STANDING COMMITTEE ON PUBLIC ACCOUNTS

Hansard Verbatim Report

No. 3 – September 15, 2016

Legislative Assembly of Saskatchewan

Twenty-Eighth Legislature

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Ms. Danielle Chartier, Chair
Saskatoon Riversdale

Mr. Larry Doke, Deputy Chair
Cut Knife-Turtleford

Ms. Jennifer Campeau
Saskatoon Fairview

Mr. Herb Cox
The Battlefords

Mr. Glen Hart
Last Mountain-Touchwood

Mr. Warren Michelson
Moose Jaw North

Ms. Nicole Sarauer
Regina Douglas Park

Mr. Randy Weekes
Biggar-Sask Valley

[The committee met at 09:14.]

The Chair: — Morning, everyone. Welcome to Public Accounts. I'd like to take a moment to introduce our members here today. We have Mr. Buckingham, Mr. Bonk, Mr. Fiaz, Mr. Hart, Mr. Weekes, and Ms. Sarauer. And I'm Danielle Chartier, the Chair of PAC [Public Accounts Committee].

I'd like to welcome the officials today. We've got Laurie Pushor, the deputy minister of Economy. That will be the first ministry whose auditor's reports we'll be taking a look at. And I'd like to welcome Lori Taylor and Jenn Clark from the financial management branch here today. Thank you for your attendance.

I'd like to introduce our Provincial Auditor, Ms. Judy Ferguson, and I will pass it off to her to start.

Economy

Ms. Ferguson: — Good morning. Thank you, Madam Chair, committee members, officials. We're going to be presenting the four items on the agenda. We are going to change the order of the presentations though, so if you just want to maybe pull it out, we're going to do the 2015 report volume 2, chapter 20 first, followed by the 2016 report volume 1, chapter 30. Those both relate to Sask Apprenticeship and Trade Certification Commission, so we'll put the two together and deal with those first and then move into the remaining two.

[09:15]

Before we launch into the presentations though, I just want to pause and extend our thank you to the ministry and your staff in terms of the co-operation extended to our office, and also to the Apprenticeship and Trade Certification Commission, again the co-operation extended to our office.

The chapters before you contain six new recommendations for the committee's consideration, so we'll be pausing to allow deliberations of that. So without further ado I'm going to turn it over to Ms. Sommerfeld to present the first chapter on Sask apprenticeship and trade certification.

Ms. Sommerfeld: — Good morning, Madam Chair. Thank you, Judy. Chapter 20 of our 2015 report volume 2, starting on page 107, sets out the results of our 2015 annual audit of the Saskatchewan Apprenticeship and Trade Certification Commission. We found the commission's 2014-15 financial statements were reliable. It complied with authorities governing its activities and it had effective rules and procedures, except the commission needed to review and approve its bank reconciliation independent of its preparation each quarter. On page 108, we recommend that it do so.

During 2014-15, commission staff did not review its quarterly bank reconciliations until year-end. In addition, the reviewer did not leave evidence of review and approval. Also because commission staff had difficulties reconciling its recorded cash balance at year-end, the commission later hired a consultant to help it complete the reconciliation.

Timely preparation and independent review and approval of bank reconciliations provide a check that all charges to accounts are proper and all funds have been received and deposited in the right bank account. Reconciliations also provide a check on the accuracy and reliability of the accounting records.

And that concludes my presentation on the commission.

The Chair: — Thank you, Ms. Sommerfeld. Mr. Pushor, if you'd like to make some comments and just if you have any other officials speak, if you'd . . . When you come to the mike for the first time, if you'd introduce yourself so the folks at Hansard know who you are, that would be great. Mr. Pushor.

Mr. Pushor: — Maybe I could just make a general comment to begin, and I'll introduce the whole team and then they can introduce themselves as they speak. First of all, thank you very much. We appreciate the opportunity to be here this morning. We also want to extend an appreciation to the folks in the Provincial Auditor's office. We work extensively with them. They provide very good advice and counsel for us.

And our mission in regards to our relationship with the Provincial Auditor is that when recommendations are made, we will work diligently to enact those, by and large. We may reserve the right to occasionally disagree, but we do have a good relationship and we appreciate the good advice and direction we get. In a perfect world, we would be able to move very swiftly to implement those changes, but some of them take us a little longer to get to.

So with regards to the team that we have here, Jeff Ritter is the CEO [chief executive officer] of the Apprenticeship and Trades Commission here in the province of Saskatchewan, and Denise Haas is our chief financial officer for the Ministry of the Economy. We have Christa Ross who is our executive director for immigration services with us this morning as well as Darcy Smycniuk who is our executive director of the apprenticeship and workforce skills.

Relative to this specific item, I'll defer to Jeff to make some comments, but by and large we've accepted and completed the implementation of this recommendation.

Mr. Ritter: — Thanks very much, Mr. Pushor. So essentially the SATCC's [Saskatchewan Apprenticeship and Trade Certification Commission] chief financial officer or designate does review the quarterly reconciliations. However, prior to 2015-16, no physical signature was actually left to leave evidence of that review, so we have subsequently accepted and adopted the auditor's recommendations and a physical signature is now left each time the reconciliations are completed by the CFO[chief financial officer] or his designate.

The Chair: — Thank you, Mr. Ritter. I'd like to open up the floor for questions. Seeing none, could I have a motion on this chapter?

Mr. Weekes: — Thank you, Madam Chair. I move that we concur with the recommendations and note compliance.

The Chair: — Thank you. Mr. Weekes has moved for the 2015

report volume 2, chapter 20, that this committee concur with the recommendation and note compliance. Is there any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. We shall move on to chapter 30 of the 2016 report volume 1, and I shall pass it off to Ms. Sommerfeld again.

Ms. Sommerfeld: — Chapter 30 of our 2016 report volume 1, found on page 283, reports the results of our first follow-up on eight recommendations originally made in our 2014 report volume 1 regarding the Apprenticeship and Trade Certification Commission's processes to enable apprentices to achieve certification. We are pleased to report that by February 2016, the commission had made significant improvements. It had implemented six recommendations and was actively working on implementing the remaining two.

Key improvements included the inclusion of performance measures, and targets and methodologies for how to determine each performance measure, in its 2015-16 business plan; requiring apprentices to regularly report on-the-job hours, for example, every six months. It verified the apprentice-to-journeyman/person ratio of employers. It completed issue-driven inspections within reasonable time frames, and it requires regular formal interim reports from management to the board on progress towards achieving performance targets.

By February 2016, the commission had not yet formalized its informal policy for industry inspections or verified that inspections happened as expected. This concludes my presentation on the follow-up.

The Chair: — Thank you, Ms. Sommerfeld. Mr. Pushor.

Mr. Pushor: — To just in general say, since the report, we have completed work on a seventh recommendation and expect to complete work on the final recommendation during this current fiscal year. But again I'll ask Mr. Ritter to provide a bit of information on those two.

Mr. Ritter: — Thanks very much, Mr. Pushor. As you noted, we did formalize the informal policy. Management formalized that on May 11th of 2016. So that has since been implemented.

With respect to the industry visits by our field staff, our policy calls for field staff to visit all of our industry participants once every three years. And of course as the follow-up audit concluded two years after, we still have yet another year to complete that, and we're confident that we'll be able to complete that work over the course of this next year.

The Chair: — Thank you, Mr. Ritter, and I'd like to open up the floor for questions. Ms. Sarauer.

Ms. Sarauer: — Thank you, and thank you for your work on this. I have a few questions. First of all, I'm a bit interested in learning more about one of the performance measures I was reading about that was mentioned in the report regarding increasing the number of Aboriginal and females registered in

the apprenticeship program. Could you speak a little bit about that and how that's been going?

Mr. Ritter: — Sure. I confess I didn't bring my balanced scorecard, so I'll go by memory and speak in a little bit of generalities, if that's okay.

Our board of directors has a number of goals and objectives for us that they've spelled out. Two of those relate to increasing participation of women in predominantly male trades as well as participation of Aboriginal people within the apprenticeship system. I believe our targets for both of those initiatives were met according to our balanced scorecard targets established by our board, which of course doesn't mean that we don't still have a lot of room to grow. We try to set specific, measurable, objective, and realistic targets in each of our years.

With respect to Aboriginal people, I know this is a stat that I can trot out by memory because we're actually pretty proud of it. The percentage of First Nations people within the overall population of apprentices is I think around 14.6 per cent — I may be off a little bit — which I think is fairly indicative of the percentage of First Nations people within the general population. But when you consider that the population of apprentices are working age, right, because to be an apprentice you have to have a job, we might actually be doing a little bit better than the representative part.

With respect to women in predominantly male trades, that is an area where we continue to experience challenges. And while we have seen a numeric increase in the number of women employed in non-traditional trades, because we also experienced quite a large growth in terms of the overall participation rate within the apprenticeship system, the percentage increase didn't change. So that's something that we're continuing to highlight in terms of our marketing and communication activities. Right now if you'll look on YouTube, for example, we have a YouTube channel that is featuring a young female welder who owns her own business. And we're trying to, you know, sort of create an image where young women can see themselves working within the skilled trades by providing role models that they can relate to.

Ms. Sarauer: — Thanks. I'm happy to hear that. I think that's really important work to be done. Are you also tracking retention for those two target groups as well?

Mr. Ritter: — We are. We do work with completion rates. The problem, and it's a particular problem with women in non-traditional trades, is that the numbers are so small that even a very small change in an individual's decision to continue or discontinue an apprenticeship can have a pretty significant percentage impact. So we are continuing to do that research. We provide that information to our board of directors, but we also caution them that because these numbers are pretty small, we're not able to draw really any significant conclusions from percentage changes year over year in terms of completions.

Ms. Sarauer: — Moving on to the industry inspections, I think you called them field visits?

Mr. Ritter: — Yes.

Ms. Sarauer: — Are they all, or are any of those inspections or visits, are they random visits? Or is there a percentage, some random, some not, or none of them are random?

Mr. Ritter: — That's an excellent question. We do two types of what I'll call industry visits. Well I'll talk about the first, which is an industry visit where our field staff attend to the office of the employer. And what we're doing there is we are validating that they have the technical capacity to meet our regulatory requirements. So we have regulations that specify a ratio of so many apprentices per journeyperson, and when our staff attend those offices, they're basically looking at employee lists where we want to ensure that the company has the capacity to meet our ratios.

We then undertake a whole series of other visits which we call construction site visits, for lack of a better term. Those are random, unannounced visits where our staff will attend to a major construction site. And they'll go in, they will start, you know, they'll introduce themselves to the site supervisor, and they'll start asking individual tradespeople that they encounter — you know, working particularly in compulsory trades but also in other trades — to provide them with identification on either their status as a journeyperson or an apprentice if they're in a compulsory trade, or also take an opportunity, if it's a non-compulsory trade, to talk about the apprenticeship system and to promote the benefits of participating in the certification system. So that latter component is much more random.

Ms. Sarauer: — Of that latter component, about how many visits would you say you did in 2015?

Mr. Ritter: — Using round numbers, I'm going to say around 300, 300 sites. Now those are individual sites. When you look at the complexity of a construction site, recognizing there may be a plumbing contractor, electrical contractor, you know, several carpentry contractors, perhaps crane and hoist technicians, those 300 visits would encompass many, many more employers, so there'd be a multiplier.

Ms. Sarauer: — You've had some challenges in meeting the three-year timeline for the required visits. You feel now that you'll be able to complete those visits in three years?

Mr. Ritter: — No, I don't think we've had a challenge in meeting the three-year timeline. The issue is the auditor's follow-up occurred in year two of the three-year horizon. So actually when we looked at the audit sample, they sampled nine files to see if the . . . or sorry, 10 files to see if the industry visits had occurred. Nine of the ten had, so it was a 90 per cent success rate with still a year to go. So we are in fact very confident that we'll complete those visits within the three-year time frame.

Ms. Sarauer: — Great. Thank you.

The Chair: — Are there any further questions on this chapter? I just have one actually regarding . . . You talked about the targets for women in non-traditional roles, and I know you said you didn't have your balanced scorecard here. But in terms of your target, do you have a sense, can you recall what . . . You said you've reached your target, but can you tell us what the target was?

[09:30]

Mr. Ritter: — Give me a second.

The Chair: — You bet.

Mr. Ritter: — If I didn't leave my iPad charging on my desk . . . I may in fact . . . I have a draft copy of our business plan. Give me a moment; I'll be able to give you the exact numbers. Sorry.

Our 2015-16 target for female apprentices registered in predominantly male trades was 475. The information I have in this early draft — it shows a forecast; I don't believe it had changed significantly from year-end — was that we were at 470. So I think off by five from our target, which I think according to the metrics of our balanced scorecard is sort of rounded to achieved.

The Chair: — Do you know what your '16-17 target is yet? Every year do you look just a little bit further, push that target a little bit further?

Mr. Ritter: — Yes, in fact we do. I believe the number that will be published in our business plan is 450. Now that's a decrease from our previous year target but what we have to take into account is that apprenticeship follows the economic cycle, right. When things are busy, employers are, you know, building projects, initiating construction. Their demand for skilled labour goes up, and they indenture more apprentices.

The opposite is true when we experience periods of contraction. So the overall number of apprentices has and is anticipated to decrease from our all-time record high, which was last year. So because of that, we're forecasting a decrease in the number of female apprentices in predominantly male trades.

The Chair: — Okay. I just have one follow-up and then I know Ms. Sarauer has another question. You talked a little bit about your strategy to reach those targets. You talked about the YouTube video with the female welder who owns her own business. Can you just talk a little bit more about a few other things? Or how do you get to that target?

Mr. Ritter: — Sure. Okay, well one of . . . It's a great question. I love talking about this. One of the things that we're really proud of that I think we do very well is we have a program called the Saskatchewan youth apprenticeship program. And it is essentially an extracurricular program that we deliver in, I believe, around 350 high schools throughout the province.

Now like everything we do, it's a program that relies on partnerships. So we have sort of faculty champions within those schools that help us deliver this program. It essentially requires students to undertake some research around skilled trades to, you know, perhaps interview a journeyperson, to visit a worksite. Once they complete all of these activities, they're eligible to graduate from the SYA [Saskatchewan youth apprentice] program.

To actually incent those students to then pursue their interest within the skilled trades, you know, the apprenticeship commission will waive the registration fee for a new apprentice

that is also an SYA grad. We will also provide them with free tuition for their first year of technical training. And we'll give them 300 hours of trade time credit which . . . Our education system is a combination of on-the-job experience and classroom learning, so that 300 hours sort of speeds them up. So we have that program that, you know, exists in all schools.

We've also been working with the Saskatchewan Construction Association and school divisions to try and develop curriculum that we can share with teachers in the middle years because we believe that even by high school, some students may have . . . They may not have figured out what they want to do with their lives or their post-secondary future, but perhaps they're starting to rule things out, and we want them to keep their minds open earlier. So we've started rolling out, you know, a program also in the middle years. So those are the two primary programs.

The Chair: — Thank you for that.

Mr. Pushor: — If I might, just wanted to add one comment. First of all, our apologies for not coming for a broader discussion on apprenticeship activities. We look forward to that in other forums such as our appearance in the budget time. We will happily provide information on apprenticeship. You can tell that we are pretty proud of the work being done there and the good students that we're graduating.

I did just want to highlight as well that the apprenticeship completion, or apprenticeship grads are also eligible for the grad retention program in the province as well.

The Chair: — Thank you for that. Ms. Sarauer.

Ms. Sarauer: — Sorry. I was just curious to know what that 475 number looks like in terms of the percentage. You gave us the percentage for indigenous so I was just curious for women. I'm not sure if you have it off the top of your head. If you don't, that's fine.

Mr. Ritter: — It would be under 4 per cent, 3 or 4 per cent.

Ms. Sarauer: — 4 per cent?

Mr. Ritter: — 3 or 4 per cent, I think would be the . . .

Ms. Sarauer: — Thank you.

The Chair: — Thank you. Any further questions on this chapter? Seeing none, we have no new recommendations in this chapter, so could I have a motion to conclude consideration for chapter 30?

Mr. Hart: — I'll so move.

The Chair: — Thank you, Mr. Hart. Mr. Hart has moved that for the 2016 report volume 1, chapter 30 that this committee conclude consideration. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you, Mr. Ritter, for your time.

Mr. Ritter: — Thank you very much.

The Chair: — And we will move on to chapter 8 of the 2015 report volume 1. I shall pass it off to Ms. Sommerfeld.

Ms. Sommerfeld: — Thank you again. Saskatchewan's recent immigration population has increased. English language programming helps new immigrants integrate into Saskatchewan life and secure employment. The federal government funds English language programming to immigrants who are permanent residents. The ministry funds such programming to immigrants who do not qualify for federal programs. They provide programs at no cost to the immigrants.

Chapter 8 of our 2015 report volume 1 begins on page 63 and contains the results of our audit of the Ministry of Economy's processes for coordinating English language programs to assist immigrants in employment and settlement in Saskatchewan. Other than the five recommendations we have made, the ministry has effective processes in place for the 12 months ending December 31st, 2014.

On page 70 we recommend the ministry develop a formal methodology, including a regional analysis, for assessing the demand for English language program needs. Determining program needs entails identifying the current and future trends in the number of immigrants, the nature and level of language training needs, as well as the expected location in Saskatchewan for those training needs.

Because the federal government provides English language programming for certain immigrants, determining provincial programming involves coordinating with the federal government.

The ministry lacks a formal process to determine these program needs. It had not updated its 2009 methodology to analyze and decide the number of training seats needed or tested the validity of assumptions used in this methodology. Additionally it has not documented its processes to collect and analyze regional information used to estimate the number of training seats needed.

Documented methodologies would help its staff understand the program forecasting processes including sources of key information, for example from the federal government or regional colleges. Documentation of processes would help facilitate the transfer of knowledge in the event of staff turnover. Furthermore, lack of documentation increases the risk of inconsistent program analysis and English language programming needs not being met.

On page 71 we recommend the ministry obtain information on federally funded English language programs to facilitate decisions on the nature and location of provincially funded English language programs. Although the ministry is aware of federal programming, it does not obtain utilization information on federally funded programs when determining provincial program needs. Without obtaining this relevant information such as utilization reports or future funding levels of federally funded programs, the ministry is unable to assess whether Saskatchewan needs additional or supplemental provincially funded programs.

Additionally the ministry does not have the information necessary to conduct a system-wide assessment of programs offered throughout the province, which will assist in making decisions about the extent and location of provincially funded English language programs.

On page 72 we recommend the ministry select specific and measurable performance targets for its English language programs. Although the ministry developed a performance measure framework in 2013 and has set industry-accepted indicators, it had not yet developed specific, measurable goals. Setting targets helps agencies have a better understanding of what they plan to achieve and by when. The lack of specific and measurable goals increases the risk the ministry will not identify problems or resource the programs appropriately. This may result in Saskatchewan immigrants not acquiring the English language skills needed to join the Saskatchewan workforce.

On page 73 we recommend the ministry sign agreements for the delivery of English language programs with regional colleges that deliver those programs. And further, on page 75 we recommend that the ministry formally assess whether regional colleges meet its expectations related to delivering English language programs.

The ministry provides regional colleges with approximately $660,000 each year for English language programming. While the regional college's policy manual for English language programs sets out the ministry's expectation for the college's administration of the programs, it does not have formal arrangements or contracts with the regional colleges to bind them to meeting the ministry's expectation or formally monitor whether the colleges are meeting its expectations.

We note that the ministry has contracts with non-government agencies that clearly outline the responsibilities of each party and require submission of quarterly reports on the progress of students' language skills. Without contracts or monitoring, the ministry does not know if its funding to colleges is successful in advancing the English language proficiency of students. That concludes my presentation on chapter 8.

The Chair: — Thank you, Ms. Sommerfeld. Mr. Pushor, do you have some comments on this chapter?

Mr. Pushor: — I do. First of all, we do concur with the recommendations and are working diligently to complete our work in that area. We've concluded work on two of the five recommendations and expect to complete work mid-2017 on completing the work on the other three.

I would just say that this last year has been impacted by the arrival of 1,100 Syrian refugees. And while formally that should be work done by the federal government directly with service providers, it did have a significant impact on our immigration branch and just added another layer of activity to the work over the course of the last year.

To that end, we are working diligently on all of these. The federal government is taking a look at their English language offerings in the province as we speak, and we're waiting for that work to conclude. This fall we will complete a full review

of our English language offerings across the province, and that will allow us to go forward with new RFPs [request for proposal] in early mid-2017, which would be the final piece in fully implementing the recommendations of the auditor.

But I would like to turn it over to Christa Ross, our executive director for our immigration services branch. And I would just say in introducing Christa again that she's been in the role now for just over a year and it's been remarkably refreshing. She's a very talented and capable individual and it's just been great to have her as part of our leadership team. So I'll turn it over to you, Christa.

Ms. Ross: — Well thank you very much for that introduction, Mr. Pushor. I appreciate that.

So just to echo some of what Mr. Pushor has already shared, we are working very closely with the federal government, so that's Immigration, Refugees and Citizenship Canada. Over the past year it's primarily been on Syrian refugees and helping the 1,100 settle into the province, but we're also working quite closely with them on our mutual settlement and language training offering.

So as Mr. Pushor mentioned, IRCC [Immigration, Refugees and Citizenship Canada] has . . . they had put out a request for proposals in 2015, which was deferred again with all the attention diverted to Syrian refugees. But they are getting close to finalizing their new agreements.

We will be working with them over the next couple of weeks to provide our input into those arrangements. And then we'll be conducting kind of a full program review, later this fall into the early winter, to look at the outcomes of our own language training program, to test our own methodology that we've developed as per the recommendations in the audit report. And that information, the outcomes of that program review along with the information we have on federal investments, will inform our own request for proposals that will be coming out in the winter.

So we'll have much stronger outcomes to point to and a lot more information on where the federal government is investing to make sure that we're complementing each other, that we're not duplicating efforts with the regional colleges as well as with the third party organizations we contract with in the urban centres.

The Chair: — Thank you, Ms. Ross. I'd like to open up the floor for questions. Ms. Sarauer.

Ms. Sarauer: — Thank you, Madam Chair. And thank you for your work in this area. I know your department was particularly busy even before you had the influx of Syrian refugees in 2015-2016.

[09:45]

I was particularly alarmed to see the 2012 survey results stating that immigrants had difficulty fitting into the appropriate labour market in Saskatchewan because they felt that they needed a higher level of English language proficiency. Can you tell me what you've been doing since 2012 to rectify that and whether

or not there's been any surveys that have occurred since 2012 to ensure that that need is now being met?

Ms. Ross: — So since 2012 there has been a couple changes, both federally and provincially. Minimum language requirements have increased at the federal level, so immigrants coming to Saskatchewan through federal programs would be required to meet higher minimum language levels.

And similarly for some of our immigration programs at the provincial level, through the Saskatchewan immigrant nominee program, we've introduced minimum language requirements. So previously where there were none, some of our categories, now you need to have a minimum Canadian language benchmark of four. So that would mean that people coming to Saskatchewan from the get-go may have a higher level of language to begin with.

But we've also been able to, based on demand, I guess reallocate or align some of our language training investments. So there emerged . . . actually one thing we identified was a need for a higher level language training. So we have introduced advanced language training. So that would be targeted at more professionals who would be looking to advance to a Canadian language benchmark level of seven or eight. Whereas for lower levels, there's lots of training or opportunities at the Canadian language benchmarks, two to six, which is where the majority of the need seems to be and where the majority of our programming is.

Ms. Sarauer: — Sorry. Has there been any surveys that have occurred since 2012 to ensure that the needs are now being met?

Ms. Ross: — So we haven't surveyed English-language learners specifically. We do a program evaluation of the Saskatchewan immigrant nominee program every five years. So the last one was completed in 2012. The next one will be, we're getting ready to complete in 2017-18. So that is really kind of the biggest indicator for us of how immigrants are doing in Saskatchewan, but there's also a national evaluation of the provincial nominee program occurring right now.

So again the federal government evaluates the provincial nominee program every five years as well, so we're just kind of one year off. So theirs will be completed this year. So again that's a very good indication of, you know, how immigrants are doing in terms of their employment, their attachment with the labour market, and their retention, so if they're staying in the province.

Mr. Pushor: — Maybe I could just supplement that a bit. Because we were just talking about this, I have some numbers in memory. The Saskatchewan immigrant nominee program has two very strong indicators, and I'm not going to cite specific numbers, but we are leading in attachment to the workforce and retention both. And we think the more you can engage people in the workforce, the higher their success rate and persistence is going to be, or retention if you want to use that language.

So in those areas it'll be interesting to see the results of the upcoming review in a more detailed way, but at the higher level, when you look at those two indicators, they're staying in the province and they have a higher attachment to the workforce, which would be pretty positive signals as well.

Ms. Sarauer: — That's great. I'm happy to hear that. Does the result of that national evaluation, does that become publicly available?

Ms. Ross: — Yes, the federal government posts all their evaluations online. So it would be on immigration, IRCC's website when it becomes available.

Ms. Sarauer: — Okay. And then my last question, I think this is probably where things get a little jurisdictionally dicey because I don't believe there's a minimum language requirement for refugees. Is there one for family sponsors as well? So I know that that's probably a federal issue, but I guess that's where some of the recommendations come into making sure that there's no one that's falling between the cracks between the two jurisdictions. So in those classes where there isn't the stronger minimum language requirements, how are we ensuring now that they're not falling between the cracks in terms of language training?

Ms. Ross: — So you're right that some immigration programs, there is no minimum language requirement. And that would be more the programs that are considered to be humanitarian and not so much on the economic side of immigration. So refugees is an example of that and same with family class immigration.

So those are federal immigration programs. The federal government obviously invests in Saskatchewan in English-language training and their formula for settlement funding to the province is based on the admissions, so the number of people coming to Saskatchewan.

So if you look at what the federal investment is in language training, they invest about 12 to 15 million a year, just in Saskatchewan alone. And also they've made commitments for additional funding for language training to assist those refugees. So we had a significant increase in the number of refugees, but the federal government is also increasing their investment to match that.

Ms. Sarauer: — So then just to follow up and with respect to these recommendations, there is work being done now to make sure that there's no one falling between the cracks in terms of funding and receiving training, between the two jurisdictions, federal and provincial.

Ms. Ross: — That's right. So once we go through . . . So we'll be working with the feds over the next couple of weeks as they finalize their language contracts for the year ahead. So we'll know where they're investing. We'll know kind of who they're targeting and then we can make sure that provincial investments are complementing that to make sure that, you know, we're providing comprehensive programming and offerings to everyone in the province.

Ms. Sarauer: — Thank you.

The Chair: — Any further questions on this chapter? Mr. Pushor, I just have one, just with respect to your comment about leading in terms of attachment to the labour force and retention.

I'm assuming you were saying leading nationally or . . .

Mr. Pushor: — Yes, I was.

The Chair: — Okay, I just wanted to double-check there. And obviously we're in the middle of two surveys here, the federal one and then the provincial one on the SINP [Saskatchewan immigrant nominee program]. But I'm wondering . . . Those are measures you take every year. And how do those . . . So that most recent measure to which you're referring, is that 2015-16?

Mr. Pushor: — So what Christa was referring to is a full, robust review that is done every five years, but every year we do an annual report to the federal government which involves looking at some of those benchmark data points that we're tracking. So those are annual and they've been in place for a number of years.

The Chair: — Okay, thank you very much for that. Is there any further discussion on these chapters? Seeing none, we have five recommendations before us. I'm wondering if I could get a motion to deal with the ones that are in progress or progress to compliance?

Mr. Weekes: — Madam Chair, yes. Chapter 8, 2015 report volume 1, I'd like to move to concur with the recommendation and note progress towards compliance for no. 1, 2, and 5.

The Chair: — Thank you, Mr. Weekes. Mr. Weekes has moved that for the 2015 report volume 1, chapter 8 that this committee concur with the recommendation no. 1, 2, and 5 and note progress to compliance. Is there any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Could I have a recommendation or a motion for the remaining two?

Mr. Weekes: — Yes. Madam Chair, I move the . . . concur with the recommendation and note compliance for item no. 3 and 4.

The Chair: — Thank you. Mr. Weekes has moved for the 2015 report volume 1, chapter 8 that this committee concur with the recommendation 3 and 4 and note compliance. Is there any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you very much for that. Thank you, Ms. Ross, for your time, and we shall move on to chapter 44 of the 2015 report volume 2. Ms. Sommerfeld.

Ms. Sommerfeld: — Thank you, Madam Chair. Chapter 44 of this report found on page 315 reports the results of our second follow-up of a recommendation originally made in our 2011 report volume 2 to the Ministry of Economy regarding the replacement of its oil and gas IT [information technology] system, commonly referred to as PRIME [process renewal and infrastructure management enhancement].

The ministry expected to complete the PRIME in the spring of

2016 at a cost of almost $70 million excluding the cost of ministry staff dedicated to this project. By July 31st, 2015 the ministry had partially implemented a recommendation that the ministry document its plans for measuring and reporting on the expected benefits of its new oil and gas system. Although the ministry tracked progress on each of its measures and reported the progress to the information management advisory council and internally to its PRIME executive sponsor committee, it did not have a documented plan to report its progress externally, that is to industry or the public.

Because PRIME is a significant project, legislators and the public need information on the benefits the ministry has realized from its implementation to help them assess the value of the public's investment in this new system.

And this concludes my presentation on the follow-up.

The Chair: — Thank you, Ms. Sommerfeld. Mr. Pushor.

Mr. Pushor: — Thank you very much. As was mentioned, the PRIME project was a major undertaking for our ministry over several years. It has taken several legacy-operating systems and created a single operating system for a variety of our interactions with particularly the oil and gas industry in the province. In doing that, we've enhanced service to industry very significantly, but we've also enhanced our operating efficiency and the quality and breadth of information that we have readily available.

And I think we can all understand that if you are getting reports on a paper-based system compared to getting it electronically, your ability to analyze and examine that data is profoundly enhanced, and so we've eliminated a lot of data transfer and the risks associated with that. And we've also really enhanced our operating systems.

The system went live, full on in November of 2015. In the development of this project, and certainly in the rollout, we were extensively consulting with industry to ensure that we had good user interfaces, that we were getting their advice and guidance on how this was going to work. And I would say that the participation with industry was major. We had a series of rollouts and a series of industry engagement where we would see in a visit to Calgary, 200-plus industry people in the room making sure they were alongside us and aware of what was happening.

In the period after going live in November, I would say that this was a remarkably successful implementation. We have had really no significant downtime. We have had planned downtime as you roll out the next updates and upgrades along the way.

The team embarked on a series of weekly fixes, if you will, for minor things that have emerged over time. And I believe we've had two more substantive updates where it was a little more involved since the rollout in November.

It became apparent in that that we wanted to include a more formal mechanism for industry consultation and collaboration, and we're doing that. And we're also reporting to industry much more overtly and much more deliberately. It will also be included in our oil and gas levy report, the performance metrics

that we've put in around PRIME. And that's a report where, since we levy industry for 90 per cent of the costs of our oil and gas regulatory obligations, we report on an annual basis around a series of performance metrics that we have as a regulator established for ourselves. And it'll be an integral part of that.

In addition to that and based on the auditor's recommendation, we have developed a communications plan to highlight the benefits of the IRIS system as we call it now — integrated resource information system — to ensure that folks in Saskatchewan understand what the system is doing and how it's performing, how it's helping us be more effective regulators.

I would also say that as you come to understand the system, you'll also see that there is a profoundly significant amount of information that is fully available and transparent to anyone who wants to go in and look at the system. So we think it's some really positive steps forward and we have wholeheartedly accepted the recommendation and have put in place that communication plan. And we'll be rolling it out over the next while.

The Chair: — Thank you, Mr. Pushor. I'd like to open up the floor for questions. Ms. Sarauer.

Ms. Sarauer: — You have indicated that the system has now gone live but there's still some work in terms of tweaking it. Is there still anticipated expenditures financially that are going to have to be made to perfect the system?

Mr. Pushor: — Well this was just part of ongoing maintenance activities that we've been rolling out and just a normal course of business with any information system, where if someone says, this box is here and it's awkward if you put it on the other side of that entry. Those types of minor changes are just part of our ongoing maintenance.

We have anticipated that there may be other elements we want to build into the system, but at this time we have no formal plans for another phase of development.

Ms. Sarauer: — Okay. I suppose what I'm asking, because it says here that the estimated total cost is 69.9 million now which has gone up from the original estimation, do you anticipate that that will remain the total cost?

Mr. Pushor: — That is the cost, and we have a fully functioning operating system. We may anticipate other activities that we would want to integrate, but as of today we have no approved plans in that respect.

Ms. Sarauer: — Great. Thanks. And I just wanted to confirm one thing that I think I've seen is happening now in the update. You've indicated that you're making sure that you're communicating effectively with the oil and gas industry about the effectiveness of this new system, and I just wanted to ensure that that's also going to the broader public as well. But it looks like it is being posted on the website. But can you elaborate a little bit just to make sure that you are communicating not just to the industry but also the public as a whole?

[10:00]

Mr. Pushor: — Well we are posting things to the website and, as I indicated, there's much more transparency there. But I will confess that most of our broader rollout to the general public would centre around a first-year anniversary celebration, and we will do some activities in that regard.

Ms. Sarauer: — So we can look forward to that in November of 2016?

Mr. Pushor: — Yes.

Ms. Sarauer: — I'll put it in my calendar.

Mr. Pushor: — I'm sure you will.

Ms. Sarauer: — For the birthday cake. Thank you so much.

The Chair: — Are there any further questions on this chapter? Mr. Bonk.

Mr. Bonk: — So you said you had significant industry input in the development of this system. Now that it's been rolled out, how has the reports been back from the industry, how it's working? How do they like it?

Mr. Pushor: — Well we do have satisfaction mechanisms back and we also have a feedback mechanism back, which is driving a lot of those minor improvements that we're making. I would say, generally speaking, there's very strong industry approval of and acceptance of the system. It's much more efficient and effective for them. And it's also fair to say that the advice we're getting on minor tweaks and improvements, the volume is going down as well, which are both positive indicators.

The Chair: — Any further questions on this chapter? Seeing none, as we have no new recommendations here, could I have a motion to conclude consideration?

Mr. Weekes: — So moved.

The Chair: — Mr. Weekes has moved that — thank you very much — for the chapter 44 of the 2015 report volume 2, that this committee conclude its considerations. Is there any discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Well thank you very much, Mr. Pushor, and to all your officials who are with you today. Thank you for your time. And we'll take a very brief recess just to bring in the next folks.

[The committee recessed for a period of time.]

The Chair: — Welcome back to Public Accounts. The next ministry which we'll be looking at is the Ministry of Government Relations. We have three chapters we'll be going over. We have Mr. Al Hilton, the deputy minister, who is here along with his officials. Welcome.

And just a quick word, if you want to introduce your officials, and then if they have an opportunity to be at the mike, if you can just identify yourself when you first come to the mike, for

Hansard that would be very helpful. But I'll give you an opportunity here to introduce your officials if you'd like.

Government Relations

Mr. Hilton: — Sure. Well, good morning committee members and thank you, Chair. I'd like to do a couple things. First of all, I want to recognize the good work of the Provincial Auditor's office and the relationship that we have with them. Then I'll introduce my officials. And then, if the committee likes, I can speak to each of the three chapters. And after I speak to each of the individual chapters, I can pause and take whatever questions committee members might have.

The Chair: — Well thank you, Mr. Hilton. What we might do, the auditor will do a brief presentation before each chapter, and then I'll pass it off to you at that point, I think is usually what we do. So did you want to introduce your officials?

Mr. Hilton: — Sure. So this is Laurier Donais. He's the assistant deputy minister responsible for corporate services, disaster recovery, and public safety standards. This is Keith Comstock. He's the assistant deputy minister of municipal affairs and northern engagement.

And then behind me is the commissioner of emergency management and fire safety, Duane McKay. And beside Duane is Jeff Markewich. He's the executive director of corporate services.

The Chair: — Thank you, Mr. Hilton. I shall pass it off to Ms. Ferguson.

Ms. Ferguson: — Thank you, Madam Chair, members, and officials here. I just want to introduce who I have with me this morning here. I've got Ms. Carolyn O'Quinn. Carolyn is the deputy in our office and included in her portfolio is Government Relations and the entities that are associated with that. Behind is Mr. Mitch or Mitchell McIntyre — he's a senior manager in the office, and he's led some of the work that's being presented in this agenda item — and Ms. Kim Lowe, who's our committee liaison.

As indicated, there's three chapters. We'll be presenting them individually. Each chapter has new recommendations for the committee's consideration. So before we launch into the chapters, I just want to say thank you to the ministry and also to the staff that are not really here today, but in terms of the Northern Municipal Trust Account, in terms of their cooperation and support of our office as we worked through these various audits. So just turning it over to Carolyn to start with the presentations.

Ms. O'Quinn: — Thank you and good morning. The first chapter that I'll talk about covers the Northern Municipal Trust Account. This would be chapter 2 in our 2015 report volume 1, which starts on page 15. This reports the results of our 2014 annual integrated audit of the Northern Municipal Trust Account. The Ministry of Government Relations is responsible for administering the trust account. We report that the 2014 financial statements for the trust account were reliable. The ministry complied with relevant authorities and it had effective rules and procedures to safeguard public resources, other than

the two matters that we note in this chapter.

So first, on page 17 we recommended that the Ministry of Government Relations prepare accurate quarterly financial reports for the Northern Municipal Trust Account as its policies require. What we found is that the trust account did not always prepare complete and accurate reports on a quarterly basis. Its 2014 quarterly reports did not include 4.2 million in lease revenue earned and did not always reflect accurate forecast amounts. Accurate reports are important to provide senior management with the information that they need to make decisions.

On page 18 we recommended that the Ministry of Government Relations require management to carry out a detailed review of quarterly and year-end financial information, for example, the financial reports, journal entries, and various reconciliations prepared by the staff responsible for recording the Northern Municipal Trust Account financial information.

Our audit found a number of instances where established financial policies and procedures were not properly followed. In 2014, turnover of staff responsible for recording that trust account's financial information and activities was higher than normal. We found that Government Relations management did not sufficiently adjust its supervision accordingly to take into account those staff's new roles and responsibilities, that is, to carry out more detailed reviews of the financial information. Adequate supervision is important to reduce the risk of errors in those financial records occurring without detection. So that concludes my overview of chapter 2.

The Chair: — Thank you, Ms. O'Quinn. Mr. Hilton, do you have some remarks on chapter 2?

Mr. Hilton: — Yes. As the Provincial Auditor observed, we've had some challenges meeting all of our financial policies in the Northern Municipal Trust Account, and that's largely the consequence of, as the auditor points out, staff turnover. We also had challenges associated with long-term sick leave and issues like that. So we accept the auditor's recommendations and we're working to implement them.

We've completed a review of our monthly bank reconciliation process and we're currently in the process of implementing the recommendations from that event. And going forward, senior management responsible for the Northern Municipal Trust Account will ensure that detailed reviews are done on a timely basis so that there's sort of greater accountability around all of that.

So that's what we intend to do. I hope to have it all fully implemented — I mean, Keith might kick me under the table — but I would say over the next couple of months.

The Chair: — Thank you. I'd like to open up the floor for questions. Ms. Sarauer.

[10:15]

Ms. Sarauer: — Sure. Thank you. And thank you for coming today. You've mentioned a few times that you've had some issues with staff turnover. I'm wondering if you could elaborate

a little bit and indicate to us what you've done to rectify whatever issues you've uncovered?

Mr. Hilton: — Recruiting and retaining qualified financial positions in the North is always a challenge. It's a challenge we've wrestled with for years. We just continue to do the very best we can in terms of recruiting assistants.

Some of the staffing issues associated with long-term illness, there's really nothing we can do about that. But some new software that we're going to purchase will be helpful. Some more support, guidance, and direction from central corporate services, Laurier's shop will be helpful. When we made very deliberate and conscious efforts in the past about supporting the folks up North a bit more fully and completely then we have previously, that has sort of been of great benefit and great help. It's just a matter of finding the staff and the staff time to do that. But that's something that we're going to do.

I think it was, and I say this kind of in good humour, it was probably three years ago or so — Keith can remind me — we got a completely clean audit on the northern municipal trust account, and I congratulated Keith as probably the first ADM [assistant deputy minister] responsible for the northern municipal trust account to get an entirely clean audit. And that's certainly our objective going forward. I'm not sure we'll get it next year, but hopefully the year after everything will be fixed.

I would point out, just to put some of this in context, that the northern municipal trust account is a pretty effective financial instrument in support of northern development. And the Provincial Auditor obviously found some issues, process-wise, in terms of adhering to policies and stuff, but there is no, there is no huge big, big problems that have been flagged with the trust account.

The Chair: — Thank you, Mr. Hilton. Any further questions on this chapter? Seeing none, could I have a motion for this chapter 2? Mr. Weekes.

Mr. Weekes: — Madam Chair, I move that we concur with the recommendation and note progress towards compliance.

The Chair: — Thank you. Mr. Weekes has moved that for the 2015 report volume 1, chapter 2, that this committee concur with the recommendations and note progress to compliance. Is there any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. We shall move on to chapter 12 of the 2015 report volume 1. Ms. O'Quinn.

Ms. O'Quinn: — Thank you. I will now discuss, as the Chair indicated, chapter 12 of 2015 report volume 1, which starts on page 115, and this is about coordinating emergency preparedness.

Emergency management in Canada is a shared responsibility between individuals and each level of government, which would be federal, provincial, municipal. The Ministry of Government Relations is responsible for coordinating overall provincial emergency planning, training, and response operations before, during, and after an emergency or disaster. The ministry works with key stakeholders. For example, these would include provincial government agencies such as SaskPower and the Ministry of Highways to prepare a provincial emergency management plan.

Emergency management includes four key functions or they're sometimes referred to as pillars: mitigation, preparedness, response, and recovery. Our audit focused on the preparedness function, which includes the measures taken prior to an emergency event or to be ready to respond to a disaster and manage its consequences. Other than the four areas noted in the chapter, we found that the ministry did have effective processes to coordinate emergency preparedness for emergencies in the province.

We made four new recommendations in this area. First, on page 125, we recommended that the Ministry of Government Relations require the provincial emergency management committee to keep minutes documenting its deliberations and supporting its decisions.

The provincial emergency management committee is responsible for preparing and maintaining the provincial emergency management plan. We found the committee did not keep minutes of its meetings or document decisions made. Keeping minutes is important to provide documentation of those decisions made as well as the relevant deliberations that led to the decisions.

On page 129 is our second recommendation. We recommended that the Ministry of Government Relations follow its established process to work with key stakeholders on identifying and updating, each year, assessments of risks of emergencies requiring provincial assistance.

We found that the ministry did not confirm with key stakeholders the continued appropriateness of risk assessments related to emergencies requiring provincial assistance. It also did not compile and evaluate those assessments on a province-wide basis each year. Without doing this, the ministry may not be aware of emerging risks or significant changes in the risk exposure, and as such the preparedness activities may not effectively address those risks.

Our third recommendation, on page 131 we recommended that the Ministry of Government Relations provide key stakeholders that are responsible for key infrastructure in Saskatchewan with guidance to help them determine which infrastructure is critical to emergency preparedness for the province overall.

We found that the ministry did not provide such guidance to its key stakeholders. Not providing guidance may lead to inconsistent decisions in terms of what infrastructure is critical to the province overall and could lead to inefficient deployment of resources during an emergency.

Finally, on page 132 is our fourth recommendation. We recommended that the Ministry of Government Relations periodically and formally confirm that the emergency management plans of all key stakeholders align with the provincial emergency management plan.

We found the ministry gains awareness of the detailed emergency management plans in general of each key stakeholder as a result of its lessons-learned process from past activation of the provincial emergency plan. It also obtains some awareness through participation on various committees. However, we found the ministry did not have an established process to confirm that the key stakeholders have prepared emergency plans and that those align with the provincial emergency management plan. Without periodically confirming such, the ministry does not know whether those key stakeholders can deliver on the roles that they've been assigned under the provincial plan. It also would increase the risk that emergency response may be ineffective.

That concludes my remarks.

The Chair: — Thank you, Ms. O'Quinn. Mr. Hilton, do you have some remarks on this chapter?

Mr. Hilton: — Certainly. I'll just make a general observation, then I'll speak to each of the four of them. The emergency management and fire safety division within Government Relations is very good at taking action and responding to emergencies. But these kinds of staff are not necessarily the best kind of people for keeping records and following all the processes and procedures that auditors and people like Laurie might want them to. So I simply mention that as context.

In terms of the first recommendation, meeting minutes and decisions will be recorded, documented, and distributed and filed for all future meetings. I've told Duane to start doing that. This will include issuing minutes for decisions being made to either task the Emergency Operations Advisory Council, as well as to inform the deputy ministers committee on emergency management which I chair.

With respect to the second recommendation, the ministry has plans to initiate action to formalize its risk assessment practices. So what we're going to do is we're going to partner with the federal government and come up with a state of the art, best practice, all-risk assessment standards system.

I should say that while we don't formally document sort of risk assessments, you know, at the start of every year and perhaps the way we should, there's certainly committees and structures in place where we get up-to-date reports on risks, be it flooding or be it wildfires. That information is shared and discussed and plans are developed to respond to that, but again it's not as well documented as it might be.

With respect to the third recommendation, I would say that I think we're probably the only jurisdiction in Canada that has a critical infrastructure advisory network. That network works together to understand the downstream impacts of an emergency on their critical infrastructure. That's made up of both the public sector and the private sector.

Having said that, we can probably do a more formal job of sort of ongoing assessments of the emergency management plans that these agencies, Crowns, and other organizations have. We need to be careful not to be seen to be telling people how to develop an emergency management plan, but perhaps providing some guidance and some suggestions around best practices.

And if there's ever an issue identified where we think an organization is woefully deficient, whether it be a public sector agency or otherwise, then we certainly have the mechanisms in place to have conversations with them about that. Did I get that mostly right, Duane?

Mr. McKay: — Mostly.

Mr. Hilton: — Is there anything you need to add to that?

Mr. McKay: — Now?

Mr. Hilton: — If you would like.

Mr. McKay: — Duane McKay, commissioner of emergency management and fire safety. Yes, just to speak specifically to critical infrastructure and this particular recommendation, the comment about instructing and telling people what to do versus the consultative approach. Really the whole function around emergency management within the province did not have any real purpose or focus up until about 2010. It was very loosely put together with a plan that was very, very general.

In 2010 we had the summer of storms followed up in 2011 with significant flooding throughout the province, and this forced the province to get into a regime where we really started focusing in on what our plan was to do and how it was to be coordinated. And that has been the approach over time. So the auditor's report came in at about the time when were just kind of pulling this all together. So very useful recommendations in terms of formalizing the things that perhaps would just be in their formative stages.

Specific to critical infrastructure, we do have the largest critical infrastructure advisory network coordinated in the country, and in many cases it doesn't exist at all in other provinces and jurisdictions. That is now coming into its own in terms of actually putting forth recommendations to government on risks that they see just beyond just the things that we see.

So I think in terms of this recommendation, the advancement of that coordination and that identification of what is really at risk within our critical infrastructure is really taking on a life of its own, and that'll continue. We have a very strong working relationship, not just with our Crowns but with all of those private entities that provide some level of service to people and are critical in terms of sustaining those services during emergencies. So that is working very well.

The deputy mentioned about working with the federal government. We have a regional resiliency assessment program that was developed through homeland security and Public Safety Canada. And this province has been the most active, working very closely with our critical infrastructure partners to make sure that that regime of testing and identifying risk associated with facilities or critical infrastructure and whatever is under way. And we've been very active across the country, or in the province and showing across the country the work that could be done based on the recommendations here that the auditor had identified.

The Chair: — Thank you, Mr. McKay. I'd like to open up the floor for questions. No questions? Seeing no questions, thank

you for the . . . I think you just had such a robust and full explanation of everything that was going on, so thank you.

Seeing no questions, could I have a motion with respect to these four recommendations? Mr. Weekes.

Mr. Weekes: — Madam Chair, in consideration of chapter 12, Government Relations, coordinating emergency preparedness, 2015 report volume 1, I'd like to move to concur with the recommendation, note compliance for item no. 1.

The Chair: — Thank you, Mr. Weekes. Mr. Weekes has moved that for the 2015 report volume 1, chapter 12, that this committee concur with the first recommendation and note compliance. Is there any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Mr. Weekes.

Mr. Weekes: — Yes, I'd like to move to concur with recommendation, note progress towards compliance for item no. 2, 3, and 4.

The Chair: — Thank you. Mr. Weekes has moved, for the 2015 report volume 1, chapter 12, for recommendations no. 2, 3, and 4, that this committee concur with those recommendations and note progress. Is there any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Well thank you very much and we shall now move on to 2015 report volume 2, chapter 9. Ms. O'Quinn.

[10:30]

Ms. O'Quinn: — Thank you. So this chapter, starting on page 55, reports the results of our 2015 annual integrated audit of the ministry. In this audit, we found that the ministry complied with relevant authorities and it had effective processes to safeguard public resources other than the two matters that we note in this chapter. One is new and one is a continuing matter.

So on page 59, we recommend that the ministry provide guidance to staff for analyzing and taking action when it identifies potential issues arising from its monitoring of the 2002 gaming framework agreement. We expected that the ministry would have a formal process to guide staff in determining which issues require analysis, conducting and documenting that analysis, deciding on the appropriate action to take, and determining when to elevate issues up to senior management.

It did not have such processes, as reflected in the following two items that I'll speak to. First, management indicated that they had analyzed and determined that no further action was required resulting from issues raised by the auditor of a community development corporation, or CDC as we refer to it in the chapter. However, they could not provide us with documentation of their analysis or the criteria that they used to make their determination.

The second matter, management indicated that they consulted with the First Nations Trust and concluded that the trust's planned payments in 2015-16 to the FSIN [Federation of Sovereign Indigenous Nations] to support the FSIN's normal operations would be eligible under the framework agreement. However, it was unable to provide the documented analysis supporting its conclusion. Providing guidance to staff is important so that the ministry can demonstrate that it sufficiently monitors the 2002 Gaming Framework Agreement. Without such monitoring, there is increased risk that the First Nations Trust or the community development corporations may inappropriately disperse funds for purposes not intended under the 2002 Gaming Framework Agreement.

Also on page 59, we note that the ministry continued to need to remove unneeded user access to its information technology systems promptly. That concludes my remarks. Thank you.

The Chair: — Thank you, Ms. O'Quinn. Mr. Hilton, do you have some remarks?

Mr. Hilton: — I'll be very brief. In terms of the first recommendation, we're working to refine the process and plans. In talking to my two colleagues here, I'm told that that'll be done shortly this fall. I can share in good humour that when I read this recommendation initially, I looked at my two accountants and asked them, does that mean I need an accountant to audit the accountants? And I was assured that wasn't the case. But anyway, so we're going to finalize, sort of, and document the processes that we use to . . . [inaudible].

With respect to the second recommendation, I think I was at this committee probably four years ago when I described that we were going to implement the policy, and I've implemented it. I'm not always getting everyone to comply with it the way I might necessarily like, so my ADM sends a nasty email out periodically whenever that happens. So we've had some situations where people's access haven't been turned off for six days or five days, and typically we like to have that happen in one day. Obviously there are situations that arise where I wouldn't do that but, as a general rule, that's what we try to do.

The Chair: — Thank you for that. Ms. Sarauer.

Ms. Sarauer: — Thank you for those explanations. I appreciate that. And I just have one question that isn't exactly relevant to the two recommendations but was a part of the auditor's information. I'm curious to know the difference — and I understand that this is 2014-2015 budget numbers — but the difference between estimates and actual were quite significant in expenses for public safety. I was wondering if you could elaborate on what happened there.

Mr. Hilton: — The expenditures under public safety are always pretty volatile, if I could put it that way. We can't anticipate floods. We can't anticipate wildfires. So you know, we have a budget that we set, understanding fully that if events arise that we can't possibly anticipate, we're going to spend more money than was appropriated.

Ms. Sarauer: — Thank you.

The Chair: — Are there any further questions on this chapter?

Seeing none, we have one new recommendation with which we have to deal. Could I have a motion for that one recommendation?

Mr. Weekes: — Madam Chair, on consideration of chapter 9, Government Relations, 2015 report volume 2, item no. 1, I move that we concur with the recommendation and note progress towards compliance.

The Chair: — Thank you, Mr. Weekes. Mr. Weekes has moved that for the 2015 report volume 2, chapter 9 that this committee concur with the recommendation and note progress to compliance. Is there any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Agreed. Okay. Thank you for that and thank you to Mr. Hilton and all your officials today for your time and for your explanations. We very much appreciate that. We will take a brief recess while we bring in the next set of officials.

[The committee recessed for a period of time.]

Environment

The Chair: — Okay, welcome back to Public Accounts, everyone. Welcome to the officials from the Ministry of Environment. We have Mr. Swan, the deputy minister, and many other officials I know that you'll introduce when given the opportunity here. We will be working at five chapters from the Ministry of Environment, the Provincial Auditor's reports. So I shall just pass it on to our Provincial Auditor to tell us a little bit about what we'll be looking at.

Ms. Ferguson: — Sounds good. Thank you, Madam Chair, members, and officials. First I'm just going to introduce who I have with me this morning here. To my right, I've got Ms. Regan Sommerfeld. Regan's the deputy that leads the, has the responsibility currently for Environment. We've had a bit of changeover in staff. And then behind is Ms. Tara Clemett. Tara actually is currently the deputy responsible for the health division, but she did work that's included on the agenda this morning and has done a lot of work in the environment sector. Beside her is Ms. Kim Lowe who's our committee liaison.

So this morning, as the chair indicated, we've got five chapters. We'll be presenting each chapter individually, pausing after each. Two of the five have new recommendations for the committee's consideration, so there'll be time for deliberation on that.

I just want to take a moment and say a thank you to the ministry and his staff for the co-operation that's been extended to us in conjunction with the work that's before us, before the committee this morning. Thank you.

The Chair: — Ms. Sommerfeld.

Ms. Sommerfeld: — Thank you, Ms. Ferguson, and Madam Chair. Industrial activities in Saskatchewan place pressure on the province's natural resources, including water. Industrial activities such as mining, manufacturing, and power generation generate waste water that is harmful to human health and ecosystems.

The ministry regulates industrial operations that generate industrial waste water. The ministry does this by issuing permits for constructing, expanding, or altering industrial sites, including industrial waste water systems.

Chapter 11 of our 2015 report volume 1 describes the results of our audit to determine if the ministry had effective processes to regulate industrial waste water systems. We concluded that for the period of January 1st, 2014 to December 31st, 2014 the ministry had effective processes to regulate industrial waste water systems except for the matters reflected in our recommendations. And we made four recommendations.

On page 110 we recommended the ministry keep up-to-date records on the frequency of its inspections of industrial waste water systems. Environmental protection officers are responsible for assessing compliance with operational permit requirements and inspecting higher risk sites on a more frequent basis. For the 30 operational permits we examined, we found the ministry undertook timely inspection sites consistent with its policy. However, for 10 of those permits, the ministry documents used to track inspections did not always include the latest inspection dates as compared to the most recent inspection reports. Up-to-date records assist management in determining if inspections are timely.

On page 111 we recommend that the ministry require its staff to clearly document, for each industrial waste water system inspected, the results of inspections as compared to the ministry's permit requirements. The ministry identifies non-compliance with permit requirements by reviewing reports and conducting on-site inspections. However, we found that inspection reports did not always clearly set out what environmental protection officers examined or how industrial site owners performed with respect to each area inspected. Without such documentation, the ministry risks inconsistent inspections and inspections not covering all permit requirements.

On page 112 we recommended that the ministry require an annual preparation of environmental compliance reports for all higher risk industrial waste water systems. In 2013 environmental protection officers started to complete an environmental compliance report for each higher risk industrial site in the potash sector. Management indicated that it plans to prepare similar reports for other higher risk industrial sites and to update the completed compliance reports annually. However, the ministry did not have a formal policy for preparing such environmental compliance reports. Having a policy will ensure reports are completed for sites that pose a higher risk to the environment.

And finally, on page 113 we recommended that the ministry provide the public with information on its enforcement actions related to its regulation of industrial waste water systems; for example, it should provide information on the number of notices of violations, administrative penalties levied, and court orders sought. We found that the ministry's annual report for recent years included information on its regulatory activities, but it did not include the number and nature of enforcement

tools it used; for example, it did not include the number of notice violations issued.

This type of information would give the public insight into the results of the ministry's regulatory activities. And this concludes my presentation on chapter 11.

The Chair: — Thank you, Ms. Sommerfeld. Mr. Swan, do you have some comments on this chapter?

Mr. Swan: — I do. First off, I would like to introduce the officials I have here with me today. Behind me, to the left here is assistant deputy minister, resource management and compliance division, Kevin Murphy. To my right is Lori Uhersky, the ADM, environmental support division. To my left is Erika Ritchie, the ADM, environmental protection division. And behind me and to the left a little bit here is Brant Kirychuk, executive director, fish, wildlife, and lands branch. Behind me to the right is Cheryl Jansen, director, corporate services branch. And last but not least is Ash Olesen, the director of mining industry and audit branch. And I think it's the first day on the job for that particular role; Ash is not new to the ministry but new to that role.

Anyway, just some opening comments. First of all, thank you, Madam Chair, for the opportunity to meet here today, and thank you to the Provincial Auditor and the deputy for their opening comments.

The Ministry of Environment is committed to the principles of open, transparent, and accountable government. With those principles in mind, Environment quite frankly welcomes the advice and values the work of the Provincial Auditor's office as a means of helping the ministry to continually improve its operations. Around the particular chapter recommendations of regulating industrial waste water systems, the ministry's mandate is obviously to manage the health of Saskatchewan's environment in a respectful, responsible, and enforceable manner. We believe the auditor's recommendations provide support for that mandate and direction for us for the future.

[11:00]

The first recommendation was for the ministry to keep up-to-date records on the frequency of its industrial waste water system inspections. The ministry has implemented this recommendation by updating records for inspections that have been completed. In addition, an occurrence reporting guideline was finalized and approved.

We have made progress on the second recommendation which is to clearly document, for each industrial waste water system inspected, the results of the inspections as compared to the ministry's permit requirements. In November of 2015, the ministry provided staff with report training to improve documentation and record keeping for industrial waste water system inspections, with explicit reference to permit requirements. Inspection results, as compared to permit requirements, are explicitly addressed in the guideline revisions currently in development and through the environmental compliance management system reports.

Progress has also been made on the third recommendation,

which requires annual preparation of environmental compliance reports for all higher risk industrial waste water systems. Currently, environmental compliance reports are prepared for all high-risk facilities associated with potash, coal, and refining sectors. The ministry is in the process of implementing environmental compliance reports on the other higher risk sectors.

The final recommendation calls for the ministry to provide the public with information on its enforceable actions related to its regulation of industrial waste water systems. The ministry has implemented this recommendation by starting to publish, in the ministry's annual report, the enforcement actions that have been taken. And finally, I'll turn it back to Madam Chair for questions.

The Chair: — Thank you, Mr. Swan. I'd like to open up the floor for questions. Ms. Sarauer.

Ms. Sarauer: — Thank you, and thank you for your hard work on these recommendations. I'm hoping you can kind of walk me through, particularly with respect to recommendations no. 2 and 3, the work that's been done, because I found some of the results a little bit concerning. In particular, you know, finding that there was instances of identified non-compliance from waste water samples and an indication that not all permit requirements are covered during on-site inspections due to the size of the sites. Could you walk me through some of these concerns and then what's been done to rectify them? You've said progress has been made but I'm just looking for some more detail.

Mr. Swan: — We can probably provide you a response to that. I don't know if I alone . . . Erika, if you have some background, and perhaps Ash too, depending on what . . .

Ms. Ritchie: — Yes, it might be good for Ash to come up and have a seat as well. I can at least start by addressing some of your initial questions. A number of our industrial sites are obviously very complex facilities, and so when we go and undertake inspection on those facilities, it's really not possible to look into every area. So typically the EPOs [environmental protection officer] will set a number of objectives in terms of the things that they're going to look at in that inspection, and cover off on those just due to limitations of time, essentially, and the vastness of some of the facilities that we do oversee. So that would partially address one of the questions. I wonder maybe if you'd like to sort of run through an itemized list?

Ms. Sarauer: — Sure. It had mentioned in the report that:

> For the 30 inspection reports we examined, we found instances of identified non-compliance ranged from wastewater samples that exceeded permit requirements, inadequate reports . . . to insufficiently-maintained wastewater . . . [structure].

So there was instances that were discovered of non-compliance, whereas I know we'll talk about enforcement at some point. And I'm not sure if it's in this chapter or if it's in another chapter. Can you elaborate on what's been done to rectify that?

Ms. Ritchie: — Sure. I can get Ash.

Mr. Swan: — Yes, I'll just get Ash to maybe answer this because he would have more of the detailed background on the actual inspection results. So, Ash, if you can.

Mr. Olesen: — Yes, no problem. I think the auditor's finding was trying to address, as Erika alluded to, the fact that when an EPO goes to a facility, so let's say a refining operation as Erika suggested, some of these are massive operations. So the EPO can go out; effectively they'll take one or two days to conduct their inspection. But they can't inspect all things associated with that permit to operate ranging from the storage of dangerous goods to the actual discharge of, let's say, an effluent. So they typically will go with a focus in mind — this two-day inspection I'm going to focus on storage tanks and industrial air emissions and not focus on, let's say, the discharge of an effluent.

So I think the recommendation of the auditor, based on my actual interface with the audit at the time, was more focused on, when you go out to do the inspection, be more explicit and clear on what you're focusing on and what the outcome of the inspection was. That, I think, was the intent of the recommendation. And that is what we're effectively trying to implement through two guidance documents that we're introducing to staff, which fundamentally is trying to exert more discipline with staff in terms of demonstrating and documenting what it is you're going to inspect and what in fact the outcome of that inspection was.

Ms. Sarauer: — Thank you for that. When your EPOs are deciding what they want to focus their inspection on, what are they basing that decision on?

Mr. Olesen: — Well typically it's issues of risk, or in fact even follow-up issues of non-compliance. So for example, let's say we have an industry facility that historically had spills associated with, let's say, faulty above-ground tankage due to corrosion. So by virtue of those reported spills, that environmental protection officer might say to him or herself, well this inspection I'm going to focus on above-ground tanks. I'm going to focus on the preventative measures that the proponent suggested that they would undertake with respect to trying to decrease the number of spills associated with above-ground tankage. That would just be a typical example.

Ms. Sarauer: — Great. And those instances of non-compliance that they'd be following up on, those would be self-reported?

Mr. Olesen: — For the spills in that example? Absolutely, yes. And for the most part, with our larger industries, they are self-reported.

Ms. Sarauer: — Okay.

Mr. Olesen: — As per the permit conditions.

Mr. Swan: — If I can just supplement a little bit of Ash's response, they can be self-reported, the example that Ash provided, but there may be other cases where we have gone out there and we have noticed issues in a particular facility. And what Ash is talking about is we will then follow up to see whether those issues remain or whether they have been corrected.

So that will be one of many pieces of information we would use around, you know, where should the EPO — which is an environmental protection officer by the way; we like to talk in acronyms here — where they should focus on. It's really what we call a risk-based approach. And when you throw out that term, you know, it can mean lots of things to lots to people, but it really is around the environmental risk informed by pieces of information around what's going on there and what's going in that particular facility.

Ms. Sarauer: — Are any of those inspections ever random?

Mr. Olesen: — Typically no. Typically they're planned and announced with the facilities. We usually have for our larger industries assigned environmental protection officers, EPOs, who work with that assigned facility. So there's typically a rapport where, you know, on March 15th, 16th, we're going to come out; we would like to inspect the following issues. So it's a planned inspection, not a random one.

There can be where, let's say, typically if an EPO might be for whatever reason out doing some business where he may or she may suggest, you know, just by phone call, hey I'm in your area; I'd like to follow up on point A, B, C. And that rapport does exist, so that sometimes happens, but typically not. Usually it's a planned inspection.

Ms. Sarauer: — Okay. You've mentioned that the EPOs are assigned to particular sites. What's the ratio of EPO to site?

Mr. Olesen: — Currently within the branch we have about, I think, off the top of my head, 23 environmental protection officers, and the number of assigned facilities is approximately 100, plus or minus 10, off the top of my head. So about a one-to-five ratio.

Ms. Sarauer: — Okay. You said there was, sorry, 23 EPOs in the province?

Mr. Olesen: — Yes. Just I'd have to go look at an org chart, but off the top of my head I think it's 23, yes.

Ms. Sarauer: — I'm curious to know how that number has been throughout maybe the past 10 years.

Mr. Olesen: — I think it's grown, off the top of my head, I believe. Of course the branch has morphed. I've been with the branch four years, and of course I'm in this particular role about five hours now, but having said that, I think I can say safely off the top of my head, the number of environmental protection officers associated with heavy industry and landfills was 18. I believe at this point in time it's 23. So in four years it's grown from 18 to 23, off the top of my head.

Ms. Sarauer: — Okay.

The Chair: — Ms. Ferguson just has a quick comment.

Ms. Ferguson: — Actually if you go to our report, on page 105 at the very bottom, at December of 2014, you're doing really well. The branch had 14 EPOs at that time, so it has grown quite significantly since December of 2014.

Mr. Swan: — If I can, and Ash did allude to it, the way the ministry is currently structured is not the way it's always been structured. We're not unlike a lot of other organizations where there's lots of restructures along the way. But Ash is trying to indicate, you know, based on his recollection, number today versus previous years.

Ms. Sarauer: — Thank you. You're doing a really good job for your first day of work, by the way.

Mr. Olesen: — Thank you.

Ms. Sarauer: — Very impressed. It's trial by fire here.

Ms. Ritchie: — It's Erika Ritchie here. I think maybe I would just also allude to or recognize the fact that, as you are well aware, we are in the process of implementing our results-based regulatory framework which means that, you know, the manner in which we are undertaking compliance at our facilities is evolving. And we also now rely on compliance audits in addition to inspections as part of our compliance framework to oversee sites in a risk-based manner, as has been alluded to already. And so, you know, there's quite a bit of evolution occurring right now in terms of assessing for risk and developing compliance plans within the branch that look at, you know, what are our high-risk facilities and where are we putting our efforts, while it's at the same time still maintaining a base level of compliance oversight with all of our facilities.

And so, you know, some of the duties of the EPOs is shifting at the same time as we're improving upon our compliance oversight, being more involved in audits and educational activities as well. So inspections is one part of the overall inspection process or compliance assurance framework, and then it's supported by these other things. And so I guess it's just important to understand that, you know, where we were at a certain point in time when the audit was undertaken and where we're transitioning to now is something that is evolving.

Ms. Sarauer: — That's great. Thank you. And I didn't realize the different roles for the EPOs. About what would you say average percentage of their job is spent actually doing on-site inspections?

Ms. Ritchie: — I have to ask Ash to answer that question.

Mr. Olesen: — I would say about 25 to 33 per cent, a quarter to a third of the time.

Ms. Sarauer: — Okay. It's indicated in the auditor's report that you, as a ministry, plan to inspect — and then you've got some goals here — extreme-risk sites at least twice per fiscal year, higher-risk sites at least once per fiscal year, and medium- and low-risk sites once every two to three years. Are you going to achieve that goal?

Mr. Olesen: — Yes. Absolutely yes. And we tracked on it, bang on last year.

Ms. Sarauer: — Great. Thank you.

The Chair: — Are there any . . . Oh, Mr. Michelson.

Mr. Michelson: — Yes. I'm just kind of curious, looking at page 104, what would constitute a high-risk site as compared . . . like they're all a certain amount of risk in every one. But what would be a high-risk site?

Mr. Olesen: — Well a good example as outlined in the report is potash mines are considered to be high-risk sites. And the risk ranking itself is typically a function of a variety of parameters ranging from proximity to sensitive ecological receptors like a surface water to previous compliance rates to public concern. Obviously sometimes public concern over different operations is topical in time. So that is how those assessments are created.

Mr. Michelson: — You'd mentioned potash mines but, you know, there are a total number of 16 mines operating and 12 are high risk. So obviously there's a difference.

Mr. Olesen: — Some are in development.

Mr. Michelson: — Oh, I see.

Mr. Olesen: — Yes, that's the difference.

Mr. Michelson: — So K+S wouldn't be high risk at this point because it's not producing.

Mr. Olesen: — Exactly, yes.

Mr. Michelson: — Okay.

The Chair: — Are there any . . . Ms. Sarauer.

[11:15]

Ms. Sarauer: — Sorry, I thought I was done but I'm actually not. With respect to these high-risk sites you had, it's noted in the report that in 2013, or by the end of . . . so in 2013 you started to complete reports, and then by the end of 2014 you had completed reports for 10 sites. I guess my first question is, what is the difference between a report and an inspection?

Mr. Olesen: — I don't have the benefit of what you're actually reading, but when I think . . . we were talking about here of reports is what we were calling the environmental compliance management reports, right? And as you can see in the report, we intend on rolling that effort out past the potash sector to all of the high-risk operations, which would include uranium mines, refineries, etc. And the 10 that are documented there are associated with the 10 operating potash mines. That's why you're reading what you're reading.

Ms. Sarauer: — Okay, so is there a . . . I'm just trying to marry this with the goal of having higher-risk sites inspected at least once per fiscal year?

Mr. Olesen: — No, no, no. It's the goal of trying to prepare an annual environmental compliance management report, like we do for the 10 operating mines, to all of the high-risk industrial activities in the province. The high-risk activities in the province are still being inspected once a year, but the goal is to roll out that annual report, known as the environmental compliance management system, to all high-risk facilities.

Ms. Sarauer: — So that's a more robust thing than just an inspection.

Mr. Olesen: — Absolutely.

Ms. Sarauer: — Okay. And are those being conducted by EPOs as well?

Mr. Olesen: — That's correct.

Ms. Sarauer: — Okay. And the goal is to have them, have all high-risk sites in the province not just inspected annually, but . . .

Mr. Olesen: — That's correct.

Ms. Sarauer: — . . . provided or completed a report as well.

Mr. Olesen: — Absolutely. Yes.

Ms. Sarauer: — Okay. I have one other question. I just have to find it. There was some concerns . . . This is recommendation no. 4 and I think you spoke to it initially. But I've sort of forgotten what you had said now about ensuring that there is public, the public's provided with information on its enforcement actions.

I noticed that the most recent report . . . And you're not the Water Security Agency, but I'm interested to know . . . I'm not sure if you can answer this because you're not the Water Security Agency. But it states that the most recent report was published in 2010. Has there been updated information provided to the public since then?

Mr. Olesen: — You're correct in saying I'm not the Water Security Agency, so I won't respond on behalf of the Water Security Agency. But I believe, on behalf of the Ministry of Environment, we have started to publish this in our annual reports which we also need to evolve. And we've got some advice from the Provincial Auditor on how to do that on breaking down the tools or the types of compliance. Notice of violation, for example, was one of the examples.

Ms. Sarauer: — Right. So now are you providing all information on non-compliance issues in your annual report, or is your goal to ultimately have all of them in your annual report?

Mr. Olesen: — I don't think I could accurately describe it as we're reporting all at this particular stage. We're starting to report in, or at least depending on what that means, depending on what level of detail is expected on the non-compliance, we have . . . The goal is to get to that stage.

Ms. Sarauer: — Do you have a timeline for that goal?

Ms. Ritchie: — We're currently undertaking some policy work here to define the type of reporting we will do, and so we don't have any timelines built around it right now. The work is really just getting under way . . .

Ms. Sarauer: — Okay.

Ms. Ritchie: — . . . in a more detailed fashion.

Ms. Sarauer: — Thank you.

The Chair: — Are there any further questions on this chapter? Seeing none, could I have a motion on these recommendations? Mr. Weekes.

Mr. Weekes: — Madam Chair, on 2015 report volume 1, chapter 11, Environment, items 1 and 4, I'd like to move to concur with the recommendation and note compliance.

The Chair: — Thank you, Mr. Weekes. Mr. Weekes has moved that for the 2015 report volume 1, chapter 11, recommendations no. 1 and 4, that this committee concur with those recommendations and note compliance. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Could I have a motion on the other two?

Mr. Weekes: — Madam Chair, item 2 and 3, I'd like to move to concur with the recommendation and note progress towards compliance.

The Chair: — Thank you, Mr. Weekes. Mr. Weekes has moved that for the 2015 report volume 1, chapter 11, recommendations no. 2 and 3 that this committee concur with those recommendations and note progress to compliance. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you for that and we shall move on to the 2015 report volume 2, chapter 7. I shall pass it off to Ms. Sommerfeld.

Ms. Sommerfeld: — Thank you, Madam Chair. Chapter 7 of our 2015 report volume 2 contains the results of our annual 2014-15 audits of the Ministry of Environment, the Fish and Wildlife Development Fund, and the Water Appeal Board. We report that the 2014-15 financial statements of the fund and the board are reliable. The ministry, the fund, and the board complied with governing authorities . . . with authorities governing their activities, and in addition we report that the Water Appeal Board had effective rules and procedures to safeguard public resources.

With respect to the ministry, we report that it had effective processes and procedures to safeguard public resources with one exception. We also found that the ministry had completed and began testing its business continuity plan and that the ministry implemented processes for regularly monitoring its inventory records.

However on page 43 we continue to recommend that the Ministry of Environment follow its established procedures and remove unneeded user access to systems and data promptly. We found that the ministry did not follow its established procedures. In October 2014 the ministry revised its user access monitoring processes. However for 5 out of 10 users we tested

after the revised monitoring processes were put into place, user access was not removed promptly. For one item tested, the ministry requested the removal of network access 26 days after the last day of employment. Not promptly removing unneeded user access increases the risk of inappropriate access to systems and data.

This concludes my presentation on chapter 7.

The Chair: — Thank you, Ms. Sommerfeld. Mr. Swan.

Mr. Swan: — Thank you. Just a few brief comments on this particular chapter. There were, as noted by the Provincial Auditor, no new recommendations identified in the annual Environment audit, and two previous recommendations have been implemented.

Work has been done to implement the one remaining recommendation which is to remove the unneeded user access to systems. The ministry has reminded managers to request removal of unneeded user access. Additional controls have been implemented to identify users that may have been missed. These controls include the review of weekly emails from the Public Service Commission which identifies employees who were terminated, and the review of inactive users report received biweekly from the Ministry of Central Services.

We continue to monitor the effectiveness of these controls and feel that we are doing what we can to implement the recommendation. And with that, I turn it back to Madam Chair.

The Chair: — Thank you, Mr. Swan. Are there any questions on this chapter? Seeing . . .

Mr. Michelson: — Can I make a comment?

The Chair: — You sure can.

Mr. Michelson: — This idea of not removing users in a timely manner, it seems to come up in almost half of the ministries at least. Is there some way . . . And I guess my first question would be, when were these new measures put into place?

Mr. Swan: — So hopefully I'm not wrong in saying this. Roughly a year ago we started to enhance it a bit. We've had to tweak a little and modify a little bit as well.

Part of the challenge is, in our ministry — we're not alone, obviously — but we have a lot of seasonal staff and we have a lot of staff in other parts of the province, spread right across the province. And sometimes people, you know, they work for part of the year and then they don't work for the rest of the year. And I don't know if that makes this more prevalent to this particular issue. But really it doesn't matter whether you're temporary, part-time, full-time, seasonal, or what you are, the point is that if you're no longer an employee, we need to be removing access. And that's what we continue to strive towards and we'll continue toward that.

We think that the steps we have in place are reasonable checks and balances, but having said that, we thought that a while ago and had to add in additional steps. But we'll just continue to evolve on this.

Mr. Michelson: — There seems to be some good work being done with some of the ministers we had in front of us yesterday, and I would suggest that maybe we need to look at this because it does come up periodically and has done for a number of years. I think it's something that really has to be taken seriously. Thank you.

Mr. Swan: — Thank you for that. I didn't realize . . . I mean you provide really good advice here. We should reach out to some of our colleagues if they're doing some things independently from us with some levels of success. By all means, we should be looking at best practices here overall, so we'll venture to do that. Thank you.

The Chair: — Thank you. Are there any further questions on this chapter? No? Seeing none, we have no new recommendations in this chapter. Could I get a motion to conclude consideration?

Mr. Weekes: — Yes, I so move.

The Chair: — Okay. Thank you. Mr. Weekes has moved that for the 2015 report volume 2, chapter 7 that this committee conclude considerations. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you. Moving on to the next chapter, I shall pass it off to Ms. Sommerfeld.

Ms. Sommerfeld: — Thank you. Without proper regulation of landfills, there is an increased risk landfills will contaminate the air, groundwater, or surface water. Chapter 45 of our 2015 report volume 2 begins on page 319. The chapter reports the results of our first follow-up on the ministry's progress towards addressing the nine recommendations we initially made in our 2013 audit related to the regulation of landfills. Your committee considered and agreed with those recommendations in April of 2014.

By August of 2015, the ministry had implemented two recommendations and was working towards implementing the other five. We were unable to assess the status of two recommendations as none of the landfills constructed or expanded since our 2013 audit were fully completed at the time of our follow-up.

Key improvements include the ministry taking active steps to obtain monitoring reports not received from the landowners when expected, and reviewing and approving landfill closure plans as expected. In addition, it was developing guidance on landfill site developments in lieu of inclusion of expectations in the environmental code, but this guidance was not approved or publicly available at the time of our work.

Inspecting landfill sites more frequently, but we found 10 of the 30 high-risk sites tested were not inspected at least annually. And it was establishing a compliance framework that sets out alternatives for communicating with and enforcing landfill owner compliance issues, but we found 2 of the 10 items tested had no escalated enforcement action taken when the framework indicated that they should have. However, it had not yet

amended operating permits for all high-risk landfills to ensure they require appropriate groundwater monitoring. We found 5 out of the 10 high-risk landfills tested did not have their operating permits amended to require this groundwater monitoring. Also it had not yet completed rating the risk for closed sites or created a policy that sets out where to perform continued groundwater monitoring.

This concludes my presentation on this follow-up.

The Chair: — Thank you, Ms. Sommerfeld. Mr. Swan.

Mr. Swan: — Thank you. As the Provincial Auditor has indicated, the 2015 report follows up on the nine previous recommendations related to landfills regulations. Two of the nine have been implemented. Two were unable to be assessed, and the five are being worked on.

The first recommendation is to adopt guidance on landfills from the proposed environmental code as an operating practice. The ministry has developed draft guidance materials for the design and operation of landfills. We're also in the process of developing a solid waste management strategy for the province, and we'll also be undertaking a review of the municipal refuse management regulations as part of government's red tape reduction review process. Outstanding guidance materials will be finalized once this work is completed.

The second recommendation is that the ministry obtain evidence that landfills are constructed in compliance with approved design plans. The ministry includes the condition in construction approvals that requires as-built drawings to be signed off by a qualified person and submitted to the ministry to verify that the facility was indeed constructed in accordance with the approved design. The required processes are in place and this recommendation will be implemented with all new landfills.

The third recommendation was that Environment perform landfill inspections in accordance with its established frequency requirements. Inspection priorities have focused on landfills that haven't been inspected for more than three years. The ministry is further refining risk evaluation of landfills based on site-specific criteria and not primarily based on site size. The ministry will continue to put a priority focus on the province's higher risk landfills.

The fourth recommendation was that the ministry amend operating permits for all high-risk landfills to ensure they require appropriate groundwater monitoring. New and renewed permits now require all landfill owners to conduct groundwater monitoring unless they obtain sign-off from their engineering consultant certifying that site-specific conditions do not warrant groundwater monitoring. All permits should be updated by 2019 to include groundwater monitoring if applicable.

[11:30]

Another outstanding recommendation is to confirm that landfill closures are done in accordance with approved closure plans. Newly closed landfills will be entered into the compliance planning schedule for inspection. Reliance will be placed on qualified person sign-off in absence of or until an inspection

can occur. Required processes are in place to implement this recommendation and it will be implemented going forward with landfills that have completed closure work.

The next outstanding recommendation is to perform a risk assessment of closed landfills and require landfill owners to undertake groundwater monitoring. The ministry has completed an initial risk assessment and ranking of all landfills in the province, including closed landfills. As the ministry works to further refine the risk assessments, we'll identify a plan to move forward with regard to groundwater monitoring where required for closed landfills.

The final outstanding recommendation calls for the ministry to ". . . establish guidance that will aid staff in consistently addressing landfill owners that do not comply with the law and permit requirements." Education sessions have been held for landfill staff, and the ministry has been providing guidance documents to ensure a consistent message is being delivered to municipalities. The ministry will continue to work to ensure that escalated enforcement actions occur where warranted, including situations of repeated non-compliance. With that I'll turn it back to you, Madam Chair.

The Chair: — Thank you, Mr. Swan. I'd like to open up the floor for questions. Ms. Sarauer.

Ms. Sarauer: — Thank you. I want to ask you a few more questions about the recommendation about performing landfill inspections in according with its established frequency requirements. So as mentioned by the auditor, they had found that 10 out of 30 high-risk sites weren't inspected annually. And I understand that your focus now is on completing all the high-risk inspections. But I'm curious to know why this didn't occur before. Where was the . . . Yes.

Mr. Swan: — Just a couple of years ago when we were here with the original audit, we talked about the landfill unit being a newly created unit within the Ministry of Environment. So it is, you know, it's a relatively new unit that we have. We have created it specifically to focus on landfill challenges.

So the short answer to your question is we didn't have the resources to inspect all, so we focused on the ones that we felt we needed to focus on. But we've also matured a little bit here where we've done a little bit of what I would call a more mature risk assessment overall. And I alluded to that in some of the comments here. So we will be focusing on continuing to get to the landfills that we need to, based upon risk.

I would also say that — I don't have the numbers right here with me right now; maybe one of the staff do — we did a lot of landfill inspections within the last year. A lot. And it was, you know . . . We've really ramped up in this area, obviously because of the concerns that have been expressed through these recommendations. But really it's an indication of what is happening on the landscape.

Ms. Sarauer: — Yes, I see here in the report that you went from 58 inspections in 2012 to 138 in 2014-2015. So it's clearly gone up quite a bit. Does the landfill unit now have the resources to inspect all landfills?

Mr. Swan: — Yes, depending upon frequency, right? So I mean you can't get to every one all immediately. We think we have adequate resources overall to deal with the challenges that are there. But I think we need to stay on top of that a little bit because as we do more inspections, we sometimes find new issues and new challenges. So we have to make sure that we incorporate that in too. But we also get a little bit better at some of the pieces, so there's some ebb and flow there overall.

It's a tough question to answer directly because I can't really say. But we're very conscious of the risk that's there and the focus we need to place on it, which is why we've been inspecting in this area.

Ms. Sarauer: — What about high-risk sites? Are you able to inspect them annually now?

Ms. Ritchie: — Certainly. It's part of our plan to inspect them all as identified as part of our overall risk compliance plan for the year, that we will be out to them.

Just adding a little bit more to what the deputy minister indicated, we do make adjustments year over year to account for where we identify compliance gaps. And sometimes that does shift for us the number of facilities that we are able to inspect in any given year because there is a lot of follow-up that has to happen once you undertake the inspection. I would also say though that this remains a very high priority for the ministry overall, and it's one that's taken a very comprehensive approach.

So there's both education that is being done with the regulated entities so that they understand what their compliance obligations are. There's more guidance materials that are being generated to help them, assist in terms of what their compliance needs to be. And I mentioned before also, the results-based regulatory framework that, although we haven't implemented code chapters for this particular activity, we are starting to do things such as relying more on qualified professionals for sign-off of as-built drawings and enclosure plans and those sorts of things. So there's a number of things that are addressing the gaps that we have, but it is an ongoing process right now for us.

Mr. Swan: — If I can, just one piece that I forgot to mention. It was prompted by some of Erika's update. Just like we heard in the last chapter, some advice on maybe we should reach out to our colleagues for some best practices. That's another thing we have done around landfills.

We have created a municipal landfill advisory group, which is the first time in this province, and it is really municipalities talking to municipalities about common challenges. I mean so that the friendly Ministry of Environment person comes out there, you may get one response, whereas some of the challenges they have have been faced by other communities and they have some very practical ways to be able to deal with it. And sometimes trying to handle it on a community-by-community basis doesn't work. You need to have groups of communities or you need to have a region to try to deal with it overall. Anyway that's something new we have done in the last year.

Ms. Sarauer: — That's really great to hear. Just so I understand better, are there specific staff who are dedicated to inspecting landfills or is this part of the mandate of the EPOs like that we were talking about in the previous chapter?

Ms. Ritchie: — We do have a dedicated landfill section that deals directly with our landfills. And just part of that historical evolution, historically it was a municipal branch that looked after both waterworks systems and landfills and so, you know, the water was getting the priority. And now that that has shifted over to the Water Security Agency, their sole focus is on landfills and transfer stations and other solid waste management facilities.

Ms. Sarauer: — So how many staff do you have whose job is to physically inspect the landfills?

Ms. Ritchie: — We have four EPOs with one manager overseeing.

Ms. Sarauer: — Okay. And how many landfills are they inspecting? Or how many landfills exist, not how many are they inspecting? Sorry.

Ms. Ritchie: — It's a big number, and I have it here for you.

Mr. Swan: — I'm told landfills is approximately 700. There's also I think transfer stations as well that also fall in this area, so the number would be even greater. Some of this . . . That's a big number, right? And they aren't all the same or anywhere close to it, right? So they've been trying to take a very conscious risk-based approach to trying to bite off this in reasonable ways to actually reduce risk that we probably have had in this province for decades.

Ms. Sarauer: — Yes, that's a very big number for not a lot of staff, that's for sure.

Ms. Ritchie: — I do have those numbers now, if you'd like them.

Ms. Sarauer: — Sure.

Ms. Ritchie: — So we currently regulate 854 solid waste management facilities, located on 700 sites. There are 498 operating solid waste management facilities and 356 closed operations. So we have been taking some concerted efforts to, as we say, come up with some risk-based assessments in terms of, you know, what are the level of hazards associated with those sites.

So we had a program over the last two years where we went out and did a number of investigations. And so last year we were able to inspect 256 open waste management facilities, closed landfills, and transfer stations. And in this past year we inspected an additional 85.

Ms. Sarauer: — Okay, thanks. And are any of those inspections random?

A Member: — I suspect some are, but for the most part they would be planned.

Ms. Ritchie: — Yes, I think there's general awareness that we

are out and about undertaking these inspections. And then we are also following up with them to provide them with a letter in terms of what we found. So there's, I would expect, general awareness.

Mr. Swan: — If I can, based upon feedback I get at my desk, they're not all planned because some seem to be a little bit surprised that it's coming. But I think generally they're planned. There will be some random ones that are in there if there's an issue that has been brought up.

Ms. Sarauer: — Thanks. And I just have a few more questions about the recommendation regarding establishing guidance that will aid staff in consistently addressing landfill owners that do not comply with the law and permit requirements. It's essentially about escalated enforcement. Can you explain to me what sort of escalated enforcement actions are available?

Ms. Ritchie: — Well it's basically a continuum, and we start out by providing initial notices of, you know, compliance gaps, and then that moves through to notice of the violations and onward up into enforcement action. And so we are giving regulated operators the opportunity at an early stage to address those deficiencies before we actually take any kind of formal enforcement activity.

We're relying a lot on education because there is generally, you know, a lack of understanding about what those obligations are on the part of the operators just due to a lot of historical factors, which is why we're putting a heavy reliance on things such as more guidance information and educational training opportunities. We do a number of those activities throughout the year. It's not meant to be one that's really heavy-handed at the out front because we know that we need to do a lot of work to educate and make sure that they understand what those obligations are.

Mr. Swan: — Just if I can, just to briefly supplement what Erika had to say. Our focus is, compliance is the goal, not enforcement. So we want to achieve compliance. I mean it's compliance because . . . It's not just to comply. It's to comply with rules that are there because that's what protects the public; that's what protects communities.

And the enforcement piece, you know, as Erika indicated, often people don't know actually what they're obligated to do. So you want to educate, make sure they know what's there. Once they know, if they're not doing it, well then we're into a little different category. So that's why we go down . . . When we talk about the evolution and compliance enforcement, that's what we're talking about.

Ms. Sarauer: — Right. Yes. Thank you. The auditor had mentioned that they found two of the 10 items they tested had no escalated enforcement action taken, but should have been taken. Can you explain what happened?

Ms. Ritchie: — On those particular cases or just generally speaking?

Ms. Sarauer: — Generally speaking.

Ms. Ritchie: — Yes. Okay. Well you know, similar to what

was discussed in terms of the industrial waste chapters we talked about earlier, waste water chapters, we are improving upon our processes overall for monitoring, you know, the frequency and the degree to which permit requirements are being met, and then coming up with compliance reports. So the actions we're doing, the audit actions identified in the first report do also apply to the landfill section. So we're taking a similar approach, and the same guidance documents apply in this case as well.

Mr. Swan: — I don't know how much I have to add. I can't speak to the exact two situations. Why? I don't have that information with me, but often there is a bit of an evolution too. And some of the evolution is, you know, a person gets a notice of something. It's a little different getting an official notice than being told you're going to get a notice of something, so sometimes there's different . . . You know, even though the chart may say you go from this step to this step, you may get to the same result differently. I don't know enough about these two particular situations though to be able to say that that's exactly what happened.

Ms. Sarauer: — I'm just curious to know if . . . You've got, like you said, there's four inspectors for a very large amount of landfills. I'm wondering if it was a staffing level issue where something kind of fell off of somebody's table where there should have been and there was plans to have enforcement. Like you said, a formal compliance letter that didn't happen simply because there wasn't enough staff to be able to complete the action.

Mr. Swan: — So to be perfectly honest, I'm not sure in this case. But I highly doubt it was the actual staffing level that actually drove this particular situation because it probably was, you know, once you're down that far down the path, the staff you have would try to see that through. I don't know the details as to why it didn't go down that . . . The other thing is, our compliance and enforcement plan is in evolution too, right, in itself.

Ms. Sarauer: — Thank you.

[11:45]

The Chair: — Mr. Hart.

Mr. Hart: — Thank you, Madam Chair. Dealing with this non-compliance, I'm guessing that at least a certain number of landfill owners who are in non-compliance would be small communities in rural Saskatchewan. I mean I've heard from a number of small communities in my constituency who have some major challenges in this area, particularly in the last number of years where we've had excessive moisture and so on.

And I know one community who had an Environment officer make the community aware that they had a problem with their landfill. There was lots of excessive water in the landfill. This is a small community. They said, well we would certainly like to address this situation but you know, to pump all that water and take it somewhere that we can deal with this contaminated water . . . And the other thing is, they said, even if we pumped it out, it's groundwater that's coming in plus runoff from some of the very excessive heavy rains and so on.

And so I think there's an awareness of what needs to be done. But in some of these small communities, they're really struggling, and I think the ministry staff are working with them to find solutions. And then this municipal council that the ministry has put in place, I think that'll be hugely helpful to a number of these communities.

So I guess it's a work in progress, but from what I see at least, there is the desire to address these issues. But it's going to take some time and it's going to take some innovation. Thank you, Madam Chair.

The Chair: — Thank you, Mr. Hart. Any comments? No? Mr. Michelson.

Mr. Michelson: — Thank you. You know, you're to be commended for the amount of work you're doing and how we're moving forward on this. I was just kind of curious on closures and new landfills. Have you got an approximate number of how many we do in a year of each? I don't need exact. I was just kind of curious if, you know, is it six? Is it 60? Is it . . .

Ms. Ritchie: — I would say it fluctuates from year to year. Yes, and I'm sorry we don't have that information on this available at this time.

Mr. Michelson: — Okay.

Mr. Swan: — So I don't have exact numbers here, sorry. But it would be handfuls that we're talking about, based on a year. Now some of it is . . . It gets back to Mr. Hart's comments. When communities realize, okay, this is what it's going to take to actually get in compliance, they sometimes band with other communities to come up with a regional solution. So that means you have to close the existing one and you have to open a new one, kind of thing. So there's a bit of ebb and flow in the numbers, but we're talking handfuls here.

Mr. Michelson: — All right, thank you.

The Chair: — Thank you, Mr. Swan and Mr. Michelson. We have no new recommendations in this chapter. First of all, are they any further questions? Seeing none, since we have no new recommendations, can we conclude considerations? Can I get a motion to that effect?

Mr. Weekes: — I so move.

The Chair: — Mr. Weekes. Mr. Weekes has moved for — thank you — for the 2015 report volume 2, chapter 45 that this committee conclude consideration. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you. Let's move on to the 2016 report volume 1, chapter 7. Ms. Sommerfeld.

Ms. Sommerfeld: — Thank you. The introduction of aquatic invasive species is a significant threat to biodiversity in Saskatchewan waters. If introduced, aquatic invasive species could also have costly consequences for remediation of water treatment plants, power plants, and dams in Saskatchewan. Such species include various species of mussels, fish, and snails.

Page 57 of our 2016 report volume 1 reports our assessment of the Ministry of Environment's process to prevent the entry and spread of aquatic invasive species in Saskatchewan. We concluded that Environment had effective processes for the 12-month period ending January 31st, 2016 except for the matters reflected in our recommendations, and we made five recommendations.

On page 63 we recommended that Environment collaborate with partners to develop a long-term, multi-agency aquatic invasive species strategy. Environment identified that other provincial government partners — for example, the Water Security Agency — are key to the detection and prevention of aquatic invasive species. However Environment did not have formal agreements with those provincial government partners, nor had it developed a long-term comprehensive invasive species strategy. Without agreements with partners setting out clear assignments of rules and responsibilities, Environment may not undertake and prioritize prevention efforts in the right areas.

On page 64 we recommend that Environment measure the effectiveness of its aquatic invasive species public education and awareness campaigns regularly. Environment used different mechanisms to increase awareness and educate the public about this risk. For example, it promoted boat cleaning through road signs and videos posted to its YouTube page. However Environment last measured the effectiveness of its education and awareness activities in 2010, five years previous to this audit. Without regularly monitoring results, Environment does not know if its education and awareness efforts are successful.

On page 65 we recommended that Environment formalize a risk-based watercraft inspection strategy related to aquatic invasive species. Environment did not have an inspection strategy that is supported by a risk analysis. A strategy would help determine higher risk geographical areas and prioritize placement of its inspection programs. We found Environment's conservation officers undertook limited inspections of watercrafts for invasive species in 2015. Without a risk-based strategy, Environment does not know if its inspection efforts are sufficient and focused in the right area to prevent such species from being introduced into Saskatchewan waters.

On page 66 we recommend that Environment establish a risk-based strategy for sampling Saskatchewan waters for aquatic invasive species. While Environment carried out some water sampling programs in 2015 to identify aquatic invasive species, it did not have a documented strategy requiring it to complete water sampling each year. Its 2015 inspection programs focused on detecting zebra and quagga adult mussels and mussel larvae. For example in 2015, 65 different samples in different water bodies found no adult zebra or quagga adult mussels. However, insufficient sampling increases the risk that these species entering Saskatchewan will go undetected and not be addressed before becoming established.

On page 67 we recommend that Environment complete and test a formal rapid response plan to mitigate the spread of aquatic

invasive species in Saskatchewan waters. At January 2016, Environment was drafting a response plan to address the immediate threat of invasive mussels in the province. A good rapid response plan clearly outlines roles of all parties and designates a lead to carry out the actions specified in the plan. It would aid management in responding to the detection of such species. Also a good rapid response plan can minimize the impact and spread of aquatic invasive species. Once completed, the ministry should test the plan to make sure it works as expected. This concludes my presentation.

The Chair: — Thank you, Ms. Sommerfeld. Mr. Swan.

Mr. Swan: — Thank you. The Provincial Auditor's 2016 report identifies five new recommendations related to preventing aquatic invasive species in Saskatchewan. We recognize the importance of preventing aquatic invasive species, and have implemented one recommendation, and made progress on the remaining four.

The first recommendation was to collaborate with partners to develop a long-term multi-agency aquatic invasive species strategy. A preliminary draft strategy has been completed and consultations with government stakeholders are planned for the fall/winter of 2016.

It is our opinion that the second recommendation to measure the effectiveness of the ministry's public education and awareness campaign has now been completed. Questions concerning aquatic invasive species awareness were incorporated into the 2015 angler survey. Questions have also been included in the electronic watercraft inspection form. Monitoring of the Government of Saskatchewan webpage hits for aquatic invasive species has also been initiated.

The third recommendation was to formalize a risk-based watercraft inspection strategy related to aquatic invasive species. Watercraft inspections have been expanded in 2016 across eastern and southern borders of the province which are the pathways most likely to bring invasive mussels into the province. Information obtained from inspections will be utilized to prepare a formal strategy for future inspections.

The fourth recommendation was to establish a risk-based strategy for sampling Saskatchewan waters for aquatic invasive species. Preliminary information on high-risk waters has been utilized to guide current monitoring efforts. Additional information obtained through the 2015 angler survey through watercraft inspections and through ongoing monitoring efforts will be incorporated into a longer term monitoring strategy.

The final recommendation was to complete and test a formal rapid response plan to mitigate the spread of aquatic invasive species in Saskatchewan waters. The ministry is working with other Western Canadian jurisdictions to develop a coordinated inter-jurisdictional response plan. Thank you, and I'll turn it back to you, Madam Chair.

The Chair: — Thank you, Mr. Swan. I'd like to open up the floor for . . . Ms. Sarauer.

Ms. Sarauer: — Thank you. I just have one quick question. I was wondering if you could . . . You talked a little bit about the

additional work you've done in terms of expanding watercraft inspections in 2016, based on the flow of watercraft across borders. Could you expand on what you've done a little bit more?

Mr. Murphy: — Kevin Murphy, assistant deputy minister with resource management and compliance division. We've done essentially two major things. One is to partner with Canadian border services to both train and provide awareness for their officers and to establish a reporting mechanism so that if they do have vessels that are deemed to be at risk, they can pass that off to our compliance team.

The second thing is to increase the training for all of our conservation officers so that they can undertake inspections. We've partnered with Parks, Culture and Sport so that the officers that work within the parks are also trained to undertake inspections of watercraft within the parks.

So far this year we have conducted 589 inspections. Of those, only two vessels were deemed to have been potentially contaminated and quarantined. A further 28 were deemed to be at risk based on questions that were asked or observations of potential contamination, and those were decontaminated and passed on to the owners.

Ms. Sarauer: — Thank you. So I'm happy to hear that it's . . . It sounds like the number's increased substantially, so a lot of work has been done in this. And that's great.

So just to clarify, the watercraft that . . . Aside from the watercraft that move beyond the US [United States] or from the US to Canada, the watercraft that are being inspected are being done by COs [conservation officer] and typically while they're in a park? Or are these highway stop checks? Or can you explain a little bit more.

Mr. Murphy: — It's a combination of those things. So we are undertaking roadside inspections, stop checks, work at things like derbies, tournaments, and also within the parks. So it's a combination of all of those. We typically target boat launches, fishing derbies, things like that. Competitive events on the long weekends, times like that.

The roadside inspections typically are not advertised. Those are things that are just sort of set up on the fly, targeting the major corridors coming through from Manitoba for those.

Ms. Sarauer: — Thank you so much.

The Chair: — Thank you. Are there any further questions on this chapter? Seeing none, could I have a motion with respect to the recommendations in chapter 7? Mr. Weekes.

Mr. Weekes: — Thank you, Madam Chair. 2016 report volume 1, chapter 7, items no. 1, 3, 4, and 5, I would move to concur with the recommendations and note progress towards compliance.

The Chair: — Thank you, Mr. Weekes. Mr. Weekes has moved, for the 2016 report volume 1, chapter 7, for recommendations 1, 3, 4, and 5, that this committee concur with those recommendations and note progress to compliance. Any

further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Could I have a motion for the last remaining recommendation? Mr. Weekes.

Mr. Weekes: — Madam Chair, item no. 2, I move to concur with the recommendation and note compliance.

The Chair: — Thank you. Mr. Weekes has moved, for the 2016 report volume 1, chapter 7, recommendation no. 2 that this committee concur with the recommendation and note compliance. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. We have one . . . Thank you for that. One last chapter under Environment here, the 2016 report volume 1, chapter 23 which I'll pass off to Ms. Sommerfeld.

Ms. Sommerfeld: — This is our follow-up of regulating air emissions. So chapter 23 of our 2016 report volume 1 begins on page 23. This is our fifth follow-up of Environment's progress towards addressing the three remaining outstanding recommendations resulting from our 2004 audit of Environment's processes to regulate air emissions. Your committee considered and agreed with those recommendations in December 2004.

And since our last previous follow-up in 2012, Environment has made further improvements and, by November 2015, has implemented all recommendations. This concludes my presentation.

[12:00]

The Chair: — Thank you, Ms. Sommerfeld. Mr. Swan, do you have some comments?

Mr. Swan: — Just some very brief comments. Thank you. As the Provincial Auditor noted, 2016 report addressing the ministry's regulation of air emissions confirmed that the auditor's recommendations have now been implemented. The ministry obviously agrees that regulating air emissions is important in ensuring the best air quality for our province.

I would like to thank the Provincial Auditor and my staff for the work they have done to implement the recommendations. Thank you.

The Chair: — Thank you, Mr. Swan. I'd like to open up the floor for questions. Seeing none, I need a motion with respect to this chapter to conclude considerations. Could I have that motion?

Mr. Weekes: — Madam Chair, I so move.

The Chair: — Thank you, Mr. Weekes. Mr. Weekes has moved that, for the 2016 report volume 1, chapter 23 this committee conclude its considerations. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Well thank you to Mr. Swan and your officials for your time today. And with that, we will recess. This committee stands recessed until 1 o'clock.

[The committee recessed from 12:01 until 13:00.]

The Chair: — Welcome back to Public Accounts. Good afternoon. This afternoon we have two ministries with which we'll be looking at the Provincial Auditor's reports: the Ministry of Advanced Education for which we have two chapters; and then following that, the ministries of Highways and Infrastructure; and actually the Saskatchewan Liquor and Gaming Authority a little bit later on.

We've got Deputy Minister Louise Greenberg here today. Welcome. And I will give you an opportunity to introduce your officials in a moment, but Ms. Ferguson will make her presentation, and then we'll pass it off to you. And we'll just get started right now.

Advanced Education

Ms. Ferguson: — Thank you, Madam Chair, members, and officials. I just want to quickly introduce who I have with me this afternoon. Mr. Kelly Deis is back to the committee today. He was here yesterday. And behind is Ms. Charlene Drotar and Jason Wandy — both are principals within the education sector and have led some of the work that's before us this afternoon — and Ms. Kim Lowe who is our committee liaison.

Mr. Deis is going to be presenting both of the chapters that are on the agenda. And before he does, I just want to take a moment and say thank you to the deputy minister and her staff for the assistance and the co-operation that was extended to our office during the course of this work. What you will find from a committee member point of view, each chapter does contain new recommendations for your consideration this afternoon. So without further ado, Mr. Deis.

Mr. Deis: — Thank you. Chapter 32 of our 2015 report volume 2, which starts on page 149, reports the results of our 2015 audit of the Ministry of Advanced Education's processes to manage the risks to service delivery from its unsupported information technology system, the one-client service model system.

And when I speak to the one-client service model for the rest of the presentation I'm going to call it OCSM, which is the acronym of the first letter of each word. So that's what we'll call it.

The ministry and its partners, like regional colleges and the Ministry of Economy, use the OCSM system to support the delivery of the post-secondary education programs, such as student financial assistance, training programs, registration services, and employment-related counselling. OCSM is an unsupported IT system. OCSM resides in IT infrastructure that is past its recommended life. Since July of 2008, we no longer receive technical support or updates to fix known security problems or vulnerabilities.

We concluded for the 12-month period from September 1, 2014

to August 31st of 2015 the ministry had, other than for the following, effective processes to manage the risk to service delivery from OCSM. We made three recommendations.

On page 155 we recommend that to analyze risks and make decisions about OCSM, the Ministry of Advanced Education periodically obtain information about its OCSM's indirect costs, information technology infrastructure end-of-life or end-of-support dates, and estimated information technology infrastructure upgrade costs to maintain vendor support.

We found that the ministry considered the risks and lost opportunities that the unsupported state of the OCSM system infrastructure poses. It notes OCSM has performance issues impacting its ability to provide services. Although it worked to gather key information about the risks, the ministry was not able to gather all key data, for example, indirect costs, system life cycles, or upgrade costs. The ministry requires this information so it can develop effective long-term plans for maintaining its OCSM system infrastructure over its expected remaining life.

On page 157 we recommend that the Ministry of Advanced Education develop and implement a plan over OCSM's expected remaining life for upgrading and patching the information technology infrastructure on which the system resides.

Since 2011 the ministry has tried to address risk related to OCSM not being supported. For example, in the summer of 2015 it began work to try to bring the system to a vendor-supported state. At August 2015 the ministry had not determined how long it planned to continue to use OCSM or how best to obtain it over this period.

Not having planned to upgrade and patch OCSM places both ministries and regional colleges at greater risk of the OCSM not being available for their use when needed. OCSM not being available could impact the ability of students to register for classes, apply for student loans, or apply for training programs. It also increases the risk of security breaches that could expose confidential information maintained in OCSM.

On page 157 we recommend that the service level agreement between the Ministry of Advanced Education and the Ministry of Central Services clearly outline responsibility for upgrading and patching the information technology infrastructure on which the OCSM system resides and associated costs.

At August 2015 the ministry service agreement with the Ministry of Central Services was incomplete. It did not clearly state who was responsible for upgrading and patching the OCSM system infrastructure and paying for the associated costs. Its roles and responsibilities are not clear. The system's infrastructure may not be maintained and supported as required, which has occurred with OCSM

That concludes my comments on the chapter.

The Chair: — Thank you, Mr. Deis. Ms. Greenberg, if you'd like to make some comments on the chapter.

Ms. Greenberg: — Thank you, Madam Chair. I'd first like to

introduce my officials. To my left is David Boehm. He's the assistant deputy minister. To my right is Duane Rieger. He's the executive director responsible for business systems and risk management. Behind me I have Scott Giroux — he's the executive director for corporate finance — and Mike Pestill, executive director for technical and trades branch.

Thank you for the opportunity today to come discuss the latest report and recommendations under review. On behalf of the Ministry of Advanced Education and the post-secondary sector, we'd like to thank the Provincial Auditor of Saskatchewan and your team for the comprehensive work that you do. We appreciate the advice that you provide on the recommendations before us and recommendations that you've made in the past.

I'd like to review a few things about some of the work that we're doing on upgrading our OCSM system, our one-client service model. The ministry's efforts to enhance the system really started in 2011. Working with the Ministry of Central Services, the information technology division, and our OCSM stakeholders, we developed a three-phase risk management plan to mitigate the infrastructure risk, to update and stabilize the system, and to modernize it.

The first phase, phase 1, deals with enhancements to mitigate the infrastructure risks. These were completed in 2011. Phase 2 is our work on upgrading hardware and software to a vendor-supported state. We completed the application hardware and software this year. The database upgrade is planned for completion by the end of this fiscal year.

Phase 3 planning begins this year, which includes modernizing the system to provide digital service using current information technology. To further enhance our processes and implement all three of the recommendations that the Provincial Auditor made, the ministry will continue to work with the Ministry of Central Services to develop a new comprehensive service agreement to ensure effective management of the ministry's IT systems.

Although the ministry does have a memorandum of understanding with the Ministry of Central Services, detailed service levels are not provided as the system is not vendor supported, which the auditor pointed out. Service standards are really based on best efforts. When work to stabilize the system infrastructure is completed, a new comprehensive service agreement will be finalized. We are targeting this comprehensive service agreement to be completed by December 2017.

The auditor made three recommendations. Since Kelly outlined the three recommendations, I don't plan to go into them. I know you have the report that outlines the work that's been done to date, so to preserve time, I won't go through each of the work done to date. And I'll thank you for allowing me to make opening comments.

The Chair: — Thank you, Ms. Greenberg. I'd like to open up the floor for questions. Ms. Sarauer.

Ms. Sarauer: — Thank you, and thank you for your work on these recommendations. I just had, I think it's just one question. The OCSM system, how long do you intend or how long do you anticipate that its remaining life will be?

Mr. Boehm: — The determination on the life cycle of OCSM will be determined as part of that third phase of work, what we're calling the modernization phase of our project. But ultimately once we're finished the stabilization phase, which is the upgrading of the software and hardware for the application and the database, we'll be at a point where the system is supported by the software vendor and by ITD [information technology division]. So it gives us an opportunity then to do our planning for the long term.

And as DM [deputy minister] Greenberg mentioned in her opening comments, aligning the system with the future needs of students to make sure that we're presenting our programs using modern technology, that will certainly be an important step. But the critical piece for us right now is to get to a point where we're supported so that we lower our IT risk. And as mentioned, that planning in terms of the full life cycle of the system will be determined after that stabilization phase.

Ms. Sarauer: — Okay. Do you have any ballpark idea? Are we thinking like only five years or is it 10 years? I know I'm putting you in a difficult spot by asking for an estimate, but I just want to make sure that we're talking about working hard to modernize and implement a system that we're at least going to be able to use for a little while longer.

Ms. Greenberg: — One comment I'll make about, and it's what we find across all levels of government, is the pace and the speed of how IT is changing. And I think the system, you know, you couldn't say, is the same system going to be in place for 10 years or 15 years because what changes the system sometimes is the applications that you need the system to do. So as you make changes to the student loan program, the system will be constantly changing.

The bigger picture probably is the platform that it sits on, the house that the system occupies in. And as long as that house — I call it a house because it's really a framework — as long as that house is stable enough and we keep up making all the system changes, then I think you could, you will have a longer lifespan in terms of being able to keep up with the digital technology.

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

Mr. Michelson: — Yes, I was just kind of curious whether or not the change to a polytechnic, has that added strain to this particular program?

Ms. Greenberg: — No. The program adding polytech didn't affect our system. Our system really . . . You could add schools. It's really what the system is meant to do for student loans. So it had no effect.

One comment I'll make about the system. When you think about the change, when the system first came along, we were using flip phones. And so, you know, it's how the system can keep up with the changes. And sometimes that's the difficult part, when the technology is working way faster than we're able to operate.

The Chair: — Any further questions on these chapters? Seeing none, can I get a motion to deal with these three recommendations? Mr. Weekes.

Mr. Weekes: — Thank you, Madam Chair. Advanced Education 2015 report volume 2, chapter 32, items 1, 2, and 3, I move to concur with the recommendations and note progress towards compliance.

The Chair: — Thank you, Mr. Weekes. Mr. Weekes has moved that for the 2015 report volume 2, chapter 32 that this committee concur with those recommendations and note progress to compliance. Is there any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Moving on to the next chapter, chapter 38, I will pass it on to Mr. Deis.

Mr. Deis: — Okay. Sask Polytech has spent about $70 million in each of the last few years to buy goods and services. Using effective processes to procure goods and services helps ensure public sector agencies make purchase decisions in an open and transparent manner, treat suppliers fairly, and use resources wisely.

Chapter 38 of our 2015 report volume 2, which starts on page 251, reports the results of our audit of Sask Polytech's processes for the procurement of goods and services. We concluded for the 12-month period ended June 30th, 2015, Sask Polytech had other than the following effective processes. We made 13 recommendations.

On page 254 we recommend that Sask Polytech's board of directors review and approve its policy related to the procurement of goods and services. Although Sask Polytech has a procurement policy approved by the president and CEO, its policy framework requires this board to approve all governance policies that represent high-risk decisions, organizational accountability, or legal requirements. Procurement can present significant financial, legal, and reputational risks.

[13:15]

On page 256 we recommend that Sask Polytech update its policy relating to procuring goods and services so that it applies to all purchases. Sask Polytech does not have a procurement policy guiding the purchasing activities for the library, bookstore, and cafeterias at each campus. Its policy focuses on the processes in its procurement management department that it must use. Not having a policy for all purchasing activities increases the risk of inconsistent purchasing activities between campuses and purchasing decisions not meeting board expectations.

On page 257 we make two recommendations. We recommend that Sask Polytech implement procedures to track and monitor instances of non-compliance with procurement policies, and that Sask Polytech give the board of directors periodic reports on significant non-compliance with procurement policies.

Sask Polytech has processes to detect and address non-compliance with established policies and procedures,

however it does not formally track or monitor evaluations. Also it does not give senior management and the board information concerning the nature or extent of non-compliance with purchasing policies. Formally tracking and monitoring violations and non-compliance would enable Sask Polytech to determine common or reoccurring matters, identifying training requirements and revisions to policies and processes to determine when to apply disciplinary measures. Periodic reporting to senior management and the board would inform them as to the effectiveness of existing procurement policies.

On page 258 we recommend that Sask Polytech require requesting departments to confirm the accuracy of tender requirements prior to it making tenders available to suppliers. Departments collaborate with the procurement management department to determine the specifications of goods or services needed. For one of the 10 tenders we examined, the tendered documentation did not properly identify specifications. The requesting department was not asked to review the tender package prior to making the tender public. Missing, incorrect, or unintended requirements in posted tenders increases the risk of making incorrect purchases or incurring additional costs to correct the specifications of the purchase at a later date.

On page 260 we recommend that Sask Polytech enforces procurement policy over use of single- or sole-source procurement methods. Sask Polytech's procurement policy sets out when it is appropriate to use single or sole sourcing. The policy requires staff to document the reasons for selecting this procurement method and obtain prior approval. For 25 per cent of single- or sole-sourced purchases we examined, staff did not properly document the decision. Also, for 20 per cent of single- or sole-sourced purchases we examined, approval was not obtained before the purchase was made. Obtaining prior approval for these purchases helps ensure Sask Polytech gives all potential suppliers equal and fair treatment, meets its externally imposed procurement requirements, and receives best value.

On page 261 we recommend that Sask Polytech maintain purchase card applications and cardholder agreements for all issued and active purchase cards. During our audit, Sask Poly did not have the signed purchase card applications and/or agreements for 20 per cent of the cardholders in our sample. Without these documents, Sask Polytech may not know if the peak card spending limits and transaction limits are appropriate, who approved the limits, and whether the cardholders are aware of their responsibilities.

On page 261 we recommend that Sask Polytech prohibit managers from approving purchase card statements that include items purchased on their behalf. For two items in our sample we tested, senior managers approved their administrative assistants' purchase card statements that included purchases made on their behalf. Lack of independent approval increases the risk of errors and inappropriate transactions.

On page 262 we recommend that Sask Polytech require the completion of a standard process — for example, a form — to evaluate tenders. Sask Polytech does not have a standard form for staff to use to evaluate tenders. For 30 per cent of the tenders we examined, staff did not document its evaluation of tenders. A consistent tender evaluation process would help

ensure best value for Sask Polytech and help ensure it treats their suppliers fairly.

On page 262 we recommend that Sask Polytech require written approval of the selection of suppliers following evaluation of tenders. For 90 per cent of the tenders that we examined, Sask Polytech received only verbal approval for the selected supplier from the requesting department. Without documented approval, it is not clear who participated in the tender evaluation process and who approved the selected supplier to allow for transparency and independent review.

On page 262 we recommend that Sask Polytech formally communicate the results of tenders to all suppliers who responded to tender requests. About 20 per cent of the tenders we examined did not have evidence of award or rejection letters sent to suppliers. Formal communication of tender results allows for fair and consistent treatment of suppliers.

On page 263 we recommend that Sask Polytech establish contract requirements for procuring goods and services. Sask Polytech has not set out in writing when to use a contract as opposed to using a purchase order. Also, while it has a contract template for procurement of services, it does not have a contract template for procurement of goods. Written guides facilitate consistent contracting processes.

On page 264 we recommend that Sask Polytech periodically confirm that existing users with access to make changes to supplier records within the financial systems remains appropriate. While Sask Polytech has established processes to restrict the creation of new supplier records within its financial system to only staff that requires such access for business reasons, some staff had inappropriate or did not require this access. Giving one individual the authority to approve payments and the ability to make changes to supplier records increases the risk of irregularity or fraudulent payments. That concludes our comments.

The Chair: — Thank you, Mr. Deis. I'd like to take a moment to welcome Mr. Larry Rosia, who is the president and CEO of Sask Polytechnic, here today. I'll give you an opportunity to make some comments about this chapter, and if you want to introduce any officials that are with you. And when, if they have an opportunity to speak, just to let you know that please state your name on the first occasion so that Hansard knows who you are. Thanks. I'll pass it off to you, Mr. Rosia.

Mr. Rosia: — Thank you, Madam Chair, and thank you for the opportunity to discuss the Provincial Auditor's recommendations regarding Saskatchewan Polytechnic's procurement processes and policies. Before I begin, yes some introductions are in store. To my left is Deborah Meyers, our CFO, VP [vice president] of admin services. To my right is Cheryl Schmitz, associate vice president of financial services. Behind me is an absent Sean Engemoen, our director of financial services, who came down ill this morning so couldn't make the drive out but sends his regret. And Gail Lepp, our manager of procurement.

On behalf of Saskatchewan Polytechnic we'd like to thank, first of all, the Provincial Auditor of Saskatchewan for the comprehensiveness and the comprehensive efforts of your

office. We appreciate the advice provided on the recommendations that we have before us this afternoon.

Today we're here to provide information on chapter 38 in the 2015 volume 2 report that covers processes for procurement of goods and services. The auditor concluded that Saskatchewan Polytechnic has effective processes for procurement of goods and services, with 13 recommendations for improvement. Saskatchewan Polytechnic, number one, agrees, and number two, will work towards full implementation of all 13 recommendations.

Eight of the 13 recommendations have already been fully addressed and implemented, and these are recommendations numbered 3, 5, 7, 8, 9, 10, 11, and 13.

There were four recommendations numbered 1, 2, 6, and 12 that relate directly to the procurement policy and have been partially implemented. A revised procurement policy addressing these recommendations has been drafted and it's in the process of moving through our internal approval and consultation processes for review. It is expected that that procurement policy will be presented to our board of directors for final approval prior to the end of the 2016 calendar year. At this time these four recommendations will be considered complete.

The final recommendation, no. 4, is considered partially implemented as well. Processes are now in place to collect the necessary data. This recommendation will be fully implemented at the end of the fiscal year when the data is summarized and the fiscal 2017 non-compliance report is presented to the audit committee.

My colleagues and I would now be pleased to answer any further questions you may have. Thank you.

The Chair: — Thank you, Dr. Rosia. I'd like to open up the floor for questions. Ms. Sarauer.

Ms. Sarauer: — First of all I'd like to thank you and your officials and staff for working on these recommendations and being so successful in implementing so many of them, because there were a lot of big recommendations here and it looks like a lot of really good work has been put into place.

I just had one very quick question about one of the newer recommendations that you're still working on here that you . . . hold on a second. Sorry, I just need to read my notes again.

I was wondering if you could . . . It was recommendation no. 4 that you anticipate will be completed in the fiscal period of 2017 with respect to non-compliance with regards to procurement policies. I was wondering if you could expand a little bit on the action you took to set non-compliance reporting requirements and what's been done there to ensure that there won't be non-compliance in the future.

Ms. Meyers: — Thank you. Deborah Meyers, CFO and VP, administrative services. I'll start off and perhaps if you need more detail I can pass it on to Cheryl Schmitz. So what we've done to date is have all of the data that's required to make the non-compliance reporting, that collection process put in place so that we are in the position to collect all the data throughout

this fiscal year. And so we've considered it not complete until we actually make that report. And so we are in the process of collecting the data, and then at the end of the fiscal year we will summarize that data and present the results in a non-compliance report to the board. And perhaps I'll turn it over to Cheryl for any further detail.

Ms. Schmitz: — Cheryl Schmitz. So what we did is we put some new specifications in the procurement policy, all the way to disciplinary procedures. We have set out a standardized report that we will be presenting to our senior management council and the audit committee by the end of 2017, but we have to compile the data first as Deborah had mentioned.

Our procurement staff will be regularly monitoring. They had regular monitoring but we'll continue to regularly monitor, but now we'll be compiling that information in a standardized report that, once the fiscal '16-17 year is complete, we will be presenting to our senior management team and audit committee.

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

Mr. Michelson: — Thank you, Madam Chair. I've got the greatest respect for Sask Polytech and the work you do. I guess I was a little surprised that a learning institution that has a business course that is very well received, we've got 13 recommendations coming to it. So I just want to throw that out there and put it on the record. But again, I was just a little surprised that we would have, we would have that many coming through the Sask Polytechnic sector.

The Chair: — Would you like to respond, Dr. Rosia? You don't . . . [inaudible interjection] . . . No. Okay, fair enough. Are there any further questions around the table? Seeing none, could we have . . . we have some . . . We've got some recommendations that are in compliance and some in progress. Could I have a motion dealing with the ones in progress?

Mr. Weekes: — Thank you, Madam Chair. Yes I would. Consideration of the Saskatchewan Polytechnic 2015 report volume 2, chapter 38, items 1, 2, 4, 6, and 12, I move to concur with the recommendation and note progress towards compliance.

The Chair: — Thank you, Mr. Weekes. Mr. Weekes has moved that for the 2015 report volume 2, chapter 38, that this committee concur with the recommendations, recommendations no. 1, 2, 4, 6, and 12, and note progress to compliance. Is there any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Could I have a motion on the second set? Mr. Weekes.

Mr. Weekes: — Madam Chair, items 3, 5, 7, 8, 9, 10, 11, and 13, I move to concur with the recommendation and note compliance.

[13:30]

The Chair: — Thank you. Mr. Weekes has moved that for the

2015 report volume 2, chapter 38, recommendations number 3, 5, 7, 8, 9, 10, 11, and 13, that this committee concur with the recommendations and note compliance. Is there any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. With that, thank you to the folks from polytechnic, Dr. Rosia and all your officials. Thank you so much for your time this afternoon. This committee . . . Would you like to make any final remarks?

Mr. Rosia: — As a learning organization, we're always looking for continuous improvements. Certainly this will protect our organization and make us stronger moving forward, and we just thank you for the recommendations.

The Chair: — Thank you for your time. This committee will take a brief recess while we bring in some officials from the next ministry. Thank you.

[The committee recessed for a period of time.]

Highways and Infrastructure

The Chair: — Welcome back to Public Accounts. We have with us next the Ministry of Highways and Infrastructure. I'd like to welcome the deputy minister, Mr. Govindasamy, and his officials. I'll give you an opportunity shortly after the auditor speaks to introduce your officials and to make some comments. We've got four chapters, I believe, we're looking at today. But with that I will pass it off to Ms. Ferguson.

Ms. Ferguson: — Thank you, Madam Chair, members, and officials. I'm just going to quickly introduce who I have with me. It's Ms. Regan Sommerfeld. She's back. She's been off and on, on these sessions over the last two days. And Ms. Kim Lowe is our committee liaison. As the Chair indicated, we've got four chapters before us. One of the four chapters contains new recommendations. It's the second presentation. So we'll be presenting each chapter and then pausing after each presentation to allow for the committee deliberations. So with that I'm going to turn it over to Regan.

Ms. Sommerfeld: — Thank you, Ms. Ferguson, and Madam Chair. Chapter 11 of our 2015 report volume 2, starting on page 67, contains the results of our 2015 annual audit of the ministries of Highways and Infrastructure and the Transportation Partnerships Fund. The fund's 2014-15 financial statements are reliable. They complied with the governing authorities. The ministry's processes to safeguard public resources were effective with one exception. It did not consistently remove unneeded user access of former employees to its computer systems in a timely manner.

Seven out of 10 individuals we tested did not have their network asset access removed properly, and lagged by a span of 2 to 60 days. Additionally, we found that five individuals' access to MIDAS [multi-informational database application system] applications were not removed in a timely manner. This results in the ministry not being able to ensure that only authorized individuals have access to its computer systems and data.

The ministry did, however, make improvements regarding our other two recommendations. In 2014-15, the ministry signed a memorandum of understanding with the Ministry of Central Services that addressed the ministry's disaster recovery and security needs.

For the 2014-15 fiscal year, the ministry followed its established procedures for processing the final time cards of employees leaving their employment at the ministry.

And that concludes my presentation on the chapter.

The Chair: — Thank you, Ms. Sommerfeld. Mr. Govindasamy, I'm sorry. I've never pronounced your name right. I think this is the second time I've had an opportunity to meet you. My apologies for that. I'd like to give you an opportunity to introduce your officials and make remarks on chapter 11.

Mr. Govindasamy: — Good afternoon, Madam Chair, and members of the committee. Before I begin I'd like to take a moment to introduce my staff here. On my left, Associate Deputy Minister Jennifer Ehrmantraut, responsible for my operations division. On my right, Wayne Gienow, executive director of corporate services division. In the back row, Miranda Carlberg who is my assistant deputy minister of design and innovation. I also have a young student with me from Johnson-Shoyama centre who is my intern for the next few months and he's observing legislative procedures, which is useful for me and for him as he learns the process and procedures.

I want to thank the committee for this opportunity to respond to the Provincial Auditor's 2015 and 2016 reports and we are prepared . . . We have, as a whole, for the most part implemented all of the recommendations in both sets of reports, and my staff and I are prepared to respond to any questions that, Madam Chair, you have or the committee members may have. Thank you.

The Chair: — Thank you for that. Chapter 11. I'd like to open up the floor for questions. Mr. Michelson.

Mr. Michelson: — Thank you. I think I'm getting branded with this one. But I notice that the unneeded access to former employees — and again you're not the only ministry that does this — but to me and, you know, it's something that was brought up I think it said in the 2009 report and it still seems to be prevailing. There are other ministries that also have this consistent need to do this. I would suggest, as we did to other ministries, that somehow we get together and work with, I don't know if it's the Central Services or where it is, but it really is something that keeps coming up time after time after time, and it's not necessarily high priority but it could have some deficiencies and some opportunities that this could be abused and hurtful to the ministry.

So like I've brought it up several times already in these last couple of days. I want to bring it up again and ask for your commitment that this is going to be looked after.

Mr. Govindasamy: — Thank you, Mr. Michelson. First I want to assure the committee that despite the fact that there are a few more cases that haven't quite met the test of zero employees

being not removed on time, there has been no unauthorized access by any staff member that has left the ministry to any of the ministry's computer systems and data. We have now implemented . . . I continue to reinforce the need to follow all of the processes and procedures that are already in place when employees leave the ministry. The ministry is always continuously looking for ways to improve this process, make it even more efficient and effective, and do it on a timely basis. I welcome your suggestion to continue working with Central Services and other ministries on improving it even further so there'd be absolutely no cases left of employees not being removed from the system in a timely manner. Thank you for the suggestion.

Mr. Michelson: — Thank you.

The Chair: — Thank you, Mr. Govindasamy. With respect to this chapter, if there are no further questions, we can conclude our considerations. Could I have a motion to that effect?

Mr. Weekes: — Madam Chair, I so move.

The Chair: — Thank you, Mr. Weekes. Mr. Weekes has moved that for the 2015 report volume 2, chapter 11 that this committee conclude its considerations. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right. Let's move on to chapter 35 of the 2015 volume 2 report. Ms. Sommerfeld.

Ms. Sommerfeld: — Thank you, Madam Chair. This chapter relates to our audit of addressing road safety concerns on existing highways. SGI [Saskatchewan Government Insurance] and the ministry share responsibilities for the safety of the motoring public on provincial highway systems. SGI is responsible for most traffic safety legislation programs and policies, whereas the ministry is responsible for road safety and continuous improvement of safety of the design features of the road such as turning lanes and guardrails. The ministry's design and innovation division is responsible for road design safety and traffic guidance.

This chapter, beginning on page 205 of our 2015 report volume 2, describes our audit of the ministry's processes to address road safety concerns raised on the 26 000 kilometres of highways for which it is responsible. We found that, except for the four recommendations, the ministry had effective processes for the period September 1st, 2014 to August 31st, 2015.

On page 211 we recommend the ministry develop and follow a consistent process to track complaints about road safety. The public typically directs complaints to the deputy minister's office or to individual branches within the ministry. While the deputy minister's office formally documents and tracks external complaints and its response, the ministry's design and innovation division does not. Not having a consistent process increases the risk that a road safety concern is not properly addressed.

On page 214 we recommend that the ministry set out in writing the criteria for selecting safety improvement projects to

complete in the upcoming year. While ministry staff could explain the process of how staff within each of its three regions recommend safety improvement projects and how the committee responsible for developing the annual project plan select projects for inclusion in the plan, the ministry did not have written guidance to guide which projects to include in the annual plan. Also, staff could not clearly explain which projects they deemed to be high priority, that is projects that must be addressed in the near term. Lack of documented criteria increases the risk that regions may recommend projects without consistent consideration of road safety risks that proposed safety improvement projects would address.

On page 215, we recommend the ministry require its staff to keep its analysis and rationale for selecting safety improvement projects to complete in the upcoming year. The ministry maintains a database to track key information about proposed safety improvement projects. It electronically assigns a priority score to the proposed projects and it assigns higher scores to projects addressing greater safety risks.

When we compared the approved annual project plan to priority scores in the database, we found that the annual plan included projects not listed in the database and included projects with lower priority scores. Our further analysis of the database identified projects with high-priority scores that had been outstanding between three to six years. The ministry was unable to provide us with its supporting analysis or rationale for selecting projects.

On page 216, we recommend that the ministry give senior management periodic reports on whether its road safety improvement program helped reduce the frequency and severity of collisions. We found that management received limited information on whether its safety improvements are reducing the frequency and severity of collisions. Without this information, resources may not be focused on the right safety improvement projects and without reporting on the results of the program objectives, the ministry will not know if road safety projects were successful and if the resources spent on the projects were worthwhile.

This concludes my presentation.

The Chair: — Thank you, Ms. Sommerfeld. Mr. Govindasamy — I will get it right — would you like to make some remarks on this chapter?

Mr. Govindasamy: — Yes, Madam Chair. Thank you very much to the Provincial Auditor for her examination, assessment, and obviously, recommendations. We take these recommendations very, very seriously.

As a result of an examination of the auditor's report and our own internal processes, I can report to the committee that the ministry has now developed a provincial tracking database to be used to track safety concerns received by the ministry. I've essentially duplicated what is going on in my office, the deputy minister's office, in terms of tracking all calls, all inquiries, safety or not. This database that is now going to be province wide obviously will be limited to concerns which require an engineering analysis because if we compile all safety complaints, in fact if there's a big storm and signs fall off, that's

obviously a safety concern but it would be tremendously difficult to document all of that across the province. But we've begun the process to document specific safety inquiries and complaints, and that's under way.

[14:00]

So we're tracking these concerns, and that started in January of 2016. So I'm pleased to report that that particular recommendation has now been implemented.

We have also, as a result of the observations of the Provincial Auditor, we have updated the safety improvement manual that we use to provide additional clarification on how projects should be selected. It reports detailed criteria to be considered beyond the calculated prioritization score when selecting safety improvement projects for the upcoming year. This was implemented for this fiscal year, '16-17, and that implementation took place in April of 2016.

With respect to the recommendation by the Provincial Auditor in terms of keeping proper analysis and rationale for selecting safety improvement projects to complete in the upcoming year, I'm pleased to report that we have made improvements to our procedures for documenting the analysis and rationale for selecting the safety improvement projects. This year's submission of projects, for example, '16-17, included detailed documentation and rationale for why projects were selected or not selected.

I would also make a couple of observations with respect to the safety improvement program. As I have at any given time 2 to 300 safety improvement projects that have been identified in my safety improvements list for the ministry, and as we plan other projects, pavement projects, full interchange or intersection treatments, some of the safety improvement projects that have been identified would be taken care of as we roll out, say for example, a pavement program. This saves cost for the taxpayer. As opposed to doing individual treatments, safety improvement treatments in corridors, we would do an entire corridor and take care of those safety improvements in one go. That results in cost savings.

So sometimes the prioritization scores, where they land in our system may not exactly match up to when we get to the particular project. And I wanted to sort of explain that to members of the committee.

At other times, situations change which then requires me and my executive team to review the list of safety improvement projects and make executive decisions as to which ones need to be handled immediately. And so I wanted to provide that particular explanation and thank the Provincial Auditor for observations with respect to my safety improvement program.

The Chair: — Thank you for that. I'd like to open up the floor for questions. Ms. Sarauer.

Ms. Sarauer: — I just have one quick question. Thank you for your work on this. You answered pretty much all of the questions that I did have with respect to the safety improvement program and how that's working now. I think I have a better understanding now of how everything is getting filtered in

terms of at what stage you're determining prioritization levels. And I understand the fact that sometimes those levels or those priorities shift based on other projects that are occurring.

Can you explain to me in a bit more detail how you're initially making those prioritization determinations aside from the ones that get shifted based on their ability to complement other projects that are ongoing?

Mr. Govindasamy: — Thank you very much for the question. I'll begin the response and then I will call in my engineering expert to provide further details in terms of all the factors that go into a determination of a particular safety improvement project.

We get informed about safety issues by members of the public. We have, through my own staff, most of whom are very familiar with the road systems that we maintain — the 26 000 kilometres across the province — will make observations. Not just observations, will make assessments about safety throughout my corridors across the province. We would have, for example, a number of safety improvement projects from . . . sorry, improvements from very small ones to very large ones that would be identified. Something like guard rails, for example, or lighting or crosswalks and flashing lights and stop signs and rumble strips and so on, all part of that safety improvement mix which would all be considered as criteria in terms of determining what type of improvements are required.

And then all of this information is fed into our systems — engineering, our people — who will then determine on the basis of number of collisions, severity of collisions, the annual average daily traffic on that particular road, and come up with some fairly specific assessments of the level of safety that needs to be addressed in a particular corridor, particularly in a section. And that's how in a general way, being a non-engineer myself and having yet to understand all of these factors, safety improvement projects are determined.

And then I'm going to ask . . . Oh, there you are. Perhaps you can, Miranda, talk about some of the more in-depth criteria and rationale that's used to determine the prioritization, please.

Ms. Carlberg: — Yes, the Ministry of Highways has quite a number of registered professional engineers that will be working on these particular issues that are raised by concerned citizens and also people internal to the ministry as well. We look at things, like Nithi mentioned, like exposure, so the number of people and vehicles travelling through a particular area. We look at risk, what happens . . . what are the consequences if a driver was to have difficulties in that particular area.

There's also national standards, I guess, that we use to look at what we call the geometry of the road. So how wide it is and how smooth the slopes are when you leave the road and just a number of other criteria like that. And there's a separate set of criteria for each kind of safety improvement that we would do. So it's quite a thorough analysis that our engineering staff would do in the ministry.

Ms. Sarauer: — Thanks. So based on what you're saying, the number of historical collisions is a factor and has always been a

factor in that analysis?

Mr. Govindasamy: — That is correct.

Ms. Sarauer: — Okay. And those numbers are compiled, based on what I read here, every three to five years and then reported? Or is it annually?

Ms. Carlberg: — If we were to have a concern raised with a particular area, we would examine the collision rates at that particular time, so specific to the concern and not just on the three- to five-year cycle.

Ms. Sarauer: — Okay. So if there's a concern then it gets bumped up, otherwise it's a three- to five-year cycle?

Ms. Carlberg: — The accident, the collision rate at the particular area where the concern is, would be analyzed specific to address that concern.

Mr. Gienow: — I think the three- to five-year concern that you mentioned was, once the improvement is actually made, it takes us three to five years to collect enough accident data to actually get the history, to see the effectiveness of that improvement.

Ms. Sarauer: — Okay. Studies are only made then based on a complaint essentially or a concern raised by either the public or internal to the ministry?

Mr. Govindasamy: — I guess just to step back a little bit, we get information from, you know, many different sources. The public is one good source of information and raising concerns. We have our own internal assessment processes from an engineering and safety perspective. I have people driving the roads to collect data and making observations, both engineering and otherwise, in terms of any safety concerns like sightlines and so on and so forth. So that's one aspect of data collection. All of this information is then utilized to be able to come up with the list of safety improvements that we use.

We also have access to the SGI database. SGI maintains a database with respect to all of these collisions etc., and engineers use some fairly sophisticated methodology that's taken me three years to understand. They use a factor called the collision modification factor. And I won't even attempt to explain that, but it seems to be a fairly rigorous process in determining where to make those improvements and, you know, give us an indication of the severity of collisions that may occur at a particular intersection.

And so all of this has boiled down into a decision-making process. And I think there was a little chart in the Provincial Auditor's report that kind of, at least to my engineering staff, makes a lot of sense in terms of determining what sort of projects should be selected. So I'm pretty comfortable with the robustness of the process and the rationale behind picking the type of projects to be done and to be able to allocate resources, gas resources at the best of times, to the most high-priority projects.

Ms. Sarauer: — Thank you. I'm glad you're not going to attempt to explain it because I don't have to attempt to understand it. So thank you for those answers.

The Chair: — Are there any further questions on this chapter? Mr. Hart.

Mr. Hart: — Thank you, Madam Chair. I'm looking at the figure 3 on page 206, which is entitled Canadian fatalities per billion vehicle-kilometres travelled by province or territory. And that was done in 2008, and I see by the note that that was the most recent statistic available at the time that this chapter was written. Do we know, is there a more recent version of this report since that time? I mean whether there is or isn't, I mean what really seems to stand out is that Saskatchewan is the third, has the third highest rate of fatalities in the country.

I suppose I can understand the Yukon and having driven in PEI [Prince Edward Island], I guess I have an understanding there, but when I look at Saskatchewan compared to Manitoba and Alberta and even British Columbia and so on, in that reporting time frame, we were significantly higher than the neighbouring jurisdictions. And also in the notes, it says that these fatalities are on all roadways in Saskatchewan, both highways and municipal roads and so on.

Would we have any indication of breakdown of, you know, say out of the 12.2, how many were on the highways, how many were on, say municipal roads particularly in rural Saskatchewan? Is any of that, would either the auditor or perhaps the officials, would anybody have any comments and perhaps some more information on this whole area?

Ms. Ferguson: — I know at the time of the audit we looked to try to find interprovincial data that did a split, and we were unable to find that data. We had asked actually the ministry and SGI at that point, and there wasn't interprovincial data, which is what we were looking for, and so we weren't successful. I don't know if there's information subsequent to that now.

Mr. Gienow: — So with this we had a really good discussion with the Provincial Auditor at the time about this because it is difficult to get the interprovincial comparison, but SGI actually publishes a very detailed traffic accident book that they have all this information for our province.

But the thing you got to watch a little bit with statistics like this, is our driving is quite different than in a lot of other provinces. Like, even if you look at Alberta, right, they've got two major cities. So a lot of their vehicle kilometres are really within those cities, and speeds tend to be lower when you're within cities and therefore, you know, the fatality rate is much lower. The number of accidents may be higher but the actual fatality . . . Because if you get into an accident on one of our rural highways, it's more likely that, you know, you'll end up, you'll die. You just got to watch some of the statistics sometimes.

Mr. Hart: — No, thank you for that because yes, that does make a lot of sense and so on, and you know, I certainly . . . I mean the ministry is not responsible for the municipal roads that we have, and we have thousands of kilometres out there. And I would guess that the only areas of responsibility is where the municipal roads intersect with our provincial highway system and so on.

But you know, when you look at this report, it does sort of jump out at you. And I guess probably what really piqued my interest

when I saw this, I think we're . . . probably most of us in this room are aware of the very tragic accident that happened in my constituency on a municipal road. And you know, I did actually a few days after, I did view the intersection because I know some municipalities have raised the issue of sightlines and so on. And I mean I'm not going to comment but from . . . Well I'll just make this comment. From a very untrained and inexperienced viewpoint, it seemed to be the same intersection, as we have thousands if not millions of them and so on.

But it does, you know, we do have these tragic accidents every so often — much more frequently than any of us would like to see — and I don't know if there's any answers out there, but I think we should never stop looking for solutions and answers in these areas. And you know, I just put that out there for your consideration, and you know, we'll see what the future brings in this area. Anyway, but thank you for shedding some more light on this particular statistic or this particular graph here that we have before us. Thank you.

[14:15]

Mr. Govindasamy: — May I make a comment on those observations and advice from Mr. Hart? You know, safety is at the centre of everything we do in the Ministry of Highways and Infrastructure. Traffic safety is extremely important to me and my staff and to the general public in Saskatchewan. I'll be the first one to admit that we have to continuously focus on improving the three Es. We call it — education, engineering, and enforcement — continuously improve on it to try and get the public to understand the consequences of distracted driving that, for the most part, when they lead to accidents, are really avoidable if people do not do some of the things that they actually do when they are driving.

We in the Ministry of Highways and Infrastructure have focused on the engineering aspects of improving safety, which is the road network, which is improving signage, improving the ride, and improving the safety at intersections, and so on and so forth. We work with SGI continuously and with the Saskatchewan Safety Council and other organizations on educational campaigns throughout the summer and winter with respect to raising the awareness of drivers who enter into any of our work zones, to observe the speed limits that are posted. They're not just posted because we like making people go slower. There's a reason for those signs and for us as citizens in Saskatchewan to observe those speed limits as people are driving through.

And in the winter time, we have very active and aggressive campaigns to ensure that drivers are aware about all the precautions that they need to be taking, both for their own safety and for the safety of my staff who are on snowplows, pretty much 24-7 in some parts of the province when we get severe snowstorms, etc. On average every year we do get some collisions occurring with my equipment, but they have been reduced over the years.

I'm pleased to say that all of these campaigns that we undertake, both through the mass media as well as through interaction directly with consumers, is resulting in, in my opinion, a better understanding of the need to, first of all, reduce speeds, be much more observant about your surroundings, do not text and drive, and obviously the last factor with respect to paying attention to your vehicle and operating it in a safe manner.

It is making a difference. I know we have a lot more work to do, but I think we are on the right track. We also work very closely with other provincial governments. And I know SGI, through the CCMTA [Canadian Council of Motor Transport Administrators] — that's the Canadian Council of Motor Traffic Administrators — works across the country to be able to better reflect the data and assessment and analysis on safety campaigns across the country. Essentially it's mission zero for us. It's a target that people say can never be reached, but we need to have targets to be able to reduce the kind of carnage that sometimes goes on in our roads for no reason, really, than distractions while you're operating a motor vehicle. So thank you very much for that observation.

The Chair: — Thank you for those comments. Are there any further questions with respect to this chapter? Seeing none, we have four recommendations with which we need to deal. Could I get a motion? Mr. Weekes.

Mr. Weekes: — Madam Chair, consideration of chapter 35, Highways and Infrastructure, addressing road safety concerns on existing highways, 2015 report volume 2, items 1, 2, and 3, I move that we concur with the recommendation and note compliance.

The Chair: — Thank you, Mr. Weekes. Mr. Weekes has moved that for the 2015 report volume 2, chapter 35, that this committee concur with recommendations 1, 2, and 3, and note compliance. Is there any discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. The fourth and final recommendation, could I have a motion on that?

Mr. Weekes: — Thank you. Item no. 4, and I move concur with the recommendation and note progress towards compliance.

The Chair: — Thank you, Mr. Weekes. Mr. Weekes has moved that for the 2015 report volume 2, chapter 35, recommendation no. 4, that this committee concur with recommendations and note progress toward compliance. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you. Let's move on to chapter 25 of the 2016 report volume 1. Ms. Sommerfeld.

Ms. Sommerfeld: — Thank you. Chapter 25 of this report, starting on page 269, contains the results of our second follow-up of two recommendations we initially made in our 2011 audit of the Ministry of Highways' processes to maintain bridges on provincial highways. We are pleased to report that by November 2015, the ministry has implemented both of these recommendations. We found the ministry is keeping its bridge management system up to date and, consistent with its new

policy, senior management is receiving reports on bridge inspection results each quarter as and when expected.

This concludes my presentation.

The Chair: — Thank you, Ms. Sommerfeld. Would you like to make any comments on this chapter?

Mr. Govindasamy: — Other than to say, Madam Chair, that any time the Provincial Auditor is pleased with our work, I am pleased.

The Chair: — Thank you for that. I would like to open up the floor for questions. Ms. Sarauer.

Ms. Sarauer: — I just had one quick question. I was curious to know whether or not two years was standard practice for reviewing bridge structure.

Mr. Govindasamy: — That is the system that we have, and yes, I'm told that, in fact I'm convinced, that based on the information provided to me, inspections every two years is standard practice. In fact it may be, and here again these folks are engineers and they can explain to me whether we are meeting or exceeding national standards with respect to bridge inspections.

Ms. Carlberg: — We use guidelines that are nationally recognized to inspect the bridges. And yes, two years is the cycle, but there are bridges that we inspect more frequently than that.

Ms. Sarauer: — Great. So two years would be the absolute maximum and some are even more frequent than that?

Ms. Carlberg: — That's correct.

The Chair: — Are there any further questions on this chapter? Seeing none, there are no new recommendations and, as we've heard, there's some positive work here. Could we have a motion to conclude considerations?

Mr. Weekes: — Madam Chair, I so move.

The Chair: — Thank you, Mr. Weekes. Mr. Weekes has moved that for the 2016 report volume 1, chapter 25, that this committee conclude its considerations. Any discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Let's move on to chapter 26. Ms. Sommerfeld.

Ms. Sommerfeld: — So our final chapter today is chapter 26 of our 2016 report volume 1, starting on page 271, which reports the results of our third follow-up on the recommendations initially made in our 2010 audit of the ministry's processes to maintain highways. By January 31st, 2016, the ministry had implemented the last outstanding recommendation. Senior management now receives a report on the results of maintenance activities at the end of the maintenance season.

And that concludes my presentation.

The Chair: — Thank you, Ms. Sommerfeld. Mr. Govindasamy, any comments?

Mr. Govindasamy: — Again just to acknowledge the fact that we have taken these recommendations by the Provincial Auditor very seriously and implemented those recommendations.

The Chair: — Thank you. I'd like to open up the floor for questions. Seeing none, there are no new recommendations there so this committee can conclude its considerations. Could I have a motion to that effect? Mr. Weekes.

Mr. Weekes: — I so move.

The Chair: — Thank you. Mr. Weekes has moved that for the 2016 report volume 1, chapter 26, that this committee conclude its considerations. Any discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you. Thank you to the officials from Highways. We very much appreciate your time today and thank you for getting here a little bit earlier than expected.

Mr. Govindasamy: — Thank you very much.

The Chair: — We shall take a brief recess to bring in the next set of officials.

[The committee recessed for a period of time.]

[14:30]

Saskatchewan Liquor and Gaming Authority
Saskatchewan Indian Gaming Authority

The Chair: — Welcome back to Public Accounts, everyone. We are down to our last four chapters of the day. Today we're looking at Saskatchewan Liquor and Gaming Authority. I'd like to welcome the president and CEO, Barry Lacey, and all your officials. I'll give you a moment here to introduce your officials and talk about the chapters. I think we'll go one at a time as we usually do, but I will pass it off to Ms. Ferguson to make her remarks and then she'll pass it off to you after that. Ms. Ferguson.

Ms. Ferguson: — Madam Chair, members and officials, good afternoon here. I'm just going to quickly introduce who I have with me this afternoon. It's Ms. Carolyn O'Quinn. Carolyn's a deputy in our office and part of her responsibilities is Liquor and Gaming Authority along with the Saskatchewan Indian Gaming Authority too. Behind her is Ms. Amanda Iles. Amanda's a manager in our office and has led some of the work that's before us this afternoon. And Ms. Kim Lowe who is our committee liaison.

Our final agenda item, after two days, you guys are the very last on the agenda, so congratulations. I'd like to thank yourselves, Barry and your staff, along with SIGA [Saskatchewan Indian Gaming Authority] and their staff that aren't here today, for the

co-operation extended to our office in the course of the work. We certainly appreciate that as we go through.

We've got four chapters on the agenda today. Two of them deal with Indian Gaming Authority and two of them deal with Liquor and Gaming. Two of the chapters include new recommendations for the committee's consideration. As Madam Chair indicated, we will be presenting each individually and pausing after each to allow for the committee's deliberations. So without further ado I'm going to turn it over to Ms. O'Quinn to present.

Ms. O'Quinn: — Thank you, and good afternoon. First I'll talk about chapter 25 in our 2015 report volume 2, which starts on page 121. So this reports our results of the 2015 annual integrated audit of the Saskatchewan Indian Gaming Authority, and in this chapter we made one new recommendation. On page 124 we recommended that SIGA determine the accounting implications of new or amended lease agreements and document its assessment.

What we found is that SIGA didn't sufficiently assess the accounting implications of changes to its lease agreement for one of its casinos. As a result, its draft financial statements that were initially presented for audit contained significant errors. SIGA did correct those errors in the final version of the audited financial statements. However, lack of an effective process to assess the accounting implications of lease arrangements on a timely basis increases the risk of errors in both SIGA's and Liquor and Gaming's financial statements. Without accurate financial statements, senior management and the board may not have the information they need to make informed decisions. In this chapter we also report that SIGA continues to need to periodically review user access to its IT systems and data.

In addition, we did note that SIGA did make improvements. It implemented a new human resource plan, a business continuity plan, and it improved its policies over its capital assets.

That concludes my remarks.

The Chair: — Thank you Ms. O'Quinn. Mr. Lacey, do you have any comments on this chapter?

Mr. Lacey: — Thank you very much. Perhaps I'll open up today by introducing the officials I have here with me today. So on my left is Greg Gettle who is SLGA's [Saskatchewan Liquor and Gaming Authority] vice-president of partnerships and supply management. On my right is Jim Engel, vice-president of corporate services and gaming operations. To my left sitting behind us here is Raynelle Wilson, director of enterprise initiatives, strategy, and business improvement. Just checking who's sitting beside her. Rory Jensen, acting director of financial services branch is sitting beside her. And on my right to the rear is Chet Culic who's our director of casino operations.

So I'd like to begin today by first of all expressing our pleasure to be here this afternoon to discuss the Provincial Auditor's 2015 reports in relation to SLGA as well as the Saskatchewan Indian Gaming Authority. From a summary basis I would say that we accept the Provincial Auditor's recommendations in the various chapters, and we appreciate the work that the Provincial Auditor's office has done.

Regarding the chapter on SIGA, the Saskatchewan Indian Gaming Authority, both SLGA and SIGA accept the Provincial Auditor's recommendations. SLGA remains committed to working closely with SIGA to ensure those outstanding recommendations are addressed. And in the past, you know, I can tell the committee that SIGA has demonstrated a willingness and ability to address the issues raised by the Provincial Auditor, and we are confident that SIGA will work towards the remaining recommendations as outlined in that chapter.

So perhaps I'll just make some specific comments on chapter 25 and the recommendations within that chapter. The recommendation on page 123 that recommended SIGA determine accounting implications of new or amended lease agreements, we report here today to the committee that SIGA completed and has subsequently documented its current assessment of its current lease agreements. SIGA's chief financial officer assessed each of those leases. All lease recommendations were then forwarded to the CEO and SIGA's board for approval, along with the rationale with respect to those leases was part of that information sent forward in the approval process. And with respect to future lease agreements or changes in existing leases, SIGA will be using that same process moving forward. So we consider this recommendation has been implemented by SIGA.

With respect to the recommendation related to SIGA performing regular reviews of its computer application accounts on page 124, SIGA continues to take steps to address this recommendation. As noted by the Provincial Auditor during 2014-15, SIGA did not complete IT user access, reviews of its key applications, which should have been done according to their policies. In 2015 SIGA has completed a formal user access review on four of their business applications, and subsequent reviews are planned with respect to the rest of their business applications throughout this fiscal year. And as a result, because of that, we consider this recommendation partially recommended at this time, but work is moving forward to fully address the recommendation that is outstanding.

And I guess I'll just finally note, as noted by Carolyn in her piece, SIGA did fully implement three other recommendations that have been made in previous years. This is substantial progress forward for SIGA. It's a piece that they've been working on for a number of years, and so we were pleased to see that recognized in the Provincial Auditor's chapter.

With that, I'll open it up to any questions the committee may have of me or my officials. Thank you.

The Chair: — Thank you, Mr. Lacey. I'd like to open up the floor. Seeing none, we have one new recommendation. Just double checking, no questions? Okay. Seeing none, we have one new recommendation with which we need to deal. Mr. Weekes, you've got a motion?

Mr. Weekes: — Yes, thank you, Madam Chair. Chapter 25 from the 2015 report of the Provincial Auditor volume 2, Saskatchewan Indian Gaming Authority Inc. and one item, I move to concur with the recommendation and note compliance.

The Chair: — Thank you, Mr. Weekes. Mr. Weekes has

moved for the 2015 report volume 2, chapter 25 that this committee concur with the recommendations and note compliance. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. All right. Thank you for that. Let's move on to the next chapter, chapter 26. Ms. O'Quinn.

Ms. O'Quinn: — Thank you. Chapter 26 in our 2015 report volume 2 starts on page 127, and it reports the results of our 2015 annual integrated audit of Liquor and Gaming. The chapter contains no new recommendations.

We note in this chapter that by March of 2015, Liquor and Gaming had implemented its corporate-wide risk management framework, and it received timely information from its service provider on purchases and disposals of slot machines and updated its financial records accordingly.

We did report that there were a couple of areas that it still needed to work on. It needed to develop policies and procedures to monitor its IT security and respond to security issues when they arise and consistently follow its user access IT policies and procedures.

That concludes my remarks.

The Chair: — Thank you very much, Ms. O'Quinn. Mr. Lacey, do you have some comments on this chapter?

Mr. Lacey: — Yes, just quickly. With respect to the recommendation in the chapter found on page 243 where SLGA give staff guidance on determining required skills for . . . Just one second here. I might be on the wrong one. I jumped ahead. I apologize.

Chapter 26, page 129. The outstanding recommendation regarding ". . . develop information technology security policies and procedures for monitoring information technology security," we've established a road map to address gaps in our formal governance policies and standards and to further mature our IT security program.

As well, over the past year SLGA has expanded its IT security incident and threat detection capabilities and adopted next-generation technologies to monitor its systems. New policies have been drafted and are being reviewed by SLGA's IT security governance committee, which we expect to occur this December. And so while I would note that the recommendation currently is not fully implemented, the timeline for implementation of this recommendation is expected to occur the third quarter of this fiscal year, so by the end of the calendar year.

With respect to the recommendation ". . . that Saskatchewan Liquor and Gaming Authority follow its approved information and technology policies and procedures" with respect to user access IT policies and procedures, which is on page 129, SLGA continues to work to fully implement this recommendation. A new identity and access management policy was approved by the IT security governance committee in June. Automated network access reports have been developed and are currently being tested and scheduled for rollout in quarter three of 2016-17. And as a result, we believe we'll be in position to fully address this recommendation again by the third quarter of this fiscal year.

[14:45]

As noted previously by the Provincial Auditor, there were two other outstanding recommendations that have, as noted by the Provincial Auditor, been fully implemented in the past year. Thank you.

The Chair: — Thank you, Mr. Lacey. Ms. Sarauer.

Ms. Sarauer: — Thank you. I more so have a comment than a question because you did such a great job of, once you found the page, of explaining what's been done on these two outstanding recommendations. I'm happy to hear that there's plans on both of these completed by December of this year, considering how dated they are, especially the one that was in a 2007 report, and then the one in a 2013 report. So I'm happy to hear that there's some finally . . . there will be a completion to both of these recommendations.

The Chair: — Are there any further questions on this chapter? Seeing none, we have no new recommendations in this chapter, just outstanding recommendations. So could I get a motion to conclude considerations? Mr. Weekes.

Mr. Weekes: — Thank you, Madam Chair. I so move.

The Chair: — Thank you, Mr. Weekes. Mr. Weekes has moved that for the 2015 report volume 2, chapter 26 that this committee conclude its considerations. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Let's move on to chapter 37. Ms. O'Quinn.

Ms. O'Quinn: — Thank you. Chapter 37 in our 2015 reports, volume 2 starts on page 235. We note that Liquor and Gaming uses IT extensively in carrying out its business and regulatory responsibilities. This chapter reports the results of our 2015 audit of Liquor and Gaming's project management processes for its projects with significant IT-related components. We found that Liquor and Gaming's processes were generally effective, except for five areas where we made recommendations.

On page 243 we recommended that Liquor and Gaming give staff guidance on determining the required skills for projects with significant IT components. We found that Liquor and Gaming did not provide project teams with sufficient guidance on consistently determining the skills required when planning IT projects. Consistent analysis of the skills that the IT projects require, and for how long, is necessary to support budget and hiring decisions.

On page 244 we recommended that Liquor and Gaming give staff guidance on setting quality control requirements for

projects with significant IT components. Liquor and Gaming did not provide its project teams with sufficient guidance on consistently preparing quality control requirements, including test plans. We found the level of detail that was in the test plans differed significantly between projects. Not giving staff sufficient guidance on the quality control requirements increases the risk of inconsistent project quality and inconsistent estimation of project-related costs.

Moving on to page 246, we actually made two recommendations here. We recommended that Liquor and Gaming follow its processes for preparing complete and accurate project status reports for those projects with significant IT components. We also recommended that Liquor and Gaming require formal review and approval of those project status reports for those projects with significant IT components.

Liquor and Gaming did not follow its established processes to prepare the project status reports. We found that project status reports were not consistently prepared for all projects; for example, they did not always include information on key dates, percentage of completion, and approved project changes. Also the reports did not always contain evidence of review and approval. Incomplete project status reports and the lack of review and approval of such reports increases the risk of management making inappropriate decisions about the projects.

On page 248 we recommended that Liquor and Gaming monitor whether its projects with significant IT components achieved the objectives as set out in the approved business cases and periodically report to its board and senior management. While Liquor and Gaming had established planned objectives for the projects, it did not have established processes to track, monitor, and report back on the achievement of those objectives. Without an effective process for measuring and reporting on the achievement of objectives, there is increased risk that Liquor and Gaming may not achieve the expected benefits from the projects.

That concludes my overview.

The Chair: — Thank you, Ms. O'Quinn. Mr. Lacey, do you have some comments on chapter 37?

Mr. Lacey: — Yes, thank you. So this time on page 243 with the recommendation with respect to SLGA ". . . give staff guidance on determining required skills for projects with significant IT components," SLGA believes this recommendation has been implemented. SLGA now requires that a project manager, business analyst, and solution architect are assigned to all new projects during a start-up phase, and it's this team's responsibility to develop a baseline budget and schedule which includes detailed resource planning. SLGA's information technology branch also provides guidance on the IT-specific resources required for these projects.

With respect to recommendation on page 245 regarding SLGA give staff guidance in guiding quality control requirements for projects with significant IT components, SLGA continues to make progress towards implementing this recommendation, and we currently consider it partially implemented. Specifically, we've hired a business analyst to assist with projects. Part of their role is to provide support and guidance on projects for the

creation of test plans and training manuals. The project test plans are reviewed by SLGA's enterprise project management office and SLGA's information technology branch to ensure they're meeting SLGA's requirements. We're also developing standardized templates for key project components such as testing plans and project reporting, and the timeline for full implementation of this recommendation is the end of this fiscal year.

With respect to the first recommendation on 247, regarding SLGA ". . . follow its processes for preparing complete and accurate project status reports for projects with significant IT components," SLGA believes this recommendation has now been implemented. Completed status reports are now provided to the project sponsor to monitor the progress of the project. As well, SLGA's enterprise project management office also provides a portfolio update to SLGA's executive committee, including the status and costs of all projects in that portfolio. Project status reports are also used and verified through SLGA's financial system for accuracy during the portfolio update.

With respect to the recommendation that SLGA ". . . require formal review and approval of project status reports for projects with significant IT components," on page 247, SLGA believes it has also implemented this recommendation. Our enterprise project management office has created a status reporting schedule for project managers to follow. This includes the deadlines for creating status reports for project sponsors and the enterprise project management office. Project sponsors and project managers also report on the status of their projects to the project management committee at SLGA.

And finally, with respect to the recommendation on page 248, that SLGA ". . . monitor whether its projects with significant IT components achieved objectives set out in approved business cases and periodically report to its board and senior management," SLGA also believes it has addressed this recommendation. And essentially now, updates provided to the executive committee and the board provide information regarding the completed IT projects and summarize whether objectives set have been achieved.

And with that, I will open it up to questions.

The Chair: — Thank you, Mr. Lacey. I'd like to open up the floor. Are there any questions on this chapter? Mr. Michelson.

Mr. Michelson: — Madam Chair, just a comment. The first couple of recommendations with giving staff guidance, is that a training issue or is that just a progress issue?

Mr. Lacey: — I'll refer that question to Mr. Engel.

Mr. Michelson: — Okay.

Mr. Engel: — Thanks very much for the question. I think it's more of a, sort of a progress. When a project is starting out, there are people in the organization who can provide some expertise around the planning process for a major project. And it's just a matter of making sure that those people with those different skill sets and expertise are brought in for a project very early on and can contribute to the development of the business

case and the business plan for that particular project. So it's really just making sure that we bring the right resources in early on in a project to make sure that the planning is as robust and full as it can be.

Mr. Michelson: — Would there be a reason why that should have been something that the auditor picked up? I would think that would just be kind of a natural when you're starting a new project.

Mr. Engel: — Yes, I think like most organizations, SLGA has struggled a little bit with, when you're undertaking a significant project, who owns the project. And most of us, most organizations . . . Historically, years ago, large projects tended to be driven by the IT shop, often to the dissatisfaction of the business unit.

What we've done at SLGA is we've made a conscious decision to move more of that responsibility for that project over to the business unit. We probably let the pendulum swing a little bit too far in terms of the business unit not needing to work closely enough with the IT shop in terms of making sure that the skill sets that they needed to properly evaluate and plan for the project were in place.

So it's just, I guess, a rebalancing of that pendulum and pulling it back to make sure that the . . . even though the business unit still now has accountability for that project, that we put some obligation on them to make sure that they're bringing all the resources within the organization that can contribute to developing that plan for that particular project are being brought in and that the business unit isn't just taking it, sort of running with it on their own without proper consultation within the organization.

Mr. Michelson: — Thank you for your answer. I appreciate the work you're doing on this.

The Chair: — Thank you. Are there any further questions with respect to chapter 37? Seeing none, we have five recommendations with which we need to deal. There are four that are in compliance. Could I have a motion with respect to those four? Mr. Weekes.

Mr. Weekes: — Thank you, Madam Chair. Consideration of chapter 37 from 2015 *Report of the Provincial Auditor*, "Saskatchewan Liquor and Gaming Authority — Managing Projects with Significant IT Components," items 1, 3, 4, and 5, I move we concur with the recommendations and note compliance.

The Chair: — Thank you, Mr. Weekes. Mr. Weekes has moved that for the 2015 report volume 2, chapter 37, recommendations number 1, 3, 4, and 5, that this committee concur with the recommendations and note compliance. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Could I have a motion for the last recommendation? Mr. Weekes.

Mr. Weekes: — Thank you, Madam Chair. Item no. 2, I move

to concur with the recommendation and note progress towards compliance.

The Chair: — Thank you. Mr. Weekes has moved that for the 2015 report volume 2, chapter 37, recommendation no. 2 that this committee concur with the recommendation and note progress to compliance. Any discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Thank you for that. We shall move on to our last chapter, chapter 54 from the 2015 report volume 2. Ms. O'Quinn.

Ms. O'Quinn: — Thank you. Chapter 54 starts on page 359, and it reports on the results of our follow-up of five recommendations we initially made in our 2012 audit of Liquor and Gaming's processes to procure liquor.

By March 31st, 2015 Liquor and Gaming had implemented two of the recommendations. It had developed written procedures for staff to use when selecting liquor purchases, and formally evaluated new liquor products and shared the results of its evaluations with unsuccessful suppliers.

We also note Liquor and Gaming had started development of a category management strategy to help guide product selection, but it had not yet documented what and how it uses the information to determine whether the product selection meets customers' needs.

It also developed some general guidance in its listing policy to identify underperforming projects, but had not yet developed written procedures for monitoring product performance regarding sales targets, quotas, and product quality. In addition we note that Liquor and Gaming had not yet obtained formal assurance that liquor products sold in Saskatchewan are safe to drink and contain their stated alcohol content.

That concludes my remarks.

The Chair: — Thank you, Ms. O'Quinn. Mr. Lacey, do you have some comments on this chapter, chapter 54?

Mr. Lacey: — Yes, thank you. With respect to the recommendation on page 360 that SLGA ". . . document what it uses and how it uses the information it has to ensure product selection meets its customers' needs," I report to the committee that we believe that this recommendation is currently partially implemented.

We've expanded our use of fact-based data when making product selection decisions, including using customer and product trends, sales performance of individual products and categories, and price analysis. We also now issue product-need letters to suppliers that set out the types of products required and expected retail price points that we believe would best meet customer needs.

[15:00]

We are also developing an integrated sales forecasting and

operating planning process that includes the product requirements of retail store permittees and product availability from suppliers. And we expect these other pieces will be implemented later this year, and that by the end of the fiscal year we will be in a position to say that we've fully addressed the recommendation.

With respect to the recommendation SLGA ". . . obtain formal assurance that liquor products sold in Saskatchewan are safe to drink and contain their stated alcohol content," as noted on page 31, this recommendation has not been completed to date; however we continue to work towards the full implementation of that recommendation. We've completed an interjurisdictional analysis of how other provinces address this issue and have begun development of a formal policy and program that, once is in place, we believe will address this outstanding recommendation.

And the third outstanding recommendation as noted on page 362, related to the development and use of written procedures for monitoring product performance regarding sales targets, quotas, and product quality, we believe we're currently in a partially implemented phase with respect to addressing this recommendation. We have implemented a new industry-specific software reporting tool that monitors and reports product, category, and store sales performance. We've begun using product performance information from other jurisdictions when analyzing a product's performance in Saskatchewan. A detailed category sales forecast will be monitored against actual results and the product selection process will be adjusted as needed to meet customer and revenue goals, based on that analysis. And we believe when we kind of put this final part in place, again we are looking to be able to, next time we're here, indicate that that recommendation has been fully addressed.

And with that, that concludes my remarks. Thank you.

The Chair: — Thank you, Mr. Lacey. Ms. Sarauer.

Ms. Sarauer: — Thank you, and thank you for all your information you provided. So far it's been extremely thorough, and I think the lack of questions so far isn't — well at least from my side; I'm sure I can speak for the other side as well — is not for lack of interest but because you've done such a thorough job in explaining what you're doing in terms of working towards completion of the recommendations with timelines, which is quite fantastic.

I do want to ask a few more questions, more so I better understand what's going on with respect to the recommendations that are partially implemented in this chapter. So for the first one about ensuring that the product selection meets its customers' needs. Could you explain to me a little bit about how that was being done before? And then I understand you're using more data now, from what I understand from what you're saying, than you were using before to try and reach that recommendation completion.

Mr. Lacey: — This is Mr. Gettle's area of responsibility, and I think it would be great to hear from him on this area. Thank you.

Mr. Gettle: — Thank you very much. So at SLGA, we've always used data and various sources to understand what the market needs are. And sales data has come to us in various forms. Most of those forms would be through our warehouse purchases. So we do see all purchases from both the SLGA warehouse as well as third-party beer distributors. We use that data to understand, you know, basically what our retailers are purchasing on the wholesale side. We've also had data on the retail side through SLGA retail stores on what consumers are actually purchasing. So we've always used this data in various forms.

I would say that as we've progressed over the last number of years, we're using it in a more structured format. And as per the recommendation, we now have, I think, a very structured process on the way that it's reviewed and analyzed.

And recently we've actually incorporated an industry-specific software tool that consolidates the information into even a more usable and readable format which allows our product managers and our category manager to use that information to better understand what is and what isn't necessarily selling in the market. And then based on that, we can go out to suppliers to really talk to them about what our product needs are based on the Saskatchewan marketplace.

So to answer your question, we've always used data in various forms. I think over the last couple of years, we've done a much better job of consolidating that data and using it on a more formalized basis.

Ms. Sarauer: — Okay. And so the software tool that been purchased, that's a . . . Are your managers finding that it makes it easier to compile and read the data that you've always essentially been receiving?

Mr. Gettle: — Much easier, yes.

Ms. Sarauer: — Okay. Do you know what the price was of purchasing and implementing that?

Mr. Gettle: — Off the top of my head, I don't know the exact cost, but if I do remember correctly, it was a very nominal amount. I think it was in the range of $5,000.

Ms. Sarauer: — That's great. Okay. Just one second, I have to read my notes here. With respect to one of the . . . I just had a quick question about the Liquor and Gaming's listing committee that was discussed in one of the recommendations that has been implemented. Who is on that committee?

Mr. Gettle: — So the listing committee contains a number of people. There is typically one vice-president on the committee, and I say one because we have a mandate that at least one vice-president is present at all meetings. But there are two vice-presidents that are actually on the committee. We have both of our product managers. We have our category manager, our marketing manager, our purchasing manager, and I believe that's it. I think there are seven members in total.

Ms. Sarauer: — Okay. And they meet monthly?

Mr. Gettle: — Yes they do.

Ms. Sarauer: — Are they a new committee or have they been around for a while?

Mr. Engel: — There has been a listing committee for many, many years at SLGA. The current structure and format of it is about two years old, where we have much more robust terms of reference and a more clearly defined selection matrix and process to determine which products will be in fact listed in our stores.

Ms. Sarauer: — Okay. And I assume that matrix — and I see there's some criteria that's included here in the auditor's report — but that matrix is publicly available?

Mr. Engel: — I don't believe we actually have it on our website, but we'd certainly give it to anyone that asks. So we could certainly provide a copy to the committee if the committee would have some interest in that, certainly.

Ms. Sarauer: — Great. Thank you. The other question I had was with respect to, I guess it's the second-last recommendation regarding obtaining ". . . formal assurance that liquor products sold in Saskatchewan are safe to drink and contain their stated alcohol content." I'm assuming there's already something that's occurring to ensure that the liquor that's being sold in Saskatchewan is safe to drink. Can you explain to me what's been done up until this moment and then how you plan on satisfying the recommendations in the auditor's report.

Mr. Gettle: — So yes, definitely there are measures that are put into place. And because the Canadian liquor jurisdictions work together, there is a committee across the Canadian liquor jurisdictions that is basically a quality assurance committee. And so there is a lot of sharing of information and data across the liquor jurisdictions. And so because Ontario is the largest liquor purchaser in the world, many of the products that we carry in Saskatchewan are actually also listed in Ontario. And Ontario does a lot of testing on their products, and so one of the things that we rely on is a lot of the testing information that Ontario provides to all of the Canadian liquor jurisdictions.

Quebec is another jurisdiction that has a lot of products listed, and it also has a very formal testing process. So most of the liquor that is purchased for Saskatchewan would be from large liquor suppliers, and all of those testing requirements, you know, they basically take care of. And it is covered in a lot of the stuff that Ontario and Quebec would be doing.

Ms. Sarauer: — How are you dealing with the liquor that's not being sold in Ontario and Quebec? And I'm in particular thinking about some of the local distilleries and breweries we have here in Saskatchewan.

Mr. Gettle: — It would be required to meet the federal standards as part of their licensing requirements. And then as per the recommendation, that is the one area that we are currently under development. So that is the area that, by the end of our fiscal year this year, we plan on having a very formal process in order to handle those products that aren't carried in those other jurisdictions and the Saskatchewan-based products.

Ms. Sarauer: — And what sort of process are you planning on putting into place?

Mr. Gettle: — We have a number of options that we're reviewing. We are also comparing those options to what the other liquor jurisdictions do as well across Canada, and then based on those options, we'll take a look at a risk-based approach based on the impact to suppliers as well as the risk to the end consumer.

Ms. Sarauer: — So you have a timeline of completing this process and having this implemented by the end of this fiscal year?

Mr. Gettle: — Correct.

Ms. Sarauer: — When's your timeline for deciding . . . That's your implementation timeline. When's your timeline for your decision, essentially, of which of these processes you plan on making? Because I'm assuming you're going to want to make sure that you notify these producers in a timely fashion.

Mr. Gettle: — I don't think I would have a formal timeline on when the actual decision will be made. You know, like I said, it's a work in progress. And we do understand that we need to have something formally in place before the end of this fiscal year, and we've been already in consultations with our suppliers, especially the local suppliers. We've actually done consultations with them to understand their perspective and to try to take into account some of the things that they are already doing, and then by the end of this fiscal year we will be back out with that formal policy.

Ms. Sarauer: — Great. Thank you.

The Chair: — Thank you. Are there any more questions on this chapter? No? Seeing none, there are no new recommendations in this chapter so our committee can conclude considerations. Could I have a motion to that effect?

Mr. Weekes: — Thank you, Madam Chair. I so move.

The Chair: — Thank you. Mr. Weekes has moved for the 2015 report volume 2, chapter 54 that this committee conclude its considerations. Any further discussion? Seeing none, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Thank you. Well that concludes our work today. Thank you so much to Mr. Lacey and the officials from SLGA for your time. We appreciate having you here to answer our questions.

And with that, could I get a motion to adjourn?

Mr. Michelson: — I so move.

The Chair: — Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. This committee stands adjourned to the call of the Chair.

[The committee adjourned at 15:12.]