provide an update on some of the work undertaken by the Information Technology Office.

As members will be aware, for the past four years the ITO has been working to consolidate IT [information technology] service delivery across executive government. While this initiative has been a large undertaking, I am pleased to report that it is essentially complete. The ITO now provides a full range of IT services to over 12,000 users and 22 ministries and agencies.

With the project nearing completion in 2007, the ITO

contracted the respected international IT research forum, the Gartner Group, to provide an independent and objective assessment of the work that has been done.

I'd like to share two quotes from the final Gartner report that I think sum up very well. They noted that, quote:

Saskatchewan was an early adopter of IT consolidation and has moved as far as or further than many of the clients that we've seen in this aspect.

They also stated that, quote:

The ITO has made progress on a very worthwhile journey. There are further opportunities to add value.

One of the benefits of consolidated IT environment identified by Gartner is a better security to both information and systems. Security of course also plays a major role in the auditor's report on IT operations. In fact this office has now completed two security audits on the ITO environment.

I'm pleased to note that the auditor has concluded that the office has adequate rules and procedures in place to safeguard public resources, with strengthening required in some areas. We agree with the conclusion and have been taking steps to address the auditor's concern over security and related service delivery matters since the release of his latest report.

For example, the auditor highlighted the need to ensure the ITO has signed service level agreements with all of the organizations to which it supplies services. At that time the auditor noted that the ITO had signed service level agreements with 9 out of 16 partner agencies.

The ITO has since been striving to ensure agreements are in place with all of our partners. Today I am pleased to note that agreements are now in place with 18 of our 22 partners, and we are working hard to conclude agreements with the remaining organizations as soon as possible.

All of our staff are keenly aware of the increasing risks to security and privacy that are being experienced by jurisdictions around the world. And in this coming year we'll take action to improve all of our services, including security processes, based on the advice of both the auditor and the independent assessment provided to us by Gartner.

Now I just want to touch on some of the other highlights in the auditor's report. The auditor has recommended the implementation of a disaster recovery plan for the ITO data centre and for client systems. I can report that the disaster recovery plan for the data centre has been completed as well as a disaster planning exercise is in place to train staff on the disaster recovery process and identified the strengths and weaknesses of the plan.

The ITO has also led the development of a business continuity planning guide for use by government ministries. Ministries can use the guide to develop their own plans to ensure businesses can resume and they can continue to deliver services to their clients in event of disaster.

In conclusion I want to once again state that the ITO is in full agreement with the auditor's recommendations. We thank his office for assisting us to make sure we provide the best services possible to our clients.

I also want to say that I am proud of the accomplishments of my staff in improving government IT processes, reducing costs, and in improving the protection of information assets in our care. Thank you for the opportunity to address the committee and we would be happy to answer any of your questions.

The Chair: — Questions. Mr. Nilson.

Mr. Nilson: — You've indicated there's 22 entities that are now part of the ITO office. What would the maximum number be in a logical basis as you look at government and so, in other words, how many more possible groups are there?

Mr. Wincherauk: — The only department that is left outside of the ITO environment right now is the Department of Health and that was a decision that was basically taken right from the start of the exercise.

Mr. Nilson: — So then practically you're completed in dealing with all the government entities.

Mr. Wincherauk: — Correct.

Mr. Nilson: — And that includes in each ministry those related entities that might have IT needs as well?

Mr. Wincherauk: — Yes. I think there may be a few outside agencies or that were previously supported by some of the departments that aren't in there, but they're very minor. For instance the case of Justice, we provide support to everyone other than I think the judges.

Mr. Nilson: — Okay. So the task, as you say, is basically completed.

Mr. Wincherauk: — That's correct.

Mr. Nilson: — And now it's to do the work to make sure that it all operates appropriately. Now have you . . . This is obviously now a situation where you can analyze the, I guess, capital needs as we move forward. Is that the process that you're in now or do you feel that the resources are good right across government for IT services?

Mr. Wincherauk: — Yes, I think we have a very good handle on . . . When you talk about our desktops and our servers and our infrastructure are now in pretty good shape. And after four years of working on them we've brought them up to where I think we have an environment that is very flexible and ability to adapt whatever we try to bring on, in an application sense.

We're now striving to sort of stabilize the organization and work on all the business processes that we have in trying to refine some of those to make them a little more efficient than they are today.

Mr. Nilson: — Will we end up with a one entry point into government like you see in some of the states, the United

States, where they have kiosks at Safeway or at credit union or all over the place and you can actually get access to a lot of the IT applications with your, sort of, driver's licence or something like that?

Mr. Wincherauk: — Yes and I think Richard can comment on that a little after me too. But we're now in a position where we have built the platform where we can actually start thinking about doing that. And one of the initiatives that we have going on this year is the gateway or the electronic embassy initiative that will allow government lease start to deal with business through one portal or one gateway, and eventually you would start to expand that out to other parts of government and how we deliver our services to the citizens. I don't know, Richard, if you'd like to add anything to that?

Mr. Murray: — No, I just . . . I'd agree, Don. We've established CommunityNet as sort of a common communications foundation. We've got a content management system in place for web. And so all the ministries are now on a single web server, with single web tools. And as Don has indicated, now the gateway project will be an effort to provide that single entry into government for first businesses, but then eventually students, citizens, any sort of stakeholders that might be out in the province.

Mr. Nilson: — So will that . . . The goal will be then to include, like other jurisdictions, a pass to go and camp on the weekend, a fishing licence . . .

Mr. Murray: — Drivers' licences, the sky's the limit.

Mr. Nilson: — Driver's licence.

Mr. Murray: — For any and all, sort of, the wide range of government services, licences, permits, all those sorts of things that might conceivably be a benefit to stakeholders.

Mr. Nilson: — Okay. Well that's, I mean, that's been an important factor I think for many people, that they're looking forward to that. Is there some co-operation with Manitoba and Alberta so that where there are services that go across the boundaries that what we are doing here will mesh with what they're doing?

Mr. Wincherauk: — I think the exercise just to consolidate our I&T environment has been a challenging one and all jurisdictions are at various places on that journey. I think in the case that we're a little bit more advanced than some of the other provinces now. So, I think sort of everybody has to look at where they can go internally, but that can be an option down the road, definitely.

Mr. Nilson: — Does your office provide advice around design of the, sort of, web pages for each of the departments so that there'll be more consistency across the departments?

Mr. Murray: — Our ministry collaborates with Executive Council on the look and the design of all of the government websites, yes. All the ministry pages all have a common look and feel.

Mr. Nilson: — Okay. And so eventually we will then have a

very seamless access to things like the digital mapping of the province that can relate to all of the different departments and things like that.

Mr. Murray: — That is true. We're also working . . . We've got an office of geomatics coordination that is part of the ITO as well. And so we're working on acquiring satellite imagery of the province and integrating that into our services as well. So, yes.

Mr. Nilson: — How soon will that happen?

Mr. Murray: — That's going to be a very long process — it's a big province — but there is an effort under way right now to map out a good portion of the province at a certain resolution. That data will be acquired over the next five years and will be integrated along the way into applications wherever possible.

[11:30]

Mr. Nilson: — Will that information be available to Saskatchewan citizens at no cost, or will it be something that you'll have to pay fees for to get access to?

Mr. Murray: — The intent is to provide that information at no cost to Saskatchewan citizens wherever possible. Yes.

Mr. Nilson: — Okay. I have no more questions.

The Chair: — Any further questions? There's no recommendations as such to deal with, and we want to thank you for joining us here today. Thank you very much.

Mr. Wincherauk: — Thank you.

The Chair: — Let's deal with the motion with respect to attendance at the Canadian Council of Public Accounts Committees. And, Mr. Michelson, you have a motion?

Mr. Michelson: — Mr. Chairman, I'll make the motion:

That the Standing Committee on Public Accounts authorize the attendance of the Chair, the Deputy Chair, and two other members of the committee at the 29th annual meeting of the Canadian Council of Public Accounts Committees to be held in Whitehorse, Yukon, September 7 to 9, 2008.

And further, that if the Chair or the Deputy Chair cannot attend, they be authorized to designate another committee member to attend in their place.

I so move.

The Chair: — Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's agreed. And that concludes our agenda for the morning and we will be reconvening at 1 p.m. and we'll see you then. Thank you.

[The committee recessed for a period of time.]

Industry and Resources

The Chair: — ... we're ready to go. With us is Mr. Veikle from the Ministry of Industry and Resources. And I wonder if you could introduce the official that's joined us, just for the record. And then I'm going to go to the auditor's office for their comments and then come back to you, Mr. Veikle, in case you have any comments and then also answer any questions that may be posed.

Mr. Veikle: — That would be fine. I've got with me today Hal Sanders, who is the executive director of our corporate and financial services division.

Mr. Ahmad: — Thank you and good afternoon, Mr. Chair, and committee members. I will provide an overview of chapter 13 of our 2007 report volume 3. The chapter reports the results of our audit of the Department of Industry and Resources and the Oil and Gas Environmental Fund for the year ending March 31, 2007. The department has since been restructured and is now called Ministry of Energy and Resources.

In this chapter, we make one new recommendation and report the ministry's progress toward addressing our past recommendations. Those recommendations led to improving the procedures to verify producers' royalty and taxes, and the processes to identify strategic risks. Your committee considered and gave the past recommendation in 2004 and 2005 respectively.

First, the new recommendation on page 265 asks the ministry to adequately review the payroll for accuracy prior to paying its employees to ensure approval of all employees' pay in accordance with The Financial Administration Act, 1993. In 2007 we made this recommendation for almost all the ministries. Your committee has considered this recommendation in relation to other ministries and agreed with our recommendation.

Now I will briefly talk about the ministry's procedures to verify producers' royalty and taxes. The ministry's internal audit carries out these procedures. In 2003 we made three recommendations for improvement. The ministry has made good progress to address those recommendations. However it needs to do more work to ensure all internal audits have evidence of supervisors' review and its overall audit plan includes estimated resources it needs to carry out the plan. The ministry continues to address those matters.

In 2005 we made two recommendations to help improve the ministry's processes to identify strategic risks. The ministry addressed our recommendations. However at the time of our work, the ministry had not implemented its processes to identify and quantify the specific risks. It had planned to do so in 2008-09. That concludes my overview. Thank you.

The Chair: — Mr. Veikle, any comments?

Mr. Veikle: — Yes, thank you. I'd like to provide a few comments. First of all, thank you for the opportunity to provide an update regarding matters raised by the Provincial Auditor's report of 2007. Our ministry welcomes the advice and values the work of the Provincial Auditor as a means of improving our

operations.

In its October 29, 2007 management letter and in the fall report, the auditor cited our ministry, along with 15 other ministries, regarding better control over employees' pay. The auditor recommended that ministries adequately review payroll for accuracy prior to paying employees to ensure that all employees' pay is approved in accordance with The Financial Administration Act. Our ministry acknowledges the Provincial Auditor's position on this issue and agrees that accuracy and proper approval of payroll under The Financial Administration Act is essential.

In response, our ministry has implemented improvements to its payroll processing procedures to strengthen our internal controls. While the preparation, management, and review of payroll records has been delegated to the Ministry of Finance for several years, the Ministry of Energy and Resources has added a review following the controls currently in place at the Ministry of Finance. Prior to the monthly payroll run, payroll records are provided to the Ministry of Energy and Resources for final review and sign-off. And we believe that with that measure in place, employees' pay is being approved in accordance with The Financial Administration Act.

So generally I'm very pleased with the outcome of the Provincial Auditor's report as it relates to our ministry. Again, we appreciate and respect the role of the Provincial Auditor in ensuring that our ministry is safeguarding public resources. And so with that I'd welcome any questions.

The Chair: — Questions? Mr. Nilson.

Mr. Nilson: — In some of the ongoing work I notice here it talks about follow-up around ways of collecting taxes. Has there been any progress made around licensing of all-terrain vehicles and other things like that as it relates to the provincial sales tax? Or is that maybe not even a particular file?

Mr. Veikle: — I would regard that as a question properly put to the taxation folks at Finance and their work with the Saskatchewan Government Insurance as they try to collaborate on licensing and the provincial tax. It's not a file that we're directly involved in.

Mr. Nilson: — So it doesn't relate at all to a lot of the oil industry or cross-prairie use of equipment? All of that kind of thing is not directly related to what you do; you just deal with the revenues from under the ground.

Mr. Veikle: — That's correct.

Mr. Nilson: — Okay.

The Chair: — Mr. Michelson.

Mr. Michelson: — I noticed on page 264 the department made a payment to NewGrade Energy Inc. without authority. Can you explain that a little bit?

Mr. Veikle: — That is an area where we've had a long-standing disagreement, a difference of opinion as between our ministry and the Provincial Auditor. The grant that we pay to the

Consumers' Co-operative relates to royalties that have been collected and remitted to the government by companies that in turn sell that gas to the Consumers' Co-operative. And when they do that, we remit those royalties back to the Consumers' Co-operative.

We regard that payment that we make to Consumers' Co-operative as a remission of those royalties whereas the Provincial Auditor regards them as a grant. And so while we have a legal opinion saying that it is appropriate to regard that as a remission, the Provincial Auditor has a legal opinion saying that it's more appropriate to regard it as a grant. So we have a difference of opinion. And the Provincial Auditor routinely cites us for doing something in a manner that he doesn't believe we have the legal authority to do.

It's an issue that is going away. The arrangement with Consumers' Co-operative ends in August 2007, I believe. So 2007-08 is the last fiscal year — hopefully, unless there are some adjustments that are required in the future — is the last fiscal year in which that payment will be made. And so the issue should vanish with the passage of time.

Mr. Michelson: — Okay. I guess from our standpoint, looking after the welfare of the province as far as the public accounts, that's where I'm trying to get a feel of. You're saying it's just kind of a he-said-she-said, or there's no definite . . . I guess, is the public losing any money on this?

Mr. Veikle: — The public is not losing any money. If we did it in a manner that the Provincial Auditor would prescribe, the same amount of money would change hands. The public is not losing any money in this arrangement. It's just two differences of opinion as to how to apply the accounting rules.

Mr. Michelson: — Okay.

The Chair: — Are there any further questions? If not, then thank you very much for coming out today. And there are no recommendations as such.

[13:15]

Property Management and Government Services

The Chair: — The next item before us is consideration of two reports. First is the 2007 *Report of the Provincial Auditor* volume 3 chapter 19 as it deals with the Department of Property Management and then chapter 6 of the 2008 report volume 1 as it pertains to the Ministry of Government Services. And we are joined by the acting deputy minister, Phil Lambert. And if Mr. Lambert could introduce the officials that have joined him here today then we'll over to Mr. Deis from the auditor's office for his comments and then back to you for any comment. So, Mr. Lambert.

Mr. Lambert: — Thank you, Mr. Chair. I'd like to introduce the officials that are with me here today. On my right is Ms. Debbie Koshman, assistant deputy minister of corporate support services. On my left is Ms. Shelley Reddekopp, director of financial services, and behind me on my right is Mr. Glynn Mitchell, director of risk management services. And to his left is Ms. Dorothy Riviere, director of human resources with the

Public Service Commission, and to her left is Mr. Lloyd Brierley, director of our central vehicle agency.

The Chair: — Mr. Deis.

Mr. Deis: — Thank you. Good afternoon, Chair, members, and officials. This afternoon we're going to cover two chapters. First of all I'll start with chapter 19 in our 2007 report volume 3. Chapter 19 of the Department of Property Management, which became the Ministry of Government Services in November 2007, begins on page 343 of our report. The chapter describes the results of our audit of the department for the year ended March 31, 2007. On pages 346 to 350, we make four recommendations and provide an update on five previously reported recommendations.

Firstly I will briefly talk about our new recommendations. The first recommendation on page 347 requires the department to adequately review the payroll accuracy to ensure that all employees' pay is approved as required by the law. We've made this recommendation for almost all departments. We understand your committee has agreed with this recommendation for all departments.

Second recommendation on page 348 requires the department to "... have an information technology strategic plan." An information technology strategic plan can help management determine if it has addressed all the threats and risks to the department security.

The third recommendation on page 349 requires the department to "... have a complete business continuity plan." The department must carry out its mandate even if a disaster disrupts its ability to deliver its programs and services in the usual manner. Without an adequate business continuity plan, the department is at risk of not being able to deliver its programs and services in a timely manner.

The fourth recommendation is on page 349 and here we say that the department needs to "... improve its human resource plan by providing measurable indicators and targets for its key strategies." Measurable indicators and targets for its key strategies would help the department monitor its progress.

And we also repeat five recommendations from our past reports. These are on pages 346, pages 348 and 350. Your committee has considered all these matters in the past and agreed with our recommendations.

Now we're going to talk about the Ministry of Government Services in chapter 6 in our 2008 report volume 1. The chapter starts on page 71. In this chapter we report on an audit we did as at December 31, 2007 on the adequacy of the ministry's processes to maintain its vehicle fleet in a safe condition and in an economical manner. We focused our examination solely on the 3,200 vehicles maintained by the ministry.

The ministry provides vehicles to ministries and agencies of the government. The ministry has assembled a fleet of over 5,200 vehicles with a replacement cost of \$136 million. The ministry's vehicles travel over 1.3 million kilometres in total each year. The ministry's repair expenses for vehicles totalled \$5 million for the year ended March 31, 2007.

Proper maintenance of vehicles helps to ensure vehicles are safe and operated economically. All vehicles operated in Saskatchewan must meet certain minimum safety standards. Detecting and correcting deficiencies before they become major defects results in lower maintenance costs. Proper maintenance also reduces fuel consumption and increases the vehicles' resale value. Without adequate fleet maintenance, the ministry's vehicles may not be safe nor operated economically.

We concluded that the ministry did not have adequate processes at December 31, 2007 to maintain its vehicles in a safe condition and an economical manner. We make three recommendations.

The first one on page 76, we say: "We recommend the Ministry of Government Services establish processes to ensure its vehicle fleet meets the safety standards of *The Traffic Safety Act*."

The second one, also on page 76, where we say: "We recommend the Ministry of Government Services keep reliable maintenance and repairs records for its vehicles."

The third one is on page 77. "We recommend that senior management of the Ministry of Government Services receive reports to verify that vehicles are maintained in a safe condition and in an economical manner." That concludes my overview of these two chapters.

The Chair: — Mr. Lambert.

Mr. Lambert: — Thank you, Mr. Chair. I will address the five specific recommendations in the financial audit conducted by the Provincial Auditor's office for the year ended March 31, 2007. Then we will be pleased to answer any questions you may have.

It was recommended that Government Services prepare an independent review and approve all significant reconciliations promptly. Government Services continue to prepare and review reconciliations to the general ledger and to ensure that the reviews are independently completed and documented. The timeliness of reconciliations specific to the central vehicle agency has been addressed. Vacant positions have been filled, and reconciliations are occurring on a timely basis.

The report also recommended that Government Services review the payroll for accuracy prior to paying its employees to ensure that all employees' pay is approved in accordance with *The Financial Administration Act*. The ministry has made improvements to its payroll processing procedures. For example, for each pay period a report is run that identifies the pay of each employee. These are reviewed prior to the actual payday. In addition, all managers are required to review the monthly payroll reports contained within their financial statements.

The next two recommendations involve the development of an information technology strategic plan and a business continuity plan. The development of an information technology strategic plan will be resolved quickly as Government Services became a partner with the Information Technology Office last month. Our service agreement with the ITO will include the development of

an information technology strategic plan.

The development of a business continuity plan is a high priority of this ministry. We have established a steering committee of senior managers to oversee its development, implementation, and testing, and we have resources dedicated to the task. The majority of our service lines will have business continuity plans in place by the end of this fiscal year.

The final recommendation of the Provincial Auditor's report for Government Services is that human resource plan be improved by providing measurable indicators and targets. We agree that measurable indicators are a good business practice. In fact the government's human resource planning guidelines require that performance measures be included in each plan submitted by ministries.

The overall Public Service Commission human resource plan includes performance measures for all executive government. Performance measures specific to Government Services will be included in the 2008-09 and subsequent human resource plans for our ministry. These are the five specific recommendations noted for the Ministry of Government Services.

I would now like to speak to the auditor's recommendations pertaining to the central vehicle agency. In chapter 6 of the Provincial Auditor's report he reviewed the processes used by the CVA [central vehicle agency] to maintain its vehicle fleet. The CVA provides full maintenance service to approximately 3,200 vehicles in its fleet. It is important to note that the central vehicle agency has not experienced any significant safety issues related to vehicle maintenance problems or manufacture warranty denials in the last decade. The fleet has had a positive safety record, safety and maintenance record. The auditor's findings focus on potential risk. The safety of those who drive government vehicles is of utmost importance. The report recommends that the ministry establish processes to ensure its vehicle fleet meets the safety standards of *The Traffic Safety Act*.

We are working to improve these processes to ensure the vehicles are safe. As of April 2008, CVA requires that vehicles in its fleet be inspected twice a year. Drivers can take their vehicles to local repair shops for inspection. The list of things to inspect is included in the operator's handbook. If service is required, then CVA will authorize the necessary repairs.

It was also recommended that Government Services keep reliable maintenance and repair records for its vehicles. As of May 2008, an electronic system now generates reminders for semi-annual vehicle inspections, tracks which vehicles have been inspected, and indicates which vehicles are overdue for inspections.

It was also recommended that senior management at the ministry receive reports to verify that vehicles are maintained in a safe condition and in an economical manner. The CVA will now provide monthly summary reporting to the ADM [assistant deputy minister] accountable for their program. Reporting requirements should be developed and implemented by the fall of this year. Also, additional resources are being added to enhance leadership, monitoring, and reporting within the central vehicle agency.

These are the three specific recommendations noted for the central vehicle agency. We will now be pleased to answer any questions that you may have.

The Chair: — Let's deal first with chapter 19 in the 2007 report, and particularly the information technology strategic plan. Any questions on that? Based on your comments, I think there's progress being made.

Mr. Lambert: — That's right, and we have just joined the ITO partnership, and part of the service-level agreement we will be developing an IT strategic plan.

The Chair: — Can we have a motion then that we concur with the recommendation and note progress. Moved by Mr. Chisholm. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's agreed. Then the business continuity plan. Again, progress being made?

Mr. Lambert: — That's right. We have completed three business continuity plans, or three programs, and we have resources in place to complete the remainder by the remainder of this fiscal year.

The Chair: — Okay.

[13:30]

Mr. Reiter: — I move that we concur.

The Chair: — Moved by Mr. Reiter that we concur with the recommendation and note progress. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — A better human resource plan needed. Again I, based your comments, I see that progress is being made.

Mr. Lambert: — Yes, progress is being made, and we are following the guidance of the Public Service Commission. So we are moving forward with that.

The Chair: — Can I have a motion then? Mr. Bradshaw. We concur with the recommendation and note progress. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — On the outstanding recommendations, the follow-up is being planned, I guess, for this fiscal year in terms of getting feedback from user agencies?

Ms. Koshman: — Yes.

The Chair: — And also a follow-up in monitoring compliance with The Purchasing Act, that's also in the works then?

Ms. Koshman: — Yes, yes it is.

The Chair: — Okay. So maybe we could just leave this and see

where we're at when the volume 3 of the 2008 report comes out.

Are there any other questions on the 2007 report? Then let's turn to chapter 6 of the 2008 report. The key recommendations, recommendation 1, "... processes to ensure its vehicle fleet meets the safety standards of *The Traffic Safety Act*." And if I recollect, you are making progress in that way.

Mr. Lambert: — Yes, we are. We have implemented some processes, changed, and we are moving forward. We are also looking at a new system to better track, and so we are making progress in that area.

The Chair: — Okay. Mr. Nilson.

Mr. Nilson: — Are you in a position now over the last couple of years where you've purchased newer vehicles so it becomes less of an issue, all of the maintenance costs, or is that a longer-term plan?

Mr. Lambert: — Well that does help towards improving the fleet and reducing the maintenance. Certainly when you have a newer fleet, that does go a long ways to doing that. But we do have a process that if any of the operators notice anything suspect with their vehicles, they certainly can take it in to a repair shop to have that looked at and have that addressed. As well as, we've implemented semi-annual checks on the vehicles, so they'll take them in and ensure that if there is anything that does need to be done from the maintenance point of view that that will get addressed.

Mr. Nilson: — Are you also using similar opportunities to check the fuel efficiency of the vehicles? I know that's a longer-term goal, but it seems to me it would be part of this as well.

Mr. Lambert: — Well that is part of the maintenance, where we certainly look at, you know, your filters and those type of things. So those are changed on a regular basis, so that's part of it. As well when we are purchasing newer vehicles, we're ensuring that they are within the top 20 per cent of fuel efficiency. So as we're upgrading the fleet, we are getting more fuel-efficient vehicles and targeting those vehicles for usage within government.

The Chair: — Mr. Michelson.

Mr. Michelson: — These aren't purchased vehicles; they're leased vehicles, are they not, or is it a combination?

Mr. Lambert: — No. We did have some leased vehicles, but I believe we are getting close to the end of those vehicles. All vehicles now are purchased. We get capital dollars each budget year to purchase a certain amount of vehicles. So they are all being purchased now.

Mr. Michelson: — So on an average, how long would we keep these vehicles? Four years?

Mr. Lambert: — Well our policy is we keep them up to 10 years. So we look at not only the year of the vehicle but as well as the mileage on a vehicle. So both of those come into play.

But it's usually we can keep them up to 10 years before we have to get them replaced.

Mr. Michelson: — So I can see where the safety is a factor if we're keeping them for 10 years.

Mr. Lambert: — Yes, yes, yes certainly, and on the older vehicles that do require maintenance, you know. But again, if there is anything that goes wrong with the vehicle, the user, the clients take them into a service station and then they phone CVA to get authorization to repair those things. And so it's not an issue of not getting those types of repairs done to make sure the vehicles are safe.

Mr. Michelson: — Thank you.

The Chair: — Mr. Bradshaw.

Mr. Bradshaw: — In Saskatchewan there is a safety certificate that you have to have on commercial vehicles that is an initiative between the federal and SGI [Saskatchewan Government Insurance]. And SGI . . . Actually we run some commercial vehicles in our own business. And we had to get certified and carry a safety certificate with that vehicle, where everything has to be tracked. Why would we not just go with this same system with the government vehicles?

Mr. Lambert: — I will just pass it over to Lloyd Brierley.

Mr. Brierley: — The inspection that we currently do is very similar to that type of inspection which you're referring to. And the only difference is, is there's a sticker that would be on the vehicle that you're speaking to or a sheet which would be there. In this case to have something like that on our vehicles, it's not a requirement to have like a Highway Traffic Board inspection certificate on it. The inspection is very similar, but we have maintained those records of the inspection on our information system at our office.

Mr. Bradshaw: — I guess well since we do some of the stuff in our own shop, like I mean, it's this . . . Yes, we do have to have a sticker on them for the Highway Traffic Board. Some of the vehicles which are the lighter vehicles do not have to have the safety sticker, but we still have to keep a record of that. I guess I'm just saying, why reinvent the wheel? Why not just go with the federal and provincial standard that we already have?

Mr. Brierley: — I think we're probably thinking along the same lines. Our inspection is referenced to the provincial standard exactly. That's what it's based on is the requirements for the safety of different items and so forth.

Mr. Bradshaw: — Okay.

The Chair: — So a question I have with respect to recommendation 1, the Minister of Government Services “. . . establish processes to ensure its vehicle fleet meets the safety standards . . .” In the view of the auditor does semi-annual safety inspections and reporting meet the recommendation, satisfy the recommendation that you have?

Mr. Deis: — Yes, I think that would be quite reasonable. I mean management or the ministry has reviewed that and

decided what to do and we would think that would be reasonable. Of course we will come along and audit the process once it's been put in place.

The Chair: — Yes. And this is something that you now have in effect as of April 1 this year?

Mr. Lambert: — That's correct.

The Chair: — Well the question then, what would we report to the Legislative Assembly? Certainly we concur with the recommendation, but is it that we note progress or note compliance?

Mr. Nilson: — Progress.

The Chair: — So I'll move that then.

Mr. Michelson: — So moved.

The Chair: — We concur with the recommendation and note progress. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — And the next recommendation is to “. . . keep reliable maintenance and repairs records for its vehicles.” That's a tough sell for an individual to do on their own car, never mind an agency. But again, if I remember correctly, you are making progress in this.

Mr. Lambert: — We are making progress in that area. We have added some resources into our agency and that will help that, as well as we are looking at some IT system improvements that will help us in that area. So we are making progress in that area.

The Chair: — Okay. Will someone then move that we concur with the recommendation and note progress?

Mr. Michelson: — I move that we concur with the recommendation and note progress toward compliance.

The Chair: — Okay. Mr. Michelson. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — And finally the recommendation that “. . . senior management . . . receive reports to verify that vehicles are maintained in a safe condition and in an economical manner.” It's a good question as to how you do that.

Mr. Lambert: — Well we are making some changes to our IT system to have some reports that are suitable for senior management. Obviously the reports that are being generated now have a lot more detail for the technical folks. And so we are making some changes to our IT system that will be able to implement that in the fall of this year.

The Chair: — Great.

Mr. Michelson: — May I ask a question? I just noticed the recommendation that senior management . . . And I don't know

how it's put together, but is it something that senior management has to know? Or are we just talking definitions here?

Mr. Lambert: — Well I think what the auditor's recommended is that certainly senior management should have a broad sense of what is happening within that program. And there are certain reports that the senior manager should have. And we comply with what the Provincial Auditor has recommended and we are making those changes.

So I think we're looking at, you know, at things to understand, you know, where the fleet is and what is happening, how much maintenance is being done, those types of things. So we are changing our IT system so that we will have those types of reporting for our senior manager.

Mr. Michelson: — I guess my thought is that the senior management has a lot to do, and I don't think they need a 40-page report on each vehicle or anything like this.

Mr. Lambert: — No. And agreed. And that's why we are developing something in the system that will produce more of a high-level report that they can take a look and have more of a high-level idea of what's going on within the agency.

Mr. Michelson: — That's good. Thanks.

The Chair: — Can we have a motion then that we concur with the recommendation and note progress? Mr. Bradshaw. Is that agreed? Agreed.

That concludes our consideration of the Ministry of Government Services. I want to thank you very much, and Mr. Lambert for coming out today, and all your officials. Thank you very much.

I'm just going to recess for a few minutes until we find the next department that's to appear, the Research Council. And as soon as we've located them then we'll reconvene.

[The committee recessed for a period of time.]

Saskatchewan Research Council

The Chair: — The next department that joins us is the Saskatchewan Research Council, and we'll be dealing with chapter 24 of the Provincial Auditor's report. And again, just to inform those who are following these proceedings that copies of the auditor's report can be found at www.auditor.sk.ca, and we'll be dealing with the 2007 report volume 3, chapter 24.

And at this point I would ask Dr. Schramm of the Saskatchewan Research Council to introduce the officials that have joined us here today and then go over to the Provincial Auditor for his comments. Mr. Schramm.

Mr. Schramm: — Thank you, Mr. Chair. I am the president and CEO of the Saskatchewan Research Council. To my right is Crystal Smudy, who is chief financial officer and vice-president for finance, safety, and risk; to my left is Toby Arnold, who is vice-president for organizational effectiveness; and immediately behind me is Chuck Ingberman, who is our new manager of

information technology.

The Chair: — Mr. Deis.

Mr. Deis: — Thank you. Good afternoon, Chair, members, and officials. We're going to cover chapter 24 in our 2007 report volume 3.

Chapter 24 of the Saskatchewan Research Council, or SRC as it's referred to often, begins on page 389 of our report. The chapter describes the results of our audit of SRC for the year ended March 31, 2007 and its pension plan for the year ended December 31, 2006.

As we indicate on page 391, we found "SRC's and the Plan's financial statements are reliable"; "SRC complied with the authorities governing its and the Plan's activities . . ."; and "SRC had adequate rules and procedures to safeguard public resources except for . . . [two recommendations we make on improving information technology processes]."

The first recommendation requires Saskatchewan Research Council implement security controls to reduce information technology risk to an acceptable level. The second recommendation requires the Saskatchewan Research Council to test its information technology disaster recovery plan.

We understand that SRC has now put processes in place that substantially comply with these two recommendations. And that concludes my overview of this chapter.

The Chair: — Dr. Schramm, any comments?

Mr. Schramm: — I can just add a little bit of a, a little bit of detail to that if the committee would like, to give you a sense of what we have done in the last year since the original audit findings. As you've just heard, we accepted both recommendations from the auditor as is shown in the audit report. And in trying to deal with improving the security controls and then positioned to be able to test our systems, we've basically focused on four areas.

The first is resources. We've expanded our IT section, hiring a full-time, professional IT manager, Chuck, who's sitting behind me. We've moved what were contract network administrators to become full-time SRC employees, brought them fully into the system if I can put that way. We've added three programmers in from elsewhere in the organization and are now working on skills upgrading and so forth. So we've dramatically increased capacity in this area.

In terms of policy and procedure upgrades, we've reviewed and revised our IT policies and procedures, having gone through the whole set. The revised policies and procedures are now in full practice. They've been widely communicated throughout the organization. We've identified an advanced user community that crosses all of our divisions to help with the introduction of new systems as they come along, and user education is rolling out in a number of formats across the organization.

In terms of testing network recovery should a disruption occur, we've reviewed and updated our recovery plans. These were tested in a preliminary way through a tabletop exercise in

February of this year. We're currently planning to install a second independent server system here in Regina — we have an independent one in Saskatoon already — feeling that should be in place before we do a full, physical network recovery test, which will come next as soon as we get the new independent server into place.

In terms of systems needs analysis, we've conducted a preliminary assessment of SRC's IT system needs moving forward, looking ahead under our strategic business plan. This has led to updated staffing and training plans which are being implemented under this current fiscal year's operational financial plan.

So we feel that overall we've taken action on all the items raised by the auditor's team last year. And as Kelly has just said, the auditor has reviewed our actions and our progress and told us last week also that they were satisfied with our progress. And naturally this isn't the end of the story. It'll be a continuing process into the future. Thank you, Mr. Chair.

The Chair: — Any more questions, any questions? Mr. Chisholm.

Mr. Chisholm: — Is there any tie-in with your information technology office or department or wing and the Information Technology Office of government? Do you work together?

Ms. Smudy: — We have a connection in that some of our staff attend some of the meetings and we receive information from them. We aren't considered to be fully under the umbrella, so that we aren't always necessarily following exactly what government standards are put out. But we definitely stay apprised of them and make sure that we understand what the expectations are.

Mr. Chisholm: — Okay. Thank you.

The Chair: — Any further questions? If not, then can we have a motion with respect to recommendation no. 1? I think in this case it would be appropriate to have one that we concur and note progress. Mr. Chisholm. So moved. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — It's agreed. And also recommendation no. 2. Again, we concur and note progress. Moved by Mr. Chisholm. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Thank you very much. That concludes our consideration of the Saskatchewan Research Council and we want to thank you for attending here today. And I know it's not an insignificant journey for you. Thank you very much.

Mr. Schramm: — Thank you all.

The Chair: — I'm going to recommend that the committee recess until 2:30. We've managed to get the Department of the Environment to come up at that time, and followed by Health at 3 o'clock. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Thank you.

[The committee recessed for a period of time.]

Environment

The Chair: — Good afternoon. We are joined by Liz Quarshie. She is the deputy minister of the Ministry of Environment. And I would ask her at this point to introduce the officials that have joined her. And then we'll go to the Provincial Auditor's office for their comments, and then back to you for any comments that you may have and for any questions. So, Ms. Quarshie.

Ms. Quarshie: — Thank you, sir. Good afternoon. I have with me today two officials: Lin Gallagher to my right, executive director of environmental protection branch; and Donna Johnson to my left, executive director of finance and administration. Thank you.

The Chair: — Thank you very much. Then we'll go to Mr. Ahmad for his comments.

Mr. Ahmad: — Thank you, Mr. Chair. And good afternoon, members. And this time around I will provide you an overview of chapter 4 of our 2008 report volume 1. This chapter involves the result of our work to assess the Department of Environment's processes to regulate contaminated sites. The department has since been restructured and is now known as the Ministry of Environment.

Under The Environmental Management and Protection Act, 2002, the ministry is required to regulate a site — for example, lagoon, landfill, abandoned mines, industrial site — if it has a contaminant that may cause or has caused an impairment or damage to the environment or human health. Ineffective regulation of a contaminated site would result in contamination of the air, water, and land. This could lead to the environment and human beings exposed to high levels of hazardous substances.

We assessed the adequacy of the ministry's processes to regulate contaminated sites at August 31, 2007. We used the criteria we describe on page 52 to do our work. The ministry agreed with the criteria. We concluded that the ministry had adequate processes to regulate contaminated sites except the ministry needs to implement processes for assessing, monitoring, tracking, and reporting the result of contaminated sites. We make four recommendations to help the ministry improve its processes.

Recommendation 1 on page 53 asked the ministry to establish an adequate system for tracking contaminated sites." We said so because the ministry uses a computer system to manage some information about contaminated sites, but employees do not always update the system appropriately. For example, employees did not update the database that recorded a reported spill for about three months, nor did the ministry have adequate manual records relating to the contaminated sites.

Our second recommendation on page 55 asked the ministry to complete its risk assessments by identified contaminated sites

and rank them in terms of priority. The ministry has assessed risk and ranked those risks for all lagoons and some landfills. For abandoned mines, it has performed a high-level risk review and ranking and has physically secured some sites for public safety. However, it has not formally assessed and ranked other potentially contaminated sites such as industrial and commercial operations — for example, storage facilities for hazardous substances.

Our third and fourth recommendation on page 57 asks the ministry to complete written guidance for monitoring contaminated sites and prepare a communication plan for internal and external reporting on the status of a contaminated site. Currently the ministry has written guidance for monitoring mines and mills, lagoons, and landfills. For effective monitoring of a contaminated site, the ministry needs to improve its processes to assess and prioritize risk, and then complete its written guidance for employees who are monitoring high-risk sites.

Also the ministry does not have a communication plan to report publicly on the status of contaminated sites. Moreover, it does not have a communications strategy on when and how to inform the public about the discovery of a contaminated site.

That concludes my review. Thank you.

The Chair: — Comments.

Ms. Quarshie: — Thank you. On behalf of the Ministry of Environment, we appreciate the opportunity to provide you with an update respecting the matters raised in the Provincial Auditor's 2008 volume 1 report with respect to the processes that we regulate. The Ministry of Environment welcomes the advice, and we value the work of the Provincial Auditor and his staff as a means of improving our operations.

The audit observations and recommendations have been timely, as the ministry is in the process of realigning our resources to meet our key program delivery requirements. Ministry officials appreciated the opportunity to meet with the Provincial Auditor on November 14, 2007 to agree on a path forward.

One area of discussion focused on the question of what is a contaminated site. There was consensus to keep the definition broad, reflecting what the ministry is required to regulate. There was also an understanding though that licensed, compliant, and properly functioning facilities are not contaminated sites.

I am pleased to inform you that, through the dedicated efforts of ministry staff, progress is being made on the four recommendations. The ministry issued a contract to the Information Technology Office in March 2008 to outline the needs and resources required to establish an electronic database to track impacted, that is contaminated sites, and non-impacted, that is municipal, commercial, and industrial sites.

Ministry officials have established a risk ranking system that objectively assesses the sites. It is based on the Canadian Council of Ministers of the Environment national contaminated sites registry.

The ministry has expanded the tiered approach used for sites

impacted by hydrocarbons. The approach is a risk ranking for cleaning up sites based on future land use. The tiers include residential, commercial, and parkland or green spaces. The ministry has also completed a draft communication plan for internal and external reporting and will be including that as an addendum to the environmental emergency response plan.

Although we have made solid progress, there is still work to do and we are committed to getting the work done. We would like to take this opportunity to thank the professionalism and co-operative spirit demonstrated by the staff of both the Ministry of Environment and the Provincial Auditor's office, and will welcome any questions or comments you may have. Thank you.

The Chair: — Thank you. Questions. Mr. Nilson.

Mr. Nilson: — Can we go to the part where you talk about what is a contaminated site? It sounds as if you've done some work to try to define that for the purposes of what you're doing. Am I correct in saying that what I heard you say was that as long as a plant is operating, it would never be designated a contaminated site?

Ms. Quarshie: — Well what I'm saying, Mr. Nilson, is this: that to the extent that the site is operating and they are monitoring, and we know that there is no escape of seepage and so on that needs to be controlled, then it really is part of the operating requirements of the company. To the extent that we detect that there is contamination or seepage out of the property, then of course remediation will be required immediately.

Mr. Nilson: — So do you keep a record of those kinds of potential risky sites, or do you wait until the business is closed down and then it becomes a problem?

Ms. Quarshie: — We have a risk profile. We've developed a risk profile of the sites, and I'm talking about, say, hydrocarbon or, you know, non-uranium or something sites. Currently we know that there are 10,000 sites. Potentially if one gets . . . [inaudible] . . . the amount of resources required to do that will be quite significant.

We know that some of these sites are really low-risk, that in other words it's been abandoned but there's no escape or seepage of material out of the site. And some of these sites have been stabilized. So essentially what we're focusing on are the high-risk areas, so we think that potentially there could be a problem leaving the low-risk areas to be managed at a later date.

Mr. Nilson: — So there are about 10,000 abandoned sites, but it doesn't include any ones that are a potential risk to the community if they're still operating as a business.

Ms. Quarshie: — Okay. Sorry. The 10,000 is permitted sites. My understanding is that when the auditor looked at the contaminated sites, any hazardous facility where material is stored was potentially considered contaminated. What we're saying is that yes, I mean, it could be contaminated, but it's in operation. There is no real risk associated with the site, so there's no need really placing it on a contaminated site profile list until potentially the operation has ceased or we detect that

there is contamination of some sort seeping into the environment.

Mr. Nilson: — Does your list correlate with a list, for example, that the fire department has?

Ms. Quarshie: — No, we don't have that.

Mr. Nilson: — So there are lists of these various places that are of risk, but they're in different spots. Because we know that, for example, the fire department requires people to provide as much information about any kind of chemicals or hazardous things that are there, so if a fire happens they know what they're dealing with when they go there. That's not related at all to what you have here. Would that be an accurate statement?

Ms. Gallagher: — I'll answer that one in that we do have, we keep a list of contaminated sites as part of our SEAMs [system for environmental assessment and management] program. It's not in that listing. And so we're in the process of, as Deputy Minister Quarshie indicated, that we're looking at augmenting the SEAMs program and putting that list into that program so that it's updated. And we would then have a list of all areas where hazardous materials are stored.

In your relationship to . . . Like what you referred with the fire marshals, they have gone out and they have a list so that when there are fire in an area that they're prepared and understand what kinds of chemicals are stored there. And so, for example, in the city of Regina we've done some correlation with what they have in their list, as opposed to what we have in our list. And so we are beginning the work to update our contaminated sites list and have it in our SEAMs program so that it's a more accessible database rather than the existing program that we keep it in.

[14:45]

Mr. Nilson: — So that would be part of this process that we're talking about here really, then?

Ms. Gallagher: — Yes.

Mr. Nilson: — Yes, okay. Now we heard earlier today about pesticides. Are they part . . . Where pesticides are used or stored, is that something that is included in this list at all?

Ms. Gallagher: — So pesticides, if they're being stored on a site within the quantities and the specifics that would be captured under our permitting, those would be permitted sites to maintain those hazardous substances. And so when we talked that the 10,000 sites could be a permitted contained site, so just because pesticides are on site does not mean that, in the way the ministry reviews it, that it is a contaminated site.

Mr. Nilson: — So is that a permitted site under the pesticides Act administered by the Department of Agriculture or under some other legislation?

Ms. Gallagher: — It would depend on the chemical. Many of those would be under the other legislation, not under EMPA [The Environmental Management and Protection Act, 2002].

Mr. Nilson: — But there is a coordination between the two?

Ms. Gallagher: — Not on an ongoing basis, but in working through the legislation that would be considered.

Mr. Nilson: — So that this — what we're talking about here — relates to a certain piece that's the responsibility of the Department of Environment, but not other substances that would be the responsibility of the Department of Agriculture.

Ms. Quarshie: — Well apparently, yes, but when it's reviewed it's reviewed in conjunction with the Ministry of Environment, so like . . .

Mr. Nilson: — So what you're going to have is the overall list with everybody else putting their information in? Or not?

Ms. Quarshie: — No. Essentially, Mr. Nilson, we're maintaining a list for the Ministry of Environment with respect to hazardous substances or what we would consider to be hazardous substances within our mandate in the legislation, and to the extent that there is material which is not considered hazardous we would not have it. So it's only with respect to the things that are within the Ministry of Environment's mandate.

Mr. Nilson: — And so then the answer there is that pesticides are not considered hazardous by the Department of Environment?

Ms. Quarshie: — No because it, you know, there are different types of products so it depends on the product. And the listing is similar to Environment Canada's listing of hazardous substances, where there are different listings and names for different products and in some cases there are also different quantities that need to be regulated. If you're less than the quantity you don't worry about it, so . . . because of the storage requirement.

Mr. Nilson: — But your list includes abandoned uranium mines.

Ms. Quarshie: — Our list will include both non-uranium and uranium mines abandoned. That's right.

Mr. Nilson: — And it includes oil wells and abandoned oil wells.

Ms. Quarshie: — That's right.

Mr. Nilson: — But it doesn't include pesticides.

Ms. Quarshie: — Well, I believe that — correct me if I'm wrong, Lin — but I believe that currently because the database is not comprehensive enough, this is the type of review that we need to undertake, to update the database to capture all the different elements which we're currently not capturing within our definition of contaminated sites or hazardous materials. So we're not really up to date.

Mr. Nilson: — I think that's my question.

Ms. Quarshie: — Okay.

Mr. Nilson: — Okay so . . .

Ms. Quarshie: — I'm sorry, I didn't understand that.

Mr. Nilson: — So that's the task that you're working on.

Ms. Quarshie: — That's right.

Mr. Nilson: — And it just struck me, and I think maybe other members of the committee this morning, that the Ag department responses were very narrow. And somebody has to have the broader picture, and it would seem to me it should be the Environment department. And maybe, as in other provinces, a lot of those pesticide regulations are in the environmental department so that they are treated in a similar fashion as other places.

Ms. Quarshie: — Yes. I would anticipate that as we start, you know, developing a comprehensive database and including materials, that areas that cross over with Agriculture, for example, we'll have to collaborate with Agriculture to be sure that we share the same understanding.

Mr. Nilson: — Okay. I think that those are the questions I have for right now.

The Chair: — Any further questions? Okay, let's take a look at the recommendations. I think in all of them, listening to the deputy, progress is being made in resolution of these, so it would certainly be appropriate to have a motion in each respect.

No. 1, recommending that "... the Ministry of the Environment establish an adequate system for tracking ... sites." And if we could have a motion to concur with the recommendation and note progress? Made by Mr. Reiter. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Agreed. Then recommendation no. 2, that the ministry "... complete its risk assessments for identified contaminated sites and rank them in terms of priority." Could we have a motion? Mr. Bradshaw, that we concur with the recommendation and note progress. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Then no. 3, that there be "... written guidance for monitoring contaminated sites." Mr. Bradshaw. That we concur with the recommendations and note progress. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — And then no. 4, "We recommend the Ministry of Environment prepare a communication plan for internal and external reporting on the status of contaminated sites."

I just might point out for those that are following the proceedings, the ministry does have a website, www.saskspills.ca for anyone that wants to access that site and obtain information on reportable spills.

With respect to no. 4, can we have a motion to concur? Mr. Chisholm, and note progress. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's agreed. That concludes our consideration of this chapter of the auditor's report. Unless there's any further comments, I want to thank you very much for joining with us today and to review this chapter of the report. Thank you very much.

Ms. Quarshie: — Thank you.

[The committee recessed for a period of time.]

Health

The Chair: — We are joined this afternoon by officials from the Department of Health and we're going to be considering chapter 7 of volume 1 of the 2008 Provincial Auditor's report. There are some specific issues that the Provincial Auditor has examined.

And at this point I would ask Ms. Donnelly, who is the assistant deputy minister of the Ministry of Health, to introduce the officials that have joined us here today. Then we'll go back to the Provincial Auditor for their comments, and then to you for any comments and any questions that members may have. So, Ms. Donnelly.

Ms. Donnelly: — Thank you. I'm here today with Ted Warawa to my left, who's the executive director of our finance and management services branch; Ron Knaus on my right, who's the executive director of our workforce planning branch. Behind Ron is Doug Calder; he's the director of specialized services in acute and emergency services branch. And just behind me is Garth Herbert, the financial consultant in our finance and management branch.

The Chair: — Then we'll go to Rosemarie Volk, who's the principal on this chapter for the Provincial Auditor's office.

Ms. Volk: — Okay. Thank you. Good afternoon. I'm here to present chapter 7 covering Health.

The chapter is divided into two main parts. The first part describes our audit of the surgical wait times report, and the second part describes Health's progress on recommendations made in two previously reported audits.

The June 30, 2007 surgical wait times report provides the public with information on a number of surgeries performed over the past six months in operating rooms, the length of time those patients waited for surgeries, and the number of people who were waiting for surgery at June 30. Information in the report is broken down by surgical specialty for each regional health authority — for example, cardiology or orthopedics — and within each specialty some commonly performed procedures are highlighted.

It is important to note that the length of time patients wait is calculated from the date the patient consent form and other booking documents are received by the operating room booking

office at the hospital to the date of the surgery. This definition excludes many less complicated surgical procedures that are done in hospital but outside of an operating room. The choice of where a procedure is carried out is set by each regional health authority and is not consistent across the province.

The report is prepared using the data from the ministry's surgical care network surgery registry, and the regional health authorities provide the ministry with all the information in the registry.

We found that the Ministry of Health prepared its surgical wait times report for Regina Qu'Appelle Regional Health Authority in accordance with the reporting principles of reliability, understandability, and consistency, except the limitations in wait time information were not adequately described. The report is not as useful as it could be in providing the patient with an estimate of the time they will wait for surgery or where to have surgery or to help management make decisions on health service allocations.

In the chapter we made three recommendations to help Health improve the information presented in the surgical wait times report. Our first recommendation is that the ministry and the Regina Qu'Appelle Regional Health Authority follow established processes to correct data errors in the registry. We found that the regional health authority was not following its processes to review the system, edit reports, and make corrections as necessary.

[15:00]

We assessed the system data and found that 3 per cent contained errors that were either detected by the system edits or could not be properly processed because they were missing key information. Management told us that Health and the regional health authority are now correcting all identified errors in their registry.

Our second recommendation was that the ministry and the Regina Qu'Appelle Regional Health Authority periodically monitor how well surgeons follow established processes to book patients in the registry and encourage them to follow the processes. We found that some surgeons wait until very close to the actual date of the surgery to notify the booking office that a patient will be having surgery.

In 19 per cent of the booking records we examined, patients had signed a surgical consent form at least three weeks before they were reported as waiting for surgery on the registry. This statistic suggests that surgeons do not notify the hospital's booking office as promptly as Health expects.

Our third recommendation was that the ministry disclose sufficient information on the surgical wait times report so that a reader can better understand the limitations of the information presented. In order to make the report better, the report should include more information about the wait times presented that will allow patients to consider their options, including the possibility of seeking a referral to another specialist or hospital to receive treatment sooner. The report should also provide more information to help management make decisions on health service allocations.

The rest of the report covers the follow-up work we did on two previously reported audits. The first follow-up was on the controls to secure the SAHO [Saskatchewan Association of Health Organizations] payroll system. SAHO provides payroll services to approximately 40,000 people in almost all health care agencies in the province.

SAHO has addressed three of the four recommendations we made for the payroll system in 2006. SAHO continues to work on the recommendation to monitor security controls of its Internet personnel front end service provider to protect systems and data.

SAHO began receiving security reports monthly from the service provider. However these reports did not provide adequate details. SAHO told us it is working with its IPFE [Internet personnel front end] service provider to receive more details on security in monthly reports as well as drafting a new service agreement that will encompass service level expectations.

The second follow-up covered the recommendations we made in 2006 on the Ministry of Health's sector-wide human resource plan. Health has addressed our recommendations on succession planning and continues to work on the recommendation to present information on significant shortfalls or surpluses in the human resources in its sector-wide plan.

Health told us that it is in the process of renewing its strategic direction for the health sector. After it completes this work it will be better able to project the sector-wide human resource needs. It also continues to work with other Canadian jurisdictions to develop a workforce projection model. That concludes my presentation.

The Chair: — Thank you, Ms. Volk. Ms. Donnelly.

Ms. Donnelly: — Thank you. We appreciate the opportunity to address some health-related topics in the Provincial Auditor's report. The ministry is committed to strengthening health services and implementing efficiencies, so we welcome the feedback on the surgical registry. The auditor does point out significant progress on past recommendations with respect to SAHO and with respect to our HHR [health human resource] plan. I'll comment specifically on those three areas, and briefly.

We're encouraged that the Provincial Auditor agrees that the Saskatchewan Surgical Care Network's data is prepared in accordance with reporting principles of reliability, understandability, and consistency. We do recognize there's always room for improvement. With respect to the consent form and the time within which they are submitted, we will follow up with the Surgical Care Network. That's chaired by Dr. Rob Weiler who is an anaesthetist out of Saskatoon. We find that vehicle, which is populated by surgeons and the senior ministry and senior RHA [regional health authority] officials, to be helpful in finding ways to encourage surgeons to submit forms in a timely manner.

The other opportunity open to us, since we do put information on the website, is to flag for patients that they can request a confirmation slip at the time of booking, and that will encourage the surgeon to submit the consent form sooner.

With respect to data reliability, we must continue to be very vigilant about correcting any errors or omissions. The Provincial Auditor noted a 3 per cent error rate for Regina Qu'Appelle at the end of March. Subsequent corrections brought it down to less than half a per cent, and the error rate for the remaining regions is even less than that. It's less than a tenth of a per cent. So the reliability of the data, the issues with Regina Qu'Appelle were addressed, and the ongoing audit process or review process, checking for errors, is in place.

We do believe that the website clearly and adequately describes the data limitations in fairly plain language. You know, it does note that only procedures performed in the O.R. [operating room] are included, and it provides examples of those procedures and procedures that aren't. Having said that, through the Surgical Care Network we are reviewing options for putting other procedures on the website and waits for those — procedures like scoping procedures that occur in ambulatory rooms outside of the O.R.

The principal issue at the time that the website was created was the wait for an operating room that an anaesthetist attends on a regular basis. There's some difference between operating rooms and procedure rooms. But having said that, we've done the first leg of O.R., and the SSCN [Saskatchewan Surgical Care Network] is looking at what else can be added to the website to make it more useful; additional procedures or additional information. They are also examining ways to track and report patient waits to see a specialist. Right now — these are waits from a specialist — two year, surgery. We're looking at, can we get information on the front end with respect to how long does it take for you to see the specialist first. So the website will be continually improved under the direction of the Surgical Care Network.

With respect to SAHO, the auditor reviewed the progress made by SAHO related to the management of its payroll system and noted progress on three of the four recommendations and continued work to ensure the integrity and security with respect to the fourth recommendation. And with respect to the HHR plan, the report again concluded that the ministry had made good progress in implementing past recommendations.

So in closing, I want to restate the ministry's commitment to accountability and transparency. The feedback will help guide our efforts to improve the information we provide to the public on how we manage various aspects of the health care system. And we're happy to take questions from you now.

The Chair: — Questions. Mr. Nilson.

Mr. Nilson: — Sure. First question is, has there been a coming together of definitions around this wait time registry and what happens in here across the provinces, or is that still an ongoing challenge?

Ms. Donnelly: — I would say it's been in use long enough and it's been followed up on, any discrepancies, that we have come to terms with the definition around each of the intervals and the waits.

Mr. Nilson: — And so that some of the national data then can use this information in their comparisons without much

difficulty.

Ms. Donnelly: — The national comparisons, I would say, in the areas that are targeted with national benchmarks, they are getting closer. But of course cancer was one of those areas, so that's not . . . And I'm not talking cancer surgery. I'm talking waits for radiation therapy, etc, and waits for the first visit. So there is work under way to make them more comparable, but I wouldn't say they are yet comparable. Certainly, nationally, I mean Saskatchewan probably has the broadest range of data relative to the rest of the country. And most are focused on the key benchmark areas identified through the national process.

Mr. Nilson: — Is there a process of ongoing auditing of information in this . . .

Ms. Donnelly: — On the registry?

Mr. Nilson: — Yes.

Ms. Donnelly: — Yes, there is, both within the region and within the ministry.

Mr. Nilson: — And so in here there are comments that it's done differently in different regions. Is that fixed?

Ms. Donnelly: — Is that fixed? Doug, I'll probably have to ask you to come up and join . . . with respect to the auditing . . .

Mr. Calder: — The process of data coming in from the regions, the data is manually inputted from the regions into the registry. It then goes through edit checks. When we find an error, we send that information back out to the regions for correction. That information then is corrected before it transmits onto the website. So the information on the website that the public have access to has gone through a number of checks and balances to make it as accurate as we can get it.

Mr. Nilson: — Now there's a similar process going forward around diagnostic procedures. Can you explain where that process is at?

Ms. Donnelly: — Yes. There's a similar process. And, Doug, I may need your help on this as well. There is a Diagnostic Imaging Network. We are looking for a new Chair right now on that. Dr. Peter Glynn was the former Chair.

They've gone through the process of establishing benchmarks for CT [computerized tomography] and MRI [magnetic resonance imaging]. Are those the only ones? Nuclear medicine, perhaps. Most regions actually are meeting the benchmarks for CT right now and much, much closer on MRI.

We have a very good surgical database. We had a surgical information system in place for some years that the registry was built on. We don't have yet the electronic database on radiology procedures. That's in the process. The radiology information system and picture archiving system are in the process of being implemented now.

So that database to feed our, you know, to feed something similar, we need that to be in place before we can, you know, post that as regularly on the website. But we do collect it

manually from the regions now with respect . . . since it's a focused number of procedures. There are hundreds of procedures on the surgical website and at the beginning of the diagnostic work now focusing on the high-end procedures, CT and MRI. So it's, the diagnostic imaging is . . . How long before we see posted data?

Mr. Calder: — The fall.

Ms. Donnelly: — Fall.

Mr. Nilson: — Is there any work being done on the question of an individual having access to their own record? I know that's a little bit different than this registry procedure, but it's basically like having a bank card so you can look at your own bank account and see how much is in there. Is there any work being done on that as it relates to . . .

Ms. Donnelly: — I would say the direction of the work that the work is taking is actually to make specialist waits available to family practitioners is one piece and then individual specialist waits, and for types of procedures, ultimately available to the public. Our first step will be, since the family practitioner refers patients on to specialists, the first step will be to give them that information to help the patient and the doctor make the choice.

The Chair: — Any further questions? So then let's deal with the recommendations. Clearly in no. 1, recommending that ". . . established processes to correct data errors . . ." be followed and note that . . .

Mr. Nilson: — It says, "Management told us that Health and RQHR are now correcting all identified data errors in the Registry." Isn't that what the recommendation is?

The Chair: — Right. So how do you want to phrase the motion on this? Certainly we concur with the recommendation. Do you want to note progress, or do you want to note compliance?

Mr. Chisholm: — I'd suggest we note progress because I think it was mentioned that we still have a . . . there's a margin of error that we're continuing to work on, I would think, to improve.

Ms. Donnelly: — So it's less than 0.3 per cent. So it was 3 per cent, and it's less than half a per cent now. But there is an ongoing audit so . . .

The Chair: — So what is the motion you want to put forward?

Mr. Chisholm: — That we concur with the recommendation. And I would like to make that motion at this time.

The Chair: — That we concur with the recommendation and note progress?

Mr. Chisholm: — No, that we concur with the recommendation.

The Chair: — Concur with the recommendation. Okay.

Mr. Nilson: — And note compliance.

The Chair: — And note compliance. Okay. So the motion is that we concur with the recommendation and note compliance. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's agreed. Okay. Recommendation no. 2: "... periodically monitor how well surgeons follow the established processes to book patients . . . encourage them to follow the processes." What is your wish?

Mr. Michelson: — Concur with the recommendations and note progress.

The Chair: — Okay, that we concur with the recommendation and note progress. I think that's probably all you'll be able to ever do with surgeons. I'm not so sure. That's tongue-in-cheek.

Okay. So the motion will be that we concur with the recommendation and note progress. Is that agreed?

[15:15]

Some Hon. Members: — Agreed.

The Chair: — Okay. Then the third recommendation:

We recommend the Ministry of Health disclose sufficient information in the surgical wait times report so that readers can better understand the limitations of the information presented.

And my sense is that progress has been made in that respect. So can we have a motion to note progress? Made by Mr. Chisholm, concur with the recommendation and note progress. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Agreed. I think that's it. That's it in terms of recommendations. Any further comments, questions? If not, then we want to thank you very much for joining with us today to review this chapter of the auditor's report. Thank you.

Ms. Donnelly: — Thank you.

The Chair: — If someone wants to make a motion to adjourn?

Mr. Bradshaw: — I can do that.

The Chair: — Made by Mr. Bradshaw. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Agreed.

[The committee adjourned at 15:16.]