



Standing Committee on Crown Corporations

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**STANDING COMMITTEE ON CROWN CORPORATIONS
2002**

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Peter Prebble
Saskatoon Greystone

Hon. Andrew Thomson
Regina South

Brad Wall
Swift Current

The committee met at 10:42.

Information Services Corporation of Saskatchewan

The Chair: — Welcome back, Crown Corporations Committee members. Before we get into the business at hand here today, I'd like to wish you all the best in 2002.

I've got a couple of auspicious events to draw attention to today. I'm informed by Mr. Wall that today is indeed the birthday of Elvis, so if you could all keep that in mind in your behaviour today. Just please do not get too far into the judo chops.

We also have the pleasure today of having with us the legislative interns with their adviser, Gordon Barnhart. We have Timothy Baker, Maria Kurylo, Wendy Mollenbeck, and Jessica Anne Waiser. I'm sure we'll have a chance to get to know them better and they to know us better over the months to come, and remember they're going to be judging your Elvis judo chops on merit and artistic content.

Today on the agenda we have a point of clarification pursuant to the undertaking that was made in the December 6 Public Accounts Committee meeting. This afternoon we'll have Fred Wendel, the Provincial Auditor, here to make a bit of a presentation on chapter 1 of the 2001 Fall Report Volume 2. In the meantime we'll be doing the 2000 annual reports for Information Services Corporation.

We have with us today from the auditor's office, Andrew Martens; from the people that conducted the audits, Phil Creaser and Glen Nyhus; and from Information Services Corporation we have Fraser Nicholson. And if you could introduce your officials, we'll have the auditor do their reports very briefly and we'll turn it over to you. Then we'll open it up for questions and we'll adjourn at 12 for lunch, getting back at 1:30.

Clear as mud? Away we go.

Mr. Martens: — Thank you. With me today is Phil Creaser and Glen Nyhus. Also from Deloitte & Touche is John Aitken and Glenda Rowein on that side. They were the appointed auditors for ISC (Information Services Corporation of Saskatchewan) for the year 2000. I'll ask Phil now just to give an overview of the audit findings on the financial statements.

Mr. Creaser: — Good morning, Mr. Chair, members. When we were introducing in Crown Corporations the annual report of a particular year we usually give an overview of the work that went into the . . . our work in the annual report. We worked with Deloitte & Touche, John and Glenda, and using the framework recommended, the task force on roles and responsibilities of auditors, and we received good co-operation from ISC and from Deloitte & Touche on the audit.

Deloitte & Touche and our office formed the following opinions for the year ended December 31, 2000. ISC had . . . their financial statements were reliable. ISC had adequate rules and procedures to safeguard and control their assets. And ISC complied with its governing authorities related to financial

reporting, safeguarding assets, revenue raising, spending, borrowing, and investing activities.

The Chair: — Mr. Nicholson, if you'd respond to that and give a bit of a presentation on ISC's 2000 annual report, and if you could introduce the officials you have here today with you.

Mr. Nicholson: — Thank you, Mr. Chairman. With me is Ron Hewitt, who is the senior vice-president/chief operating officer for ISC, and Laurie Powers, who is the chief financial officer for ISC.

I don't have any particular comments to make, Mr. Chairman. We're pleased with the clean audit report that we've received for the year 2000; we'd be pleased to answer questions.

The Chair: — Okay. Well, with that we'll open the floor to questions. Mr. Wall.

Mr. Wall: — Thank you, Mr. Chairman, and I just want to, at the outset, thank officials from ISC for being here today and for what I am sure will be a productive couple of days here with the Crown Corps Committee. I also want to apologize in advance for the times that I know I'll address you directly instead of going through the Chair. It'll only be an oversight and you shouldn't read anything else into that. So, Mr. Chairman, I guess what I'd like to do, notwithstanding the work of the auditor, is just sort of maybe set the context for the next couple of days.

In the press release that was issued by the government, by the Justice minister of the day, April 15, 1998, on the LAND (Land Titles Automated Network Development) project that the government was embarking on, the LAND project which has evolved into ISC was characterized as something that would "automate the existing paper-based land titles system currently in place, resulting in simpler, faster and more efficient service." And then of course there was some other elements of the press release. But that was the . . . really the description of what the LAND project would be. And we've heard often the CEO (chief executive officer) of ISC talk about how that has evolved and how that's been added to and changed, and so I wonder if you could tell us then, exactly how it has changed — if you could tell us, tell the committee, how this has changed and evolved. And if this is no longer the sole mandate of ISC, what is exactly the mandate as he sees it?

Mr. Nicholson: — Well, Mr. Chairman, I think I would certainly agree that the purpose of ISC initially was to develop and implement an automated land titles system for the province of Saskatchewan. Since the time that it was created in January of 2000, of course, we've also taken on the personal property registry, so we've extended beyond the land titles system in our existence.

But we believe that the system we are developing and implementing will indeed provide simpler, faster, more efficient service for the people of Saskatchewan. What we've seen in Moose Jaw is that there was a requirement for users of the system to get used to it; training was an essential ingredient. We've seen in Moose Jaw that users are reacting positively. I believe I mentioned in my introductory remarks to the

committee in December some of the positive commendations we've had on the system.

And so we've opened in Regina December 3. Things seem to be proceeding reasonably well in Regina, so we believe we're well on the way to implementing a system in Saskatchewan that will meet the objectives set out by the minister back in 1998.

Mr. Wall: — Thank you, Mr. Chairman. I don't know the CEO may want to add to that a little bit. I'm not sure if he wants to discuss at all some of the mapping considerations; whether or not and how they relate to the original mandate, I don't know.

But I would ask, I guess, for other comments with respect to what happened from the outset, from 1998 until now where we have seen a couple of things happen. One, the target, the deadline for this LAND project has been missed significantly, at least the original deadline certainly that was set by the government.

And the other thing I think too — and I'd like Mr. Nicholson's comment about this actually, Mr. Chairman — is whether he would agree that it is behind schedule significantly and also that the . . . that it's also massively over budget. I wonder if he would agree with those or comment on those two statements.

Mr. Nicholson: — Mr. Chairman, I'll maybe give a bit of an introduction and then ask Mr. Hewitt to comment as well.

With respect to the implementation of the system — the development and implementation of the system — I think we could go through a very detailed chronology about the development of the system over the last couple of years. I can, perhaps just by way of introduction, say that the system development was completed dead on schedule in November of 2000. We began acceptance testing at that time.

We had originally anticipated opening the system on, I believe, May 7, 2001. We did bring, and I believe I mentioned this in my comments in December, we did bring some elements of the system into play on May 7, 2001. For example, all the survey plans for the province were put on the Internet, as one example.

We were a little behind in opening in Moose Jaw. We opened in Moose Jaw June 25, 2001, so we were a few weeks behind. We introduced Moose Jaw on the basis of . . . while we were confident in the system itself, the integrity of the system, we knew that it would take some time for users of the system to learn how to use it and it would take us some time to learn how to help users of the system learn to use it.

And so we introduced — and the auditor, the Provincial Auditor has commented on this in his report; this is about managing implementation and managing risk . . . that we decided to implement Moose Jaw on a pilot basis and indeed we did learn a very significant amount about how users of the system would use it.

As a consequence of the feedback that we received, we've implemented a number of changes to the system, a number of which for example — and we can go through them in detail if you wish — we brought in about 50 changes to the system in total. Some of them were to make it more user-friendly. And we

learned over a couple of months in Moose Jaw how the system could work better for customers and how we could help customers use the system.

As a consequence of our learning in Moose Jaw, we decided to delay the implementation in Regina. We felt that this was responsible management of risk and in fact we felt that the most important ingredient was to listen to customers' feedback as to how they were reacting to the system.

So we did delay the implementation of Regina and I would therefore agree, Mr. Chairman, that the opening of Regina was delayed by some five months in total from what we had originally anticipated.

With respect to the budget, Mr. Chairman, we are still working with the budget of \$58 million that was approved by cabinet in November of 1999. I know that the committee has directed us and the auditors to answer three questions and one of the questions deals with the question of the cost to completion. We're in the process now of working with our auditors and with the Provincial Auditor on answering the three questions. But we are still working with the budget of \$58 million.

I can say that, with respect to the budget, there's been considerable confusion, some of it in the media, about the cost of the project. And one of my concerns is that the cost of the LAND project, the budget per se, is sometimes confused with the operating costs of ISC, sometimes confused with the borrowing of ISC.

And so, if the committee wishes, Mr. Chairman, we'd be prepared to go into those matters of the cost of the project, the cost of operations of ISC, the borrowing. But one of my principal concerns is that borrowing not be added to the cost of the project and then that number be portrayed as the cost of the project. There's been considerable confusion on this matter and we'd certainly welcome the opportunity to clear that up.

So in summary, yes, we're behind with respect to the implementation in Regina. We are still working on the \$58 million budget. We are working with the auditors to answer the questions that the committee's directed us to answer.

And, Mr. Hewitt, I'm not sure if you have anything further you'd like to add to that.

Mr. Hewitt: — On the two specific questions about the project being on time, I think that Mr. Nicholson's answered where we are in terms of implementation.

And we have objective to move to the next parts of the province over the next few months and try to regain the time that we have lost in terms of implementation.

One of the points the Provincial Auditor makes in his report — which I gather we'll address this afternoon — is that as part of a risk management strategy, the decision to not implement in Moose Jaw, as well as to deal with the issues in Moose Jaw before implementation of Regina, was actually a good strategy for us to have taken in relation to how the project would work.

With respect to the budget, it is true that the . . . we only

actually ever had one budget approved for the project and that was in December of . . . November of 1999 and that was the \$58 million project budget. All the other estimates, and that's what they were, were estimates arising in the Department of Justice out of what components the project might be. The actual building of the system and the implementation of the system was set in that budget November of 1999.

The Chair: — The speakers list here and I know Mr. Wall has plenty of questions. Mr. Yates has indicated his desire to ask a question. So in the interests of balance, I'm going to shift to Mr. Yates at the moment and perhaps we'll move back to Mr. Wall after Mr. Yates's question.

Mr. Yates: — Thank you, Mr. Chair. My questions are supplementary to Mr. Wall's questions and I just wanted to ask the ISC management that at the time that you put forward dates of implementation, were those in fact target dates based on the best information you had available to you at that time but were always somewhat fluid based on any one of a number of factors that could occur? Those weren't rock-solid, hard dates; they were more or less targets of implementation, were they not?

Mr. Hewitt: — The implementation dates that we chose, aside of course from the initial one which depended upon the system being fully operational before we could begin — because of course the system had to be fully operational no matter where we were — so when we started in Moose Jaw it wasn't a question of being able to introduce other components later. One title in Moose Jaw is the same as 10 million titles across the province. So we had to have the system in place fully in the Moose Jaw area. So the Moose Jaw date was the first one as our pilot site.

We realized that we would need some period of time for that pilot to work out and make sure that we covered all the bases. Initially we had anticipated that might be a period of about three months, and then we earlier on decided, well maybe we can move that up; we can actually do it in less time.

So you're right — it was . . . some of it was estimates associated with it. What was primarily driving the estimates at the time between the implementation of the various districts was conversion. Now the conversion of titles is always what drives the amount of time you need between districts. We were working initially on a linear schedule so that we would not begin a conversion of Regina titles until we'd completed the conversion of the Moose Jaw titles, which we did do in the time frame that we had.

In Regina the estimate was it would take about five months to convert the titles. The Regina districts are . . . the two Regina districts that are being implemented now comprise the largest number of titles in the entire province. About a third of the entire titles in the whole province are found in the Regina districts. That's about three times what's found in Moose Jaw. So we had a small one of about 88,000 titles in Moose Jaw. There's about 240,000 titles in Regina district that have to be converted. So the original schedule was done in such a way as to say, we'll finish Moose Jaw, we'll finish Regina, then we'll move to the next ones.

Based upon research that we did . . . We went to each of the

offices, we measured the amount of files that were there, counted the number of titles that were there, how much effort would be required to actually convert those titles. For example, in Regina there's about twice as many instruments or interests on titles as there is anywhere else in the province. And that's as a result primarily of the oil sector in the Regina district, the southeast part of the province. So there's about twice as many titles. So we knew it would take longer to get that information put into the computer system.

The titles, if we use Moose Jaw as a factor of 1, Regina was about a factor of 2. If we looked at Humboldt — a lot simpler titles in that area — the factor was about .8. So we used, you know, very precise sort of measures of that kind to actually estimate how much time would be required to actually do this.

We went to the extent of actually measuring the files with measuring tapes and actually counting the number of pages per inch, and then multiplying that by the number of inches on the shelf and so on. And our initial results of that, we were within I think it was 2 per cent on the first time that we actually came to actually see whether or not our estimates were accurate. So that kind of stuff was pretty accurate measurements.

Prince Albert, for example, has quite a few complicated titles so we think the Prince Albert district's about a factor of 1.4, that sort of thing. So in order to determine the actual conversion times, there was some science that went into actually determining what those would be on a purely linear schedule, and so that's how those dates were set.

We did recognize of course that some of that would depend upon factors that we couldn't anticipate in advance. So it is based on the best information we had about conversion, how conversion would go, and those sorts of things.

What's presented to us now is the objective of trying to get conversion completed as quickly as possible. So we have to come up with a strategy that allows us to regain the lost time that we've . . . the time that we've lost in terms of the original schedule for implementation in 2002.

So we haven't completely completed that analysis yet — it requires us to reshift how we do conversion — but we're looking at ways that we can actually gain the time that's been lost in relation to the risk management that we did for Moose Jaw and for Regina in order to speed up the conversion in the rest of the province and still attempt to meet our objective of full implementation of the LAND system in all eight offices in the province in the summer of 2002. Does that answer your question?

Mr. Yates: — Yes. I have a couple more questions, Mr. Chair, supplementary question to that.

In your estimates, of course, you can do the most scientific analysis you can but one of your estimates would have been dealing with how quickly people would capture an understanding of the system and be able to utilize it and function within a new system after we've used one system for virtually a hundred years in the province.

And it seemed in Moose Jaw that it took a little longer for users

of the system to become familiar and find acceptance with the system. The additional time it took in Regina for education and training, although it may have slowed the system down, do you think it was beneficial to the users of the system and did it result in the implementation going smoother? And what would be the status of the overall implementation in Regina today, from a user's point of view and from a system point of view?

Mr. Hewitt: — Okay, sure. I think when we implemented in Moose Jaw we knew that there would be a learning curve associated with the clients and customers getting to know the system. We did attempt prior to implementation to encourage people to take training. We had a pretty good response rate, I think, from people. It is true to say, though, that I think people underestimated the requirement for understanding the system and for training and for actually using the system.

The existing land titles system, the old land titles system, is extremely complex. I just think the people that work with it, once you work with it for a while it becomes old hat and you become comfortable with it. With the introduction of the new system we introduced new legislation, new rules, new regulations, new forms, a new computer system — virtually everything about it was brand new. It was really nothing other than a basic fundamental understanding of what land titles was all about that was the same. So we put people in a very big discomfort zone.

In the past what lawyers, primarily as our users, would do, is a lot of their paralegals would do the work; they'd learn it over years; it was learn-on-the-job kind of thing. Every lawyer would be terrified if his paralegal for real estate ever quit because they'd have to retrain somebody else. A lot of it was just knowledge-based and learned that way. And it got to the point where lawyers, for example, could rely upon their real estate paralegals to actually have done the transactions the right way. And when they checked it, they'd check for certain things, they'd verify it before it was sent to make sure that generally it was okay. And if it was rejected then they would deal with issues associated with that.

So there was sort of a level of comfort that had been developed over the years with respect to the real estate system. By bringing in the new LAND system we sort of threw that all up in the air and sort of took away people's comfort zone.

So what was reported to us by lawyers in Moose Jaw who started to use the system, because of course they had, was that they were very uncomfortable at the beginning — that they had to take the training, they had to read the manual. In other words they had to go back to school. They had to go back to square one and actually relearn everything that they'd ever learned about the land titles system. And of course they had to train their paralegals to do that as well.

So initially we had a lot of paralegal staff, legal secretaries attending training, working with the system, phoning the service desk for assistance but it became apparent pretty quickly to lawyers that because of the questions their staff would ask them that they also had to understand the system. So we started to see an increase in their attendance at training and their asking questions and interest in knowing what was going on.

So in Moose Jaw one of the things that happened after a few months of implementation is that we've started having meetings with the Regina lawyers in anticipation of getting ready for the Regina implementation. And I asked one of the Moose Jaw lawyers who had been working quite extensively with the system if she would be willing to come to Regina and talk to them about implementation and her experiences and what she would recommend.

Well the several comments that she had, and some were good and some were bad, and comments that she had about the system, one of the things that she reiterated several times to people is, don't just send your paralegals for training — do it yourself, learn it yourself. Read the manual from cover to cover, take the training, do all those sorts of things.

Her saying that to her colleagues in Regina had a pretty profound effect and she was actually quite instrumental in encouraging a lot of them to take training.

As we moved to Regina we also had more experience with the Law Society, which of course regulates the lawyers' practice in the province, and they have a very, very high interest in ensuring that lawyers know what they're doing in the system because if there's liability associated with it, the Law Society pays for it for one thing. And of course they have an enormous credibility factor associated with the public to ensure that they do know what they're doing.

In the meetings we had with them, they consulted with the lawyers who are using the system; discussed it. There was a letter that the president of the Law Society sent out prior to Regina implementation, not just to Regina lawyers but to all lawyers in the province as we moved towards implementation, fully encouraging them to take training, commenting on the system and how it works in Moose Jaw, and reinforcing for people that it's really important that lawyers take training, that they understand the system and so on.

The result of that is we saw an uptake in training and in questions and in interest in the Regina district which was much higher than the Moose Jaw district, because in the Moose Jaw district the people tended to say, how hard can it be? I've done real estate practice for a number of years. I'm sure we can handle this.

You know, it's human nature to say, I won't learn something until I have to learn it. And so I think though in Regina it became much more apparent to people, and this will be the case I think across the province, and we're seeing that already in the take-up rates of people taking training that we're offering in Saskatoon, Prince Albert, Humboldt, other areas of the province, Yorkton, where people are actually attending training more.

So by the time we got to Regina, a number of lawyers in the Regina district had done work in the Moose Jaw district, because of course which system applies is geographically based, so a lot of Regina lawyers do work in the Moose Jaw district. So they'd had experience with it.

The lawyers who tend to do real estate practice were very intensely interested. They asked us lots of questions, they went

to training, they did \$10 sessions. So by the time we did get to Regina, a lot of the people that would do the real estate practice in the Regina district had had a fair bit of experience and understanding of what was going on.

So things in Regina did go a lot more smoothly; have so far. The number of calls to the call centre are . . . is up, naturally, because of the increased volume that we have associated with it. But I don't think we're actually seeing the kinds of concerns that people had in the Moose Jaw district. Things have settled down. There's a common understanding, more understanding of what's going on, a tendency for people to share information with each other. The Estevan bar, for example, is very collaborative and they talk a lot about issues associated with things they have down there.

We continue to have biweekly meetings with all the law firms in Regina, and connect the Estevan and Weyburn people by telephone to ensure that we're dealing with any concerns that they have. So combined with our training increase and our contact with them as well as the contact with other lawyers and just a greater awareness of what's going on, certainly things in Regina are going much better.

Our rejection rate of documents is down quite a bit from what it was before. The success rate in registering is up. So that would indicate that people are getting a better understanding of the system, and things are going a lot more smoothly than perhaps they did earlier when going into a situation cold.

Certainly it would be my hope that as we move to Saskatoon, P.A. (Prince Albert), Battleford, the other districts of the province, there'll be of course an increased awareness of this. And so we'll have fewer situations such as this . . . we had in Moose Jaw arise.

A long answer to your question.

Mr. Yates: — Thank you, Mr. Chair.

Mr. Wall: — Thank you, Mr. Chairman. A question, I guess, back to the comments by the CEO regarding whether the project is on time or on budget. And specifically with the budget, you mentioned again a figure of \$58 million, and then concern that people were confusing operating and I guess capital costs of the project.

And I wonder if it's . . . more specifically if you can comment on whether or not the, I think it was an additional \$16 million in debt that the cabinet approved just before Christmas, and another \$4 million equity investment from CIC (Crown Investments Corporation of Saskatchewan) I think, if that's all part of this \$58 million that you're talking about.

And also then in order to get some questions going here, I guess, maybe he can also comment, Mr. Chairman, as to the overall operating costs of ISC. We want to get later this day and tomorrow into the questions of whether or not there is a business plan for this.

You know the auditor has talked about, the Provincial Auditor's office has asked for these sorts of plans from a number of Crowns, and I think this more than any other is one where

people would want to see a business plan coming in terms of this Crown. So we'll get to that more formally later.

But for now perhaps there is a comment that the CEO has regarding the latest amount of debt, the new borrowing of \$16 million, the new equity injection of 4 million, where it fits into the overall costs of the project, and he also might want to comment on the ongoing operating cost that he sees at ISC in light of the fact that the Department of Justice spent \$11 million on land titles and property registration in its last year of actually doing this.

Mr. Nicholson: — Mr. Chairman, I welcome the opportunity to address the financial matters and we're prepared to do so in some detail. If it's appropriate, Mr. Chairman, I do have a handout that, a couple of handouts that I'd like to offer the committee in order to assist in understanding the financial matters surrounding ISC.

The Chair: — Okay. Just, do you have sufficient number of copies for the membership of the committee at this time?

Mr. Nicholson: — We were advised, Mr. Chairman, that 15 copies, and we've supplied those to the Clerk.

The Chair: — The Clerk will distribute those to the membership of the committee, and if you could continue in your remarks.

Mr. Nicholson: — Thank you, Mr. Chairman. I'll make a few remarks and then perhaps I'll ask Ms. Powers, the chief financial officer, to assist.

The page that's being distributed now, Mr. Chairman, has on it two blocks. The first one is the LAND project budget and it of course is a capital budget, different than in executive government where IT (information technology) projects are expensed in the year of acquisition. In the Crown sector this IT project is a capital item and is being amortized over a seven-year period.

So the LAND project is, as indicated and as approved by cabinet, a \$58 million project budget. But that expenditure occurs over a number of years and the amortization of that occurs over a number of years. At the end of the 2000 fiscal year the corporation had spent \$22.6 million of that \$58 million budget.

And so the first point is, there is a capital budget that is a multi-year initiative. The block on the right-hand side, Mr. Chairman, relates to the operations of ISC. And as you will note it includes . . . And this is a high level. The more detail is on page 19 of our annual report, and of course, we'd be happy to go into that in detail if you wish. But at a high level the operations budget is for one year. As opposed to the capital budget which is multi-year, the operations budget is for one year.

And in the year 2000, as you'll see, we had revenues approximating 21 million, expenses approximating 24 million, a loss on operations of 3 million, and a payment to the GRF (General Revenue Fund) of 8 million, with a bottom line of 10.9.

What is important to note, Mr. Chairman, is that in the expense line — and you'll see this on page 19 of our annual report — there is an expense item for amortization. And in the year 2000 that amortization was \$1,480,696. And as I noted earlier in addressing the capital budget of the LAND project, it is expensed over a number of years, and so in our expenses we do allow for the expensing of the project over a number of years.

My basic point is that the operations budget is a one-year budget, whereas the capital budget is a multi-year budget. And one of the points of confusion that has occurred is that in some instances people are adding together what are multi-year items with one-year items and coming up with a total.

And you can add, you know, one plus one and say it's two. But it may not necessarily mean that you've portrayed an accurate picture. Adding a capital budget to an operating budget doesn't portray an accurate picture. Adding a capital budget to a borrowing number doesn't portray an accurate picture. And so what I'd like to emphasize is that we have to be careful in adding together numbers from capital, from operations, and from borrowing, and then portraying that as an accurate picture.

So those are the two blocks on that page, Mr. Chairman. I have another handout relating to . . . in 15 copies and with your permission we'll circulate that. And what this page shows . . . perhaps I'll wait till it's distributed.

So the second page which has been handed out, Mr. Chairman, has another . . . it has the same as two blocks as earlier distributed, but it adds a third. And this has to do with ISC borrowing.

And the borrowing authority for ISC, which was originally \$48 million approved by cabinet in November of 1999, it related to the LAND project. The borrowing that the corporation is undertaking now and into the future relates not only to the LAND project, but to other capital projects of ISC, as well as to the operations. And so what you'll see on this page in the third block is that at December 31, 2000, ISC borrowing totalled \$27 million, \$18 million of which was for LAND.

And I would note here, Mr. Chairman, that we borrowed \$18 million for LAND. The total spent — if you'll look up in the left-hand corner on the block — on the LAND project capital budget, we spent 22.6 million. So we borrowed 18, spent 22.6 on LAND, if you just want to address LAND.

Other capital debt of the corporation in the year 2000 was \$4 million and the operating debt, the borrowing operating debt, was \$5 million. And so what you see here, Mr. Chairman, is that the borrowing of ISC relates not only to the LAND project but to other capital projects and to operations.

To try to be perfectly clear about this, one could take the ISC borrowing in the year 2000, of \$27 million, and add that to the expenditure of \$22.6 million as at December 31 and you would have \$49.6 million. That number doesn't mean anything, Mr. Chairman. Adding together the borrowing of ISC and the expenditure on the LAND project and coming up with \$49.6 million doesn't mean anything. It is not an accurate financial portrayal of the expenditure on the LAND project. It is not an accurate financial portrayal of ISC borrowing.

I recognize sometimes the difficulty in understanding the difference between capital and operations and borrowing. And so we're going to try to do our very best to explain to the committee these three kinds of numbers and how they relate to the overall financial picture of ISC.

One other comment and that is I believe, Mr. Chairman, the member asked or referred to a number about \$11 million at the Department of Justice. The Provincial Auditor in his report has noted that the budget . . . the budget approved for the LAND project was \$58 million. As Mr. Hewitt noted earlier in his comments, there were internal estimates relating back a number of years but they actually didn't address the system that is being implemented today.

The \$11 million at Justice did not include the Internet development, it did not include the integration with Geomatics, it did not include the imaging of all of our documents. It did not include a whole host of items which were included in the budget approved by cabinet in November of 1999.

And so the \$11 million at Justice, going back a number of years, is really an apples versus oranges comparison with the 58 million. And the Provincial Auditor has actually addressed that, I think, quite clearly in his report.

Mr. Wall: — Mr. Chairman . . . well maybe she, in her elaboration, Mr. Chairman . . . There's, on this very question, this is a great . . . thank you for this handout, and maybe in your elaboration . . . this is all dated December 31, 2000. We wanted to have a very current and topical discussion.

My question included in the preamble, my question was what happened just before Christmas. So, Mr. Chairman, my question was the \$16 million additionally they borrowed before Christmas, the \$4 million more in equity. And maybe the quick answer, if I could, Mr. Chairman, is for officials simply to update the left-hand side of this handout you gave out, using your best estimate.

This is December 2000, and it is of frankly precious little use to us if we're trying to get to the bottom of what is happening now, today, with the taxpayers' money and this system.

So maybe you want to update just those last two, just the left-hand side of that. Or if they could, Mr. Chairman . . . (inaudible) . . . the total multi-year LAND project budget and the total spent to December 31, '01, understanding it's going to be an estimate because we're only early into 2002.

Mr. Nicholson: — Mr. Chairman, I'm not trying to be difficult or to avoid answering the questions, but I was answering based on your guidance that before lunch we were dealing with the 2000 annual report, and so I was giving my answer based on the year 2000.

The Chair: — Well perhaps would the member be satisfied to hold off until we've had the discussion of the chapter which more directly deals with the context of your question, and then we could have that discussion in a more informed manner after lunch, perhaps. Is that sufficient for you, Mr. Wall?

Mr. Wall: — Sure. If you want to answer it in a couple of

hours I guess that's fine, yes, sure. So the . . .

Mr. Nicholson: — Mr. Chairman, with . . . I mean, I don't have a page prepared on 2001 just now. We'd be happy to do that. We won't be able to update the right-hand side with respect to 2001 operations because the finalization of our numbers being, you know, where we are in January 2002, we don't have those numbers finalized at this stage. I can, though, say that our . . . the total spent at December 31, 2001 was approximately \$42 million of the 58 million. So the update would be 42 million.

With respect to borrowing, our borrowing at December 31 was \$47 million — \$47.25 million. So those are just quick updates while I don't have a page. I would say again, though, I welcome the opportunity to clarify the difference between capital, operating, and borrowing, and to try to explain how adding them together doesn't portray an accurate picture.

Mr. Wall: — Thank you, Mr. Chairman. And maybe we will get into that after lunch so that everybody's more comfortable after we deal with the chapter in that report because — and just maybe this is useful to officials as a heads-up — that's something we want to explore, whether that additional \$16 million loan from the taxpayers is simply part of what bumped it up to this . . . in this \$42 million total range. But I guess the question follows from the December meeting that we had, Mr. Chairman.

And the next question I have is the lease that was attributed by officials for accounting for the increased debt . . . or I should say the failure to negotiate the lease you were looking for and then the need to go ahead and . . . the lease the officials were looking for and the need for them to go ahead and borrow the money from the General Revenue Fund.

I believe it was the officials' testimony in December that indeed that did account for almost all of this amount, this additional debt we had last year, that this lease of, I understand, computer equipment fell through or wasn't able to be negotiated to the satisfaction of either or both parties and so therefore they had to go to borrow, I guess, purchase the equipment that you were originally trying to lease or that they were trying to lease. So, Mr. Chairman, that's the question. I think the committee would be served by some details of that lease.

A couple of questions come to mind. One, I understand you were leasing computer equipment in this \$20 million range and then went ahead and purchased it. And of course there's not a direct comparison there, I don't think, between leasing and buying computer equipment, so it's interesting that the numbers didn't change if indeed the lease was worth 20-plus million and then the purchase was worth the same.

And also why then didn't officials pursue some sort of direct negotiations with the computer company in terms of leasing? I understand you were going to go through the Government Growth Fund, and I know they do have an entity set up that is involved in this sort of leasing but as you know, of course, the computer companies themselves do this directly. And it just begs a whole lot of questions. I think the committee would be served to be answered about the details of this lease, the total amount that it was going to be, and why when it wasn't able to proceed with SGGF (Saskatchewan Government Growth Fund

Ltd.) did you immediately decide . . . or apparently decide to purchase rather than pursue any additional lease with another company?

Mr. Nicholson: — Mr. Chairman, I'm going to ask Ms. Powers to address those questions. The context though is, as we indicated before Christmas, that ISC is always looking for the best deal that it can get and one that is in the corporation's best interests. And so we've been pursuing the best possible deal. And it is normal business practice that . . . I mean one seeks the best possible terms and you sometimes can't negotiate the terms that you wanted and then you change your course because you couldn't get the deal that you wanted. But the general context is that we are pursuing the best possible deal for the corporation that we can get. With respect to the specifics I'll ask Ms. Powers to address those.

Ms. Powers: — Mr. Chairman, I believe the start of the question was what were the components that resulted in the change in borrowing. And the significant component was the lease with SGGF, so I'll get into the specifics with that.

As well, there was the difference in year-end that we had not factored into the original budget, with ISC having a December year-end and the province representing a March year-end. So in our new estimates we fully factored in that three-month difference, as well as we were obviously nine months further into our operations and had a better perspective on what our operating results and needs would be in the balance of the period to March of 2002. So all those factors resulted in the update in the forecasted figure.

With respect to the details on the lease, it is a rather complicated deal that we were contemplating. The term for it is a sale leaseback. Therefore we had already purchased and developed the software components and purchased the hardware components so we could not pursue a lease deal with the original supplier.

In the arrangement that we were contemplating, SGGF would in fact purchase the assets from us and we would lease them back over a period of time. And the benefit, the significant benefit to us, that we were looking at were the payback terms that that would provide to us and the lease rate, which was lower than what we would have been able to attract had we tried to do a lease with the original computer suppliers.

Mr. Wall: — Mr. Chairman, what would have been the cost, though? You originally purchased all the equipment. What would have been the cost — sorry, the officials bought the equipment — what would have been the cost of that equipment that you purchased or that the company purchased? And I guess, specifically, I'll just let you answer that question.

Ms. Powers: — It would have been approximately \$15 million.

Mr. Wall: — Okay. And so, the corporation would have borrowed for that?

Ms. Powers: — The corporation did borrow for that. So when we purchased the equipment, we had undertaken \$15 million in borrowing.

Mr. Wall: — Right. So . . .

Ms. Powers: — So in fact, we had borrowed that money.

What would have occurred had the deal transpired was we would have . . . SGGF would have given us that \$15 million back and purchased the assets from us. Then we would have paid for them over a period of the lease term.

Mr. Wall: — Mr. Chairman, why wouldn't the corporation report that or forecast that as debt in the budget documents then in 2001?

Clearly the corporation was making this purchase, a \$15 million purchase, and borrowing to accomplish it, with the hopes of negotiating a lease. And yet the corporation seems to have chose to not report then to the Department of Finance or not reflect in the borrowing forecast this amount that the corporation clearly had intended to borrow.

Ms. Powers: — Mr. Chairman, at the end of 2000 in our annual report that you'll see here, we do in fact show that we at that time owed SGGF \$10 million. We had undertaken just a strict borrowing with them in contemplation of doing a lease arrangement of some sort. So that evolved over the 2001 fiscal year as the lease was being negotiated back and forth and the amounts changed.

Basically what transpired with the reporting to, in the province's mid-year report, is that we only provide . . . that report only reflects borrowings with the General Revenue Fund. So that was all that was included in their original budget estimate, was what we had contemplated with the GRF because we had in fact already had borrowings with SGGF and had intended to increase it but change the form to an operating lease versus a strict borrowing.

Mr. Wall: — So, Mr. Chairman, then, just to clarify, where did the corporation borrow the amount for the actual computer purchases then, if not from the GRF?

Ms. Powers: — Mr. Chairman, we had borrowed \$10 million from the Sask Government Growth Fund strictly as a borrowing and just through our operating cash had provided for the rest of it in equity.

Mr. Wall: — Mr. Chairman, and I guess this is a question related to this lease as well, but if the officials could also then comment so that we understand it and bear with us that we understand that you basically . . . The corporation decided to borrow the money from SGGF, would purchase the equipment, and then would sell it back to SGGF and then lease it from SGGF.

What are the advantages of that as opposed to pursuing perhaps what some would characterize as a more conventional lease or simply just purchasing the equipment outright as the corporation has wound up doing?

First of all, please clarify that that's the case. The corporation borrowed the money from SGGF, purchased the equipment, then the corporation was going to sell the equipment back to SGGF and then lease the equipment from SGGF. Is that

correct?

Ms. Powers: — Mr. Chairman, yes, that is correct. I'd just like to emphasize, though, that in fact our borrowings with SGGF were included in our 2000 annual report, so they were fully disclosed and audited and we have received a clear opinion on that.

Now back to the question regarding why we would consider this. At the time there were some interest rate benefits as far as dealing with SGGF versus the computer, the multitude of computer suppliers, for a number of the components. As well, some of the components weren't available for lease. This lease was a full package lease versus leasing of a multitude of components.

As well, it enabled us to keep cash in hand because we would receive the money back and enable us to manage our cash flows over a period of time through which we were in a start-up phase and therefore cash is of considerable importance to us, to be able to manage it.

Mr. Wall: — Mr. Chairman, then the other 7 million or so over and above the 15 related to this lease, that was a change in terms of the debt of ISC in 2001 as reflected in the mid-term financial report. Mr. Chairman, the question of the officials would be then, the other remaining amount, 7 million or so, would then be attributable to a difference in year-end? Would that be the position of the corporation?

Ms. Powers: — Mr. Chairman, the position would be that it's made up of two components. One is the difference in year-end, and the second component simply is a result of better information known at the time based on the operating results to date when we provided the forecast.

Mr. Wall: — Mr. Chairman, now the lease has fallen through and the deal with . . . you know, that ship has sailed, I would assume, with SGGF. I wonder if the corporation would table or provide the members of the committee the nature of that particular transaction with SGGF.

And you highlighted, and thank you for that, that one of the benefits was the . . . that the corporation saw and that arrangement that you were pursuing with SGGF was this benefit on rates in terms of some of the rates for some of the major components. And I'm sure then that there have been a significant cost-benefit analysis of this. It's a huge transaction for an IT-based company. Of course it's the equipment and it's a lot of money.

So I wonder then, Mr. Chairman, with the committee's indulgence and with the corporation's, if they would just table the details of what they were pursuing and the benefit, the cost-benefit analysis of this lease arrangement.

Mr. Nicholson: — Mr. Chairman, with respect to tabling our documents relating to the SGGF lease transaction, those negotiations still haven't been concluded, and I would seek your guidance in terms of this matter. We believe that it's in the best interest of the negotiations with SGGF coming to a successful conclusion that we not negotiate in the public domain. And I'm not conversant with the chapter and verse of

the rules of the committee, Mr. Chairman, but there is a commercial interest for the corporation at stake here.

The Chair: — I guess at this point what I would . . . Mr. Wall, do you have any . . .

Mr. Wall: — You know, I understand . . . certainly we understand the commercial sensitivity. We were under the clear impression, Mr. Chairman, that after the testimony in December, that this ship had sailed, that this deal had fallen through and as a result, that is why the mid-term financial report reflected the huge increase in debt.

So that was our impression — it was that this lease arrangement was a done deal and wasn't going to happen and the corporation had decided simply to go ahead and purchase them and purchase the equipment. I'm not sure with the computer . . . I'm not a computer expert, but I understand that the windows are very narrow as well, Mr. Chairman, in terms of the life of these things. So I'm surprised that there's still a chance for someone wanting to buy back and lease back equipment that by now is some months, you know, old, I guess.

Ms. Powers: — Mr. Chairman, certainly the reason we updated our forecast is because it appears unlikely that we will reach terms; however, we have not officially dissolved all negotiations on the topic.

Mr. Wall: — When the corporation has officially dissolved negotiations on the topic, Mr. Chairman, I wonder if then they would be prepared to table this agreement with the . . . or this proposed deal or any cost-benefit analysis of this deal with SGGF.

And what are they . . . without, you know, hurting the sensitivities of the negotiation, what is being considered right now in general terms with the taxpayers' money in this regard and with their computer equipment?

The Chair: — That's a fine question, but I would presume that such documentation would be part of the audit for the year involved and as such would be open to the examination of the Provincial Auditor as well as the principals retained from the independent auditing firm.

So in terms of the public achieving oversight in that regard . . . hence, you know, I'm willing to check into this further to get back to you on this matter, but I believe that's where it would fit into the realm of scrutiny, and particularly of the business of this committee.

Mr. Wall: — Well is it something, Mr. Chairman, then the auditors would be looking at specifically if this particular . . . this particular lease and this particular cost-benefit analysis?

The Chair: — Perhaps we could ask Mr. Martens.

Mr. Martens: — If it's the committee's desire that we look into that, we could do that at your request. It may not be something that we specifically look at in terms of a cost benefit. Obviously we aren't looking into the authorities and proper execution of whatever borrowing agreements the corporation would enter into. But if there were specific concerns, like were

requested in the other three questions, we could certainly work with Deloitte & Touche and respond to any specific question.

The Chair: — I guess if we could . . .

Ms. Atkinson: — Excuse me. Can I ask a question about that? I'm not quite clear what the point is, so maybe the member can clarify the point that he's trying to make and why the committee would . . . And I've listened very carefully to your line of questioning and the answers that have been given, and I'm just wondering what's the purpose . . . what's the point you're trying to make, because I'm not clear.

Mr. Wall: — Right. Well the point is to try to determine the reason behind the fact . . . behind the change in debt in terms of the initial forecast of the company with . . . that was tabled with the government's budget documents in March of last year and what we saw to be the case in the mid-term financial report.

Those were the specific questions that the committee had asked at the last appearance of officials. The answer given to this committee was ostensibly that the lease, this negotiated lease, was the result because the lease had fallen through and therefore they had to borrow the money to purchase the equipment.

We found out today however that they actually had already borrowed the money and purchased the equipment and were negotiating — that was their testimony today — that they had borrowed the money, purchased the equipment with the hopes of negotiating an arrangement whereby they would sell the equipment back to SGGF and then in turn lease the equipment from SGGF.

So the line of questioning is this: first of all the bottom line still remains — the debt has increased in this corporation, the taxpayers' liability has increased significantly from what they projected it, even though that . . . because they borrowed it from the Sask Government Growth Fund instead of from the GRF. You know all of that. I think the people have a right to know whether or not that was a deal in their best interests.

It is arguably, when you just state the deal that was explained to us today, raises a lot of questions. It does for me and I don't know why we wouldn't want to have an answer. If the corporation's got a cost-benefit analysis that shows that this was a good way to go and a good way to pursue, then why wouldn't we want to see that cost-benefit analysis when the deal is done. And if it isn't done, if it isn't done, why were we led to believe that it was done in December?

Ms. Atkinson: — Just to follow up in terms of Mr. Wall's response, could officials from the corporation go over this again? Because Mr. Wall is painting a picture that is quite different than what I understood the situation to be when I last attended this meeting on the Information Services Corporation.

So could you just reiterate the position of the corporation, just so we can have it on the record, given what Mr. Wall has just indicated to the committee.

Ms. Powers: — Mr. Chairman, certainly I'd be more than happy to do that.

Basically the negotiations with SGGF started a number of months ago. And the borrowings that took place with SGGF, the \$10 million that was reported and audited in the December 2000 annual report that is before you, represented a borrowing in contemplation that it would be turned into an operating lease of some amount. The 10 million was our needs as of the end of December 31, 2000. We knew we would need more money than that, however.

That helped finance the actual purchase and development of the assets that were being contemplated to be put into this operating lease. The negotiations that continued . . . the issues being considered were repayment terms, interest, in comparison to what we would be able to have originally leased or purchased the equipment from the multitude of suppliers. However this is a significantly different deal because it's a basket of assets versus thousands of individual assets. So that was certainly a consideration.

As time progressed, negotiations had not been finalized and the ISC was requested to provide a revised forecast of its borrowing needs at the end of March of 2002. Because the negotiations had not been finalized, an assessment was done as to the likelihood . . . at that point in time it was assessed that it was more likely than not that the deal would not transpire, that there would not be an operating lease with SGGF, that the money would be repaid without a lease to follow, and that the funds we would receive would be from the GRF. And therefore we revised our estimated borrowing from the GRF upward.

At this stage we still have not finalized a deal. My assessment would still be that on a balance of probabilities the deal likely will not proceed. However there has not been a termination of discussions at this stage.

Mr. Nicholson: — Just I guess two additional comments, Mr. Chairman.

The first is that, as I indicated in the beginning, the context for this negotiation with SGGF is that the corporation is seeking the best deal that it can get.

Second, the corporation is not hiding anything. We disclosed in our 2000 annual report that we had borrowing from SGGF. We've disclosed that those negotiations haven't been concluded. Ms. Powers has just indicated that the balance of probabilities now is that we may not be able to make the deal. As a result we conservatively forecasted that we would revert to the GRF for our borrowing which resulted in the mid-year financial report change.

It was as a result of our calculation about the balance of probabilities, a conservative reflection of where our borrowing would come from, that resulted in the mid-year financial report change. But in all of this, Mr. Chairman, we haven't, we haven't been hiding anything. As noted, the auditors have given us a clean report for the year 2000, and we've complied with all accounting policies as well as all reporting requirements to date.

Ms. Atkinson: — So then if I could just conclude, so that if I understand this from Mr. Wall's point of view, he . . . what he wants us to do is determine whether or not the assumptions that the corporation made initially last March, I guess when the

budget was tabled, whether those assumptions were based on information that one could make those assumptions upon.

And so what he's asking the committee to do is to have the Provincial Auditor look at the detail around those . . . the factors that went into the original assumptions and therefore the government's original budget.

It seems to me that this is not yet — as I understand it from the official from ISC — that this is not yet concluded. However on a balance of probability it may be concluded. We're dealing with the 2000 report. We do not yet have the 2001 report. All of this occurred in 2001.

What I would like . . . What I would recommend to the committee is that let's hold our counsel on this, see what happens between now and March, and at that time we can determine whether or not — once these negotiations conclude — we can determine whether or not we should ask the auditor to observe on this.

So if that would . . . if that's okay with Mr. Wall, I think that's how we should proceed and move on.

Mr. Wall: — I think there . . . I mean if we get . . . if there's a cost-benefit analysis of this and let's, and let's be clear, there are two issues.

You've correctly identified one concern. But the other one clearly is the fact that again, and I'm certainly no expert in the area of leasing computer equipment by large IT firms, but the fact that you have a company that is, you know, basically funded from venture capital involved inextricably in — and I know there's venture capitals out there that are in the lease game — but this is a unique deal in my estimation, where you're borrowing from the same company that you're going to eventually sell the equipment back to and then lease it from later on.

I mean that's something I think that people would like to see the cost benefit of. I'm sure the corporation did that, otherwise it wouldn't have been pursuing the deal. The corporation indicated that was in their interests. So that's where we would like to get to, Ms. Atkinson, and if that happens when the deal is done and that ship has sailed, so to speak, then, fine, you know, we don't have a problem with that.

The Chair: — Okay. Well let's . . . I would say, you know, we're trying to have as open and broad a discussion on this as we can, but we also want to have the most informed discussion that we can. So in terms of the 2001 annual report, I would presume that to be the most accurate measure of whether or not that information has been provided to this committee. But, Mr. Nicholson, I'm sensing the urge to comment.

Mr. Nicholson: — What . . . just one comment, Mr. Chairman, and that is that our 2001 annual report will also reflect our borrowing. It won't? Okay — take that one back.

The other comment that I was going to make is that with respect to the tabling of the documents between ourselves and SGGF which was mentioned by the member in his question, we would have to go back and review our agreements with SGGF. I'm

fairly confident, Mr. Chairman, that we wouldn't be in a position to table our documents back and forth with SGGF, because that would be prejudicial to SGGF in terms of the ability of SGGF to do its business.

And so I don't believe we'd be in a position to disclose what . . . the details of what SGGF was saying to us because that would prejudice them. With respect to the cost-benefit analysis as has been discussed, and having the Provincial Auditor review that, we'd be certainly happy to comply with the committee's desires in that regard, without the necessity of having to table all of the detailed documents back and forth.

The Chair: — Okay. Well by the nodding of various heads, I'm presuming that the will of the committee is that we'll keep this in mind for the reviewing of the 2001 annual report.

Seeing that the clock is around to 12, we'll adjourn until 1:30, at which point we'll look into chapter 1 of the 2001 Fall Report Volume 2 of the Provincial Auditor. Have a great lunch and may Elvis smile on you this day.

The committee recessed for a period of time.

The Chair: — I guess we'll get back underway. First of all just to feel out the opposition members on this, our new member, David Forbes, being the keen and conscientious individual that he is, is sitting in as an observer for the second half of today and is with the . . . (inaudible interjection) . . . He was here this morning as well, so he's an old vet by now. But with the indulgence, if he could sit at the table and . . . just as an observer.

As we'd referenced this morning, the first item of business this afternoon is the chapter 1 of the 2001 Fall Report Volume 2 from the Provincial Auditor pertaining to the LAND project audit.

Fred Wendel, the Provincial Auditor, is here. I'll introduce him and let him introduce his officials. He, of course, will go through the audits . . . or the chapter as referenced. And we'll refer to Mr. Nicholson and his officials for comment or response. Then we'll open up for questions, and then we'll vote on the individual recommendations in numeric order.

That being said, I give it to you, Mr. Wendel, to take it away.

Mr. Wendel: — Okay. Thank you, Mr. Chair. I think some of these people were introduced this morning; I wasn't here. But Glenda Rowen — is that right? — from Deloitte & Touche, right; and John Aitken, Deloitte & Touche; among others.

From our office, I have Phil Creaser next to me, and he leads our work on the LAND project. He'll be making a presentation to you in a few minutes. Glen Nyhus also works on the Information Services Corporation from our office. And Andrew Martens who attends all of our committee meetings.

And with that, I'm going to turn it over to Phil to give you a presentation on our work in the Fall Report.

Mr. Creaser: — Thanks, Fred. Mr. Chair, members, guests. I don't know if I'm supposed to mention Elvis at this point or

not.

A Member: — It hurts.

A Member: — Yes, always.

Mr. Creaser: — Today we're going to introduce . . . or present our chapter 1 of our Fall 2002 Report . . . 2001 report, in 2002, on the Information Services Corporation's LAND project that we've been discussing this morning.

In their annual report, ISC, it points out some of the benefits of the project, and we'll be coming back to that a little bit later. We mentioned the turnaround time, trying to establish a more efficient turnaround time for the land title transaction processing, improved cost efficiencies, Internet access, electronic registration, improved integrity, and there's also some objectives around our . . . benefits around economic development.

These first few slides are just to give a bit of an overview from our perspective on the project. The LAND project was made up of a number of different components, and I think probably Ron will talk more about this in a second.

But there was primarily the title processing system which was automating the land registration process; the plan processing which automated the old microfiche of the legal plans for all the lots in the province; the e-service . . . or e-business services delivery, which is actually registering new titles in the new system; the GIS, or geographic information system which is actually the map and the linkage of the map, the electronic map, with land titles.

A huge part of their investment was in the conversion of the project, a large conversion centre, and had to convert a large number of titles and other related documents I'll show you in a second.

There was a lot of work done on the policy and law. I was really surprised myself to see how much legislation was involved with land titles and it was a very complex part of the project.

And also the organizational preparation and implementation, they had to make significant changes to their human resource organizational structure and how they managed the land titles processes in order to automate this process.

Currently we've got . . . these stats are just to give you some idea of the magnitude of the transactions in the project. There is 87 . . . there is almost a million active titles and grants in the province. They've cancelled titles which means that they've been superseded by more current titles, there's 4 million of those. Instruments including mortgages, there is about six and a half million of those. And then general records and survey plans.

So there is an awful lot of paper. I think someone had told me that there was over 50 million pages of paper in the land titles system currently and four miles of shelving. I didn't audit that, so . . .

It's more than just the land titles automation or information

system. We also, as I said before, we had to redesign all their processes. They had to develop new processes, manuals, ways of doing business, restaff the project in a different way with different skills, they had to rewrite the legislation, they had to set up a new organization structure, a corporation, and they had to integrate the geographical information systems with the land titles systems, and they were both handled by different organizations in government before.

One of the hot topics was the history of the project. We tried to give a bit of an overview of the history of the project and ISC will probably provide more details on that than what we have.

And in '94-95 the Department of Justice received Treasury Board approval to design the land titles system and it was basically approval just to come up with a design. At that time the LAND project consisted of converting the land titles into electronic records and computer systems to register and record land records. That's when the first estimated costs were coming out in the \$20 million range.

In '96 the cabinet asked Justice to explore integration of the proposed land titles system to include the GIS, the geographical information systems, thus creating the joint project between Justice and SPMC (Saskatchewan Property Management Corporation) or SaskGeomatics.

Integrating land titles to Justice significantly expanded the scope and the complexity of this project and also the related risks.

In '98 after the design was substantially complete, Justice tendered for a contract to help build and implement the LAND system. Justice also hired the contractor to ensure it had expertise to succeed with the project and a partner to help share some of the project risks, which I'll talk about later.

In '99 the estimated cost of the project was made public at about \$58 million late in '99. Increases in the costs . . . we highlight some of the major reasons in there. The linkage to land titles to GIS substantially increased the costs; hiring a contractor; increasing the estimated storage and conversion costs there — were underestimated initially. And also they added a contingency fund to help manage the total cost of the project of about 10 per cent.

So what were we out to do? Well the objective of our audit was to assess whether ISC had adequate project management processes to implement the LAND project up to roughly July 2001, although with the implementation in Moose Jaw being delayed we went back and did some follow-up work after our July work. We focused on the project management processes used to manage the implementation of the LAND project in Moose Jaw.

The presence of good project management practices does not guarantee the success of a project. It doesn't mean it will be on time, within budget, or will meet all its needs. However it does significantly reduce the risks and so we felt that it was very important, that our role should be to look to see how these practices were so we can ensure that the good practices are highlighted and any problems for future projects are highlighted to show people about the future projects, and also to help this

project succeed.

The criteria we looked at were, we wanted to determine that management and the stakeholders were committed to the project. We wanted to see and ensure there was a process to track and report on the realization of the project's benefits to make for a informed debate on the project, and there was adequate project management practices and reports being used within the course of the project. I'll talk more about these now.

So, adequate processes to maintain management and stakeholder commitment — we look at three things. Accountability, we wanted to ensure . . . we found that they were . . . the accountability process was such that they had . . . to get the project as approved by cabinet, and as being monitored by CIC, and we looked at the monitoring processes that went on at CIC, and that . . . for the project.

We also looked at governance. In governance we're talking about the committees and the structure in place internally to ensure the success of the project. And they had set up a . . . ISC had established a steering committee and a number of subcommittees, and they had quite a number of committees actually in the development phase, during the most complex development parts of the project, to ensure that the user needs were adequately addressed in the project, and to manage the risks of the project.

We also looked at the leadership. We felt that in order to show commitment, we had to have strong leadership in the project. And we believe that the people that were involved with the project from the start, and throughout the project, were very committed to the project, even through some rough times in the '80 . . . '98-99 when the project was changing and there was some resistance to the project.

We also looked at stakeholder commitment, and we felt this was a unique situation in this particular project, because the major users of this system aren't the people that are actually developing and building it which is, in most systems that we look at, the major users are within the organization that you're auditing. So, all of a sudden, here we've got a project that the main users are the community outside. And so we had to make sure that they were meeting those people's needs.

So we looked at what kind of a process they had for training, for developing the users' needs, determining what those needs were, and monitoring those needs. And we looked again when, as a result of some of the feedback they were getting from the Moose Jaw implementation, we went back and said, well, that's a fairly significant . . . there was some very significant feedback they got during that course of the early parts of the Moose Jaw implementation. We went back to see how they took the feedback they were getting from that and applied that to the project to make sure that those needs were being changed.

And the significant things that we found there were around training and support. And there was some system issues as well but they had a process in place to manage those. And they also were able to increase their support I think to four or five times the number of staff they had initially.

We made a recommendation here and that was we strongly

encouraged that the key outside users to take the training before conducting business using the LAND system and have ISC continue to monitor outside user feedback throughout the project. It's an unusual recommendation in some respects but we felt that it was important that the people understood the importance of the training and we recognize that as a key issue at this stage in the project.

The next criteria that we looked at was we wanted to look at to see if we had adequate processes to retract and report on the realization of the project's benefits. We've looked at a number of projects in the government before and it's one area that we found that improvement could be made in other projects. It's easy to go ahead with a project, but if you don't say what you're going to do and how you're going to do it and what you're really going to give back to the people I guess, then how can you be accountable ultimately for the success of the project.

We expected ISC to set quantifiable and verifiable benefits in its business case that were consistent with the vision of strategic goals and objectives of the corporation. The LAND project's business case included objectives, to outline stakeholders' needs and risks. The business case also included estimated costs, anticipated benefits of automating the land titles system.

The quantifiable benefits were maintaining profitability and improving land title registration . . . and improving the land title registration to less than 48 hours while keeping the eight regional offices in business. The business case involved from '96 but still described only those two benefits in quantifiable terms. Other expected benefits such as improved function and services should be published with verifiable and measurable targets and they should have been included in the business case. ISC is unable to measure these benefits now because it did not set measurable targets at the start.

The business case assumed increased revenues and a drop in certain operating costs to meet the profitability targets. ISC developed a land titles revenue model to meet its revenue needs based on anticipated volumes of transactions, growth, adaptation rate, and pricing using historical volumes.

Estimating service levels is risky where there is little past activity to determine if predicted levels of service are reasonable. ISC reduced the risk somewhat by hiring an independent expert to give assurance that the model and assumptions were supportable.

We conclude that ISC had adequate processes to track and report on the realization of benefits except that their business case lacked the measurable and verifiable targets for some of the expected LAND project benefits.

Some of the benefits that we were talking about I've just listed here for your benefit. You can look at them as you're going through the debate.

Finally we looked at the project management practices and we looked at risk management, the scope, which is the . . . processes the plan to identify and monitor and respond to risks. We looked at scope management which included planning, make sure that the work was done that was planned, and only that work was done. We looked at the monitoring of the project,

the kind of reporting that was being done by management to both . . . by the project team to both senior management and above.

Communication processes, communication management which includes the type . . . not only how they're communicating the . . . on how the project is going but also communicating on again developing their user manuals, their policies and procedures. And also the human resource management, both the . . . in perspective of managing the project and getting the right people in place and also how they're going to manage the staff in the land titles system when it's done.

Risk management. Risk management includes a threat and risk analysis to establish . . . it includes a threat and risk analysis to establish a plan to reduce key risks to an acceptable level, processes to monitor risk during the project, and reporting and responding to risks. ISC has taken steps to manage risks associated with the LAND project. ISC used a risk matrix and that set out risks for each component of the LAND project. The LAND project regularly reported to the LAND project committees and subcommittees on risk. ISC reported on risk by describing the likelihood, severity, mitigation, and who was responsible for risks and how they were going to further monitor risk.

Integration risk was high due to the complexity of this project. Legal, HR (human resources), and IT (information technology) components needed to work together effectively in order for this project to be a success. This risk was monitored by the steering committee, and when ISC had difficulties in Moose Jaw they mitigated the risk to some degree by delaying the Regina implementation until Moose Jaw . . . until all the key risks in Moose Jaw were mitigated.

ISC also reduced their contracting risk by negotiating a fixed-price contract with their primary contractor. And that also pushed some of the risk onto the hands of the contractor itself.

Okay. Scope management. Scope management involves the processes to ensure the project includes only work required to make the project a success — including, we looked at how well they defined and controlled what was being done in the project; we looked at the planning of the project to make sure they had a concept document; needs analysis were done. We also looked at defining the needs, which included the detailed document that detailed all the processes, computer screens, and reports needed in the system. It was a massive document, actually — I think when they did the contract they . . . I think they must have took down a forest or two to get that report out.

They verified the needs throughout the course of the project by using acceptance testing which started with a testing plan. They also had an error management system that involved legal and policy people and acceptance testing, feedback used to fix the system, and approved training.

They also had a change management process that included a strong defect and change management process to detect and correct errors and manage scope changes, cost them, and track the progress to completion.

As implementation moved from Moose Jaw into the districts

that are larger and more complex like Regina, the project's risks will change. It will be important for ISC to monitor whether the LAND system continues to meet stakeholder needs. It's also important that after the LAND project is complete we document the lessons learned on this project. And that's our second recommendation.

Thirdly on the project monitoring, during the course of the project the project needs . . . the project team needs to monitor how well it is managing time, costs, tasks, and deadline and take action when needed. The key to controlling time, tasks, and deadline for the LAND project in the months prior to the implementation in Moose Jaw was a weekly LAND project status report and supporting documents.

The LAND project status report and its related documents tracked the status of risks, tests, procedural documentation, regulations training, outstanding tasks, conversion of the GIS system, and planned conversion. It also tracked on a monthly basis the approved budget forecast . . . I'm sorry. It also tracked the risks and the status of risks.

ISC also had a process to track on a monthly basis the approved budget and the forecasted costs to complete. However the reports to senior management did not include a comparison of actual costs of the LAND project to date to the budgeted cost of work completed to date. ISC stated that it has spent 38 million on the project to October 2001, but we did not determine that this amount was over budget. However ISC has forecasted that changes and delays will use up its contingency fund by the end of the LAND project. But at the time of our project they were still anticipating that they would be within budget.

An analysis comparing actual cost to budgeted cost to work performed would give senior management an indication if work completed is within budget and will help them assess if the forecasted cost to complete the LAND project is reasonable. We will work with management and with Deloitte & Touche to audit the forecasted cost to the work completed.

Communication management. It includes documenting the project systems and processes, the history of the project, training, stakeholder communication. We found that ISC had monthly reporting to key committees on financial status, schedules, and project risk. ISC had appropriate systems to track changes to the system and system defects.

We also observed that the detailed flow charts outlining the conversion processes were developed and posted, and that seemed to help staff learn their work as they were moving through the conversion process.

However, ISC did not have all the system documentation in place before they implemented the LAND project in Moose Jaw. For example, user manuals, technical descriptions of system security and disaster recovery plans were not all complete and approved.

Due to the size and complexity of the system, it was important that they had a threat and risk assessment done and to help complete, test, and approve a business continuity plan, and we made a recommendation to that effect.

Finally, human resource management. Human resource management involves processes to make the most effective use of people involved in the project. ISC recruited from Justice and SPMC for qualified staff on the project and used contractors to fill in gaps. They also had a number of trained . . . staff trained in project management which we felt was a very important step that they took.

Because the LAND project was more than a technology project, it required a unique organizational structure to manage the project and its complexities, including the legal and policy system development, infrastructure support, and human resources. And they had set up an organizational structure along that lines.

ISC faced two main human resource challenges moving to a new LAND system. First ISC would need significantly . . . would need significantly less staff to run the new LAND system after its implementation. Second, the staff would require different skills and training than the staff required under the old system.

ISC managed these risks by communicating with its staff and union before the start of the LAND project about the proposed changes and involving its staff and the union in planning for these changes.

In conclusion, in general the LAND project has adequate project management practices. The recommendations we made will help them improve both this project and future projects. ISC can be more accountable to you by publicly reporting on its progress in measuring the achievements of their plan benefits.

That's my presentation.

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

Mr. Nicholson: — Thank you, Mr. Chairman. I'm going to ask Mr. Hewitt to respond on behalf of the corporation. But just before he does so, I'd like to note for the committee that page 8 of the report, top of the page, the Provincial Auditor sets out the extent to which the review involved a significant amount of evaluation of documents. And if I could quote the:

Sources of audit evidence included: LAND Project minutes, policies, decision documents, position descriptions, contracts, procedure manuals, project management plans and reports, and correspondence. We interviewed key officials of ISC. We also reviewed ISC and CIC minutes relating to the LAND Project.

I've been through audits in my time but this one is about as thoroughgoing as I've seen. And it was . . . we were happy to have Phil and Glen and the staff there. And I must say their review was challenging, it was extensive, and we're very pleased with the results.

We would like to comment in more detail. Mr. Hewitt, from his time at Justice where he was assistant deputy minister, he was involved back several years and so he is the executive sponsor at ISC for the LAND project, and I'd like to give him the opportunity to respond more specifically.

Mr. Hewitt: — Okay, thank you. I guess overall, as Fraser's indicated, I have been involved with LAND project right from the beginning, so to actually have a review done on it, with all the things that have happened over it for the last few years, was actually a very good thing for those of us involved in the project.

And I should say right off that we had an excellent team of people that worked on the project and I think that's reflected in the findings of the auditor. At one point I think the auditor comments on the fact that we . . . our work with the union and with the employees to get the best project team we could; to take the Saskatchewan people that worked in land titles before and train a lot of them, give them extra skills and so on, was an objective. And a number of them that worked on the project directly became very skilled, became project management staff themselves throughout the project. And those are people that previously had felt, in land titles, they really had no skills.

And so it's a really good story about how people were actually able to gain experience and actually improve their lot, as it were, doing the work. At the same time, of course, we benefited in the LAND project from their experience and their knowledge and what they were able to do.

And in addition to that, of course, we got other people to fill in that were our employees, obviously, from the systems integrator, EDS (Electronic Data Systems). But it's important to understand that even though EDS is a worldwide company, all the people that worked on the project are born . . . most of them were born and raised and live in Saskatchewan. In fact, I don't think we had anybody that came from outside to work on the project. So this is a Saskatchewan project, Saskatchewan people worked on it, and I think we have reason to be proud of the work that they did.

Overall, when we're dealing with the auditor on this . . . And I have to echo Fraser's comments about the good working relationship we had throughout this whole project with the auditor. It was a lot of work and I think, as Phil Creaser indicated, a lot of paper was gone through so we had to monitor that and obviously a lot of work for the auditor as well.

Overall, I've described the result we got here as adequate processes in place from the auditor. I would have loved it if they had said fabulous processes. However, I understand in auditor parlance this is the best you can do. So overall, I guess I'd have to make a comment on that.

Certainly there's some recommendations that came out of the report and I'll address those as we go through.

I think Phil's hit a lot of the highlights of the circumstances. We didn't really have an audit plan to work towards. When others do projects in the future, they'll have this report. As well as chapter 2 of the auditor's report this year talks about big, large projects and projects management and so on. We didn't have the benefit of any of that when we started the project off five years ago or six years ago.

So a lot of the things we did were actually grown as part of the project. For example, the auditor comments about the fact that, in the business case, we did an assessment way back, and I

think it was '95, about whether or not we should build a system, buy a system, redesign another system. So we did extensive work in that sort of thing and that work was done. And also, of course, we'd asked our contractors, ultimately when they were bidding on the contract, to actually tell us if there was things they knew about that we should actually use from other jurisdictions rather than build ourselves. So that, in itself . . . And I notice that the auditor commented on the fact that that work was done.

We also had noticed that the auditor commented about our quantifiable terms for measuring such objectives as improved functions and services.

When we first started the LAND project, we knew it wasn't meeting our customers' needs. I mean, many attempts had been made over the past 25 or 30 years to automate land titles and nobody was happy with the situation. Our turnaround times were abysmal in most cases. Customers wanted faster, better turnaround times. They wanted better service. I mean, all those things I think we all know and we all know people that have had frustrations with land titles in the past.

So those sorts of things, when we talked about making better service and improved service and all those sorts of things, I guess to all of us at the time and even today to a lesser or greater degree, were pretty obvious; it couldn't get much worse than it was. Notwithstanding our employees working very hard and getting the work out and accuracy and all those sorts of things, it just wasn't meeting the needs of the customers that we had.

And it wasn't meeting the needs of the business community wanting to search titles, get information about things to make decisions about economic investment in the province, northern Saskatchewan, oil fields, etc. The information they needed for their jobs wasn't available to them.

So in a lot of those cases when we said better processes, better information, we knew where we were headed. We take the comment of the auditor that some of those things could have been quantified, but a lot of them it would be in the sense of that they can get the information 100 per cent of the time as opposed to now when they can't get it at all. So those are some of the things we had in mind.

So some of the comments that the auditors made in relation to some of those quantifiable benefits, we can certainly describe those benefits now and it would be our intent, of course, to take the recommendation of the auditor and actually tell that story because, of course, it's a good news story that people have achieved those benefits out of the LAND system as we move forward. So that's certainly a thing that we would be happy to deal with.

On training, the recommendation on training, I won't speak to too much because I think I probably bored you all this morning with the story about training. We certainly took the auditor's comments to heart and we did make sure that our customers do know about training and do know how to take advantage of this system. So it's certainly a recommendation that we can certainly say we've already implemented extensively throughout the province.

The third, of course, big area that the auditor commented on is our management processes in place for the actual project. This is where the questions of risk, scope, etc., come up. And for us this was a very serious area for us to be concerned about. Again we didn't have really a model to rely upon. Once we had our systems integrated partner with us, they had some templates that helped us to measure those sorts of things. That's why you hire them is because they bring that expertise to the table.

But we also had within the project a number of things that we wanted to ensure that we reduced the risk. Certainly a lot of us working in the project had seen projects like this in the past and seen things that can go wrong. We wanted to try to avoid those sorts of things.

Some of the things, like the contract with the systems integrator — I think Phil Creaser mentioned this — we had multiple work order approaches, we had off-ramps. If it wasn't possible for the systems people to deliver what they promised, we had contract terms that allowed us to get off and stop the project and proceed in another way.

We did break it down to nine separate independent modules of the system. Each of the modules of the system, the computer system, work independently from each other. They are linked together — that's part of the project — but they actually work quite independently. So by doing that, we reduce the risk. If one of them didn't work, at least the rest of them would. They all do work, but we tried to reduce the risk to ensure that.

We also were successful in negotiating a fixed-price contract with the contractor. Initially the bids that we received did not include that. We were successful in negotiating that with EDS for a large component of the project, about, I think, seven or so of the nine components. So that helped us to reduce the risk because in effect EDS then was taking on the cost risk. Because they gave us a fixed price, they were then responsible for delivering the product within that price, so it put the risk on them.

Scope management has always been one of the biggest challenges for the LAND project. When we first started this, way back in 1995, we simply wanted to take what was land titles and put it in some sort of automated way — similar, I guess, to what other provinces have done. But when we started looking at that we said, well, jeepers, there's all these other things we could be doing that would benefit the customer. Let's make it easier for them to find things.

The province had invested in a geographic information system. So we said, why don't we integrate the geographic information system, which is a map-based system, with the title system? They're covering the same sort of information — it's all land-based information. So by merging them together the scope of the project changed as a result of the addition of that.

Then over the years we had many, many suggestions from all parts of government and from customers: why don't you include this, why don't you include that? So one of the big challenges for us was to let it not get . . . to prevent it from getting so big that we wouldn't be able to ever deliver on it.

Today, as a result of that, we've built the system in such a way

that we could actually link it to other things. So there are parts of government, industry, who actually can use the LAND system as a foundation for adding additional information to it.

For example, we can actually link land titles information to sales information for realtors. We can link it to anything like that. We can link it to information municipalities might have about the state of property or, you know, liens on the property, or properties condemned by the health district — those sorts of things. That information is not in land titles; it never has been. But we've built it in such a way there could be linkages there.

And there could be linkages to Energy and Mines, to Crown leases of minerals, to Crown leases of land, in Agriculture and Food, those sorts of things. And the private sector of course can link their information to it as well.

So that was our answer when people said to us, can we add this to the system? We'd say the scope is going to get too big. We can't keep on doing this. So we built it flexible enough that we'd actually be able to do that. So I think by . . . and what we did is we tried to keep the scope of the project as tightly as we could to the automation of land titles, integration with GIS.

At the same time, however, when this project was in Justice, there are a number of other applications in Justice that are similar — that have similar kinds of things associated with them. Corporations branch, for example, is a registry system as well.

A lot of the work that people do in government departments and agencies is repetitive work. It's opening the mail, faxing something to someone. So you might have an expert who's processing registrations and that's what they're expert at — land titles registrations, corporate registrations. They spend a lot of time of their day opening the mail, answering the phone, billing the client's account, sending something by fax, mailing it to them, putting it in an envelope, all that sort of often-clerical work that's associated with actually doing the job.

So what we said is, why don't we try to get a situation where the experts — our titles' experts, our plans' experts, perhaps corporations' experts — actually are able to do what they do best and do their job and focus primarily on what they do best.

So what we did in terms of all these other support services — the mail coming in — we did design a system to image all the documents so that there's an image system available. It's like a filing system in effect, a file clerk. So the filing function, the charging of accounts, the customers', clients' accounts, all that sort of stuff, as well as the output, sending people notices in the mail that this has been done and, yes, this transaction has gone through, verifications for people, that's all repetitive work and it can all be . . . lends itself very well of course to a computer system.

So we designed what we call common services which is now referred to as e-business services as a separate . . . separate modules that are actually applicable to any other application. So the application being titling or planned processing or anything else can use those other services in a generic sort of way. And we have experts that look after the mail. We have experts that look after the accounting and output and so on, and it's all

automated.

So we actually created common services, now referred to as e-business services, as a bit of a, I suppose you might say a scope expansion. But the decision was made to actually spend the money to actually create those as separate modules so that they wouldn't be fully integrated, so if other government agencies or even the private sector wished to use those services, they would not be so tightly linked to the land titles application they couldn't be separated out and used to benefit.

And that of course becomes part of the product that ISC is actually able to market and deliver to other people outside of ISC. So that's really getting to part of the scope issue that the auditor talked about.

One of the other things that changed management processes . . . the auditor commented on a dispute resolution process that we had with the contractor. One of the biggest failures of a system is when the contractor and the owner — us, I guess, in this case — disagree as to what the scope is and what you've agreed to, especially when you have a fixed price contract.

So we actually had in the contract a provision that if we couldn't clearly define whose fault it was or who missed the boat on something or a misinterpretation took place, that we simply split the costs associated with it. That went a long way to helping with the relationship with the contractor and it actually helped save a lot of time and fights about many of those situations. I should hasten to add we hardly ever had to use the provision and when we did it was very small things, and it was very helpful to us though in terms of scope and risk control.

The auditor does recommend that we take the results of our lessons and share them with other people. I think we'd be happy to do that. I think we've learned lots of things you should do, lots of things you shouldn't do in a large project as this. I didn't keep good enough notes to write a book, although some days I think I should. But certainly those are the kind of things that we'd be happy to share and have already actually had other departments and agencies check with us on how to manage some of these projects. So we'll be happy to do that.

Communications. The business continuity plan that the auditor referred to in, I think, the fifth recommendation, the project is not really completed yet. We have implementation to go throughout the rest of the province. There will be improvements and changes to the system as we go through.

It is true, we did implement in Moose Jaw without the full plan in place for some of those things. We certainly know where we're going with those and what we plan to do; they aren't all documented, they aren't in place. And certainly as the project gets completed and does that, we will actually be implementing the recommendation of the auditor to ensure that those things are completely in place.

The actual cost issue. We were doing forecasting of the project all the way along and had reports monthly to our . . . with our executive team as well as to the project steering committee. I know this is an issue that the auditor, I think, has raised before in government departments, a charge . . . monitoring your

budget against your actual expenditures month by month in your budget. I think that's what they are getting at here.

For the most part, our cash flows in the project were pretty predictable. We had, once the project is in place, we had certain staff working on the project. We also had the contractors from EDS there that we were paying on a monthly basis. So we were pretty certain of what our costs were on that.

Sometimes it's actually difficult to do what they're describing here, but I think this is part of — and maybe if I'm wrong on this, I should be corrected — part of a larger issue that the auditor would like to see implemented perhaps in Crown corporations and government generally.

The area of HR (human resources) that was commented on is actually one of the areas that I think we're particularly proud of with respect to the project. Often we have enormous automation projects, especially one of the size of LAND, where we have completely paper-based system and we're moving to a very large, new system. In effect going from the 19th century to the 21st century in one fell swoop.

We had back in '95 a very unsophisticated, untrained staff, very frightened of the prospect of losing their jobs. But we certainly, when we started the project, had five guiding principles that we set out. And we've maintained those five principles throughout the project.

One of them is a commitment to our employees and how we deal with that. So early on, as the auditor commented on, we communicated with all our staff and the union right from the very beginning. We agreed to staff positions with those people and provided early training, career counselling.

In many cases in some of the outlying offices, we actually arranged for the employees to get jobs in other government departments if their job was going to be eliminated in the Land Titles Office at the time that the office was changed. And so far so good in both Moose Jaw and Regina. We have not had the situation where any permanent long-term employee has lost their job. Through the early retirement program, attrition, finding jobs for other people, so far no one has actually been hurt, if you want to use that term, as a result of the implementation of the LAND project.

At the same time, we have an awful lot of people who've broadened their skills, upgraded. I mean, there's some amazing stories about people who didn't feel they had any skills at all who now, today, could sit here and do the presentation for you that I'm doing without any qualms at all and would be able to actually do that. So there's some excellent success stories there.

So, I think I've covered all the five recommendations of the auditor. So, if you have any questions, I'd be happy to answer them.

Mr. Nicholson: — If I could just say briefly in conclusion, Mr. Chairman, before Christmas, in my remarks, I referred to the matter of confidence in a public institution. And I'd just like to refer to that again because I believe the Provincial Auditor's report goes a very considerable distance towards establishing confidence in this public institution, the administration of land

titles.

You may have heard statements or there have been statements in the media that this was turning into another GigaText. You may have heard they're wasting millions of dollars on a system that doesn't work. And we believe the Provincial Auditor's report establishes pretty clearly that we've used appropriate project management practices, governance, risk management, scope management, leadership, accountability, reporting, HR (human resources) management, all of these things were found to be appropriate by the Provincial Auditor. And we believe it's gone a very considerable distance towards establishing the public confidence that's required.

We have had calls, I can say, from citizens of the province who've read reports in the media and who are worried, Mr. Chairman, about whether or not they're going to lose the title to their land. And for people who are concerned about losing the title to their land, in some cases, that's something very near and dear to them and for us who are involved in the administration of land titles, it is our responsibility to ensure they don't lose the title to their land. And so this is why the Provincial Auditor's report, in establishing that appropriate management practices were in place, that it goes a considerable distance towards establishing the kind of public confidence that's required so that people don't have those fears. Thank you.

The Chair: — Thank you, Mr. Nicholson, Mr. Hewitt. I'll open the floor to general questions and then once we've exhausted our general questions, we'll move to direct consideration of the recommendations.

At the top of the speaker's list, I've got Mr. Wall, and I'm open to other entrants on the speaker's list as well, but Mr. Wall, if you'll take it away.

Mr. Wall: — Well I'd like to return, now that we're in 2001, to some further . . . final questions on the whole question of leasing the computer equipment, if I may.

And specifically, I'd sort of reference you to a practice that has been employed by SGGF even when its financial statements were being reported to its previous owner, outright owner, the provincial government, where various versions in this particular example, and I'm not indicating it's part of this project, Mr. Chairman, but SGGF IV (Saskatchewan Government Growth Fund IV Ltd.) joint-ventured with private sector companies to enter into . . . to purchase infrastructure-related assets that are leased to a Saskatchewan Crown corporation under various operating leases. And I'm not . . . this is '99, so I'm not sure if it's ISC or what Crown it is, and it's not relevant to the question really.

I guess the question is, in the lease that's still ongoing that's being negotiated between the corporation and SGGF, does SGGF have a private sector partner in these negotiations?

Ms. Powers: — Mr. Chairman, yes, it does.

Mr. Wall: — And are you able to give us the name of that private sector company that is a partner with SGGF in these lease negotiations?

Ms. Powers: — Mr. Chairman, I don't feel comfortable doing that.

Mr. Wall: — Okay, Mr. Chairman, that's fair. Fine. Mr. Chairman, it's a bit of a heads-up. That's a question we will ask. You have said or rightfully — I beg your pardon — officials have indicated, and understandably so, that this deal is probably not going to happen.

And so I'm sure you'll want . . . the committee will want to undertake to disclose who those private sector companies are, when indeed there's no sensitivity in terms of confidentiality. I'm sure the committee and the officials of the corporation will want to disclose who these private sector companies are that have joint-ventured with SGGF in this negotiation.

Ms. Powers: — Mr. Chairman, most certainly if the deal is transacted, it will be duly reported in our annual report under normal reporting practices.

Mr. Wall: — I'd like to ask a question too, if I may then, about the . . . like the debt, and it does relate to this period too. And we got into this in December a little bit — the committee did — and Mr. Nicholson clarified, and did again today I think, tried to or clarified the difference between the capital project costs of the LAND project and the overall financial requirements of the corporation. And fair enough.

So we know that there was an order in council in November in 1999 approved by the provincial government that allowed you to pursue any form of financing, really. It lists trusts and banks and credit unions, and the Minister of Finance, up to \$48 million. Now when you add in I think a total of \$10 million in equity from the provincial government itself, you get to this \$58 million. And if I'm wrong, I'm not . . . please jump in and correct me, because I honestly just want to get through this so that it's understood once and for all.

So we're up to this \$58 million that is included in the sheets that you handed out today, which highlighted the total capital budget for the LAND project of \$58.1 million. I don't know if those numbers are the same based on coincidence or if those numbers are the same because that is how the entire capital project of LAND was to be financed: \$48 million in borrowing authority granted by the cabinet and another \$10 million in equity from CIC or from some other government agency.

If that is the case then, Mr. Chairperson, Mr. Chairman, I would then be interested to discuss or hear again in 2001 the nature of and the reason for the \$20 million in additional government resources that ISC garnered before Christmas, as reflected in the OC (order in council) I think December 19.

Sixteen million in debt, in other words specifically, specifically the borrowing authority of ISC being increased from the 48 that we've heard lectures about in 1999, to \$64 million prior to Christmas. In addition to that, there was a \$4 million grant — I would assume there would be some sort of equity there with CIC but I think the term that they used is grant in the OC — for a total of \$20 million, okay?

So, Mr. Chairman, that would, by my math, bring us up to the \$48 million in debt originally approved, add the \$10 million in

equity from the government — and if I'm wrong, you'll have a chance to correct me — and then this additional \$20 million, which would bring us up to \$78 million total.

Now I'm mindful of the CEO's admonition that we should separate the LAND project costs from the overall corporation's costs. And that is why I'm coming to this conclusion I'd like you to comment on . . . I'd like the CEO to comment on, Mr. Chairman. That indeed the \$20 million that was approved on December 19, of taxpayers' dollars, is in fact going to the operational side of ISC since you have said you're still on track, the 2001 figure is still \$58 million for the capital project, of which it spent 42 . . . I beg your pardon, of which your corporation spent \$42 million.

If that is the case, then I, we . . . I don't know how we could conclude anything but that the \$20 million approved in December is going to go to the operational side of the company. And if that is the case, that reflects nearly doubling the budget, at least the expenditure side budget of the corporation.

So you know . . . please correct all of the mistakes that I've just made but . . . and hopefully clarify, Mr. Nicholson, if you could please, all of these different figures. If you could please.

Mr. Nicholson: — Well, Mr. Chairman, we, we once again welcome the opportunity to be here and to answer these questions because it's important to get the understanding that's . . . about the facts that is in everybody's best interest.

And if I could give an analogy to start. If you buy a \$20,000 car and you get a \$10,000 loan to buy the \$20,000 car, you can't add the \$10,000 loan to the \$20,000 and say the car costs you \$30,000. Neither can you subtract the loan from . . . the car cost 20,000 and regardless of how much you borrowed for the car, the car cost \$20 million . . . or \$20,000.

The LAND project is like the car. It's \$58 million. That is the cost of the LAND project.

One further example. In a family, and I'll just speak by way of analogy, because it's actually easier for me to understand speaking by way of analogy. Ms. Powers is more deft at the . . . all of the ins and outs of the accounting.

But in a family you could have a house, let's say \$100,000; and you could have a \$50,000 mortgage. You have a car, \$20,000 and the \$10,000 loan. You could have a line of credit at the bank and you may have \$2,000 on your line of credit. So your debt or your borrowing is \$50,000 on the house, \$10,000 on the car, and \$2,000 on your line of credit. Your assets are \$120,000. Your borrowing is \$62,000.

ISC is like a family in that sense, by way of analogy. The LAND project is our house. It cost \$58 million. We are borrowing against that LAND project. We have a car, we have other activities, personal property registering system now, we have Geomatics, we have corporate infrastructure. We have other activities, some of which involve capital investments and we borrow for those. We also have a line of credit at the bank which, actually, we've never used to this stage.

So in the same way we have a house, a car, and a line of credit,

to repeat, you can't add your borrowing to your house and to your car and say it cost that much. And that is the problem we're having, Mr. Chairman, in terms of coming up with totals.

And we have one more handout, if you'll bear with us. We have one more handout that talks about ISC financing. And as . . . again, Mr. Chairman, we've done this on the basis of the year 2000 because we haven't yet finalized all our numbers for 2001. And I'm going to ask Ms. Powers to explain the ISC financing.

Ms. Powers: — Mr. Chairman, thank you.

In the graph that we just handed out, this is really an expansion of the prior graph that we gave to you earlier today, where this includes the equity financing as well that has been received as of December 31, 2000. And we have three key components.

One is the LAND project, which we've identified as LAND debt and LAND equity. We have other capital debt and other capital equity because, of course, we have a new company. We have, as Mr. Nicholson pointed out, Geomatics, which we acquired. We have personal property registry and the land titles operation which we had to acquire assets for them, as well as infrastructure for the new company and operating debt, which is incurred to basically control and manage the operating fluctuations in the cash that's coming in on those activities as well as to finance the start-up losses which are identified in our 2000 annual report.

So when the corporation was originally created, the financing structure was simply based upon the LAND project needs. And since that time — it should have been apparent at that time — however, it's very apparent that our needs are far beyond the LAND project and hence the request to increase our borrowing capacity by the \$16 million.

So to answer Mr. Wall's question, yes, that \$16 million does represent the other capital needs of the corporation as well as the operating needs of the corporation.

Mr. Wall: — Mr. Chairman, what specifically is ISC, in needing the \$20 million, the additional \$4 million from CIC and the \$16 million, I mean, what . . . and if not, if you don't want to get into the pen and paperclips, fair enough, and that would be great. But just generally speaking, you . . . sorry, the officials have highlighted a number of different areas other than the LAND project that they are involved in. Would they please tell the committee what then the \$20 million was for?

Mr. Nicholson: — Perhaps, Mr. Chairman, I'll start, and Ms. Powers may supplement.

The \$4 million . . . there are two amounts. The \$4 million is a contribution towards its grant and it's towards operations of ISC. That is not . . . and I hasten to add again, Mr. Chairman, operations of ISC includes our LAND system, the operation of our LAND system. We operate all the offices across Saskatchewan, our geomatics infrastructure, our personal property registry, our corporate overhead, so the \$4 million is a contribution to ISC operations.

The \$16 million increase is in our borrowing limit. And as I indicated prior to Christmas, we, in the course of doing our

business plan for 2002, we forecast that our borrowing requirements would increase beyond the \$48 million approved by a cabinet in November of '99.

As I mentioned this morning, our borrowing at December 31, 2001 was \$47.25 million. So we were still within that \$48 million borrowing authority approved for LAND, even though we had taken on additional activities.

The culmination of the LAND project and all of the additional activities would result . . . will result in a peak of our borrowing requirements in latter part of 2002. We forecast that at 64 million. That is the 16 million increase approved by cabinet just prior to Christmas.

Mr. Wall: — Thank you, Mr. Nicholson. Do you . . . do the officials . . . does ISC anticipate a request in the short or medium term to cabinet to further increase the borrowing authority?

Mr. Nicholson: — Not at this time, Mr. Chairman, no.

Mr. Wall: — This would . . . The ISC would hope that this is it as regards the borrowing authority for the corporation?

Mr. Nicholson: — I indicated before Christmas, Mr. Chairman, that our forecast was that based on our current circumstances we would peak in the third quarter or latter part of 2002, and then it would decline over a several-year period.

There is an assumption there that we won't take on additional business activities. If we were to take on more activities requiring more operating capital, further capital investment, if the business of the corporation grows as it has done, then we may require further borrowing authority. Borrowing authority, which is normal for any business, has to be related to the extent of your operations.

And so based on our current operations, the \$64 million is the peak. That is . . . But the underlying assumption is that we wouldn't take on another personal property registry or some other business activity.

Mr. Wall: — So switching a bit to the revenue side then, and that speaks either to perhaps the government per se asking ISC to take over something else; Mr. Hewitt mentioned something, I think, about other areas of government where registration is key, like corporations branch. So the government could either ask the corporation to do more and then you need more debt or potentially more borrowing authority. Or perhaps you could pursue . . . you might get some other client in some other jurisdiction whose requirements might . . . whose business might require you need to expand. I don't know the answer to that.

But that leads to the next group of questions and maybe if there's others that want to join in, I will start that process if I can, Mr. Chair, by asking: on the marketing side of things, on the revenue side of things, which has often been used to rationalize the large expense and the uniqueness of this project, the rationale for the fact that this would be highly marketable around the world, would you please outline for the committee in this reporting year, or since the beginning, the sales, any sales

you've had of the software and the technology in Canada or around the world.

Mr. Nicholson: — Mr. Chairman, since we were established in January of 2000, we've had a number of sales of software. And this can get technical, but our software development environment has been sold to the Credit Union Central of Saskatchewan. We've had sales of that software to a number of other parties. Our problem tracking system has been sold. We have had consulting contracts, two of them related to the Ukraine. I mentioned in my remarks before Christmas that we had a delegation from Ukraine here. We've also recently secured a consulting contract for the Maldives which is just off the southern tip of India. So we have had a number of sales of software and consulting.

We haven't yet sold the system, per se. I would hasten to add that, just as Saskatchewan has taken some time to develop and implement the LAND system, it is the same in other jurisdictions. Nobody is going to buy a 15 or 20 or a \$60 million system without due process, without a lot of consideration. The sale cycle for system sales of this kind is considerably long. It's not like buying the \$20,000 car I mentioned a few minutes ago.

One of the things that's important is to get out early and start talking about your system, get out in the marketplace, get yourself known, start talking about your system, do some consulting work, establish your credibility in the marketplace and prepare yourself for the system sales that come later on.

So it's imperative to understand that the sale cycle for LAND system sales is considerably longer than a week or a month or what you might take to buy a car. In fact, it's a couple of years. The average time for a project to go through the pipeline at the international financial institutions is in the order of 27 months. And you can't show up at the end of that 27 months and say, we're here to sell our system. You have to be out there; you have to be known and credible. And so you undertake your marketing considerably in advance of your system sale.

We have a number of prospects identified around the world, but obviously we're still working and will have to continue to work to sell them.

So in summary, we have had some sales of our software development environment. We have had some success, albeit we're young, in landing consulting contracts that can help to pave the way for system sales later on. The sales cycle for system sales of this magnitude is a couple of years; it's not a couple of months.

The Chair: — Any further questions there, Mr. Wall . . .

Mr. Wall: — Sure, yes, just along the same line, and then I think . . . just on the sales line if we can conclude. Just very quickly, do you know offhand the value of the miscellaneous sales that you mentioned, the dollar value of those?

Mr. Nicholson: — I don't have a list in front of me, Mr. Chairman. I would approximate the software plus consulting is in the order of half a million dollars. Consulting is a quarter million; the software sales, it would . . . let's say 3, 400,000.

Mr. Wall: — Thank you. You know there . . . through the media and through discussion of ISC and the travel that has been undertaken by officials in their marketing attempts, there were several locales identified as places that I would assume the LAND system — in fact that's what the articles reflect — that the LAND system was attempted to be sold to. Some of them are England and some of the places anyway were England and Scotland. Another specific reference was made to, I think, potential sales in Washington and Plano, Texas — or at least trips there, marketing trips — and then specifically Australia. And I think then you, sir, indicated that there were two states in Australia developing computerized land titles systems.

So there's a few there and certainly I know you've been — or not just you, that's not fair — but the corporation's been elsewhere marketing. Could you give us an update, even with those places I've mentioned . . . I should say, could Mr. Nicholson update the committee on the travels that you've made to these countries, you know, arguably to sell the product. What's the status of those leads and those prospects in those countries? You might want to . . . perhaps you would wish to start with Australia, because that's one specifically mentioned.

The Chair: — As it's noted at the start of your comments this morning, all comments through the Chair.

Mr. Nicholson: — Thank you, Mr. Chairman. With respect to Australia, the state of South Australia particularly is considering a new system. Our land system is Torrens-based. Sir Robert Torrens was from South Australia, and that's where the system actually, the Torrens-based land system actually originated.

They're considering a new system. It's one that they have now that's automated, not integrated with GIS. But they are looking to move to an Internet environment. We have had a visit from South Australia to Regina looking at our system. And should South Australia proceed, I believe we're going to be in the running. Our system is ahead of the other systems in Australia that are not at this stage Internet-based. And so we have a competitive advantage in that sense.

With respect to England and Scotland, one of the things that we did in the year 2000, we visited England and Scotland. We learned that both England and Scotland are in the process of modernizing their land registry. Their system of course is the British system, not the Torrens system. That's based on a registry, not a land titles system. And they are proceeding towards modernization of their system in the same way, as a matter of a fact, that eastern Canadians are doing. New Brunswick and Nova Scotia, having copied the British system, are now moving away from the registry to a titles system.

So we visited England and Scotland to find out about the modernization efforts that are underway there. In England we learned for example that MacDonald Detweiler based in Vancouver has landed a very considerable contract based on geomatics. The folks in the UK (United Kingdom) are quite interested in the Canadian expertise in the area of geomatics. I believe it's fairly safe to say that United States and Canada are considered to be pretty advanced in the area of geomatics. Her Majesty's Land Registry is modernizing. Their task is far more daunting than ours. They have hundreds and hundreds of years of records to deal with. They have an addressing system that is

much more complicated than ours and so they're very interested in what we're doing. But their task is even more daunting than ours.

With respect to Scotland, we have had a visit here from Scotland. A chap by the name of, I think, Andrew Martin visited here from Scotland, interested in . . . once again in what we're doing. They're proceeding in Scotland on a district-by-district basis in the modernization efforts that they're undertaking. And so once again it's like South Australia — you undertake your trip, you do your pitch, you make them aware of what you're doing, and it's gratifying that they then come to Saskatchewan to see our system, spend their money, see their way around. And so, prospect.

With respect to other jurisdictions, we've had visits from people from Utah, from Eastern US, from Eastern Canada. We've had Ukraine, as I've mentioned. We've had quite a number of visits of delegations of people who've come here to see what we're doing.

And so I guess by way of a report on our marketing effort, we've established that there are prospects. These jurisdictions, as I mentioned, are taking the kind of time and due process that Saskatchewan took. They're not less responsible than we are in terms of deciding on the acquisition of a new system. And as I said in my earlier response, Mr. Chairman, the sales cycle takes time. But we're gratified that people are interested enough to come here and to see what we're doing. And we've had a number of visits.

The Chair: — If I could just jump in at this point. The practice of the committee for longer sessions such as this is to have about a 10-minute break midpoint. So it being midpoint, I would briefly recess the committee for 10 minutes, urging you all to be . . . reminding you that punctuality is the courtesy of kings and queens, so come back in 10 minutes sharp. We'll get back underway at 3:01. Anyway, thank you.

The committee recessed for a period of time.

The Chair: — Okay, folks. We'll get back. Happy Elvis's birthday.

Okay, we're going to get back to order. We resume questioning of the officials. My speaker's list starts with Pat Atkinson and it goes to Mr. Toth, Mr. Huyghebaert and that's where we're at right now.

I would point out to the committee members that Mr. Wendel has commitments tomorrow so will not be able to be with us at that time. We adjourn today at 4 o'clock. We've got a number of recommendations to vote on. I wouldn't want to pre-empt the committee members in their deliberations or any questions that they might have, but if you could keep that in mind. That said; Ms. Atkinson.

Ms. Atkinson: — Okay. I have a couple of questions. My first question and I'm going to change the subject a little bit here. My first question has to do with what do you anticipate the savings will be to the individual who is having their title changed?

I'll just give you an example. I'm aware of several cases where people sold their house to a buyer and, because it took land titles quite some time for the title to be transferred and get the information back to the law office, interest costs mounted and they ended up spending quite a bit of money on additional interest. So I'm wondering, can you give the committee members any indication of the kinds of savings there will be to the individual who is having a title transferred to them or selling their property?

The Chair: — All through the Chair.

Ms. Atkinson: — I'm sorry, Chair. I'm guilty of the same practice. My apologies.

Mr. Nicholson: — Thank you, Mr. Chairman. The corporation has developed a new pricing structure for land titles transactions in order to reflect a business-based approach to pricing as opposed to the former value-based approach.

In the former approach the cost of a transaction was based on the value of the property and so you would pay a lot more for the registration of title for a million dollar property than you would for a hundred thousand dollar property, even though the work required to do that transaction was the same. So we've moved away from that to a pricing structure that reflects the amount of effort required — a business-based approach.

With respect to a typical house transfer in say Saskatoon, a hundred thousand dollar property with a \$75,000 mortgage is not an untypical transaction. Under the old system that would cost \$430 to do that transaction. Under the new system that will cost \$222. So the typical hundred thousand dollar house with a \$75,000 mortgage, the price of that transaction will be cut almost in half.

With respect to business, I'll give you a second example, Mr. Chairman, with respect to a business property. We looked at a business property transaction that happened a while back in Regina. It was retail outlet and involved considerable development. Once again because the transaction — and this was processed under the old system — because the transaction was value based, the fees on that were \$19,425. Under our new system, that would have cost \$1,568. So from 19,400 down to 1,500 for a retail outlet.

We've done comparisons both for residential properties and commercial properties in other jurisdictions and I, without going on at length, I give you the business property example. Under our new system, as I mentioned, that is \$1,568 in Saskatchewan. In Ontario that transaction would cost \$96,670. In British Columbia it would cost \$126,325. In Alberta, it would cost \$3,372. So on that transaction, the Saskatchewan price, the Saskatchewan fee, is about half of what it is in Alberta, and where you have in Ontario and BC (British Columbia), a hundred or more than a hundred thousand dollars. So we have a business-based approach to pricing that we think positions Saskatchewan very well for its initiatives in saying we're trying to do business in a businesslike fashion, and we're a business-friendly province.

Ms. Atkinson: — So, okay. So I understood that the fees were going down for individuals or businesses, but I think the second

important point is that under the old system, if you were a lawyer waiting for the return from land titles, you were waiting two, three . . . sometimes the people had moved into the new house before the title had gotten back to the lawyer's office. And those individuals were paying interest costs to the former owner of the property.

So I think there's an advantage in two ways. One, fees are going down because we've moved away from the way we used to put values. It's based on a business case, not a value case. And secondly, interest costs, in my view, will go down for several citizens, particularly in those centres where there were backlogs. And there were backlogs, I think we've acknowledged that. Am I correct in making that assessment?

Mr. Hewitt: — Maybe I can just respond to that. You're quite right. With the new system, because people can submit their transactions over the Internet, they get them back over the Internet. There's some transactions that we're aiming for a 24- to 48-hour turnaround time, perhaps even less — it would be lovely if we had even less. But even at that, in fact, we've had comments from some lawyers that it happened too fast. They weren't ready for that. There were things they hadn't done that they usually do.

So yes, I think the answer on that is that there will be people who won't have to incur those costs in the future, so there's savings that way.

Ms. Atkinson: — The other issue that has been raised with me, and I just want to have the ISC's position put on the public record. We live in a province that where, historically, people have come here and when they got title to their property it was important, and it went into their safety deposit box. It was something to be very proud of when you took title to a property. And I think it's still important to people.

There is this view that people will not be able to get their actual title, this piece of paper. And they're kind of interesting documents because they get passed down through the ages and you see who has been on the title prior to you getting it. And I'm wondering if you can put on the public record that people will still have access to this piece of paper which is important, particularly for people who have come from places where they didn't have title to property.

Mr. Hewitt: — Sure. Well it is a change; there's no question about that. People do, we know, value their property and value the paper substantially, which is the comment that I think Fraser made earlier about people who phoned us saying, what about my title, I want my title before something happens to it.

The new system is based on the premise however that the official record of title is no longer the paper. The official record of title is the computer system, what is in the computer system. We can of course at any time search the computer system and show you the status of the title today, yesterday, the day before. You can search it historically and it will tell you the current status at any point in time.

And you can print off the results of that search on paper and you can also of course request special paper, our official paper so it comes out on official paper so that it somehow has this

higher level of authority and it will show the current status of that title at that time.

So it is possible for people to get the official paper. It is as of that point in time when you did the search, and we do the searches down to the thousandth of a second so that you know it will be right on the time — the time will be right on there — which is actually commercially and functionally more important than having a piece of paper that might be outdated.

But taking your point about the importance of paper to people, certainly the duplicate certificates of title that people had in the past, we don't want them any more. People can keep them. The certificates of title that we have that we cancel when we do the conversion — because that's what happens is that piece of paper is cancelled — those we have and they are imaged and kept on the system so they can be retrieved as an image.

What we haven't done is done anything with, what are we going to do with that paper when we're done with it? We've had conversation with the archivist about destroying some of it because a lot of it is paper that, you know, doesn't really have any long term value to people. But there are circumstances where people actually do have an interest in actually having the original paper.

We have all the original grants that were done as a result of homesteads or sale by the Crown. We have about 200,000 of those, all the original grants. They're all imaged and on the Internet so you can actually search them and actually download it and take the image of it and actually print it yourself or get an official copy from us. It doesn't look like the big one with the red seal but we have kept all those. We have put them in storage, safe storage so that they can't be damaged any further. They're deteriorating, you know. They deteriorate over time.

We haven't done anything with them either.

We have had people request the possibility of getting a reproduction of it. And so one of the possibilities we're looking at is perhaps reproducing these off the image in large format, putting a red seal on it, making it look like parchment paper, etc., in effect recreating history for them. All of those things, we haven't had time to talk to the archivist about how we're going to keep this paper. In the meantime, we're keeping it all. We're not destroying any of the historical paper until such time as we have approval to do it.

I've gone a bit beyond your question, I realize, but . . .

Ms. Atkinson: — That's okay. I just had a thought when you were talking. You know, the province is going to be celebrating its 100th birthday in 2005 and for a lot of . . . I know there's an anniversary's committee that's thinking about things. But for a lot of people, particularly farm families, they might be interested in having a copy of the 1905 paper, you know, as a remembrance of 100 years of farming on the prairies or something. So there might be some use for this paper.

I guess the final question I have to do or have to ask is about your marketing strategy. It's obvious, from the information that you provided us, that the people of this province have spent \$64 million so far. We've borrowed \$64 million on a new system.

And it's a quick system. You know, lawyers complain that things are coming back too fast. Obviously, it's saving people money and interest costs. You've had some travel to various countries. We've had people that have come back here.

But one of the things that I understand from these kinds of sales is that relationships and trust and those kinds of relationship building is really important. So I guess I'm wondering, what is your strategy to maintain those contacts, to keep ISC on the radar screen of those various countries or jurisdictions that are looking at changing their systems so that we will be seriously in the running when they do make decisions as to which system they're going to purchase for their jurisdiction?

So I guess I'm encouraging you to market this product because we've spent a lot of money developing this product. It obviously works. The glitches are being worked out, but it works and we're going to have to go and market it. So what are you going to do to make sure we market it and we're on the radar screen?

Mr. Nicholson: — Thank you, Mr. Chairman. Well, the member's question is spot-on. It's a good question because the premise is correct. System sales of this magnitude are dependent upon solid relationships being built. You cannot sell a land system sitting behind a desk in Regina. You . . . sometimes they have to come to see you. But in order to get them to come to see you, sometimes it's necessary to go see them first. Find out where the jurisdictions are who are interested, who are prospects, and if you can't get them, you go see them and you build that relationship of trust and credibility. They want to see how the system works on the ground, they want to talk to people here and see how it works. They want to understand all of the benefits that the system has.

Another benefit — just building on an earlier question — one of the benefits of the system is that real estate agents get paid their commissions very fast. When the transaction happens, as it has in some instances, on the same day, the real estate agent has money in his or her pocket a lot faster. So these jurisdictions want to understand not only the benefits to the government, but benefits to business, benefits to all the stakeholders. And so that requires a dialogue and a sales cycle that takes some time.

Early on we wanted to get out . . . and I believe there was a question earlier about Washington and The World Bank. The visit to The World Bank resulted in us now being represented on The World Bank Web site. That's because we made a presentation to a significant number of — and Mr. Hewitt does a very good presentation — to a significant number of their representatives worldwide who deal with infrastructure, establishment of infrastructure. And so after some examination, they agreed to put us on their Web site. And now we know people at The World Bank and we get leads from the people we know at The World Bank, and people get to see us through The World Bank Web site.

The research that we've done suggests that some of our best opportunities may well be in the developed world as opposed to the developing world.

At the moment we're engaged in a number of discussions with companies in United States. The system there is not a

Torrens-based system, it's a registry system, and they have . . . it's administered at the county level and there's county recorders. They also have a huge title insurance industry. It's in the order of \$10 billion a year and double-digit growth.

Actually the Saskatchewan system is both the county recorder and the title insurance company. And so what we're building here in an Internet environment is a composite of the public and private sector system in the United States.

Because we are that and because we're in an Internet environment, we've received a considerable interest from the States and if I were to give a first priority, I think our first priority would be to focus on the United States. That's not to say, you focus on them to the exclusion of others, but we are cognizant of the fact that we need to be businesslike in terms of where we market.

Fundamentally, whether you're dealing in United States or whether you're dealing in the UK or whether you're dealing in any country in the world, you need to be trusted, you need to have credibility.

The EDS . . . the agreement that we signed with EDS in Plano . . . I believe there was a question also about a trip to Plano. And we've . . . the headquarters of EDS worldwide is in Plano, Texas just outside of or on the perimeter of Dallas, and we visited the worldwide headquarters of EDS.

The result of discussions was that we've now got a worldwide marketing alliance with EDS. That means that we can take advantage of their resources, their marketing and sales resources, on a worldwide basis so we don't have to travel the globe all by ourselves, reinventing the wheel, that we can take advantage of the expertise that they have, 140,000 people in close to 60 countries around the world.

So the result of the market research, the result of the visits, we believe has in a fairly short period of time, paid some dividends. Clearly we need to keep on working, but we have done enough work now to have attracted, as I mentioned earlier, quite a few visitors. I didn't mention Thailand who were here; there was a number that I didn't mention. But we've attracted visitors here. We've established our credibility with a global player like EDS, and so we are optimistic. And we've still got a lot of work to do, but we're trying to be prudent and businesslike in all of our dealings.

Ms. Atkinson: — Thank you, Mr. Chair.

Mr. Toth: — Thank you, Mr. Chair. I just have a couple questions here. One, first of all, going back to some information you gave us this morning regarding the 2000 financial results. And you show an expenditure on the one side of 22.6, but a borrowing of 18 million. Are those two numbers, are they different numbers or are we talking about the same expenditure — the one, LAND debt of \$18 million versus the total expenditures . . . project LAND . . . project of 22.6? Maybe you could explain that just so I have a better understanding of what those two numbers represent.

Mr. Nicholson: — Thank you, Mr. Chairman. By way of analogy again, it would be like buying the \$20,000 car and

having a \$10,000 loan. We've . . . 22.6 is the amount that we spent in the year 2000 on the LAND system. We borrowed 18 million against that 22.6.

Just by way of further elaboration, if you look at the borrowing, we borrowed 27 million in the year 2000. We spent 22.6 on the LAND system. So that clearly illustrates that we borrowed more as a corporation than we spent on the LAND system. That's because we're borrowing for reasons besides the LAND system. In summary, we borrowed \$18 million; we spent 22.6 in the year 2000.

Mr. Toth: — I'm still mulling that one over in my head. But I'll mull that a little more before I get it.

Mr. Chair, the other question I wanted to follow up on, and it follows a little bit on the line that Ms. Atkinson was going, and going back to what Mr. Hewitt said this morning as well about the changes to the system and some of the difficulties. And I appreciate the fact that the legal community probably is the biggest user and they do have the time and the expertise and they are going to change because of the needs of their clients. But when it comes to the private citizen who might be looking for information, who in the old . . . And I'm talking of the older generation. They're not into and probably will never move into really becoming computer illiterate. What is being done to address their needs? And especially if they come in and they're looking at a system that's totally changed, how do they get the information that they're looking up?

Mr. Hewitt: — Good question. Obviously there's a transition for anything where you're going to a totally new system, even if it weren't totally Internet-based. We recognize that there's lots of users who aren't comfortable with this kind of system.

In other jurisdictions where they have done automation, albeit it not as extensive as ours, it actually made it a requirement that you use only the system. You cannot for example do anything manually; you can't do it in paper format — those sorts of things.

We made certain assumptions at the beginning of the project, the four principles that I talked about earlier. One of them was to maintain our local presence and keep the eight existing land titles locations open for advice and for providing searches for people who don't have access. So if you go to one of the existing Land Titles Offices or that location at least . . . each centre will be in a different physical location, but there is currently a Moose Jaw customer service centre, a Regina customer service centre, and there will be one in each of the other six locations that we have today.

People can still go to those offices, still get help from the staff, do searches themselves or they can have the staff assist them with a search. And even though you've got older people sometimes who aren't comfortable themselves with a computer system or have their own computer or so on, often they'll have a child or more likely a grandchild who is very, very literate, and so we are obviously trying to encourage people to do that.

There is also nothing stopping anyone else in any town, an insurance agent or anyone else who is comfortable with doing this, from providing search capability on their computer for

other people. So there are other ways for people to do it if they're not really comfortable themselves.

But primarily we want people to be able to come to the offices if that's what they need to do and certainly recognize there's that need for people to do that. And we intend to keep those offices open. We intend to still allow people to send us things by paper, not just electronically. But of course over time we're going to see a change in how that works. But by accommodating all of those needs I think was a good choice because of those kind of problems.

Mr. Toth: — Thank you, Mr. Chair. And if a person is . . . they're looking for some information; for example we want to know exactly if there's any easements against the property or whatever, the title. A number of years ago a lot of interest in the oil sector and everyone was going back and wanted to get the title to see exactly where their Crown leases were, whether there were any titles . . . or not titles but if there were any Crown oil easements, mineral rights — yes, that's the right word — available. And is that available on the system right now as it is or do you have to go through a multiple process of finding out who has easements on that property?

Mr. Hewitt: — Okay. I heard two questions, I think, in your question. So I'll answer it the way I interpreted it, and if I'm not right, just let me know.

If you want to know . . . There are lots of times in the past, in the '40s and '50s or even before that, where people were actually given mineral rights by their grants. Like some of the grants that go back to the 1890s actually granted mineral rights to the owners of the land. Later on, when I think the government began to realize the value of mineral rights, now grants were made without the mineral rights. They're reserved to the Crown.

And so the majority of mineral rights in the province are reserved to the Crown. And that's where Energy and Mines does what they call, I think, Crown land sales or mineral sales, where they actually lease, in effect, the right to take those minerals off the land.

But there are still lots of freehold minerals in the province where people actually independently own the actual mineral rights to the property. Those have always been indicated on the title, should have been on the title at least, coming out of the grant, that would often say minerals included on the title.

What the LAND system has done is actually split minerals and surface to be separate ownerships. So if you actually own the minerals with respect to a piece of land, a quarter section let's say, you'll have a mineral title associated with land and you'll have a surface title associated with that land. Okay? If you don't have the minerals and they're owned by the Crown, if you search that land, you'd find out that the Crown actually owns the minerals.

So what I interpreted as being part of your question was, how do I do that? Well under the current or the old land titles system, you had to know the legal land description for you to actually search the land. You had to get that description. People often know that in rural areas what their land description is;

often don't in the cities. So that was the only way to search: you go to Land Titles Office, give that land description; they'd bring out the titles associated with it.

Under the new system, you can search by legal land description. You can search by the title number. You can also search by name. So if you want to search to find out if you have any titles . . . This just recently happened to a friend of mine with the LAND system. Did a search of their name and discovered, quite unbeknownst to them, that their mother actually had a mineral title under a piece of property out by Crooked Lake that she didn't know she owned. Because it had been an expropriation, whatever, the Crown didn't expropriate the mineral rights. So she actually had a mineral title.

So if you actually wanted to find out if someone owned any mineral rights, you'd actually search by that name. And it would actually tell you if they were actually in that name or not, as well of course the surface and any other things associated with it.

Whether or not there's any easements against your property. Every search of a property shows all the interests on the property. So if your title comes up, it'll show if you have a mortgage, you have an easement, if there's anything associated with your property. If there's a writ associated with your name, that is now registered on title as well.

So all of that information is available, one-stop. You don't have to dig any further, you don't have to look any further beyond the title. Does that answer your question?

Mr. Toth: — Just, Mr. Chair, one final question. A question I think a lot of people have, and from day one is: was it necessary to form Information Services, another Crown corporation, to update the land titles system, or the land registry system, or could that have just been another process of evolution as we've modernized and as we've changed?

Mr. Hewitt: — When we assessed whether or not we should do a new land system, as I referred to earlier, whether we should buy another system or just change the one we had — it was so archaic, and is so archaic for the places where it's still in place in the province, that it's really difficult to do incremental change. A hundred-and-some years of experienced practice, that sort of thing. If we'd done it that way and done it over time — we certainly could have done it that way — we wouldn't have achieved the benefits that we've achieved today.

It's very, very difficult to take an old system and automate it. What you end up doing often and the analogy I use, is you're paving a cow path. It looks good at the beginning, but after a while it breaks down and you really need to rip it out and put a new base in and put a highway on top of it. And that's really what the LAND system is all about is getting rid of the cow path and sort of paving an adequate base . . . putting an adequate base and paving it for that to happen.

The difficulty in government, and I believe this is pointed out in the Provincial Auditor's report as well, is that government for large projects budgets on an annual basis. And it is a real problem when you are trying to do something that's a larger project or anything that spans multi . . . more than one year. So

with the LAND project we were getting incremental funding every year to actually work on it, but with the major expenditures associated with actually doing the project and actually implementing it, the government funding mechanism was not going to give us multi-year approvals to do that.

So how do you do that? Well one of the ways, of course, is to actually create a Crown corporation. So by doing that you are actually able to deal with the expenditure as a capital expenditure, as Mr. Nicholson's pointed out, associated with that. Whether or not you create a Crown corporation to do that is a matter of public policy, a matter for cabinet to decide. When you also have something that can actually achieve a return on your investment which is what this estimate was in relation to the LAND project, it also is an mechanism for you to actually be able to pursue the return on that investment associated with it.

I don't know if you want to make some comments about creation of the Crown.

Mr. Nicholson: — Mr. Chairman, we think what we're seeing around the world is that doing business electronically is the way of the future. Doing business the old way, maintaining hundreds of years, decades of paper, having weeks of turnaround time, is not the way of the future. For Saskatchewan to be competitive in the new economy, we have to be fast; we have to complete business transactions in a timely fashion. We have to get our costs down. Getting costs down of the land title registration costs — the example I gave earlier from \$19,400 to \$1,568 — and leading . . . being a leading jurisdiction in that regard is important to our competitiveness as a province.

And so what we're doing in terms of converting to the electronic world is, in a larger sense, about making Saskatchewan more competitive and being more business-friendly and being a leader in this regard.

E-government is not just happening in Saskatchewan; it's happening around the world. Governments around the world are struggling with the investments required. Governments have an accounting system — and I would echo the comments made by Mr. Hewitt and noted in the Provincial Auditor's report — governments are struggling to find ways to find the money to build the new IT infrastructure. That's because the . . . expensing it in the year of acquisition is a pretty insurmountable obstacle in an annual budgetary cycle. Doing it on a business-like basis by amortizing the cost over a period of years is a much better way to go.

E-government is worldwide. Electronic transactions are really about competitiveness; getting your costs down is really about competitiveness. And so in our view, converting the land titles system — as challenging as that is to change from a hundred years of doing it another way, as challenging as it is — it's the right way to go.

Mr. Toth: — Mr. Chair, just one comment. I don't disagree with the fact that getting costs down . . . I guess we'll see at the end of the day how much real savings we have there. But when we talk about e-commerce, or talk about using the Net, or talk about auto-tellers, just a recent news article talked about people's costs. And we're really pushed nowadays to move to

using automated tellers and moving away from the person at the wicket, and yet CTV (Canadian Television Network Limited), I think it was, did a bit of a study and something like for every transaction at an auto-teller is \$4. So is that a saving? Whereas if you had been at the wicket and got cash you would have not had that additional cost.

So sometimes we use the word cost savings and it isn't necessarily always the cost savings that we thought we'd have, and I think it's just how we use the system.

Mr. Nicholson: — Mr. Chairman, as Mr. Hewitt indicated we are maintaining our office presence across Saskatchewan. We're not closing offices. They will be smaller offices but we're not taking away personal service. Part of the cost saving has to do with fewer people being required to administer the system.

Because lawyers can do the transaction from their own office as opposed to taking the time to either go themselves or send somebody down to the office and wait, it not only saves money, we'll take quite a few people out of the system, not . . . without the pain of laying them off so far. But we're not only taking money out of our own costs, we're taking costs out of the lawyers' operation because they don't have to come down or send somebody down to our office.

Taking costs out is important for Saskatchewan, whether it's public sector or private sector. And doing business electronically allows you to do that.

There is an investment required but the return on the investment is lower costs of doing business, lower fees. And so that's why we believe this is in the right direction.

The Chair: — Thank you Mr. Nicholson, Mr. Toth. Mr. Huyghebaert, and then I've got Mr. Yates on the speaking list after that.

Mr. Huyghebaert: — Thank you, Mr. Chair. Interesting comments about e-government. I recently attended a bit of a forum on e-government and the resultant was e-government equal less government. I hope that carries through in this province.

Mr. Chair, my question is relating back to the other capital projects that we referred to in the financing charts and I'm a little fuzzy on a couple of the issues. So I'd like to go back to Mr. Nicholson's analogy about the family with the mortgage and expand it a little bit. And I agree, \$50,000 mortgage, 10,000 on a \$20,000 car, but now all of a sudden you want a \$30,000 trailer, zero down finance so you finance the whole thing. Then you find your \$20,000 car can't pull the \$30,000 trailer, so you go out and buy a \$40,000 truck to pull your trailer.

Well there comes a point where you have to wave the white flag. I know in my family I'd have to wave the white flag and say I don't have a GRF to finance me so I've got to stop. So my question goes back to this \$20 million for other projects, and the question is quite simple: where is the direction and who's the approving authority for other projects?

Mr. Nicholson: — The governance structure, Mr. Chairman,

for Crown corporations, is one that we comply with. We have a board of directors that oversees all of our activities. There is a decision-making system within the Crown sector that allows for certain decisions to be made at the Crown board, certain decisions have to be made at the CIC level, and certain decisions have to be made or confirmed by cabinet. And so it would depend, Mr. Chairman, on the nature of a decision being made as to whether it would be approved at the ISC board, at the CIC level, or going to cabinet.

For example, decisions about our borrowing authority have to go through all three. We have to go through our board, the CIC board, and then it has to go to cabinet. Decisions regarding certain capital items would be passed by our board in the context of a business plan, and then be dealt with at the CIC level.

So as a general response, Mr. Chairman, it depends on the nature of the issue and we would comply with the decision-making system on whatever the issue was.

Mr. Huyghebaert: — Thank you. And, Mr. Chair, I would like to be a little bit more specific with the \$20 million, or the 16, or the 4 plus the 16, and all we have listed here is other capital debt. So that has to be for a specific project, I would assume, or a specific project and operating costs. And who is the approving authority and where did the direction come from for that specific project, although we don't have a specific project listed?

Mr. Nicholson: — The first point is it's important to separate the 4 from the 16. Sixteen relates to borrowing authority. The 4 million, as we mentioned earlier, was a grant. The borrowing of the corporation . . . the 64 million borrowing is . . . relates to all of the activities of the corporation, including LAND. Our borrowing at December 31, 2001 was \$47.25 million. We're forecasting a peak the latter part of 2002 to 64, as mentioned earlier.

The increase in borrowing authority relates to other capital projects and operating requirements of the corporation. Included in our plans for capital expenditures would be . . . for one example would be modernization of the personal property registry. We took over the personal property registry January 1, 2001 from the Department of Justice. It is not an Internet-based system and it needs to be modernized. So that's one example of a modernization that needs to occur.

At the same time, Mr. Chairman, we are involved in delivering the LAND system across Saskatchewan. At the moment, we are really delivering two systems. We're delivering in Moose Jaw and Regina the new automated system. In the rest of the province, we're delivering through the offices in the old paper-based fashion. We have to provide care and feeding for those offices, and so there are things like computers and equipment that we have to provide for the offices across Saskatchewan to operate those. When we took them over from . . . when we took the land titles system over from Justice, we now have to operate it. So we have . . . we have operational requirements that we have to finance.

The summary being that our \$64 million borrowing finances all of the corporation's activities: the LAND project, other business

activities, like personal property registry, geomatics, and so on. It also helps us finance the operation of the system across the province. Our borrowing . . . we have not borrowed \$64 million. Our borrowing at December 31 was \$47.25 million.

Mr. Huyghebaert: — I'm not sure I got an answer, Mr. Chairman, so I'm just going to try and rephrase it or repeat it. When I look at other capital projects, you mentioned personal property registration; I take it that that's a capital project. What's the mapping one? I take it that's another capital project.

And my question was, what were the other capital projects? If those are them, then the approving authority to go there, the direction received by the corporation to do that, is it internal or at what level is this done? And with what sort of confidence can I sit and talk to people and say the approving authority for something up to level A is through the Crown corporations, CIC? Or does . . . At what level does it have to go to cabinet? Or what level do you as . . . does the corporation have as an authority level to expand, to go in whatever direction you want?

I just want to find out what the direction that the corporation operates under, like where can you go. If you wanted to buy my \$30,000 trailer tomorrow, in my analogy, can you do that? And this other money that we're talking about, where did the authority come from to do that?

The Chair: — Before Mr. Nicholson answers that question, I would remind the committee members that the witnesses that appear before this committee are endeavouring to answer the questions that are put to them by committee members to the best of their ability.

If you're not satisfied with the answer that is forthcoming, then by all means restate your question but please do not impugn the veracity of the information being put forward by the witnesses, which is, you know, part of engaging the witnesses in debates and moreover not a great quality of debate. So please keep that in mind as committee members.

Mr. Nicholson: — I may ask Ms. Powers to assist me, Mr. Chairman, because I really am trying to answer the question.

In the context of preparing our business plan for 2002, we need to prepare what our capital requirements will be, what we believe our capital requirements will be. And we have to take that through our board at ISC and then to the CIC board. As I was trying to explain earlier, there are policies regarding approvals within the Crown sector with which we must comply. So certain decisions can be made at the ISC board level and some have to go to the CIC board and so it depends on the nature of the decision being made.

So in an overall sense we have to prepare, as any business would, what we believe our capital requirements for the year ahead are going to be, put that in the context of our business plan for the upcoming year, and take that through the ISC board and the CIC board. So there would be elements within that overall capital plan that we would forecast. So it's in a business plan context, and then on an item by item basis it depends on the nature and the size of the undertaking.

I should also say, Mr. Chairman, that the policies regarding this

are clear within the Crown sector. We are audited by our own auditors and by the Provincial Auditor and if we fail to comply with the policies we would be so noted.

So for the year 2000, we complied with all the policies in this respect and that is one oversight mechanism that exists to ensure that we comply with all the policies that are in place.

Mr. Huyghebaert: — Mr. Chair, what I believe I heard earlier was the \$16 million was for other capital projects. Can we hear what all the capital projects were for this \$16 million, and where we're going with this \$16 million?

Mr. Nicholson: — Mr. Chairman, that would relate to the 2002 year and so we would, in dealing with that question, we would be dealing with items going forward. And I guess I'm looking for your guidance in terms of now whether we're moving from the 2001 year to an assessment of our business plan for 2002.

We've attempted to be forthcoming in terms of explaining the \$64 million in borrowing. But I'm simply looking for your guidance in terms of whether we're going to start looking into the future and evaluating the capital projects that the corporation may or may not undertake.

These items . . . Because we're early on in January 2002, we still need to do our work in the corporation on the capital projects, the detail work, and take them through the ISC board. We do have a business plan for 2002, but the details of those things would need to be finalized and taken through our board and then, if appropriate, through the CIC board.

I find myself in a difficult position before the committee talking about things in the future that haven't yet gone to my own board or the CIC board. So I need your guidance in that regard.

The Chair: — Well I recognize the sensitivities that you're outlining, so I'm not going to rule you out of order in that question. But what I am going to do is undertake to come back to the committee tomorrow with a more precise ruling on that question.

So if you could move on to another question or if your line of questioning is concluded, it's your call. But I'll get back to you tomorrow with more precise . . .

Mr. Huyghebaert: — Thank you, Mr. Chairman. I have one more question, as the clock winds down. Little bit of preamble maybe and what I guess I'd like to know, the new system . . . and this might have been related to the old system, but I guess I'd like to integrate the two, Mr. Chair.

The question, whether from the old or the new, was a constituent that wanted a title search done. And Mr. Hewitt was talking about title searches which twiggged me to this question and again it kind of goes capital and operating. This individual lived a hundred-and-some miles away from the land titles facility and the system would not accept payment by credit card or any other means. The individual physically had to drive a hundred and fifty miles to pay \$2 for a title search and then another 25 cents for the hard copy. It cost him a day, plus the operating costs were phenomenal, plus a day's wages, in essence. Has that been addressed under the new system or is it

still a problem or do you know of it as a problem or is this a very unique case?

Mr. Hewitt: — I think what you're identifying is an issue that we had in the past. It was one of the concerns that we addressed in our consultations that led to the creation of the LAND system.

One of the things with the LAND system is it puts everybody on the same footing. If you're a rural customer or an urban customer, you can be right across the street from a Land Titles Office, you're exactly in the same position as someone like your constituent who is 150 miles away. It would be possible under the new system for that person to get on their computer. They can either have an account with us that they set up, if they're a regular user, if they wish to have a regular account; like a lot of our clients such as lawyers obviously, municipalities, financial institutions, those kind of regular users would have with us. So that's easy to set up an account for the future.

But you can also go onto our Web site and actually log on and actually sign on as a member or as a person using the system and actually use your Visa or MasterCard to pay for the transaction. So it's as simple as that.

And the accounting system that I referred to earlier on just simply automatically bills your account. It comes through on your . . . I tested it myself once. It came through on my Visa statement, ISC, you know, search. It was right on there. It's as simple as that.

So in the situation you're talking about, with access to a computer of course, which is required, your constituent would be able to actually do that search right on-line, have the results instantaneously, printed off on his own printer, doesn't have to wait for an official copy to come from us. If he wants one, he can get one, and actually do the transaction that simply. That's part of the benefits, or one of the big benefits obviously of the new system.

Mr. Huyghebaert: — And there's one final, Mr. Chair. Do we know the cost of the transaction on that nature?

Mr. Hewitt: — The search? The search that he would do would depend on the results that he got in a way or how much information he wanted to. But if he just did a basic one- title search, if he knew which title he was searching for and there was one title associated with that, the first thing that he gets is a list of all titles associated with the search criteria.

So if for example he searched his own name and got the titles in his own name, if there's more than one, if he wanted to search each one of them, there would be a charge associated with each one of those titles. If he had one title associated with that, he would get that up on the screen. The charge associated with that is \$6 and he can print it off himself.

Mr. Nicholson: — If I could just add, Mr. Chairman. When the member asked his question he noted that the constituent would have had to drive a hundred miles — I believe it was a hundred miles — and a day's wages and pay \$2.25. I believe the member would recognize that we're saving the constituent the

hundred miles drive and the day's wages.

The Chair: — Okay. Thanks very much. We've reached 4 o'clock, the hour of adjournment, and we will reconvene tomorrow at 9:30 on this point. We've got Mr. Yates to start off the speaking . . . the speakers list tomorrow morning.

And as such, I thank you for your time. This committee is adjourned.

The committee adjourned at 15:57.