



STANDING COMMITTEE ON PUBLIC ACCOUNTS

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STANDING COMMITTEE ON PUBLIC ACCOUNTS

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Ms. Vicki Mowat
Saskatoon Fairview

Mr. Randy Weekes
Biggar-Sask Valley

[The committee met at 13:01.]

The Chair: — Okay, good afternoon. We'll convene considerations here this afternoon in the Standing Committee for Public Accounts. I'll introduce members that are here today: Vice-Chair Mr. McMorris, Mr. Goudy, Mr. Michelson. Mr. Fiaz is substituting for Mr. Weekes. Mr. Buckingham is substituting for Ms. Lambert. And we have Ms. Mowat here as well.

We're joined of course by the Provincial Auditor and officials from the Provincial Auditor's office. We also have officials for the Ministry of Energy and Resources before us here today. We'll come back to you. Thank you so much for being here today.

At this point, I'll turn over our considerations to the Provincial Auditor to make their presentation. And we'll deal with, I think, one chapter at a time here this afternoon.

Ms. Ferguson: — That sounds good.

The Chair: — Okay, thank you.

Energy and Resources

Ms. Ferguson: — Good afternoon. Thank you, Mr. Chair, Vice-Chair, members, and officials. This afternoon for this agenda item, there's three different chapters from various reports on the agenda. There's one chapter, the second chapter that we'll be dealing with has new recommendations for the committee's consideration. We will be presenting each chapter in the order that's reflected on the agenda there.

Mr. Deis, my deputy provincial auditor who has recently become responsible for the environment and infrastructure division, which responsibilities include the Ministry of Energy and Resources and its sister ministries, is here with me along with Mr. Jason Shaw. Jason is a principal in the office and has led most of the work that's on the agenda this morning, or this afternoon. I'm still in morning mode. And Ms. Kim Lowe is our committee liaison from the office here.

We're pleased to be here this afternoon. It's been a little while since we've talked about Energy and Resources. It was formerly part of the Ministry of Economy, and at that time that we did the work it was actually part of the Ministry of Economy. So when you go through the report, when it says Economy, we mean Energy and Resources now.

So I'd like to extend our thank you to the deputy minister and his officials for the co-operation extended to our office during the course of this work. So without further ado, I'm going to turn it over to Mr. Deis to make the presentations.

Mr. Deis: — Thank you, Ms. Ferguson. Saskatchewan people rely on the ministry to regulate the safety of oil and gas pipelines. At March 2017, the time of the last follow-up, there were approximately 2,200 licensed pipelines in the province.

Chapter 18 of our 2017 report volume 1, on pages 221 to 225, reports the results of our second follow-up of the recommendations originally made in our 2012 audit of the Ministry of Energy and Resource's processes to ensure

compliance with *The Pipelines Act, 1998* and *The Pipelines Regulations, 2000*. By March 2017 the ministry had implemented two of the five remaining recommendations. The ministry proposed changes to legislation that included the mandatory licensing of flowlines and verifying that pipeline operators have appropriately cleaned up contamination of sites for which they're responsible. These legislative changes received Royal Assent in May 2017 and came into effect in July of 2017.

On March 2017 further work was needed in several areas. While the ministry had written policies and procedures for staff to follow when assessing pipeline design and construction, it did not have written policies and procedures for evaluating pipeline operations. Without adequate written policies and procedures addressing industry standards, staff may lack the guidance necessary to carry out their work.

At the time of this follow-up in March 2017 the ministry was focused on gathering information from pipeline operators to help it better monitor pipelines. It had not started to use its information to monitor pipelines, nor did it have established policies and procedures to evaluate the information it was gathering. In addition it had not set a risk-based assessment approach to verifying pipeline pressure tests and integrity and safety of existing pipelines or monitoring pipeline construction. Rather, it informally prioritized its selection of which pipelines to assess, such as observing pressure tests.

Not having a specific risk-based assessment approach increases the risk of the ministry not focusing its monitoring resources on pipelines and operators presenting the highest risks to public health and safety. And that concludes our presentation.

The Chair: — Thank you for that presentation. Thank you as well to officials here for Energy and Resources. I'll turn it over to Deputy Minister Pushor to introduce his officials and briefly respond to the auditor's presentation. Then we'll open it up for questions from committee members.

Mr. Pushor: — Thank you very much. It's a pleasure to be here today. And we always enjoy a good relationship with both the auditor and the team at the Provincial Auditor's Office as well as the committee.

I'm pleased to be joined here by Bryce Jardine-Pelletier. He's the executive director of field services for our ministry. Brad Wagner is the director of liability management, and Eric Johansen is the director of our pipeline regulatory enhancement program.

Clearly over the last number of years, the auditor has been fairly direct in indicating the need for us to continue to improve and strengthen our work around pipeline monitoring and performance in those areas. We have for some time been committed to and working towards making and strengthening the rules and requirements we need in that respect.

Part of our work, particularly as it relates to licensing and so on, was wanting to get our new online system in place. It was a major IT [information technology] build for us which has changed our work and our environment significantly. And if you think about the thousands of kilometres of pipeline that exist in the province, to start a manual process to do things when we knew an IT system

was coming for literally what are literally tens of thousands of kilometres of pipeline, it was just prudent to delay some of our work until we had that infrastructure in place.

Given that, as has been mentioned, we have successfully brought legislation forward. It's been passed. We are working with industry to deal with legacy pipelines or existing pipelines to ensure that we don't create an enormous body of work that isn't maybe done as efficiently as it could be. So we're working very carefully with industry to obtain the information on pipelines and where they exist, and grandfather those licences out and then build the flowline licensing program in a robust and straightforward manner.

We've always licensed pipelines beyond flowline, so it's not new territory for us. We have experience with it, and we're confident and comfortable in our ability to execute on that. It's really about getting the program in place. We like to debate a bit with the auditor around the fact that flowlines were typically included in a well or facility application, so it's not like they weren't reviewed or we weren't aware of them. But having said that, I think it is prudent that you attend to those flowlines in an independent way. We're working to do that.

In addition to that, there's no question that a couple things really make it poignant. Obviously the spill in the North Saskatchewan in the last couple of years made it really poignant on just how important it is that pipelines are operated to the highest possible standard. And we really have taken an outcome-based regulatory approach for the last number of years. I've had the opportunity to talk to regulators across North America, and clearly moving to an outcome-based approach is what we think is the most effective way to ensure the safe operation of whatever systems you're talking about.

I was recently talking to a counterpart at another place, and he talked about the old way being hunt-and-shoot. You know, you're out there just trying to find violations and prosecute or penalize people for those violations, and really what you want is a fine-and-fix strategy. And more importantly, you want to ensure that companies are diligent in finding any issues they have and fixing them themselves. We aren't on the ground all day, every day like they are. And we want them to have robust systems to manage, to the best of their abilities and to the best way possible, all of the facilities, whether it's pipelines or wells or batteries or whatever we're talking about.

So we continue to work in that regard. And we do intend to fulfill and respect the recommendations involved here, and so are working hard to implement all of them as it relates to putting in place written policies and procedures to guide staff while assessing pipeline design and monitoring construction and evaluation. We would say we feel comfortable we've moved a long way in that area. In fact we have done some of it around the evaluation side, but the monitoring piece is still a work in progress. We haven't quite executed on that at this time.

We agree with and continue to develop our capabilities around compliance monitoring and integrity management. And it's really about saying, does a pipeline operator have the proper operating procedures in place? Do they have their own audit systems and their own inspection systems to ensure they're out there aggressively looking for any issues that might arise over

time, and then aligning our work alongside that to verify that they're doing the things we want them to be doing to ensure safe and effective operation.

The other thing that's been happening is a fair bit of technological advancements are occurring at the same time. So when you think about just remote communications and the ability to see data and process data, if you've ever been into a pipeline company's operating centres, they are highly sophisticated and look a lot like an air traffic controller suite where they're watching an array of issues. And we want to ensure that companies have those systems in place so that we can be confident that they are, on a day-to-day basis, monitoring all of those things. So we continue to work on that in consultation with industry to ensure that our expectations are as strong as they could be, and we move forward in that respect.

And I would say that relative to a risk-based assessment approach, we have implemented a risk-based matrix in 2018, and it's really been helpful for our field team. And if you want to get in to details, Bryce can talk about how it's impacting their work. But it really helps folks have some discipline to what they're doing out in the field.

And maybe I'll stop there and let the committee get on with it.

The Chair: — Thanks for the presentation. Thanks as well for the status update. I suspect members will have questions. I neglected to introduce the Provincial Comptroller's office at the beginning here, so I'll do so now. We have Jenn Clark and Amanda Glowa with us here today, so thank you for joining us. I'll open it up to committee members for questions. Ms. Mowat.

Ms. Mowat: — Thank you very much. And thanks for the detail on the status update, but also the verbal brief that you provided just now. I'm wondering if you can elaborate a little bit on the plans for the new online licensing system and how they will lead to a comprehensive set of policies going forward.

Mr. Pushor: — Well I guess first of all, obviously if any new flowlines are built, we would be licensing them line by line. And so what we're working on right now is to ensure we've got a comprehensive understanding and database on who owns what flowlines out there and where they all are. I guess I would say we have that information today, but it's fractured and so we really can't access it. It makes it very difficult to access. So we're working to try and ensure we build a system that tells us where the existing flowlines are and then put in place the licensing for future flowlines. And perhaps I'll let Eric talk a bit about some of the criteria we're working and developing and some of our processes in that regard.

Mr. Johansen: — Well a couple of comments for the committee . . . Yes?

[13:15]

The Chair: — Sorry, just to cut you off briefly, just so we sort of have this established from the get-go, when you're entering in if you could just introduce yourself briefly. Thank you so much.

Mr. Johansen: — Eric Johansen, director of the pipeline regulatory enhancement program. To add to Laurie's comments,

certainly the online system is going to give us the capacity to license flowlines, which is very important. We're going from licensing roughly a couple of hundred transmission lines a year to potentially a couple of thousand flowlines a year, so the automation is quite critical here.

It'll allow the ministry to develop a process that's risk informed. Hence going forward, once we have an automated system in place, it will be designed so it asks a number of questions and gains data from the applicant that'll determine whether this is a fairly routine application, which can be issued an approval or a licence immediately, or it'll go non-routine, which means that it'll get additional scrutiny from technical and engineering staff.

That allows us to focus our resources more appropriately on high-risk applications and it also creates, we believe, a number of efficiencies for industry in that they will . . . The automated process will be simpler and less time-consuming for them. And it also means that they can move to the next stage of operations more quickly upon receiving a routine immediate approval so that, for instance, facilities can go immediately into production.

Ms. Mowat: — Thank you very much. When we're looking at the Provincial Auditor's report on page 222, there's a discussion about employees being responsible for regulating pipelines. How many employees are responsible for these inspections, and has the staff complement changed in response to any of the auditor's findings over the years?

Mr. Pushor: — Well perhaps I'll make an opening comment and ask Bryce or Eric if they have anything to add. We have a small group that Eric leads right now on the development of the new and strengthened ways of doing business here and are liaising quite closely with industry. We've historically had a very small pipeline unit, but what we're really trying to do is work with our field services team so that when people are in the field they're not just looking at a well or a facility but they're looking across the entire operations, including the pipelines. That has happened historically but we're working to strengthen an understanding and awareness of what the expectations are around pipeline monitoring and pipeline inspection.

We have, as you would know, moved a few years ago to a levy to collect 90 per cent of the cost of the regulatory unit from industry directly. We used to collect, through a series of licence fees, only about 20 per cent of that cost. That's given us the stability in our budget to really stabilize our staffing component. And also we've increased the amount we're taking from industry to support the growth and strengthen our regulatory oversight. So to that end, we've maintained and in some areas grown our field services team. We've certainly added to our pipeline unit, and our intention is to continue to move in that direction. We actually are doing some work right now on assessing what the right complement is out in the field as well as centrally.

And I would just end my comment and turn it over to Bryce perhaps by saying that we also are not afraid to send people from Regina out into the field. So we don't mind taking some of our engineers from head office and saying, we've got an issue or we've got some areas we want to do some extra work. So we do deploy people out.

And maybe the final, final comment would be that in addition to

that we've always had a really great relationship with the universities here in the province for co-op students. And we don't use co-op students for all of our work, but we do take advantage of the fact that we can have more eyes and ears out there. And so they kind of do an initial sweep that helps us gather some initial information on what and where we might need to come back in with a full inspection team and do some work. But I'll turn it over to Bryce and/or Eric.

Mr. Jardine-Pelletier: — Good afternoon, everyone. My name is Bryce Jardine-Pelletier. I'm the executive director of field services. So just to add to Laurie's words there, our pipelines unit is staffed by three engineers, led by a manager who is a senior pipelines engineer, and one technician in that unit as well. And so they will go out and inspect pipeline construction, conduct pressure tests of high-risk scenarios. But they're also supported by our field staff, approximately 30 field staff who are also senior technicians, highly experienced in conducting pipeline pressure tests and inspections as well.

Ms. Mowat: — Thank you. So just as a follow-up, you said there are three individuals within the pipelines unit. Has that number changed recently, or is that what the staff complement has looked like for quite some time? I understand that the field services are helping now, so I appreciate the fact that there is more person power going into that. I'm just wondering about the pipelines unit itself.

Mr. Jardine-Pelletier: — That number has been fairly stable for a couple of years, yes. One of our staff are actually on loan to the PREP [pipeline regulatory enhancement program] group, to Eric's group, and that position has been backfilled by an engineer from one of the field offices.

Mr. Pushor: — Maybe I could just add one point of clarification. The field staff have always had some involvement in pipeline inspection and monitoring. It's not a new thing. We're just trying to strengthen and enhance their involvement in the area.

Ms. Mowat: — Thank you. On page 223 the Provincial Auditor notes that "As of March 31, 2017, the Ministry indicated it received about half of the compliance declaration forms for the approximately 2,200 licensed pipelines in the province." How many compliance declaration forms have been received to date?

Mr. Johansen: — I don't have a precise number, but my understanding is that the vast majority of applications have been received.

Ms. Mowat: — Thank you. There's also a note later, a little bit further down the page, that "Two significant operators had not submitted all of their forms as of March 2017. These are the two largest pipeline operators, who account for about one-half of the pipelines in the province." Who are the companies that I guess were behind in submitting their forms? Are they caught up now?

Mr. Johansen: — One company is not caught up at this point, and that's TransGas. And I'm not actually certain which the second company is. I would have to verify that, but it is caught up now, I believe.

Ms. Mowat: — Thank you. So in the case of TransGas, what's the rationale that's been provided for the untimely submission?

Mr. Pushor: — Well we're working closely with all of our industry partners. In fairness to TransGas, they have a very wide and diverse set of infrastructure out there so, you know, we're trying to make sure we get it right as they come into the system. Our largest oil producing partners are the ones that have completed their work at this point in time.

Ms. Mowat: — Thank you. On page 224 there's a note right at the top of the page: "The Ministry indicated that the two largest pipeline operators have advised they expect to submit a significant number of amendments to their licences." Have these amendments been received now?

Mr. Johansen: — That's occurring in this process, and it largely is updating licences to be consistent and in particular to create consistency of one licence to one pipeline, which in the past has not been universally followed by operators in their applications. So again, it's caught up with the exception of our one operator.

Ms. Mowat: — Thank you. And on page 225 there's a discussion about the legislative change. Just wondering if this change has generated any concern from industry.

Mr. Pushor: — No. We've been working quite closely with industry so that they understand what's coming by way of changes and expectations. And we continue to try and do it in an orderly way so that you're not disruptive in their practices. And while not everybody's uniformly cheering, they are comfortable with what the expectations are and how they're going to have to comply.

Ms. Mowat: — And have abandoned pipelines been remediated by the operators since the change?

Mr. Pushor: — So we've always had some work around abandonment of pipelines. I don't have specific details for you. I could follow up with you but that work has been continuing based on industries' just, I guess, ongoing procedures, not necessarily a sharp change due to the expectations.

Ms. Mowat: — I think that concludes my questions, Mr. Chair.

The Chair: — Questions from other committee members at this time? These are all outstanding recommendations so I guess we don't . . . if that concludes questions at this point. Now there was a couple times that there was a commitment to try to get some information back to the committee. Can you make sure you do so where possible, back through the — am I correct, there was some — back through the Clerk? And I'd welcome a consideration to conclude consideration at this point, or a motion I should say.

Mr. McMorris: — I move.

The Chair: — Mr. McMorris. All agreed?

Some Hon. Members: — Agreed.

The Chair: — Okay, we'll conclude considerations with chapter no. 18 and we'll move along to our next chapter. And I'll turn it back over to the Provincial Auditor.

Mr. Deis: — During the production and transportation of oil and gas, for example when operating oil wells, unwanted events

sometimes occur. These are known as incidents. Incidents generally relate to the uncontrolled release of substances, fires, and damage to or malfunction of equipment. The ministry is responsible for regulating reportable incidents, which is one part of the ministry's overall regulatory structure for regulating oil and gas activities.

In the 2016-17 fiscal year, industry operators reported over 650 incidents to the ministry. Chapter 4 of our 2018 report volume 1 on pages 39 to 56 reports the results of our audit on the Ministry of Energy and Resources' processes to regulate that oil, gas, and pipeline industry operators resolve incidents to protect public safety and environment.

We concluded that for the 12-month period ended September 30th, 2017 the ministry had effective processes other than the areas reflected in our three recommendations. Please note, this conclusion did not extend to the ministry's regulation of the July 2016 Husky Maidstone oil spill. Our audit work on its regulation of this incident was limited as information related to the incident at the time of the audit was with the Ministry of Justice. At that time the Ministry of Justice was determining whether charges under the province's environmental protection legislation were warranted. We did not want our audit to impede or influence that process.

I'm going to focus my presentation on the three recommendations. On page 48 we recommend that the Ministry of Energy and Resources document its classification of risk of reported incidents in relation to oil and gas wells, facilities, pipelines, and flowlines, and its expectations on the nature and timing of ministry involvement.

For each of the incidents we tested, the ministry did not document its assessment of risk of the incident. From discussions with staff involved in regulating incidents, we found they informally assessed the risk of each one and used that assessment to determine their involvement. We found they were aware of the major risk incidents pose. The ministry investigated 14 of 30 incidents we tested. We noted the timing of the initial on-site investigations varied significantly, even where staff had assessed the incidents as representing a similar level of risk.

Also one incident we tested, the ministry did not do an on-site investigation. Management agreed with our assessment that an investigation would have been useful given the nature of the incident. Use of an established process to assess risks associated with reported incidents forces consistent consideration and consequences of an incident and the likelihood of it posing an increased risk to the environment or public safety.

[13:30]

Taking the right action at the right time reduces the risk that industry operators fail to resolve immediate safety risks to the public or the environment or fail to complete required reclamation work. Also documenting the classification of the risk of reported incidents and decisions on ministry involvement needed gives managers the ability to supervise whether staff made responsible or reasonable and supportable decisions.

On page 51 we recommend that the Ministry of Energy and Resources set expectations for documenting key activities for

regulating reported incidents of spills or other incidents relating to oil and gas wells, facilities, pipelines, and flowlines. The ministry had not set expectations of what minimum information it expected staff to document about its regulatory activities to regulated reported incidents. It did not always keep records of its key activities to regulate reported incidents. Also while the computer system it uses to regulate industry is designed and readily available to document its activities, the ministry did not consistently use it to record them.

For 14 of the 30 incidents we tested, the ministry completed on-site investigations; however, for these 14 incidents with investigations, the documentation of the investigations varied significantly. For 5 of the 14, the ministry did not use its computer system to record the results of its investigations. For the other nine incidents, we found the extent of its documentation varied significantly. For example for some incidents, information in its computer system was limited to whether an investigation was completed, and the industry operator's resolution of the incident was either satisfactory or unsatisfactory. For other incidents, information in the computer system included detailed notes of regulatory activities completed showing the nature, extent, and timing of such activities, and investigation results.

Setting clear expectations for all office staff of what key regulatory activities the ministry expects staff to document will help ensure it has sufficient and complete records of its regulatory activities. Not recording information about key regulatory activities, such as results of investigations, in a consistent way could result in information being lost or staff not completing key regulatory activities. For example, corporate knowledge may be lost in the event of staff turnover or staff might miss follow-up of outstanding work.

On page 53 we recommend that the Ministry of Energy and Resources consistently inform industry operators that the ministry is satisfied that industry operators have resolved reported incidents of spills or other incidents relating to oil and gas wells, facilities, pipelines, and flowlines.

The ministry did not consistently notify industry operators whether industry operators resolved incidents to the ministry's satisfaction. For four of the nine incidents we tested with investigations recorded in the computer system, there is no record of the ministry advising industry operators that the ministry was satisfied. Ministry staff from one field office indicated they call operators but do not keep records of their calls. Staff from other field offices indicated they take an exception-basis approach; that is, they only notify industry operators if they were not satisfied. For the remaining five of the nine incidents, ministry staff used its computer system to advise industry operators that the ministry was satisfied with the industry operators' work to resolve the incidents.

Many industry operators have activities in more than one of the ministry's field regions. Having an inconsistent approach to informing operators as to whether the ministry is satisfied with the resolution of the incident may cause confusion. It may cause operators to assume incidents are resolved when they're not. This increases the risk that industry operators may not know the status of the ministry's investigation of the incident and may leave incidents unresolved longer than necessary. That concludes our presentation.

The Chair: — Thanks for the presentation. Thanks as well for the status updates, the actions that have been laid out on this front. I'll turn it over to the deputy minister for a brief response to these recommendations. Then I'll turn it over to committee members.

Mr. Pushor: — Thank you very much. I guess I would start by saying we welcome these recommendations. Certainly as you move from a region-by-region office, keeping hard copy records of a lot of these situations into a central online system, it really lays bare some of the realities that are happening out there. And so we welcome the recommendations and advice.

We have developed a risk matrix which informs us and frankly, as you work on any of these things, you're in a bit of a change management process. And increasingly the field staff are appreciative of it because it provides much more clarity on the expectations on them and helps them be more efficient in their work. We are moving on the second recommendation and believe that we'll have, as the report says, we believe we'll have that completed in the first quarter of 2019. We're just frankly fine-tuning and finalizing that so that we can move forward with it.

And the last one, we are talking about it and we are working towards it, but the auditor quite rightly says we should properly document these things, and we will. Industry has never really complained or asked us about it, so as we prioritized our work, it was the third priority to attend to. But I'll stop there.

The Chair: — Thanks for the response to the recommendations, to the chapter. Looking for questions from committee members. Ms. Mowat.

Ms. Mowat: — Thank you, and certainly appreciate your comments as well. On page 40 in chapter 4 the auditor notes that our "... regulatory structure places the onus on the industry operator of a well, facility, pipeline, or flowline to be the first to notify the public and/or landowners of immediate risks to public safety ..." where incidents occur, as part of their emergency response plan. Is this comparable to what happens in other provinces as well?

Mr. Pushor: — Yes it is. They are the people there operating the facilities on a day-to-day basis and so we want to ensure that they have a good emergency response plan. And then part of what we do in an incident investigation is look at whether they adhered to their emergency response plan as well.

Ms. Mowat: — Thank you. On the next page there's figure 1, the number of incidents reported to the ministry. It shows 2012-2013 to 2016-2017 and demonstrates that there is a decrease in the number of industry operators reporting incidents, although there's variation in the number of incidents that have been reported. Just wondering what you think can explain this decrease.

Mr. Pushor: — I think first of all, those years also coincide with a slowdown in the industry, and so you're seeing some drop-off just because activity declined somewhat. It's always an interesting conversation about whether you want to look at the number of companies reporting incidents or the number of companies who aren't having incidents to report.

We haven't seen anything that alarmed us at this point in time around whether companies aren't reporting. And that's part of what our field staff work on, on a risk-based way forward, is if a company was reporting 10 incidents a year and suddenly they had none, you know, you might go out and have a little peek and make sure that they've in fact improved their performance, not just quit reporting.

Ms. Mowat: — Thank you. On page 44 just at the top of the page there, it's discussing industry certifications and includes the Hydrogen Sulphide Alive training, H₂S Alive training. Who regulates this training?

Mr. Jardine-Pelletier: — That would be regulated by occupational health and safety.

Ms. Mowat: — Okay. Is there any oversight on whether workers have adequate training?

Mr. Jardine-Pelletier: — Well it's not something that our field staff would check for. You know, it's an obligation by the employer to make sure that their staff are adequately trained and have the necessary safety courses and certifications.

Ms. Mowat: — Thank you. There's also a note about halfway down the page: "In addition each had up-to-date H₂S certification, as the Ministry expects." In terms of non-ministry workers in the field, is it the company's responsibility then?

Mr. Jardine-Pelletier: — Yes.

Ms. Mowat: — Okay, thank you. On page 45, also at the top of the page, the auditor is talking about non-compliance issues, incidents of non-compliance. How frequently are these incidents occurring?

Mr. Jardine-Pelletier: — Could you specify which part of the report you're referring to?

Ms. Mowat: — Sure. In terms of talking about suspending a licence, we're just at the top of page 45 in section 4.2, "Regulatory Direction About Incidents Sufficient."

Mr. Pushor: — So we are in the process of trying to develop a bit of a dashboard that would make some of this data more readily available. We don't have it with us to be able to say how many times did we execute any number of our administrative penalties, but we are working to try and make a much more robust and transparent reporting on that. If you and I spent quite a bit of time, we could figure out how to find it in IRIS [integrated resource information system]. But we're trying to build a dashboard to make that more readily available.

We routinely use those administrative sanctions as a much more effective way to bring industry into compliance. So we see an escalation of activities where we might say, you've had a spill at a well. We're going to want you to shut that well in. Sometimes they'll do it voluntarily; before we're even responding, they've already got the facility shut in and they're looking to identify the problem and repair it.

We may take the formal step of saying it's formally shut in and we need to see it before you restart it. Then we can escalate a

number of administrative strategies to bring a company into compliance that can include suspending their ability to apply for new licences, shut in facilities beyond the one in question. So we will escalate if required to bring conformity and compliance in.

Ms. Mowat: — And presumably that dashboard you're talking about is running in concert with the new online licensing system. Yes, and that's one of the benefits, is being able to capture that data and seeing it overhead. Okay.

Mr. Pushor: — Maybe I would just say it's also important that we get consistent. And so the recommendations here are really valuable; if you're going to report in a detailed way, then you better be sure you're reporting the same thing from each field office in a consistent way.

Ms. Mowat: — Thank you. On page 46 under "Incident Reporting Thresholds Reasonable," the auditor notes:

We noted the Ministry improved, in 2015, its incident reporting requirements by requiring industry operators to report incidents where any volume of sour gas that poses a danger to human health, domestic animals, wildlife, or the environment is released from wells or facilities. This change expanded reporting required from industry operators.

So the 2015 changes changed the concentration threshold of the H₂S [hydrogen sulphide] reporting requirement. What is that threshold now?

Mr. Pushor: — It's 1,000 parts per million, but in addition to that we require to report where any risks were. So if it poses a danger, as you outlined and as the auditor outlined in the report, so 1,000 parts per million are the reporting standard. That's to us, correct? And I would say that that standard is below a risk to human health when it's in a general way. But we do have a concern where things may have occurred in concentration that could present an issue beyond whatever a measurement might bring in, so we've asked industry to do that additional reporting.

Ms. Mowat: — Thank you. And we also understand there were some regulatory changes that were being considered that weren't implemented. Can officials speak to this, and what the consideration process was?

Mr. Pushor: — I'm sorry, can you help me?

Ms. Mowat: — Just in terms of venting and flowing, we understand there were some regulatory changes that were being considered that didn't end up being implemented.

Mr. Pushor: — I'm not sure I can speak to that in a detailed way. Obviously any time we're bringing forward regulatory changes, we look at a wide range of options and then come in with what we think are the best and most appropriate strategies going forward. I'm not familiar, off the top of my head, with a specific situation where someone was recommending something that we didn't implement, but generally speaking we like to look at a whole array of options before we select what we think is the most effective approach.

I would say this was — back in particularly in '12, '13, '14 and into 2015 — our top regulatory worry, if you will, out there. And

we put a great deal of time and energy and continue to do so to ensure that a number of things happen. First and foremost that everyone in industry understands the relative risk associated with H₂S. It is profoundly unforgiving and therefore you must be very vigilant in your work in that space. And so too did we take steps to strengthen our oversight and our activities to help companies really come to understand that we're serious about this and we expect them to come into compliance.

[13:45]

I would say that we were receiving real numbers, I guess you would say, of complaints from the public. And since we really focused some energy and had a very good response from industry, our public complaints on H₂S and odour and those types of things have dropped off to very low numbers at this point. And so we think that's a signal of some very good compliance by industry.

Ms. Mowat: — Do you have the specific number of public complaints before and after, or is that anecdotal?

Mr. Pushor: — We're making a list here. We'll provide that information to you.

Ms. Mowat: — Thank you. In terms of the existing penalty structure then, how frequently would there be a penalty implemented, or do you know that information?

Mr. Pushor: — To be honest, if you're talking about a fine, almost never. Our administrative penalties though are profoundly onerous and the impact of them are significant. If we insist you shut off your well, you've immediately lost your revenue stream. So there's a very clear motivation, if you will, for an operator to come in. And as we escalate, it just becomes increasingly onerous and more difficult for them to operate. So until they're ready to come in and operate effectively, the pain will be significant and it will increase. So we have pretty good response from industry when we come in and identify our problem and request it to be addressed.

Ms. Mowat: — And how frequently would you say that that happens where the penalty is shutting down an operation?

Mr. Pushor: — Well again I think we can get some specific information on how often we've used administrative penalties. To be honest . . . I don't know, Bryce, whether you have any data with you. But often just, I guess what I would say is we are very fortunate here in Saskatchewan having an industry that is motivated to operate at the highest standards. And they by and large understand the risks associated with their industry and are committed to the safety of their personnel and the public and protecting the environment. So a lot of times it's just helping them catch up where something's fallen through the cracks or they just haven't got a chance to attend to it yet.

So we will share the data with you on how often we have to move to administrative penalties, but lots of times with a good, reliable operator we will be a bit more informal and just say, you know, the sign fell off the entrance to your well site. You need to get your sign back up. The new matrix we put in place and some of the expectations of field staff is we will still want them to record that so that we have good data on what's happening out there, but

at the same time it's not quite . . . It's not escalated as formally, I would say.

Ms. Mowat: — Thank you. On page 51, the second paragraph, the auditor notes, "The Ministry does not provide staff with written expectations to guide them when completing on-site investigations and to assist them in determining what key information to document . . . [expecting] staff to use their discretion and judgment." Is there any progress towards addressing the variation that's been noted here?

Mr. Jardine-Pelletier: — That's something that we continue to develop. I could just speak a little further perhaps, just as an example, using the risk matrix that we developed. So our field staff have this as a guidance document now. And so when they're responding to an incident, they're looking at the incident from two different categories, so to speak. And one is the consequence of the incident and one is the likelihood of it escalating.

And so looking at those two categories, they assign a level of . . . or they rank them on a scale of 1 to 4 whether it's from a minor issue to a catastrophic issue. And then in the likelihood of it escalating, again it's scored from as low as one with it unlikely to escalate, to almost certain it would escalate. And so that's one example of some of the guidance documents that we're working to help our field staff in the work that they do.

Ms. Mowat: — Thank you. On page 53, when looking at the third recommendation, that the ministry consistently inform industry operators that it is satisfied that they have resolved reported incidents or spills, this was alluded to briefly in terms of the fact that consultations are ongoing or that maybe they were put on the back burner while other pieces were coming forward. Can you explain what the nature is of these consultations, any challenges that exist there, what the proposed timeline is?

Mr. Pushor: — I would expect we will in . . . We've set a goal of trying to make sure that when the auditor recommends something to us, they don't have to come back and recommend it to us a second time. So we're going to try to work to that type of an approach. So I would expect in the next calendar year we would have concluded this. And it's not complex. It's really about saying what's the best mechanism to report it's done, and then helping our team make sure they understand what that means. You know, is it 90 per cent, 95 per cent, or is it 100 per cent? And you know, if you think about a small cleanup on a site, you know, someone might come in and it's all done. It's all good. They just haven't spread the gravel back on. Are you releasing them then or are you going to wait until you see the gravel?

So we just want to fine-tune it a little bit. We thought the first two recommendations were a higher priority, so we've put more energy in that area. So we will attend to this.

Ms. Mowat: — Thank you. I have no further questions.

The Chair: — Just on that point, is there any concern about liability on that front? Because there'll be a communication to, potentially from the ministry, to suggest that the site has been remediated at that point from the view of the ministry. Is there any concern that once you've communicated that, if there's other issues that weren't fully examined at that point that arise later on as to who the liability sits with at that point, whether it's the

government then or the operator?

Mr. Pushor: — Well that's a very important consideration, and we would not be releasing them from their obligations on a proper remediation of the site in the long term. We would just be saying, this incident has been attended to, to our satisfaction. And you know, clearly that's part of our work is to make sure we understand the implications before we finalize it.

The Chair: — Thanks. I appreciate that. And then just to follow up on one other, back on the area of where the onus lies on the operator to inform the landowner, the public, government when an incident occurs, do you have circumstances where you found operators haven't reported incidents to the public and to yourself?

Mr. Pushor: — Again I wouldn't be able to speak to a specific. We had one incident or two incidents, but I would say that that is a key part of an investigation is to ensure that their emergency response procedures were followed properly. First of all that they had good and robust emergency response procedures, and that they followed it properly.

And, you know, it will include for them a risk assessment. So if you're dealing with an area of sour gas, you're going to have a call-out pattern that you're going to want to structure based on risk, and we would expect an industry to have looked at that — who is closest — and let's get the right kind of good notification strategy in place.

I would say that particularly where people are working with H₂S, the industry keenly understands their obligations in this space. We've done some work with them to improve and make more efficient the reporting to government, but often we will know before the industry calls us because they're going to call the neighbour first and then call us, and sometimes the neighbour calls us. Sometimes the neighbour can beat the company to the draw in getting our field staff rolling. And remember that when our field staff are out there, they're just there to monitor the performance of the company in attending to the incident. So the company's trying to get their resources deployed and the public notified and bring us into to oversee what they're attending to.

The Chair: — Well thanks. So monitoring that response is, of course, very important, but just back to the point of whether or not it's been reported or not. Did I hear you properly that there's a couple incidents that you have found weren't reported to government as is expected? Is that correct?

Mr. Pushor: — I would have to go and check data on that. I think we have a high compliance rate on reporting incidents, but I can go back and check that data for you as well.

The Chair: — Sure, I'd appreciate. So if you can undertake to provide back to the committee, over the past number of years — maybe, you know, highlight the years in question — whether . . . highlight circumstances if you've found somebody that there's an incident that's occurred and the operator hasn't done the proper information or informed government and the public. Any other questions from members? Mr. Michelson.

Mr. Michelson: — Yes, thank you. I just, couple of things you've kind of alluded to is the timeline on the last two

recommendations. Do you have an approximate timeline of when you expect that they will be complied with?

Mr. Pushor: — I do. We expect the second one to be completed in the first quarter of 2019. And I would expect the third recommendation to be completed not that long afterwards, but we will attend to it for certain in 2019.

Mr. Michelson: — The second thing I would like to know, with the regulatory policies and that, do we work with neighbouring jurisdictions like the province to the west or across the border as far as kind of coordinating regulatory agendas?

Mr. Pushor: — We do, and those relationships occur at all levels, I would say. And sometimes the relationships drift a little bit, but by and large at a working level we are a member, a founding member of the Western Regulators Forum, and that was started as a partnership between ourselves, Alberta, and British Columbia.

And the intent is to meet as regulators in a place where we're not necessarily concerned with philosophical approaches to regulation or different strategies governments might be trying to execute, but more focus our energies on what are the issues that we're seeing and what are the inconsistencies that are causing industry angst. And we've just been kind of methodical in picking a project or two at a time so that we can actually deliver on harmonization in part but also to share resources as we try to attend to some problems.

Mr. Michelson: — Thank you for that explanation.

The Chair: — Any further questions from folks? It seems that we've had the first recommendation. I believe there is compliance in place so I'd certainly welcome a motion that we concur and note compliance. Mr. Goudy moves. All in favour?

Some Hon. Members: — Agreed.

The Chair: — Okay, so that's moved that we concur and note compliance with respect to recommendation 1. How do we want to deal with recommendations 2 and 3? We've heard a fair amount of progress and timelines with respect to 2; 3, we're being told, that will be implemented shortly thereafter. Mr. Michelson.

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

The Chair: — All agreed? Moved by Mr. Michelson that we concur and note progress with respect to recommendations 2 and 3. All agreed?

Some Hon. Members: — Agreed.

The Chair: — All right, that's agreed. We'll move along now to chapter 17. And I'll turn it over to the auditor's office.

Mr. Deis: — By law, the oil and gas industry remains responsible for cleanup of oil and gas wells. The Ministry of Energy and Resources uses four programs to regulate the future cleanup of wells. Chapter 17 of our 2018 report volume 1, on pages 219 to 232, reports the results of our second follow-up of the

recommendations originally made in the 2012 audit on the Ministry of Energy and Resources' processes to regulate the future cleanup of oil and gas wells.

By February 2018 the ministry had implemented four of the six remaining recommendations.

Key improvements included:

Dedicating more resources and skills to manage its oil and gas well cleanup programs, and cleaning up orphan wells sooner.

Assessing the reasonableness of cleanup work cost estimates it uses to determine the financial risks of oil and gas companies not being able to pay for cleanup. The ministry uses this risk assessment to determine which companies should provide security deposits and the amount of the deposit.

Extending its auditing of companies' reclaimed well sites to include audits of reclamation reports that did not identify anomalies and/or discrepancies.

Giving legislators and the public better information about its regulation of the risk related to future cleanup of oil and gas wells and facilities.

[14:00]

Tricky areas remain where further work is needed. First, the ministry was in the midst of considering how best to address long-term financial risk to industry from the associated environmental risk related to the increasing number of inactive wells and facilities. The total number of inactive wells increased by almost 90 per cent between 2005 and 2017. Inactive wells are wells with no reported production activity for 12 consecutive months. As of February 2018, the ministry had not completed its analysis to determine if its programs adequately protect industry from financial risk related to cleanup of inactive wells. This includes the risk of licensees with financial difficulties passing costs of cleanup on to the rest of industry.

Secondly, the ministry was continuing to assess environmental risk posed by 9,000 legacy well sites to confirm the ministry's preliminary risk assessment as low. As of February 2018, because assessment work was not yet complete, the environmental risks of legacy well sites are unknown. Legacy well are wells that industry cleaned up and received a release from landowners prior to 2007.

Effectively managing cleanup programs is key to reduce financial and associated environmental risks related to future cleanup costs of oil and gas wells and related facilities. And that concludes our presentation.

The Chair: — Thank you very much. Certainly an important focus. I'll turn it over to the deputy minister.

Mr. Pushor: — Thank you very much. We've been working very diligently over the last number of years to strengthen our performance, I guess you would say, around ensuring that inactive wells are managed properly by industry, as well as industry has a deliberate strategy on proper abandonment. We would characterize it as a work in progress. Certainly the growth

in activity over the last number of years has changed the landscape, if you will, in terms of the number of inactive wells out there. And it's important we attend to these things; that is why the orphan well program was brought into effect a number of years ago.

The orphan well program says any well that no longer has a corporation responsible for it — so in the event of a receivership — that industry is obligated to clean up that well through the orphan well program. We levy industry on an annual basis against what we anticipate the liabilities are out there and what the cost of cleanup will be. We think it's a pretty solid program. I think it's fair to say we all worry about if we ever had a large failure and suddenly inherited a large number of wells that needed attention.

We get into some fairly interesting discussions around transfer of liability. Can an operating well be transferred and leave the legacy well that's inactive there for someone else to figure out? We've taken steps to strengthen those transfer provisions. And we await with keen interest a decision out of the Supreme Court around how environmental liabilities will be handled in the case of bankruptcies. That will inform policy as we move forward in this space.

In the interim we've used a pretty aggressive strategy around what we will allow to transfer and what we won't allow to transfer and what our expectations of industry are, both in the event of a bankruptcy but also in the event of just the sell-off of certain assets by some companies, as well as any merger and acquisition activity that's under way.

And I would say — it's funny, I've been in Saskatchewan now for 15 years and I still think of myself as a bit of a newcomer — but in a typically Saskatchewan way Brad and his team just worked through some practical ways to attend to this in the interim. And the industry has responded quite favourably; we've had industry accepting what our advice has been around what transfers we will approve and what we won't, or what securities we will require be put on deposit in order to secure that transfer. That's not the best long-term solution, but the decision of the Supreme Court will inform what those strategies might look like going forward.

I would also say, as you look across North America at the liability in this space, in Saskatchewan we're very fortunate that we have a clear line of sight for every well in the province to an owner, or it's orphaned. And our orphan numbers are around about 400 wells right now.

Mr. Wagner: — Yes, it's Brad Wagner, director of liability management. In terms of orphan numbers, we have abandoned and cleaned up about 350 orphan wells since we began the program. And we currently have about 225 that are awaiting decommissioning work.

Mr. Pushor: — And I would just conclude by saying it's an area of keen interest, but we're very fortunate that wise legislation and regulation required that companies hold those assets for the long term and those liabilities for the long term. I was recently talking to regulatory counterparts in parts of the United States where they have a significant issue with wells that they have no ownership that they can identify for. And that means it will fall to the state

to determine how they intend to manage cleaning up and properly abandoning those wells. So a very important conversation and we look forward to the questions.

The Chair: — I'll open it up to committee members. Ms. Mowat.

Ms. Mowat: — Thank you very much. On page 221 the Provincial Auditor notes that the ministry created the liability management branch. Can you speak to what the staff complement is of that branch?

Mr. Wagner: — Yes. The staff complement is eight persons including myself.

Ms. Mowat: — Thank you. Is that eight full-time?

Mr. Wagner: — Yes it is.

Ms. Mowat: — Thank you. And you answered that question already, which is great. On page 225 the Provincial Auditor is talking about 36 legacy well sites that were inspected since February 2015. I know there was some discussion about the fact that the ministry sees these as low-risk sites. So is 36 sites seen as an adequate sample out of the 20,000 sites that exist, given the risk assessment that has taken place?

Mr. Wagner: — No, we don't view the 36 sites as adequately being able to confirm an opinion on them. The 36 sites that were conducted in the summer of 2015 were, you know, as many as we could physically do in the season. So you know, initially when we set up that program to go and investigate these legacy sites, we hadn't selected or calculated a sample size from the population simply because we knew that we wouldn't be able to meet that sample size in a single season. So we did what we could do.

And then in subsequent years now we've purchased some UAVs [unmanned aerial vehicle] or drones. And we've been, you know, flying legacy sites for the last couple of summers now. So in total we've done about 105 sites, and we're going to continue our investigation in the next year as well. We're going to focus on sites next year where the licensee no longer exists, whereas previously they were completely randomly selected.

Ms. Mowat: — Thank you. The report also says that "In February 2018, senior management indicated the Ministry was considering how to best further assess legacy well sites." Can you speak to what the findings were of that consideration?

Mr. Wagner: — Where is this at, sorry?

Ms. Mowat: — Just on the bottom of page 225. You spoke to some of the changes in terms of determining which sites to assess. Was that the result of this consideration process, and were there any other findings?

Mr. Wagner: — Yes. Yes I think what that's referring to there is something that I've already spoken to. So we initially started off with 9,000 legacy sites. Out of the total 20,000, there's 9,000 that actually produced oil or gas. And so we have subsequently cut it down to about 1,300 sites that produced oil and gas, and also the licensee no longer exists. I think that's what that's referring to there.

Ms. Mowat: — So can you just speak to the overall plan for assessment of the sites, just to provide a bigger picture of what the ministry's plan is?

Mr. Wagner: — Like the way we investigate a site, you mean?

Ms. Mowat: — Mmm hmm.

Mr. Wagner: — Yes. The first year that we investigated legacy sites, we actually had a crew go out with equipment and stake off the site and break it into grid points. And they measured . . . Firstly they looked for signs of contamination, stress vegetation, staining, oil staining, what have you. And then in each gridded cell they measured various factors: topsoil depth, the density of the crop, the height of the crop, the health and vigour of the crop, soil compaction, those types of things. And then they compared those measures to controls that were taken around the outside of the leased area and, you know, it was all documented.

And that was sort of the investigation process to, you know, determine if there was an impact on one of these old legacy sites. And you have to bear in mind too that when you arrive out at the field, I mean it's a wheat field, so you're looking for any anomalies that might exist within that wheat field.

Now in subsequent years, now that we've got the UAVs, we're no longer doing an obtrusive field test. We fly the site and produce the aerial imagery. And we review those and study those photographs for any signs of, you know, environmental impact or stressed vegetation or what have you.

Ms. Mowat: — Thank you. In terms of inactive wells, on page 226 of chapter 17, figure 3 shows the total number of inactive wells in Saskatchewan has increased by almost 90 per cent between 2005 to 2017 to about 30,000. Do we have the current number of inactive wells?

Mr. Wagner: — The current number, I don't have the exact number but it is right around 30,000 still.

Ms. Mowat: — Thank you very much. And on page 228, figure 5 shows some examples of regulatory requirements of other jurisdictions that are related to inactive wells. Is the ministry considering implementing any of these approaches?

Mr. Pushor: — We continue to monitor things very closely. At this time our consultations with industry suggest we don't want to get into creating an artificial environment around this so a company may in fact return wells to production. There's any number of reasons for that. There may be other uses in terms of conversion to injectors for various EORs, enhanced oil recovery strategies or other purposes. And so an arbitrary fixed date is an area that we're reluctant to consider.

Certainly we are involved in ongoing discussions with industry on wanting to work to ensure that this liability is managed appropriately, both for those industry players but also for the people of Saskatchewan. And so we're looking for what we can do to try and determine what the right kind of trigger points are for when a well should be abandoned. We have some people in industry that say a well is never not an asset because we don't know today what we might know in a year. We debate that point with them a little bit and think there is a right way to proceed

with asking industry to be more deliberate.

I would also say that most industry players also understand that this is a liability for them, and so they have a vested interest in trying to manage that liability to the best they can as well for their own self-interest. And so we have seen industry working hard to deploy as much capital as they reasonably can in their mind to abandonments.

And lastly I would say we are working with industry on a number of strategies to look at the most effective but also perhaps the most efficient way to abandon wells. And if we can find new approaches and new strategies that lower costs, it means industry will have more ability to attend to wells.

[14:15]

Ms. Mowat: — Thank you. I have no further questions, Mr. Chair.

The Chair: — Other committee members? Mr. Michelson.

Mr. Michelson: — Just a clarification. When we talk about wells and abandoned wells, are we talking about actual wells, or would drilling sites that were never established as operating wells still be identified as part of abandoned wells?

Mr. Wagner: — Yes. So you're looking for a definition of an abandoned well, basically. And it is different than what it sounds like. An abandoned well sounds like something that somebody walked away from, but in industry terminology an abandoned well is one in which . . . So it's reached its economic life and the oil and gas company has gone out and decommissioned it, cut the wellhead off, fill it with cement, and weld a cap onto it about a metre below grade. So that's an abandoned well.

Mr. Michelson: — So if there was a drill site that they tested and nothing ever produced, came to production out of it . . . It was just a test site that they did, but they had the derrick and the drilling operation, and then finished, cleaned up, and left. Is that considered a well of sorts?

Mr. Wagner: — Yes. Absolutely, yes.

Mr. Michelson: — Okay. All right. Thank you.

The Chair: — Just as far as the fund itself to deal with orphaned wells that's been established, what sort of test, sort of actuarial test or assessment have you gone through to determine its adequacy or its sufficiency?

Mr. Pushor: — This is a key point of discussion between ourselves and the auditor around what is appropriate and what should we be doing. We will continue to be engaged in those discussions with the auditor and look for those areas. The fund as it's structured today holds assets that would attend to the wells that are orphaned presently and a modest anticipation of what else might come.

I think — I don't think, I know — the auditor is keen for us to have a much more engaged conversation about what the overall liability looks like and what might be more appropriate in evaluating sort of the long term, if you will, in terms of attending

to all 30,000 inactive wells.

The Chair: — Do you have numbers to that, as far as what that actual, what the liability is? I know what looms large in this whole thing is the Redwater case as well to the Supreme Court, and I suspect it . . . So, I guess, two parts. Do you have a number based on our current understandings of who's responsible for the cleanup of a well, which this fund was originally structured for? Do you have an assessment of what that liability is right now?

Mr. Pushor: — Well I guess I would say first of all that the entire notion of the orphan well program and our licensed liability rating program is designed to ensure that industries have the capacity to attend to proper reclamation of all of their facilities across the province. And so what should the industry . . . So that's an individual company.

What should the industry hold within an orphan well program as an appropriate security is a point of active conversation between ourselves and the auditor, and so too is the point of discussion around what, if anything, the overall picture looks like. And I'm going to say a number that might make everyone jump a bit, but I'm going to add some context to it. If you want to reclaim the entire industry as we know it today, we anticipate that that might be in the four- to four-and-a-half-billion-dollar range as a cost to properly reclaim the entire industry as we know it today.

And I would just want to give you context on that, because that's a big number. That is about what we expect the industry's capital expenditures to be in the province this year. So if you use that context it's about one year of what industry is spending that would be required to properly reclaim the entire industry. But this is a point of discussion that we look forward to many conversations with the auditor going forward.

The Chair: — Just turn it over to the auditor for a moment here.

Ms. Ferguson: — So where we're coming at it from the audit office is not so that, you know, it's really . . . What we're saying, as a ministry you need that type of information so that you can make sure that you're levying the right levies on the industry. And so it's part and parcel of just information so that you're making evidence-based decisions in terms of, do you have the right levy, you know, so that you're not in a situation that industry feels like they're having to pay for cleanup that some other person in the industry paid for, right?

You know that they . . . Ideally it's the owner/operator pays for their own cleanup, but sometimes the way that the orphan well fund is is that you pool all these levies together. And so you want to just make sure that you're forecasting how much that liability's going to so you can basically levy the correct amount of levy or as close as you can get.

And it's not an exact science, you know, so it's something that you're going to . . . You know, as everybody realizes in Saskatchewan, the size of our players looks different than what it does in some other jurisdictions like, for example, Alberta. So it makes it a little bit more complex for the ministry to figure these things out.

You know, we realize as an audit office . . . But it's something that, you know, they've got to be on top of all the time and it's

always a balancing game. Like how much can you levy, you know, that you're not impairing the viability of your industry, but yet at the same time really enforcing the concept that industry pays for their own cleanup. So it's not easy — complex and yes, lots of discussions.

The Chair: — Have you run scenarios based on, I guess, the outcome of the Redwater case to the Supreme Court, whether it's upheld or whether it's not? Because I suspect that really changes the forecasting around the liabilities themselves.

Mr. Pushor: — Well first of all, if the Redwater decision is upheld, no government in this country can't not act. That's not an option. We would think the federal government would be wise to deal with bankruptcy legislation in order to protect all of us against the shedding of environmental liabilities, not just for the oil and gas industry. In the meantime, we've been looking at remedies that are in our area of responsibility that we might take should the Supreme Court decision uphold that.

But there's no way a government can't not act in this space. We would need to bring something forward. Now as I said, we have some interim things we've been doing that have served us well, so we're not in a, you know, urgent, urgent place. We think we could continue some of those processes, but in the meantime we would need to look for a permanent remedy.

The Chair: — Thanks for the information. Obviously this is really important and, you know, our committee here isn't to sort of look into the future; it's to look at the past and it's an after-the-fact audit. But certainly this is an important area that probably would fit well into a policy field committee at some point as well.

So certainly it's, you know, I think it's certainly important that we're intervenor in this case. Also very important to be playing out the different scenarios and then to be there looking at contingency actions to make sure that operators aren't able to shed liabilities and place those on the people of the province.

So any other questions? These are outstanding recommendations here so we don't need a vote on each of the recommendations. I'd certainly welcome a motion to conclude considerations of this chapter.

Mr. Michelson: — I so move.

The Chair: — Moved by Mr. Michelson that we conclude. All in favour?

Some Hon. Members: — Agreed.

The Chair: — So moved. Thank you so much to folks around the table. Thank you to the officials with Energy and Resources for your time here today. And thanks to all those in the field and throughout your ministry, and those involved in the industry for the important work that we're discussing here today.

We'll take a quick recess and then we'll move along to Labour Relations and Workplace Safety.

[The committee recessed for a period of time.]

Labour Relations and Workplace Safety

The Chair: — Okay, we'll reconvene here. We'll move along to considerations relating to the Ministry of Labour Relations and Workplace Safety. Thank you to the deputy minister and officials for joining us here today. Once the auditor has presented, please introduce the officials that are here and respond accordingly. But at this point I'll turn it over to the Provincial Auditor.

Ms. Ferguson: — So this afternoon for the session I'm joined by Trevor St. John. Trevor is a deputy in our office and he's responsible for the education division in which the responsibilities include the Ministry of Labour Relations and Workplace Safety. And Ms. Kim Lowe continues to be with the committee here.

So this afternoon we've got one chapter on the agenda. It does contain just one new recommendation for the committee's consideration. Mr. St. John's going to make the presentation. But before he does so, I just want to extend a thank you to the ministry and deputy minister — or, I guess, you assume the role — and the staff for the co-operation extended to our office during the course of this work. I think, as you'll find in the presentation, I think generally speaking it's a relatively good news story. So without further ado, I'm going to turn it over to Trevor.

[14:30]

Mr. St. John: — Thank you. In 2017 for Saskatchewan, WCB [Workers' Compensation Board] reported that there were 27 fatality claims accepted. It also had 7,888 time-loss claims. On average, 40 days were lost for these time-loss claims in 2017.

Fatalities cause irreversible and immeasurable harm to those affected. Injuries also result in time loss that affects the injured workers, their employers, and is a cost to society.

Chapter 6 of our 2018 report volume 1, starting on page 73, reports the results of our audit of the Ministry of Labour Relations and Workplace Safety's processes to implement strategies to reduce provincial workplace injuries to 4.32 per 100 full-time workers by 2020. We concluded that for the 15-month period ended November 30th, 2017 the ministry, except in the area noted in our one recommendation, had effective processes to implement strategies to reduce provincial workplace injuries to their goal.

Labour's key strategies to reduce injury rates include directly working with employers with higher-than-industry-average injuries, proactively and reactively inspecting workplaces, issuing tickets for offences, and promoting the importance of workplace safety. We found that the ministry's strategies were making a difference in reducing workplace injury rates.

I plan to focus the rest of my presentation on our recommended area. On page 84 we made one recommendation. We recommended that the Ministry of Labour Relations and Workplace Safety issue its summary offence tickets under the occupational health and safety legislation consistent with its policy. The ministry uses summary offence tickets as one enforcement strategy to prevent future injury; however it does not consistently issue them as fast as this policy expects.

The ministry's policy is to issue tickets within one calendar month from the date of an offence. For 10 summary offence tickets we tested that were issued between September 1st, 2016 and November 30th, 2017, the ministry issued all of them consistent with *The Summary Offences Procedure Act* and issued those tickets within four calendar months. However, for 3 of the 10 tickets we tested, the ministry did not issue them within one calendar month from the date of the offence as its policy requires. Prompt issuance of summary offence tickets reinforces the importance to employers of addressing the identified violation. A summary offence ticket issued prior to an injury occurring would assumedly have a higher likelihood of injury prevention. This concludes my presentation.

The Chair: — Thanks for the presentation and the important focus. I'll turn it over to the deputy minister to introduce officials and respond briefly. Then we'll have questions from the committee.

Mr. Murray: — Thanks. I'd like to begin by extending my thanks to the Provincial Auditor for their work in reviewing Minister of Labour Relations and Workplace Safety's efforts to reduce provincial injury rates. And I'd like to introduce my staff who have accompanied me today: on my right, Louise Usick, executive director, corporate services; on my left, Ray Anthony. He's the executive director of our occupational health and safety division. And Dustin Austman, my executive assistant here carrying up the rear.

In October 2013 the ministry shifted to a targeted intervention model, which is a three-phased approach. The first phase identifies those employers with high injury rates and requires them to develop and implement compliance improvement plans. And in total, that targeted intervention strategy has resulted in an overall reduction of 2,428 injury claims. This represents a cost savings of \$29 million at an average cost per claim of \$12,000.

In addition, occupational health and safety conducts directed inspections on high injury rate and high volume employers who are not enrolled in the priority program. OH & S [occupational health and safety] conducted another 2,949 of these inspections in 2017-18, and a total of 1,390 targeted inspections so far this fiscal year. Clearly a busy group. Saskatchewan's total injury rate decreased by 5.4 per cent from 2016 to '17, and since '07 we've seen a decrease of 47.8 per cent. So clearly the ministry's efforts are working, and this was confirmed by the Provincial Auditor's 2018 report volume 1 which we're discussing today.

The Provincial Auditor concluded that the ministry did indeed have effective processes to implement strategies to reduce workplace injury rates. However they did find that the ministry needs to issue summary offence tickets under occupational health and safety legislation consistent within our policy, which is one calendar month.

So back in 2014 the ministry had established 12 occupational health and safety offences for which tickets can be issued. And the types of offences are failure of a company to issue appropriate safety gear, failure of an individual to equip themselves with that safety gear — things like that. And we've got 10 occupational health officer positions that have been designated as peace officers to actually issue those tickets.

Tickets have a more immediate impact on persons that violate the legislation than a prosecution, which can take up to two years from the date of incident and additional years to be concluded. Tickets will reduce the workload of our dedicated Crown prosecutors who in turn will be able to focus their resources on fatalities and serious injuries.

Prior to issuing a ticket, an officer must have formed the opinion, based on reasonable, credible, and observed evidence, that a party is or has committed an offence worthy of receiving a ticket.

And I found this interesting; I'm on the job here five weeks now. While our legislation requires tickets to be issued within six months of an offence taking place, the ministry has adopted a policy that states tickets should be issued within one month. And I think that's worthwhile. It's a stretch goal. Six months seems like a long period of time. One month seems like it might be more appropriate. However the random spot audit that was done showed that there were a number — not all — but a number of tickets that did not make the policy target of one month.

And so in order to consistently meet this one-month target, the ministry has undertaken the following actions. All of our peace officers have received additional training on summary offence ticket policies and procedures to streamline the ticket-issuing processes. And in 2018, earlier this year, we upgraded our software system to enable detailed monitoring of the service times of summary offence tickets to ensure that the 30 days is being met. The ministry's clearly taking this very seriously.

We would therefore consider this recommendation to be fully addressed. But I'll go partially addressed today, although I'm quite confident that a future audit of this area will show 100 per cent compliance with the 30-day target. And with that, I thank you for your time, and we're happy to address any questions that you may have.

The Chair: — Thanks so much. I'll open it up to committee members. Ms. Mowat.

Ms. Mowat: — Thank you very much, and thanks for your detailed oral report as well. So we'll just start going through the chapter 6 that was provided here. On the first page, which is 73, the Provincial Auditor notes that "Since 2013, the Ministry's targeted intervention strategies include working directly with employers identified as having higher than industry average injury rates." How many workplaces have these targeted interventions in place?

Mr. Murray: — A total of 228 priority employers have been identified for interventions. Together these companies employ nearly 28 per cent of full-time equivalents covered by the Workers' Compensation Board. And to date, 184 of them have been transitioned out of phase 1, so they've proven that they're meeting the guidelines, and 13 have been removed altogether. Ten of these are no longer in business.

Ms. Mowat: — Thank you. And I just want to apologize in advance if I ask you something that the statistics you've already provided, but I was trying to follow along quickly and cross off my questions as we were going.

On page 74, in the first major paragraph there, "As of February

2018, the Ministry employed 83 full-time equivalent positions including 58 occupational health and safety officers.” How many of these individuals conduct inspections?

Mr. Anthony: — We have 63 field staff that conduct workplace inspections.

Ms. Mowat: — Thank you. And there’s also a number here from 2017-2018. There was 8.5 million budgeted for enforcement of workplace safety standards. Do we know what the budgeted number was for 2018-2019?

Mr. Murray: — We didn’t see a substantial increase there, so I’m going to suggest it was probably the same.

Ms. Mowat: — On page 75 in figure 1, with the average number of days of claim duration from 2012 to 2016, does the ministry have a sense of why the length of claims are increasing?

Mr. Anthony: — We’re working with the Workers’ Compensation Board to determine why. Right now the board doesn’t have a real measure other than money, how much it pays on each claim. It doesn’t take into account the number of FTEs [full-time equivalent] or hours worked to arrive at a given number of incidents. And so once we have that, we can compare a very, very large company to a very, very small company and establish an average, and of course work with those people that are over the average, bring them down.

Ms. Mowat: — Thank you. So the average was 43.07 days in 2016. Do we know what the figure is for 2017?

Mr. Anthony: — You’d have to ask the board. I don’t know of it yet.

Mr. Murray: — Yes, I don’t believe WCB numbers are out yet for that year.

Ms. Mowat: — Thank you. And on page 75, closer to the bottom of the page, at December 2016 Saskatchewan’s total workplace injury rate was 5.55 per 100 full-time workers. Do we know what the number was for December 2017?

The Chair: — As you look for that, maybe I’ll just quickly . . . I believe the auditor has answers to one of your questions.

Ms. Ferguson: — For the 2017, the WCB data indicates that it was 40 for the average number of days of claim duration. For fatalities, it’s 27 for 2017 for the WCB data.

Mr. Murray: — Okay, so 2016 was 5.55; 2017, 5.25.

Ms. Mowat: — Thank you. On page 79 under “Targeted Strategies Reduce Injury Rates” there’s just a discussion about what some of these targeted interventions look like, including the priority employer program. Is this the same thing as the targeted intervention?

Mr. Murray: — Yes, absolutely.

Ms. Mowat: — Thank you very much. And then in terms of levying charges against employers with workplace offences, how much is levied on an annual basis? Is there a dollar figure that’s

attached to that?

Mr. Murray: — So I can go back as far as ’07-08. Where would you like me to jump in?

Ms. Mowat: — Last three years would be good, yes.

Mr. Murray: — Okay. 2016-17, \$870,996 in total penalties; 2017-18, \$1,411 million in total penalties; and 2018-19 as of September, \$218,300.

Ms. Mowat: — Thank you. And just in terms of a general trend, is there any trend visible on your end of whether it’s increasing or decreasing or staying comparable?

Mr. Murray: — Looking at the chart here, I would say a general trend is increasing. So the \$1.4 million last year was the highest number of penalties ever, and they seem to be going up 1 to \$200,000 a year as we focus more and more on inspections, summary offence tickets, and penalties.

Ms. Mowat: — So you think it’s due to increased regulation that exists and oversight?

Mr. Murray: — Yes. Higher population, higher number of businesses, more work being conducted, and therefore more inspections taking place and therefore more penalties.

[14:45]

Ms. Mowat: — Thank you. On page 82 under “Worksite Inspections Strategy Includes Proactive and Reactive Inspections,” in the first bullet point there the Provincial Auditor notes:

It identifies specific employers and industry classifications with high injury rates through analysis of the injury data. It assigns each employer to an occupational health officer.

In terms of determining high risk, how is high risk accounted? Is it accounted for in the likelihood of a catastrophic injury? Or is it in terms of prevalence? Or are we talking about some sort of combination of both of those factors?

Mr. Anthony: — They’re listed in table 8 of the regulations, high risk places of employment. I believe when the table was drafted, it was done based on their actual accident rate.

Ms. Mowat: — Okay. In terms of the targeted number of work site inspections, there’s a note that the ministry expects to complete about 4,200 inspections in 2017-2018, and then it explains what the different types of inspections are. Was this target achieved?

Mr. Murray: — In 2017-18, yes, that looks . . . We had done 2,949 targeted employer inspections and another . . .

Mr. Anthony: — I believe our total inspections for last year were 3,982 out of a targeted 4,200.

Ms. Mowat: — Thank you. And I have one more question. On page 83, “Fines range from \$250 to \$1,000 depending on the offence.” How does this compare to fines in other jurisdictions?

Mr. Anthony: — I'd have to dig up a cross-jurisdictional scan for you, but it varies from province to province. Some have fines. Ours uses the provincial court system and they're addressed through *The Summary Offences Procedure Act*, *The Summary Offences Procedure Regulations*. If the division was seeking a higher fine, they would have to go through Provincial Court.

Mr. Murray: — But I will say when that Act was created, so I've been told, there was a jurisdictional scan conducted at that time, and that the numbers I would say are not unusual in the country, neither crazy high or crazy low but sort of in the ballpark, yes. That's my understanding.

Ms. Mowat: — Thank you very much. I have no further questions, Mr. Chair.

The Chair: — Thank you. Other committee members? Mr. McMorris.

Mr. McMorris: — Just one question on the recommendation to be ticketed within a month. I don't have any understanding of this, so can you give me an example of, like, why would it be difficult or why was it difficult? You know, it would take up to four months before, you know, offender would be ticketed and from my experience, I've never experienced that.

Mr. Murray: — Sure. Because that was one of the first questions I had as well. I thought, well write them a ticket. You know, how hard can it be? There are complications, and Ray, I'll get you to backstop me on this if I stray. There are complications where a ticket has to be issued. If it's a worker under the age of 18, it has to be issued to the parents. So there may be complications in terms of finding the parents, where they live, or are they in the province, are they not in the province.

There are complications if the company doing the work is a numbered company. Then you've got a corporate registry search. You've got to find the principal involved in actually owning the company to be able to issue a ticket to that individual and . . . So yes, just various and sundry technical . . .

Often — I'll say 75 per cent, I think, was a number that had been said to me — pretty straightforward. They're onsite to issue the ticket and away they go. But there's this other 25 per cent where it's a numbered company, it's a young employee, it's a young worker, they can't find the right person involved to actually issue the ticket to, and that's of course very, very important, yes.

Mr. Anthony: — I'll also throw in that, as an example, if you go to, say, the Dairy Queen in Carlyle, Saskatchewan, you ask the workers there who do you work for, they'll say the Dairy Queen. They don't actually work for the Dairy Queen. They work for 123789 Sask limited, and they're paid out of Ben and Jerry holdings. So actually determining who the employer is, is fairly hard. It's not as easy as it would seem. And so finding who that person is . . .

And then we're actually talking about service, and service means the ticket is delivered in accordance with Queen's Bench rules, which means either by personal service or by registered mail. And some of these . . . as an example, Walmart. You're delivering the ticket to Mississauga, Ontario. You're not delivering it within the province so there are problems there that

we did not foresee in developing the policy. So we're actually reviewing all elements of it.

Mr. McMorris: — And so the policy came into effect . . . When was the policy written?

Mr. Anthony: — July 1st, 2014.

Mr. McMorris: — And it would probably be safe to say that since that policy has been written, there's been closer to compliance to one month but . . .

Mr. Murray: — Yes.

Mr. McMorris: — Tough to get there for those reasons that you've cited. But just almost more than partially implemented, fully implemented now.

Mr. Murray: — It's straddling. The new software that was applied this year is apparently doing a marvellous job of tracking it. And the stressing, the importance to the officers in terms of meeting timely guidelines, so don't let anything sit; get it rolling. We're pretty comfortable we can hit the one month.

Mr. McMorris: — Thank you.

The Chair: — Without seeing any other questions here, certainly this is an incredibly important area of work we're talking about — you know, the ability for folks to go to work without being injured and return back home to their families at the end of their shift.

I don't see any other questions. I think we've heard clearly that you're working towards full implementation, but at this point maybe stopping short of that full assessment. So a motion maybe that we concur and note progress?

Mr. McMorris: — I'll so move.

The Chair: — Moved by Mr. McMorris. All agreed?

Some Hon. Members: — Agreed.

The Chair: — All right. So moved. Well I guess just thank you very much to the deputy minister, to the officials, to all those that are doing this important work, including certainly employees and employers across Saskatchewan. It's a critical area of focus, so thank you. We'll take a brief recess and we'll pull up Ministry of Government Relations.

Mr. Murray: — Thank you very much for your time.

[The committee recessed for a period of time.]

Government Relations

The Chair: — Okay, we'll reconvene and move the Standing Committee for Public Accounts along here. We have Deputy Minister Greg Miller for Government Relations before us here today, officials with him. I'll have him introduce his officials, but before we do that, I'll turn it over to the auditor and their office. I think we're going to deal with these chapters one at a time because they're distinct and different considerations.

Ms. Ferguson: — Thank you very much, Mr. Chair, Vice-Chair, members, and officials. With me this afternoon is Ms. O'Quinn. Ms. O'Quinn is a deputy provincial auditor for the finance division which includes responsibilities for Government Relations. And then also is Ms. Melissa Yanyu. Melissa's a senior manager in the office and she led a number of the work that's on the agenda here. And Ms. Lowe continues to be with us.

We've got a number of chapters. As the Chair just indicated, we're going to go through each of them individually. There is three chapters with new recommendations for the committee's consideration. In the suite it's actually the second, third, and fourth chapter that's being presented this afternoon. And so before we launch into our presentations, I want to extend my thank you to the deputy minister and his staff for the co-operation extended through this body of work. So without further ado, we'll turn it over to Ms. O'Quinn to make the presentation.

Ms. O'Quinn: — Thank you. Chapter 4 of our 2017 report volume 2 which starts on page 37, reports the results of our annual integrated audit of the Ministry of Government Relations for the year ended March 31st, 2017. This chapter contains no new recommendations.

At March 31st, 2017 the ministry had effective finance-related controls and complied with its financial-related authorities, other than the following area. The ministry continues to need to remove unneeded user access to its computer systems and data promptly. While we noted some improvement in timely removal of user access to the IT network, the ministry continued to have employees whose access was not removed from between 2 to 99 days after termination.

In addition we reported that the ministry provided sufficient guidance to staff for monitoring of the 2002 gaming framework agreement. This concludes my overview of this chapter.

The Chair: — Thank you for that presentation. I'll turn it over to the deputy minister.

Mr. Miller: — Thank you, Mr. Chair. We are pleased to be here to address the committee and to answer your questions on the Government Relations. I have with me today Laurier Donais, who is the ADM [assistant deputy minister] of corporate service and disaster recovery; Keith Comstock, ADM of municipal relations and municipal services; Duane McKay, ADM of public safety division; and Norm Magnin, director of policy and program services.

So as I said, we're pleased to be here this afternoon to speak to these five chapters outlined by the auditor and thank the auditor and her staff for the ongoing work in these areas. This chapter, chapter 4, volume 2 contains the results of the '16-17 annual audit of the Ministry of Government Relations. The auditor found that the ministry complied with authorities governing its activities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

The ministry has effective rules and procedures in place to safeguard public resources except for the two matters that have been mentioned. The outstanding recommendation is that the ministry document and implement procedures to ensure that unneeded user access to its IT technology and system are

removed promptly. The main challenge to implementing this recommendation is to find a consistent, timely way to ensure that individuals that have these responsibilities for terminating user access are given sufficient notice of the effective termination.

The ministry continues to reinforce the importance of this work for managers and to encourage the timely removal. The ministry also continues to monitor the results of the progress we have made and has been recognized and is striving to improve in order to ensure that the removal of unneeded user access is done on a timely basis. The ministry will be working with the Ministry of Justice on a pilot program whereby notification of an employee termination to the Public Service Commission will automatically trigger an email that will be sent to the corporate services branch of the ministry to initiate the actions associated with user account removal.

That concludes our opening remarks for this chapter and we would certainly be pleased to answer any questions.

[15:00]

The Chair: — Thanks so much. These status updates that the ministries are using are quite helpful. I notice on this one here, it hasn't been utilized. Everything else you've submitted has been utilized in a good way, so it leaves us short of a little bit of information. As far as the timeline towards implementation, when do you expect to have implementation of that recommendation?

Mr. Donais: — So we'll be working over the next, I would say a year, six months to a year, particularly with the Ministry of Justice and Public Service Commission on their pilot project, as my deputy minister talked about, where there's an automatic email generated from the payroll people to sort of initiate that removal of system access.

The Chair: — Thank so much. I'll open it up to anyone that might have questions. Ms. Mowat.

Ms. Mowat: — Thank you, and thanks for the update as well. I'm wondering if anything is being done in the interim. I know in some cases there has been an exit checklist that has been created. So I'm just wondering if any of those processes have been implemented while you're awaiting the automated system.

Mr. Donais: — So we do have a policy in place in our ministry with regards to removal of employees from IT systems. So we've talked to various branches and the administration folks in those branches about adherence to that policy and that it's an important policy to adhere to.

We've also started to discuss, at our executive management committee level as well as our senior leadership team, this issue, and have even been reporting to those folks where we haven't received appropriate notification in order to remove access. Maybe it's a bit of a, you know, embarrassment for some of the branches. Maybe we're trying to embarrass them into maybe some more compliance or, you know, at that senior leadership table. But at least we're getting that discussion at that level and trying to get some compliance there.

We are also reporting on our statistics on a quarterly basis with

regards to how many days it's taken to remove folks off of the system, and so we'll continue to do that and report that on a quarterly basis to the executive management group.

The Chair: — Anyone else? We'll . . . Oh sorry. Mr. Michelson.

Mr. Michelson: — Yes. Do you have any kind of figures of how this is progressing as far as curtailing the incidents that have been missed? How many people . . . Because this was brought up to the committee in January of 2014, so that's four years ago. And I'm hoping that the rate of incidents have come way down because of the attention that it's been brought to the ministry.

Mr. Donais: — Yes, I mean our experience has been that we've had, you know, we've kind of gone up and down, I guess I would say. And some of it, it's maybe due to staff turnover, where we've got new admin staff in place and they're not quite sure of the rules. Other situations where there maybe isn't a lot of staff turnover in a certain branch or a certain area, when you're not using those rules on a regular basis, you tend to, you know, forget about them or not be reminded about them. And so I would say those would be some of the instances, you know, that we've been working through.

So again, you know, we're trying to bring more attention at the executive management level, discussing it more there so that we can push that down at the organization so that people realize that this is an important thing to do, that we need to ensure that user access is removed in a timely basis so that we aren't exposed to those things that the Provincial Auditor has talked about.

Mr. Michelson: — Thank you.

Mr. Donais: — You're welcome.

The Chair: — Deputy Minister.

Mr. Miller: — I guess I would just add that, you know, I'm new to this portfolio, not new to this issue. And I recognize that historically what I think what we're dealing with here, as Laurier has described, is this issue of, you know, with the organization and the manager. An individual manager may only be involved in somebody leaving their suite once in awhile, whereas for an organization it happens more frequently.

The second piece I would just say is, it's a training piece in making sure we have an ongoing training program, and we certainly commit to the committee to speak to that coming back. This is putting, sort of, technology in an email and training on, sort of, the biological piece and bringing that together and bringing that to a focus to address it.

Mr. Michelson: — Thank you.

The Chair: — Not seeing any other questions, would someone move that we conclude the consideration of this chapter? Moved by Mr. Goudy. All agreed?

Some Hon. Members: — Agreed.

The Chair: — So moved. We'll move along to chapter 5, and I'll turn it over to the auditor.

Ms. O'Quinn: — Thank you. Chapter 5 of our 2017 report volume 2, which starts on page 41, reports the results of our annual integrated audit of the Northern Municipal Trust Account for the year ended December 31st, 2016. The Ministry of Government Relations is responsible for administering the trust account, which provides grants to northern municipalities and administers the municipal functions of the northern Saskatchewan administration district.

At December 31st of 2016 the trust account had reliable financial statements. The ministry had effective rules, financial-related controls, and complied with financial-related authorities related to the trust account other than in four areas: not adequately supervising staff responsible for financial activities, not doing proper and timely bank reconciliations, not preparing quarterly financial reports, and not tabling timely annual reports.

I will focus on the one new recommendation in this chapter. On page 45 we recommended that the Ministry of Government Relations provide the Northern Municipal Trust Account's annual report to the Legislative Assembly in accordance with the timelines set in *The Executive Government Administration Act*.

Annual reports are key accountability documents. The law expects Government Relations to table the account's annual report, including its audited financial statements, within 120 days of the account's year-end, that is, by the end of April. Legislators received the 2015 annual report in October of 2016, and the 2016 report in September of 2017. Not tabling the annual report of the account within the timelines set in legislation increases the risk that the legislators do not have sufficient information to monitor the account's operations. This concludes my overview of this chapter.

The Chair: — Thanks for the review. We have one new recommendation before us; others are outstanding. I'll turn it over to Deputy Minister Miller.

Mr. Miller: — Thank you. So the auditor found that the ministry did not always prepare timely and accurate bank reconciliations; secondly, did not always prepare accurately quarterly financial reports; and did not table the annual report in accordance with the timeline in the government administration Act.

The ministry did not adequately supervise staff responsible for recording the NMTA [Northern Municipal Trust Account] financial information, and the ministry agrees with the recommendation of the Provincial Auditor. In this matters the ministry hired a contractor to assist in the completion of all outstanding bank reconciliations. The ministry has addressed their staffing issue and has hired an additional consultant to review processes and to assist in the timely and accurate completion and preparation of all financial reporting with respect to this trust account. The ministry, along with the consultant, will complete a review of the NMTA's policies, its procedures, processes, and systems to ensure a timely and accurate financial information is reported.

Furthermore we plan to implement changes to the financial reporting process and, going forward, senior management responsible for the NMTA will ensure that a detailed review of quarterly and year-end financial information and reporting is committed. This completes my remarks on this chapter. I'm open

to your questions.

The Chair: — Thanks so much. Committee members? Ms. Mowat.

Ms. Mowat: — Thank you very much. You answered quite a few of my questions with your update just now. You've identified that about 11 FTE staff that are located primarily in La Ronge administer the account. Can you talk about what the overall staff complement looks like?

Mr. Comstock: — Hi. My name's Keith Comstock. I'm ADM on the municipal relations side. We have 11 staff in our northern municipal services branch. All of them have a role in administering the NMTA; only three of them have primary responsibility for the NMTA. And as the deputy noted in his remarks, over the last couple of years we've had some staffing issues that have been difficult to resolve. I think we're over that now, but in terms of the numbers themselves, 11 total in our La Ronge office, but only 3 of those 11 have primary responsibility for the financial side of the NMTA. Others, for example, are municipal advisors who have responsibility for some of the communities that are funded under the NMTA. So they have kind of a tangential connection to the NMTA accounts, but they are not responsible for the accounting function per se.

Ms. Mowat: — Thank you. And would you say that the ministry has changed or improved the level of oversight now?

Mr. Comstock: — I think it's a work in progress. I certainly have been working with my executive director and the senior managers in the La Ronge office to increase our rigour and our due diligence in reviewing the reports that come in. We've also enlisted the support of our folks in corporate services to provide another level of due diligence before it comes to the executive management level. And as noted in the deputy minister's comments, we've also hired some outside expertise on a contract basis to give us a hand with the actual mechanical parts of it.

Part of the problem in the North, and with the NMTA as the way it is structured, is it runs very much like a municipality does, not like what the province does. And we have significant issues making the technologies, the MuniSoft accounting system that we use on the NMTA, talk to and merge with the accounting system that the province uses. We've been working our way through those. We've added staff. We've also purchased the MuniSoft asset module to assist in the reconciliation of the book value of assets issued that the auditor noted. We've also added the accounts receivable module and the security module as well to assist with the issues that were identified around staff not having . . . the same staff both entering and approving entries. Turns out there weren't any problems identified, but it wasn't a procedurally correct way to do things.

So we are taking it seriously. And I think that while we've now implemented the bank reconciliation module, the last three now that we've had have been done on time. We're going to continue doing the manual process alongside the electronic process for the remainder of fiscal 2018, and in 2018-2019 we'll be confident enough to be able to rely on the electronic. And then we should be out of the woods as far as the reconciliations go.

Ms. Mowat: — Thank you. On page 45 in regards to timely

tabling of annual reports, the auditor noted at this time, when this report was released in 2017, that the ministry didn't provide the accounts December 31st, 2015 or 2016 annual reports to the Legislative Assembly within the time frame required. Have these annual reports been tabled now?

Mr. Comstock: — They have been tabled now. And really, as noted again in the auditor's report, the late filing of the annual report is a consequence of the accounting issues. You can't table your final report until your audited financial statements are done. So it's a bit of a domino effect, quite frankly, and we would expect that as we address the issues on the accounting side and on the reporting side that the annual tabling issue will take care of itself.

Ms. Mowat: — Thank you. And with regards to the professional accountant that's been contracted, is there a time frame that that contract exists for, or is it just until the task is completed?

Mr. Comstock: — It will be until the task is . . . It will be until the end of this fiscal year for sure. And then depending on where we're at, we'll make a decision to renew. We've also done some thinking internally that it's probably too early to talk about it in real terms, but we've done some thinking about how we might reconfigure within our existing FTE plan to insert that role and function between the manager of the account and the actual accounting staff — not an accountant, but it would be more, in my mind, more of a comptroller process and role and function for the account. But at this point we haven't made those changes in terms of our FTEs or our actual budget, so we're relying on the contract resource to do that.

Ms. Mowat: — Thank you. That concludes my questions, Mr. Chair.

[15:15]

The Chair: — Thank you. Other committee members? We have the outstanding recommendations and the timelines laid out to implement. Thank you for that. And we have the one new recommendation, recommendation no. 1, that's not yet implemented. There's progress here. It's going to be implemented, we're told, by the end of the year. I'd welcome a motion to concur and note progress. Mr. Fiaz moves. All agreed?

Some Hon. Members: — Agreed.

The Chair: — So moved. Let's move along to chapter 24. I'll turn it over to the Provincial Auditor.

Ms. O'Quinn: — Cabinet is responsible for determining the amount of education property taxes levied each year to help pay for the delivery of pre-kindergarten to grade 12 education and the related mill rates. The Ministry of Government Relations' role is to provide cabinet with robust, objective, and evidence-based options so cabinet has a solid basis to make decisions about the education property tax revenue it wants to levy. For the fiscal year ended 2017-18, the government earned over 700 million in education property tax revenues. Chapter 24 in our 2017 report volume 2, which starts on page 159, reports on the results of our 2017 audit of the ministry's processes to propose education property tax mill rates for cabinet approval. We found that the ministry had, other than the six areas reflected in our

recommendations, effective processes. I will focus my presentation on those six recommendations.

First, on page 165, we recommended that the ministry give staff guidance on when to investigate changes to assessed property values used in proposing education property tax mill rates. The ministry did not have formal guidance to assist staff in determining whether certain changes or variances in assessed property values are significant and require further investigation. Because of the small number of staff involved, using informal processes increases the risk of those processes not continuing as expected in the event of key staff turnover. Formal guidance can help ensure the ministry uses staff resources wisely, such as only investigating differences viewed as important.

Next, on page 166, we recommended that the ministry document its rationale for decisions made on which education property tax mill rate options to propose.

Also on page 168, we recommended that the ministry document the factors it considered, and their impact, when making assumptions about growth and assessed property values as part of its determination of education property tax mill rate options. The ministry did not document its rationale for which options they elected to propose to cabinet. The ministry's process manual does include some detailed guidance on developing potential mill rate options; however it does not require staff to document the basis of the choices made. In addition, the ministry did not document the factors it considered when assuming the rate at which assessed property values would grow in the upcoming year. Growth rates are the ministry's most significant assumption when estimating assessed property values.

The ministry could not show us the specific factors it considered when making growth rate assumptions or explain how these factors specifically impacted its selection of the 2017 assumptions that it used. Not documenting key decisions and the basis of them increases the risk of the process not continuing as expected in the event of key staff turnover. Furthermore, not having this level of documentation may result in the ministry not being able to determine reasons for differences between actual and assumed growth rates or provide robust evidence-based mill rate options to senior management and other decision makers.

On page 169 we recommended that the ministry formalize its process for confirming the reasonableness of estimated assessed property values used in proposing education property tax mill rates. The ministry expects staff to confirm significant changes from initial assessed property values because they change continually.

The ministry used informal discussions with property assessment service providers like SAMA [Saskatchewan Assessment Management Agency] to confirm the reasonableness of its estimated assessed property values for the upcoming year. It did not document the results of this work. This increases the risk of key processes not continuing as expected in the event of key staff turnover. Also not confirming the basis of its estimated property values increases the risk that the ministry may base its mill rate options on outdated assessed property values, which could result in the ministry not providing robust information to cabinet for making its mill rate decisions.

On page 171 we recommended that the ministry include the impact of potential changes in key assumptions — property growth rates — and more information on economic and social impacts when proposing education property tax mill rate options to decision makers. While the ministry gives decision makers an impact analysis for each mill rate option it proposed, we found the analysis could be more robust. The analysis had some gaps. For example it did not discuss the known or expected impact of the overall property tax burden, including municipal taxes, and the combined impact on disposable income or the economy.

Also the analysis did not consider the impact on the ministry's assumption about uncollectable taxes or the potential impact on housing affordability. In addition it did not explain the potential impact of differences between the actual and assumed growth rates on expected property tax revenue. Nor did it compare the actual property tax revenue raised in the prior year to what was expected.

Without robust, objective, and evidence-based analysis of mill rate options, including a sensitivity analysis of the impact of changes in key estimates, and a high-level analysis of economic and social impacts, key decision makers may not have sufficient information to make informed decisions.

On page 172 we recommended that the ministry formalize which levels of management need to review and approve proposed education property tax mill rate options and when. The ministry had not formalized if and who must review and approve its proposed mill rate options and their basis before it shared these options outside the ministry. We found it was unclear if and at what point ministry-related decision makers expected to see the mill rate options proposed and the related analysis of their potential impact and basis. Since the expectations were not clear, we could not determine if ministry staff met those expectations.

Not having a formal or clear process for reviewing and approving mill rate options and their basis increases the risk of providing cabinet with inaccurate or incomplete information. This may affect the ability of cabinet to make informed decisions. There's also a risk that mill rate options proposed are inconsistent with senior management's expectations, which could result in limited staff resources not being used efficiently, for example, due to having to redo work or doing work that is unnecessary.

This concludes my remarks on this chapter.

The Chair: — Thanks for the focus of the presentation, the recommendations. I'll turn it over to Deputy Minister Miller.

Mr. Miller: — Thank you. For the 12-month period ending in June of 2017, the Provincial Auditor's report indicates that we had effective processes with respect to the education property tax mill rate, other than the noted exceptions. The ministry needs to provide more robust analysis of the proposed mill rate options to better explain the implications of these potential changes in the key assumptions, the economic and social impacts of the various proposals.

The ministry does provide detailed guidance about its mill rate proposal processes, clarifies who should review and approve the mill rate options and when. It also provides guidance on when to investigate changes to assessed property values, documents its

rationale for the proposed mill rate options and considers factors that are impacted when making assumptions about growth, and confirms the reasonableness of estimated assessed property values.

With respect to these recommendations made by the Provincial Auditor, we have implemented all of the recommendations. I can go through them in turn.

The Chair: — You know, I think you've laid them out to us. We have them before us, and I think committee members may have questions on some of those actions. But I appreciate the diligence in laying those out and all the actions that have been taken there as well. Is that okay with you?

Mr. Miller: — If we jump to questions?

The Chair: — Yes.

Mr. Miller: — Absolutely.

The Chair: — Okay, great. I'll open it up to committee members. Ms. Mowat.

Ms. Mowat: — Thank you very much. And thank you for the detailed status update, and it's certainly good to see implementation in all these areas. And it appears that your process manual has been significantly upgraded in a short period of time as well because we're talking about a report that came out in June, so I appreciate the diligence there as well. So I will ask a few questions here.

On page 161 of the Provincial Auditor's report, I'll just get some follow-up out of the report here. Near the end of section 2.1, the Provincial Auditor notes that due to the changes in *The Education Property Tax Act* beginning in January 1st, 2018, municipalities must send collected education property taxes to the Ministry of Finance instead of school divisions. Can the officials speak to the rationale for this change?

Mr. Magnin: — So the change that the government implemented on January 1st, 2018 was something that's been talked about for quite some time. It was actually part of the Reiter report back in 2009, and it was one of the last recommendations to be implemented from it.

Basically what it does is it just transfers where the money goes for school divisions. So instead of municipalities sending the finances to public school divisions, it now goes directly to the GRF [General Revenue Fund]. And then the Ministry of Education, which it has throughout the last . . . since 2009, simply looks after the budget total of whatever the school divisions are asking. And then they approve the budgets, and then it comes from property taxes in the GRF, and was just a balancing kind of a function. So it was felt that it would make more sense for it, starting 2018, that the funds would go directly to the Ministry of Finance instead of going to the school divisions and then having that back and forth.

It's already been implemented. It's been going well. All those municipalities have been used to the forms, the school divisions who had asked for this to be implemented because it got rid of a lot of the administration overhead that they were spending and

getting basically cheques from, in some cases, 100 municipalities, depending on the size of your school division. Now it's up to the Ministry of Finance to make sure that all the municipalities are sending the total funds to the school divisions in proper due process. And if somebody isn't, of course, the Ministry of Finance has a lot more means of getting those funds that are dedicated to the education property tax system than certainly a school division was. So there are a lot of good things that happened with this implementing. We haven't heard of anybody who's not happy with the system, and everything's working fairly efficiently.

Ms. Mowat: — On page 166, the Provincial Auditor notes the ministry could do more to confirm the reasonableness of its estimate of total assessed property values for the upcoming year. This estimate provides the basis of its determination of mill rate options. How much does the mill rate generally vary year over year?

Mr. Magnin: — I mean, the decision is a political one, I mean for 2017. What happens in our province is every four years we have a re-evaluation, so all assessed values are changed. So every four years the mill rates typically have to be changed. Otherwise, you'd be collecting way more revenue than you would need. So for instance, a municipality will see their assessment double. So you would anticipate that the mill rates would decrease unless they had further revenue needs than what they normally anticipated.

So every four years the mill rates certainly change. Government reviews the mill rates on an annual basis to decide whether or not they need more funding from the education system or not. And I think in 2017 there was an increase in education property tax rates but that was a part of the entire process. In 2018, the government decided to maintain the education property tax mill rates. Between the periods of 2013 to 2016, the mill rates were the same for all four years.

So it's very much a decision that's made by cabinet. We put forward options for them for their consideration on an annual basis and they decide as to whether or not they feel that they need to generate more revenue from the property tax system.

The Chair: — Just on that point, I just am interested. The graph here goes to 2015-16 for the amount of taxation on the education property tax. I think it's about 700 million there. Can you give me the numbers for '16-17 and '17-18?

Mr. Magnin: — I can give you the '17-18. It's 750 million. And every year, though the mill rates stay the same, you still get assessment growth because there's new construction that's happening in the province, and that increases the assessment base by about 9 to \$11 million on an annual basis. So being that it was a status quo year we would anticipate, just based off of estimates, that we would get something roughly close to that number again. But I don't have those numbers on hand with me. But those were the estimates that we saw and that's what we were kind of anticipating.

[15:30]

The Chair: — Sure. So '17-18 was 750. And would it be fair to assume then based on the year before, '16-17, would it be about

10 million less than that?

Mr. Magnin: — Ten million more. Because you always get increased revenues with new construction.

The Chair: — Right. If you can provide the exact numbers back to the committee, we'd appreciate it.

Mr. Magnin: — Sure. Yes, that's easy enough to do.

The Chair: — I'll pass it back to Ms. Mowat.

Ms. Mowat: — Thank you. On page 170 under "More Robust Analysis of Options Needed," the Provincial Auditor notes a few different areas that were not included as considerations, including implication on other public policies related to provincial-municipal relations, a discussion of the known or expected impact of the overall property tax burden, the combined impact on disposable income or the economy, and did not discuss the potential impact on housing affordability. These seem like important considerations for determining tax changes. Have they now been integrated into the process in any way?

Mr. Magnin: — The process itself . . . I mean, certainly all those are really good considerations and, you know, we do the best we can to try to figure out what's going on in the system. When you're talking about municipal taxes, for instance, because it was a re-evaluation year, municipalities always set their mill rates into the taxation year, there wasn't any real way to predict what the municipality was going to do based off of new figures for evaluation. We were in a unique situation where we weren't able to state what a municipality was going to do, whether they were going to raise their taxes or not.

On average we've seen municipalities, depending on any given year, will vary up to . . . Some will raise it by 11 per cent; some will be status quo. So when we're talking about municipal taxes and giving them a total tax pie, there isn't, you know, enough information for us to provide that kind of information. Certainly on out years you could perhaps do it. But we have to continue to maintain and respect that these are decisions that are made on a provincial basis, not at a municipal level. So every municipality is different and we've got 760 of them. If we were to analyze all 760 you know, you'd see different results depending on where you are. So we always try to keep in mind the consideration that we're at a high provincial level.

We also give the decision makers examples of properties throughout the province. So we pick certain municipalities and show what the increase will be from one year given to the next year depending on which option they'll take. So in that sense they get a sense of how much it'll cost a ratepayer. So you know, we take a residential home in Regina that's worth, say 200,000, and it'll show that if you make this change, the impact would be \$100 to that ratepayer.

When we get into the . . . [inaudible] . . . avenues of social and economic, I think it's tough to get down to trying to figure out that entire bundle of goods that individuals pay. You know, I've seen what used to be the Ministry of Economy, and they have a picture of utilities and mortgages and those kind of things to show the differences between the provinces of whether or not it was better off to be living here versus the others.

So certainly we take that . . . We struggle to find pure data that's based on, you know, relative homes. But it is a government decision. We've definitely beefed up the manual to try to get them to be able to put in more discussions of the social and economic discussions but, you know, a lot of it is crystal balling. So it's more an art when you get into this page than something that you can write out in black and white. But we try to give as much guidance as we can for the people that follow.

Ms. Mowat: — I have no further questions, Mr. Chair.

The Chair: — Any other committee members have questions at this point? Not seeing any, thanks for laying out the actions that have been taken. I believe it's been expressed that implementation has occurred. Of course there's follow-up of the auditor and this committee. I'd welcome a motion at this point to concur and note compliance with all recommendations in this chapter. Mr. McMorris moves. All agreed?

Some Hon. Members: — Agreed.

The Chair: — All right. So it's moved that we concur and note compliance with all of the recommendations in this chapter. We'll move along now to chapter 5.

Ms. O'Quinn: — Thank you. The ministry administers, on behalf of the provincial government, various federal-provincial infrastructure funding agreements. As part of its administration role, it recommends infrastructure projects to the federal government for federal-provincial funding. The ministry uses the same basic recommendation process for all federal-provincial infrastructure agreements it administers.

Chapter 5 in our 2018 report volume 1 which starts on page 57, reports the results of our 2018 audit of the ministry's processes to recommend eligible projects for funding under federal-provincial infrastructure agreements. This audit focused on two agreements: the Clean Water and Wastewater Fund, and the Provincial-Territorial Infrastructure Component. A total of 614 million in combined federal and provincial funding was available through the portion of these programs that the Ministry of Government Relations administered. The ministry always has more requests for infrastructure funds than funding available. This means it must make choices.

We found that the ministry had, other than the areas reflected in four recommendations, effective processes to recommend eligible projects for funding under federal-provincial infrastructure agreements. My presentation will focus on those recommendations.

First on page 64 we recommended that the ministry make publicly available the factors it uses to determine which eligible projects to recommend for federal-provincial infrastructure funding. We found that the ministry did not document or make public all of the factors that it used to determine which projects to recommend to the minister and then in turn to the federal government.

The ministry used eight factors to prioritize projects. For example, it used project rating scores and it assessed the financial stability of applicants. While the use of these factors was evident in the documentation supporting its recommended projects, the

ministry had not formally defined these factors nor the information that it expected staff to use when assessing those factors. For example, it had not outlined the key data to be used when determining an applicant's financial stability. Not making publicly available all factors used to select recommended projects increases the risk that the ministry may not be viewed as using transparent processes. Furthermore not documenting those factors that are used increases the risk of those processes not continuing as expected in the event of key staff turnover.

On page 67 we recommended that the ministry require an independent review of project rating scores that are used to select projects to recommend for federal-provincial infrastructure funding. One staff member determined the rating score assigned to each eligible project. The ministry uses those rating scores to decide which projects to recommend. The ministry does not periodically review how each eligible project was scored.

Four out of 132 individual rating scores we tested had an inaccurate overall score. In addition, for 19 out of 132 ratings tested, the ministry did not have documentation to clearly support the rating score that was assigned. Not having an independent review process increases the risk of errors occurring or ratings not being sufficiently supported. This could result in projects not being rated consistently or impartially.

On page 68 we recommended that the ministry consistently document rationale for key decisions made when recommending infrastructure projects for federal-provincial infrastructure funding. The ministry does not consistently record the reasons for its decisions to select projects to recommend for federal approval.

We noted that 8 of 27 projects were not recommended even though they had ratings equal to or greater than another recommended project for the Clean Water and Wastewater Fund program. For these projects, while the ministry gave us reasonable verbal explanations for those projects not being recommended, it had not documented those reasons.

Not consistently documenting the basis of judgments made in determining the rating scores or applying other factors used to select projects decreases the ability of management to supervise the appropriateness or basis of those judgments. In addition, this increases the risks of making inappropriate conclusions and not being able to readily show it treated applicants fairly and equitably. Not consistently documenting the decisions made can also increase the difficulty in defending those decisions, especially in the event of key personnel turnover, or to respond to potential questions of the federal government. This can result in inefficient use of limited resources.

On page 70 we recommended that the ministry determine a written strategy for notifying, within a reasonable time frame, applicants who are unsuccessful in obtaining funding under federal-provincial infrastructure programs.

The ministry did not have a documented plan for advising applicants that they were not successful in securing funding under the infrastructure programs. Not notifying applicants within a reasonable time frame or at all can negatively impact the ability of those applicants to make decisions about their projects and thus harm the government's relationships with those

applicants. This concludes my remarks on this chapter.

The Chair: — Thank you for the report and the focus of the chapter. I'll turn it over to Deputy Minister Miller.

Mr. Miller: — Thank you. This audit indicates that for the 12-month period ending in January 31st of 2018 the ministry had, other than on the areas mentioned, effective processes to recommend eligible projects for funding under two federal-provincial infrastructure programs. However it was noted by the auditor that the ministry needs to consistently document rationale for key decisions, make public the available factors it uses to determine which eligible projects to recommend for funding, and independently review project ratings, and have a strategy to notify unsuccessful applicants.

The ministry agrees with the recommendations of the Provincial Auditor. The Provincial Auditor's recommendations are indicative of time constraints imposed by Canada on GR [Government Relations] and the availability of staff resources.

With respect to no. 1, information on how to address . . . how applications are addressed for the PTIC [Provincial-Territorial Infrastructure Component] and the CWWF [Clean Water and Wastewater Fund] programs published to the GR website, this information includes an overview of the rating process and the priority of project categories. The auditor's recommendation is specific to sharing the various other factors considered in the scoring process. These factors were developed in collaboration with industry partners and based on past program management experience within the ministry. They are modified for each new program to account for differing program objectives and changes in provincial interests. GR will share these additional factors in future federal-provincial programs. The level of detail to share will be determined based on program parameters and objectives.

With respect to no. 2, the processes to recommend municipal infrastructure projects for the remaining funding, GR implemented an additional review of rating scores to ensure information is accurately recorded, i.e. checking for mathematical errors. This process of a secondary review will be adopted in all future federal-provincial programs.

With respect to no. 3, in future federal programs GR will modify the rating forms to ensure additional rationale for the scoring is consistently documented. This will ensure the basis for any individual factors for rating are consistently recorded.

Number 4. Although there were not formal written strategies for communicating application status to unsuccessful applicants, there was a plan developed and discussed by program staff. After submission of the final recommended project lists for the PTIC funding in March of 2018, all unsuccessful applicants were in fact notified that their submitted applications would not be further considered for any new infrastructure program. For future federal programs, GR will develop and communicate a written strategy for informing applicants of the unsuccessful status of their application.

That concludes my remarks on this chapter.

The Chair: — Thanks for the remarks and the work. I'll open it up to committee members. Ms. Mowat.

Ms. Mowat: — Thank you very much. In terms of the status update and some of your words about what the plan is moving forward — I understand that the audit came after the completion of these projects and therefore it can't be retroactively applied — I'm just curious in terms of the logistics of the plan going forward. Is the plan for implementation that it will be in time for the next round of federal cost-sharing programs? And sort of what mechanisms have been put in place to ensure the completion of the plan?

[15:45]

Mr. Miller: — So my preliminary understanding is that yes, there was some . . . We got jammed up on some time on this particular one and that these recommendations as we've accepted them, and the process improvements, will be applied in future. And I'll ask Keith to maybe flesh out some of the details on that.

Mr. Comstock: — As no doubt everyone understands and realizes, we signed the integrated bilateral agreement with Canada for the new suite of programs just last week. There haven't been any decisions made yet on how that funding will be allocated, but I fully expect that some of that money at least will come to the municipal sector. And if and when it does, it will come through our ministry using the processes that we've described here. We fully intend to implement the process improvements as the deputy has indicated for those new programs, but until we have a new program, we can't implement the process improvements.

But it is part of the strategy and staff have, at least on two occasions, we've already implemented the additional review of the rating scores for the tail end of the PTIC projects that we had that weren't done, that weren't completed by the time the end of the audit was and that we have already implemented the written strategy around notifying unsuccessful applicants.

So two of them are partially implemented. We'll fully implement the other two along with the information on how applications are assessed and the modified rating forms. So all of that will be done for the next suite of programs.

Ms. Mowat: — Thank you. In terms of the first new recommendation that the ministry make publicly available the factors it uses to determine which eligible projects to recommend for federal-provincial infrastructure funding, is there an indication of how this information will be made public? Is there an expectation that it will be a report or a website or . . .

Mr. Comstock: — It'll be primarily website based. All of our application processes are automated now, so when municipalities go to apply, they will have . . . The structure of the website is still under development, but in essence, it'll be an opening page that will describe the programs and the different streams that might be available to municipalities, whether it be a green project for water and wastewater, or landfill project, or a community culture and recreation project.

And then for each one of the areas there will be a set of common factors that we always use: the financial viability of the applicant, for example; are there any public safety or health concerns that we need to take into consideration. So there's eight of those that are standard almost for all of our projects. And then depending

on what the actual project might be, there will be some other factors, and these are the ones that the auditor noted ought to be made public. And so depending on the type of the project and what the priority of it is and the nature of it, we will make those public on the website as well.

Ms. Mowat: — Thank you. In terms of those factors used to prioritize projects, I'm looking at the eight of them right now. It's figure 5 on page 64. The first factor is listed as provincial priority areas. Can you speak to how these are determined and who determines them? Is it cabinet that will determine, for example, the priority?

Mr. Comstock: — Yes, that's exactly what happens. In the past what we've done is when we enter into a new agreement, we will make a proposal to decision makers around how we believe the program ought to be administered and that generally will include such things as what project priorities we believe, as officials, need to be taken into consideration. There will also be questions around cash flow, how quickly we think the . . . how many intakes we're going to do, whether they be every two years, every three years, three in total, you know. And then what level of the spend should happen at each one of those intakes.

So part and parcel of that process is asking for direction on priority projects. One of the things about the PTIC program — the national-regional and the small communities fund — was it was so broad you could do everything from build canals to do roads to build water treatment plants. And it was very difficult for us as program administrators to figure out, you know, how we rate projects.

So we asked and said, given what we know about the status of municipal infrastructure in Saskatchewan, we believe there ought to be four program priorities in this tranche. They were water-waste water, solid waste management, disaster mitigation, and roads. That doesn't mean we won't consider applications in all those other categories, but those were provincial priorities.

Cabinet is of course . . . at their discretion can amend or change those however they wish, but we will make that same recommendation this time around based on what the new programs tell us what Canada's priorities are and what Saskatchewan's priorities are. I can tell you that my crystal ball isn't as good as Norm's, but I believe that we'll go with much the same list as we did last time with the addition of an increased emphasis on landfills and solid waste management, with probably a side order of community culture and recreation just because of the way the funding looks like it's going to roll out.

Ms. Mowat: — Thank you. I have no further questions, Mr. Chair.

The Chair: — Any other questions from committee members at this time? Thanks for the exchanges. There's the four different recommendations here. It seems that on recommendations 1 and 2, there's a commitment to take it on; not a whole lot that's gone on yet. Maybe we simply concur with those ones and report progress? And if we're going to report progress there, as well then maybe we want to deal with recommendation 2 then as well — 1, 2, and 3 — concur and note progress.

Is there someone that would care to put a motion forward to that

effect? Mr. Goudy. All agreed?

Some Hon. Members: — Agreed.

The Chair: — So moved. Recommendation 4, I believe it's been noted, has been implemented. I'd entertain a motion that we concur and note compliance.

Mr. Michelson: — I'll so move.

The Chair: — Mr. Michelson. All agreed?

Some Hon. Members: — Agreed.

The Chair: — So moved. We'll move along now to chapter 21.

Ms. O'Quinn: — Thank you. The province is responsible for the province-wide emergency plan called the provincial emergency management plan, and for coordinating emergency preparedness for provincial emergencies. Provincial emergencies can include those that are widespread, affecting multiple communities, and/or cause significant disruption or delay in services.

These types of emergencies may require support from the province or one of its agencies. Chapter 21 of our 2018 report volume 1, which starts on page 255, reports on the results of our first follow-up of four recommendations made in our 2015 audit of the ministry's processes to coordinate emergency preparedness for emergencies in the province.

By January 2018 the ministry had implemented one of those recommendations by requiring the provincial emergency management committee to keep minutes documenting its deliberations and supporting its decisions.

It still needed to develop a process to compile and evaluate all significant province-wide risks annually and consider whether changes are needed to the provincial emergency management plan. By January of 2018 the ministry had completed a provincial risk assessment of floods and natural hazards and planned to complete a similar provincial assessment of human-induced and technological disaster risks.

Secondly, it needed to provide key stakeholders responsible for key infrastructure in Saskatchewan with guidance to help determine which infrastructure is critical to emergency preparedness for the province overall. It also needed to periodically and formally confirm that emergency management plans of all key stakeholders align with the provincial emergency management plan.

At January of 2018 the ministry was working on a significant update to its provincial emergency management plan that is expected to include a documented process for doing this. Having effective processes to coordinate emergency preparedness will help the government respond to emergencies in the province. This concludes my remarks on this chapter.

The Chair: — Thanks for the remarks and the focus. These are outstanding recommendations from 2016. Maybe brief remarks from the deputy minister, otherwise we'll flip it open for committee members' questions.

Mr. Miller: — Thank you. With respect to the outstanding recommendations, the auditor has concluded that the recommendation specifically with respect to work with key stakeholders on identifying and updating each year the assessments, the auditor concluded that this recommendation was partially implemented. The ministry is planning a more comprehensive review of the existing provincial emergency management plan. And I think with that, I'll limit my comments and open the questions.

The Chair: — Thank you very much. Committee members? Ms. Mowat.

Ms. Mowat: — Thank you. On page 255 the provincial emergency management committee, what is the makeup of this committee?

Mr. McKay: — Duane McKay. I'm the assistant deputy minister of the public safety division. The provincial emergency management committee is made up of all of the core members that are active in virtually all of the emergencies that we would see participating . . . or they would be participating in. So it would include Ministry of Environment, Highways, and Social Services, and so on.

Ms. Mowat: — Thank you. On page 256 the Provincial Auditor notes that in January 2018 the ministry completed a provincial risk assessment of floods and natural hazards. It plans to complete a similar provincial assessment of human-induced and technological disaster risks. And has this assessment been done? And are there any notes about what the greatest risks are?

Mr. McKay: — So we're currently . . . That risk assessment is currently under way. We have completed a nation-wide environmental scan to look for, you know, some guidance in terms of what risks are currently being monitored across the country. That includes technology as well as human-induced risks. And we expect that during the evaluation or the review of the provincial emergency management plan which is currently under way, that we'll roll all of that up into the new plan expected probably in January.

Ms. Mowat: — Thank you. In terms of that comprehensive review of the provincial emergency management plan, has there been external contracts or consultants that have been relied on, or is this an internal process?

Mr. McKay: — So it's a little bit of both. We haven't brought contractors in to do the work; however we were working with our colleagues across the country. The national strategy for risk assessment has been somewhat difficult to nail down on a national basis, but there are provinces that have done more or others that have done less, and so we're drawing from their experience right across the country to help inform the direction the province needs to look at in terms of managing that risk.

Ms. Mowat: — Thank you. And in terms of the proposed timeline, I believe it's been noted 2019. Is there a particular time within 2019 that you're aiming for?

Mr. McKay: — So typically we go through this during this particular period of time, outside of our operational period. However we have been . . . 2018 represents a quiet year for us.

We have a somewhat depressed operational season, which has been really good for our recovery but also good to allow us to go back and look at what it is that we have been doing over the last seven years of fairly active work and roll up all of those lessons learned, those things that we've identified. That helps to inform the planning as we go forward.

So we anticipate probably by the end of the fiscal year we'll have all of this wrapped up, a new plan put in place, proper consultations in place with our internal Crowns — utilities and so on — but also with industry in general. Industry, there's more critical infrastructure outside of government than there is in, and we're trying to build a relationship there to ensure that the plan is comprehensive and documented in terms of our processes.

Ms. Mowat: — Thank you. That concludes my questions, Mr. Chair.

The Chair: — Questions from other committee members? It's certainly very important work that you're engaged in. Thanks for your service to the people. Importantly as well, thanks for I guess making sure that you're focused on seeing these through to implementation. At this point I would welcome a motion to conclude consideration of, I guess not just this chapter, but all chapters with the Ministry of Government Relations.

Mr. Michelson: — I so move.

The Chair: — Moved by Mr. Michelson. All agreed? So moved. So thanks again to all those that have come in before us here today as officials for Government Relations and thanks to all those partners and all those across the province that work in this important area. We'll have a very brief recess and then we'll have WCB up next.

[The committee recessed for a period of time.]

[16:00]

Workers' Compensation Board

The Chair: — All right, we'll reconvene the Standing Committee for Public Accounts and move our attention to the Workers' Compensation Board. Thank you to the CEO [chief executive officer], Peter Federko, for joining us here today. I'll turn it over to the auditor for their presentation, and flip back for brief remarks, and then committee members will enter in.

Ms. Ferguson: — Thank you very much, Chair, the Vice-Chair, members, and official. With me this afternoon, Tara Clemett. Tara is a deputy provincial auditor responsible for the health division, which the responsibilities include the WCB; and behind is Ms. Rosemarie Volk and Ms. Volk is a principal with our office and led the work that's before us this afternoon. And in addition to that, Ms. Kim Lowe continues to be our liaison with this committee.

We've got one chapter this afternoon with respect to WCB. There is six new recommendations for the committee's consideration in this chapter. Before we launch into the presentation that Ms. Clemett is going to provide, I just want to extend our thank you to the WCB for the co-operation extended to our office. Ms. Clemett.

Ms. Clemett: — So chapter 31 of our 2016 report volume 2 on pages 217 to 233 reports the results of our audit of the Workers' Compensation Board's processes to effectively coordinate workers' return to work. We concluded, for the 12-month period ended August 31st, 2016, that WCB had, other than reflected in our recommendations, effective processes to effectively coordinate workers' return to work. Return-to-work plans are an essential component of WCB's Return to Work program. They are a tool for WCB to help injured workers return to employment in a timely and safe manner. I'm now going to focus my presentation on the six recommendations we made.

In our first and second recommendations on page 225 and 226, we recommend that for claims requiring recovery and return-to-work plans, Saskatchewan Workers' Compensation Board consistently record its communications with injured workers, employers, and health care professionals.

We recommend that for claims requiring recovery and return-to-work plans, Saskatchewan Workers' Compensation Board actively obtain requested reports. So for example, injury and recovery progress reports from injured workers, employers, and health care professionals. When developing a claim summary, WCB expects its case management unit to contact the injured worker and their employer within 10 business days of the receipt of the claim. In 25 per cent of 20 claim files we tested, WCB could not show us if and when it contacted the injured worker and employer. Because the unit did not record this information for all claims, these dates were not consistently captured in WCB's claim management system. Without early communication with the injured worker and employer, WCB is unable to coordinate the development of an accurate and timely claim summary and creation of a recovery and return-to-work plan.

In 20 per cent of the 20 claim files we tested, we found injured workers did not provide an initial injury report. Management identified similar concerns through its internal assessments. It found that the number of initial injury reports received from employers within its target of five days was less than 50 per cent.

Initial injury reports include key information to enable the completion of claim summaries and return-to-work plans. Not completing the recovery and return-to-work plan promptly after injury increases the risks of delays in identifying and taking steps necessary to return injured workers to work as soon as practical and safe.

In our third recommendation on page 228, we recommend that for claims requiring recovery and return-to-work plans, Saskatchewan Workers' Compensation Board verify the completeness and currency of those plans and the agreement of the injured worker and related employer with the plan.

WCB expects employers to initiate and lead the return-to-work planning for its injured workers. WCB provides a recovery and return-to-work template to guide the development of return to work. The template outlines key information it expects each partner to provide — so medical diagnosis, work limitations, employer's ability to accommodate return to work, expected return-to-work date.

The case management unit is to use the employer portion of the

return-to-work plan to create the claim summary. The unit is to use the claim summary to complete the overall development of the return-to-work plan. In 23 per cent of the 30 claim files we tested, the unit did not complete a return-to-work plan, but should have. In 70 per cent of the 20 case files tested the return-to-work plan was incomplete. So there was no target return-to-work date documented or no employee or employer accommodations documented. Incomplete or missing return-to-work plans increase the risk of WCB not knowing if injured workers receive appropriate support.

In our fourth recommendation on page 230, we recommend that for claims with recovery and return-to-work plans, Saskatchewan Workers' Compensation Board identify and address impediments to timely recovery of injury workers within a reasonable time frame.

So WCB uses a secondary assessment to confirm the initial diagnosis, recommend further diagnostic services, or revise treatment plans. For 67 per cent of nine claims we tested where the injured worker had a secondary assessment, the injured worker was sent for the secondary assessment later than the target average duration for the related injury, so for example, was sent for assessment 182 days after injury for an injury with target average duration of 49 days.

These files did not contain evidence that the case management unit compared the health professional's recommended time off from work to WCB's target average duration. And the files did not contain reasons for delayed referrals to secondary assessment. Timely use of secondary assessments helps address delays in recovery of injured workers within a reasonable time frame. Longer durations of recovery can have adverse physical and emotional impacts on injured workers and their families.

In our fifth recommendation on page 231, we recommend that Saskatchewan Workers' Compensation Board educate injured workers, employers, and health care professionals to increase their submission of properly completed injury and progress reports for Return to Work program. WCB does make information on the responsibilities of each partner readily available on its website and makes training available to interested partners. Even though it makes good and clear information available, the results of tests of claim files show the WCB often does not receive requested information from its partner, and where it does receive requested information, at times it is not complete. If partners do not understand the importance of submitting complete information to WCB, they may not engage in the return-to-work process.

In our last recommendation on page 232, we recommend that the Saskatchewan Workers' Compensation Board track and analyze key information about the quality and timeliness of its Return to Work program. WCB does not track detailed information about its quality and timeliness of its Return to Work program. For example, the percentage of injured workers achieving the target return-to-work dates, percentage of workers completing recovery and return-to-work plans. As a result, WCB does not know on a program basis whether recovery and return-to-work plans are effective in making a difference in the recovery and pace of recovery for injured workers. We found that other Canadian jurisdictions have different measures for evaluating the timeliness and quality of their return work process. These

include: the percentage of injured workers' return to work within a specified period, so example, 26 weeks from injury date; outcomes achieved by plans; whether the target return-to-work date was met and the plan was followed; and reoccurrence of injury rate.

In 2015 the duration of WCB's time-loss claims was higher than its target. Not tracking and analyzing key information about the quality and timeliness of its Return to Work program increases the risk of WCB not identifying opportunities to use this program to reduce the duration of its time-loss claims. It also increases the risks of the program not effectively contributing to the recovery of injured workers. That concludes my presentation.

The Chair: — Thank you, thank you for the presentation. I'll turn it over to WCB's CEO, Mr. Federko, to respond briefly, and then we will have committee members engage.

Mr. Federko: — Thank you. Thank you to the Provincial Auditor for the remarks and the work that they've done. We do not oppose any of the recommendations that the Provincial Auditor has put forward. Return to work is a very complicated and involved process, and the outcome of a return to work is not simply the fact that an individual has gone back to work. It's that the individual's abilities to function have been restored which allows them to re-enter the workforce, whether it's in their pre-injury job or otherwise.

As opposed to attempting to address each of these recommendations head-on and individually, the approach that we have taken for the last several years has been to take more of a broad process-improvement approach to looking at the entire, as we would call it, value stream or events from date of injury to date of non-reliance on Workers' Compensation compensation. And that has many, many elements to it. So when you receive the update, it might look like our responses are fairly vague, and it's because we don't see this as having a beginning and an end, but rather a way of continuously improving the way and processes that we use in order to deal with an individual's injury and restore their abilities to allow them to re-enter the workforce.

Return-to-work plans are a critical element of that value stream, but they're not the entire value stream. And so much of our effort prior to and since the Provincial Auditor's report has been looking at all of the elements within that return to work, or what we call restorability value stream, to determine where the most critical pain points are with respect to many of the issues that the Provincial Auditor has identified in this chapter. So there have been some progress made with respect to certain of those elements that don't necessarily head-on address the recommendations that the Provincial Auditor has made but will, over time as we improve those processes, result in better outcomes in each of these recommendations. So with those opening remarks, I'm pleased to address any questions the committee may have.

The Chair: — Thanks for the response and the work as well in these areas. I'll open it up to committee members. Ms. Mowat.

Ms. Mowat: — Thank you very much and thank you for your remarks and for being here today. On page 218 in figure 1 — it's "Key Time-Loss Claim Statistics from 2011 to 2015" — there's a reduction, I'll note, in the number of time-loss claims accepted

between 2011 and 2015. So in 2011 it's 11,516; in 2015 it's 8,417, and there's a reduction sort of visible, a trend. I'm wondering if you have any idea what's leading that reduction.

Mr. Federko: — So the number of accepted time-loss claims is a direct function of the total claims reported. We have seen significant reduction in total claims reported to us, not just on the time-loss side, but on the overall injury side. Where, you know, we were receiving . . . gosh, 14 years ago we were receiving over 43,000 claims a year; we're somewhere in the neighbourhood of around 28,000 claims a year. And we like to attribute that to efforts that we assisted in facilitating but that employers and workers have engaged in making our workplaces safer.

[16:15]

We have seen our time-loss injury rate drop from a high of 4.95 per cent in 2002 down to an injury rate of 1.84 per cent. That means instead of 5 workers per 100 experiencing a claim that's serious enough for them to miss work beyond the day of injury, there are less than 2 per cent of workers today who are experiencing a time-loss claim. And so that would be the direct attribution toward why you would see a decline in the claims accepted.

Ms. Mowat: — Thank you. On page 219 on figure 2, "Probability of Employees Returning to Work After a Health-Related Leave of Absence," so there's some discussion here about returning to work. Do you have stats on what proportion of employees generally return to the original workplace?

Mr. Federko: — I don't have that off the top of my head. I can tell you that overall roughly 95 per cent of injured workers do return to work. I know that the majority of those would be with their pre-injury employer. If you were to look at just . . . I'm thinking just about the expenditures that we would make with respect of vocational rehabilitation, and that would be when our voc counsellors would kick in. When a person could not return to pre-injury employment, they need to be retrained; other jobs need to be found for them and so on and so forth. When I look at the overall expenditures on vocational rehabilitation relative to all compensation costs, they are minimal.

Ms. Mowat: — Thank you. On page 224, the auditor notes: "WCB's Claims Entitlement Services Unit determines which claims to refer to the Case Management Unit." Can you speak to how these determinations are made?

Mr. Federko: — Sure. So we have established standards now, so part of our process improvement. We try and minimize the number of handoffs that an injured worker would have to encounter with us as they enter our system. So the claim entitlement people are the first people to see the claim and they ultimately determine whether that claim is a work-related claim or not. Through our experience in triaging, it's expected that the claim is going to last more than two weeks, it's immediately referred to our case management unit. If it's expected that the return to work or recovery will be less than two weeks, then they would hold those claims until the individual has recovered and re-entered the workforce. That way there's just less disruption and hand-offs in terms of the processes.

Ms. Mowat: — Thank you. On page 227 the auditor noted a couple of limitations with the case management system: that it doesn't capture the worker's objective as basic information, and it doesn't capture the target return-to-work date as basic information. I'm just wondering if this has been changed and if it's a process issue or a system shortfall?

Mr. Federko: — So it was a process issue and we simply weren't capturing that data necessarily. We began a project a few years ago called our business analytic system. We are now capturing data driven by the business that's necessary for them to improve their processes as well as make better decisions. So the target return-to-work date is something we only use as an indicator. We don't consider that to be the recovery.

The approach that we've taken with respect to what we used to refer to as return to work is a more holistic approach. We look at the entire person. And it's the restoration of the individual's abilities that is really the outcome as opposed to the actual return-to-work target date. So there are still flags that are required for what is the appropriate recovery. And we do, you know, keep markers on that, but not everyone recovers at the same rate, so we look at the individual circumstances, identify what individual barriers that person might have with respect to recovering from the physical impairment — which could be psychosocial — and attempt to remove those barriers in order to facilitate their restoration and their recovery.

So we are capturing some of that data, but not necessarily the data the Provincial Auditor referred to, because we found better markers in terms of how well we're doing in restoring the individual's ability to re-enter the workforce. A measure that we are using today that we have not been using in the past is something that we call the persistency measure. So we're looking at the length of time that an individual continues to be reliant on our wage-loss payments as an indication of how long they are on the compensation system as opposed to just looking at average claim durations.

So we are making some modifications as we learn more about the processes and how we can better restore individuals' abilities. We are modifying the indicators that are associated with each of those outcomes.

Ms. Mowat: — Thank you. My last question. Page 232, the Provincial Auditor notes that WCB compares its operations to other Canadian workers' compensation boards and comparisons include administrative costs per time-loss claim, average calendar days from injury to first payment issued, and average calendar days from registration of claim to first payment issued. How does the Saskatchewan Workers' Compensation Board compare to other jurisdictions on these matters?

Mr. Federko: — So I can tell you on the claim duration side, we alter between second and third lowest in the country. Now these will be old statistics because some of our sister jurisdictions are not very timely in terms of submitting their data into the national association. With respect to time to first payment, we would be about middle of the pack. This would be based on the most recently published data which would be 2016 data. And I'm sorry, what was the third indicator?

Ms. Mowat: — Administrative costs per time-loss claim.

Mr. Federko: — We are second lowest in the country.

Ms. Mowat: — Thank you. I have no further questions, Mr. Chair.

The Chair: — Thanks for the questions. Other committee members, any other questions? Mr. McMorris.

Mr. McMorris: — I just have one. So just kind of to your remarks initially comparing to the auditor's recommendations, what you're saying is that you've really kind of re-examined the whole continuum from incident, from the injury to the time that they're restored back to work, as opposed to specific. And this seems to be an awful lot of communication pieces in here.

I would just say from my perspective as an MLA [Member of the Legislative Assembly] that's dealt with a number of people that come into the office, the communications piece is an extremely important one. And because quite often we'll hear one side and then you'll hear the other side and then there might be a third side, and it's trying for us at times to sort through that.

Would you say, on what you've done on the continuum from injury to back to work, that communications is a very major piece that you've re-examined and are redoing? Because it does address . . . It may not be specific to these recommendations, but it does address these recommendations kind of, maybe not directly.

Mr. Federko: — Absolutely key. We have an independent company that surveys both of our customers, injured workers and employers who had direct experience with us over the last 12 months. And we ask them several questions about overall satisfaction, but some very specifics about what their sore points are. And they identify as one of the top three gaps that we could close, better communication, whether it's initial communication, follow-up communication, clarity of decisions, all of those matters. And so we have focused a lot of our efforts in terms of that front-end communication piece.

So one of the things that we are doing which addresses the recommendations that the Provincial Auditor has made is we're not waiting for someone to call us. So when we receive the first piece of information that a claim has occurred, which generally comes from the care provider because they will go seek medical attention, we receive the bill from the provider and now we know there's been a claim somewhere. We actually reach out to the employer and the worker by phone and give them the option of filing their claim over the phone or getting us the information so that we don't, you know, have the gaps that the auditor identified in terms of not getting the worker initial report of injury or not getting the employer report and speeding that up.

We are currently running an experiment with one of our case management teams where, on a three-week rotational basis, the expectation is every case manager on that team will call everyone that is in their case management queue at least one time. So we're always, again the intention of addressing in part the Provincial Auditor's recommendation, getting constant updates from the worker with respect to their particular progress, and what else we might do in order to assist them on their journey. But you are absolutely correct; communication is just critical to this entire piece, and we have made it central to our process improvement

work.

Mr. McMorris: — Yes, again, just from our experience and my experience, is that when it first happens, there's physical, probably, injury, but there's also the mental piece, and having to deal with being off work and what that all entails. And I would say that probably the first communication may be clear from WCB's perspective, but doesn't resonate very clearly because of what the injured person is going through. So that follow-up, I think, is extremely important. And I don't know if it was done before but I would be very interested to see, you know, the results, and hopefully better satisfaction from the person that has been injured.

Mr. Federko: — Great. Thank you.

The Chair: — I'd certainly support those statements that were made by Mr. McMorris. And it's something, I think, that probably many of us deal with when we have an injured worker coming and dealing with us in the office. So thank you for the work that you're undertaking and the important role that you fulfill within the province as well.

Not seeing any other questions at this point, I guess all six of these recommendations, they're new recommendations, so we should vote on them. Certainly I believe we concur with them and note the progress that's occurring. Would someone care to . . . Mr. McMorris. All agreed?

Some Hon. Members: — Agreed.

The Chair: — So it's agreed that we concur with recommendations 1 through 6 and that we note progress. And I guess that concludes our consideration with WCB here today, so thank you very much for that. And looking to, I guess, thanks to everyone else around this table that are here today.

And I would welcome a motion of adjournment. Moved by Mr. Buckingham. Good to get him on there with a motion here today. All in favour? So moved. This committee stands adjourned till the call of the Chair.

[The committee adjourned at 16:27.]