



Standing Committee on Crown Corporations

Hansard Verbatim Report

No. 20 – January 9, 2002



Legislative Assembly of Saskatchewan

Twenty-fourth Legislature

**STANDING COMMITTEE ON CROWN CORPORATIONS
2002**

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Regina Elphinstone

Kevin Yates, Vice-Chair
Regina Dewdney

Graham Addley
Saskatoon Sutherland

Greg Brkich
Arm River

Yogi Huyghebaert
Wood River

Carolyn Jones
Saskatoon Meewasin

Don McMorris
Indian Head-Milestone

Peter Prebble
Saskatoon Greystone

Hon. Andrew Thomson
Regina South

Brad Wall
Swift Current

The committee met at 09:38.

Information Services Corporation of Saskatchewan

The Chair: — We'll resume consideration of the chapter of the auditor's fall report. Then we'll get into the recommendations as to concurrence/non-concurrence, what have you. And once that is dispensed with, we'll get back into consideration of ISC (Information Services Corporation of Saskatchewan) generally, with particular focus on the 2000 annual report.

We've got the Provincial Auditor with us this morning only until 10:30 so it's . . . it doesn't impede our proceedings, but given the wisdom that Mr. Wendel has to bring to bear it would be good if we could get the auditor's report chapter dispensed with before Mr. Wendel leaves.

Anyway, towards the end of yesterday's meeting there was a question asked by Mr. Huyghebaert, and upon consideration of that question it's in order and I'd invite Mr. Huyghebaert to restate that question at this time, and away we'll go.

Mr. Huyghebaert: — Thank you, Mr. Chair.

My question basically referred to the extra \$16 million for capital projects that has been approved and my question was, what were these . . . what are these capital projects that required the extra \$16 million?

Mr. Nicholson: — Mr. Chairman, I can give a number of examples of projects that we're contemplating for the 2002 year. I would emphasize at the beginning, however, that we are currently working on the analysis, the business case, all of the details with respect to these and so our homework is not complete and in due course we will complete that, take it forward to the ISC board. So I won't be mentioning these as fait accomplis but rather as potential capital initiatives that we'll be proceeding with in 2002.

So some examples. We've established of course a new corporation. We have a Web site. We will have to look at investing more money in the enhancement to our corporate Web site. That's the vehicle through which we provide service delivery and so we'll have to look at enhancing that.

As a corporation and because we operate not only a head office but offices across the province, we'll have to invest some money in IT (information technology) equipment and just the normal office equipment that all organizations have to continually invest in.

Our help desk. Once you establish a infrastructure for delivering services electronically and now that we do a lot of our business internally, our help desk has an IT infrastructure that we have to keep up to date.

I mentioned yesterday the personal property registry system, modernization of that. We took it over January 1, 2001 and we're currently going through an analysis on that as to how we're going to proceed.

Other examples, Sask911; we have computerized mapping

capability called geomatics. We've developed in conjunction with Municipal Affairs and SaskTel a computerized dispatch mapping capability that's now in operation in P.A. (Prince Albert). And so we'll look at enhancing our Sask911 computerized mapping dispatch system.

There are a whole variety of other examples, Mr. Chairman. Continuing to invest in our security infrastructure. We've had, as all Web sites have these days, there are various viruses out there on the Internet, and you have to have security to protect against those kind of things. We've had several thousand — that's not unusual — we've had several thousand hack attempts against our system, and to date our security has repelled all of those hack attempts. But you can never let your guard down with respect to security, and so we'll have to look at investing further in security.

So those are examples, Mr. Chairman, of the kind of capital investments. I emphasize again, however, that we're doing our homework on those items and we'll have to determine which of those we will be proceeding with, and to what degree. And that'll be in the context of our financial capability and a priority-setting process which will occur with management and on recommendation to our board.

The Chair: — Okay. I'm going to allow a supplementary for Mr. Huyghebaert, and then I'm going to kick in to a speakers list that starts with Mr. Yates, then shifts to Mr. Wall. And please indicate your desire, if you have one, to get on the speakers list. But, Mr. Huyghebaert.

Mr. Huyghebaert: — Thank you, Mr. Chairman, and thank you, Mr. Nicholson. I guess my initial or now thought is, Mr. Chairman, is if the corporation comes to cabinet and asks for another \$16 million, and cabinet was given those items, is that sufficient for cabinet approval? Some of this, to me, Mr. Chair, seems like it's part of the LAND (Land Titles Automated Network Development) project within the 60, 58 or \$64 million. The ones that were just given to me.

And to me, I would feel that if somebody came to me and says we want \$16 million, I would want something itemized to say what that 16 million is going for, rather than looking at just give us \$16 million; we've got a bunch of projects that we want to do.

So I guess my question would be: was there anything specific, and not necessarily for the CEO (chief executive officer) to repeat himself on these projects, but to have \$16 million approved for a project, it would appear to me that there should be some project that's required for the \$16 million if I was sitting on a board to approve it — rather than just say, we've got a whole bunch of initiatives that we would like to work on, and just give us the money and trust us. I would feel comfortable if there's a project and say, here's what it is.

And that's I guess what I'm getting at is, if there was a project specific to the \$16 million rather than a bunch of, we might want to do this and we haven't got our homework done yet; we're doing more homework on it — rather than saying here's a project. And I guess that's what I was driving at — what is the project, or if there is one?

Mr. Nicholson: — Mr. Chairman, the member is correct in that we won't be proceeding with any project without due approval. The process that we follow is that we prepare a 2002 business plan. We do so in the context of all of the financial circumstances for the corporation. It is entirely normal to prepare your business plan without having chapter and verse of every single project finalized.

However, the process for approval of each and every project is that management does the detailed work and takes it to the ISC board for approval. And so no project is implemented at the whim of management. It is finalized, due diligence is done, it's presented to the ISC board, it is appropriately prioritized and completed within our approved spending authority.

Mr. Yates: — Thank you, Mr. Chair. I would just like to further clarify that issue if we could. I want to ask basically three questions.

When the decision to extend the borrowing limit by \$16 million was approved by the cabinet, that was accompanied by specific documents laying out a plan for enhancement of the system in a number of ways, was it not?

Mr. Nicholson: — Yes.

Mr. Yates: — And each of those enhancements was reviewed in detail of the general concepts, but it wouldn't have in it precisely . . . As an example, in updating the personal property registry system, going from its current antiquated system to a modernized system that people could access, you wouldn't have in that determined whether you were going to self-develop a new system or purchase an existing system from some other jurisdiction that may have gone down this road.

It would be the cost to do this and to deliver this type of system in the future are approximately, you know, X number of dollars. And actually, how you would go about, step-by-step, putting a new system in wouldn't have been in the document. Correct?

Mr. Nicholson: — Mr. Chairman, that's correct. We would identify, as I have, the kinds of initiatives that we're contemplating.

We would have done a certain amount of work. They don't go forward simply as wild ideas with no work at all. We would have done a certain amount of work. We would have done some estimates. We would have indicated the kind of issues that we would like to do further work on.

And so there has been some work done on the issues on the potential projects that I've identified. But we haven't completed all of the detailed work that's required for ISC board approval.

Mr. Yates: — Did this approval follow the same format as all approvals for major policy development or major developments within government would follow?

Mr. Nicholson: — Yes, Mr. Chairman. We comply with all policies and decision-making processes.

Mr. Yates: — . . . on these proposed projects as would in any other proposed project?

Mr. Nicholson: — Yes, Mr. Chairman.

Mr. Yates: — Including the scrutiny of the cabinet?

Mr. Nicholson: — Yes, Mr. Chairman.

Mr. Wall: — Thank you, Mr. Chairman. Good morning, Mr. Nicholson, and thanks again for your attendance here and to your officials the same.

A number of the projects that were listed by the CEO in terms of being the reason for the need for a \$16 million increase in the borrowing authority are clearly related to the LAND project, if not wholly then in part. And I would suggest, Mr. Chairman, the majority of things like the Web site is really . . . As the CEO I think correctly pointed out, really one of the most key elements of the LAND system is how customers and lawyers and residents of the province will access the new LAND system, how they are accessing it in Moose Jaw and now in Regina. And the same, I would submit . . . again, I don't know, and certainly the CEO may want to comment, but the IT equipment would strike me the same way. The help desk would certainly have a LAND project relationship, and certainly the security infrastructure. And I think that all of those things are . . . you know, those would be reasonable expenses that people would expect of an IT-based company, especially one like ISC, involved in registrations. But clearly, in my opinion anyway, they're a part of the LAND . . . in our opinion, they're part of the LAND project.

And yesterday and previous to yesterday it's been testimony of the corporation and of the CEO that \$58 million is the sum and the total and the limit of the LAND project. And when we specifically asked yesterday about this additional 16 million, no, we were assured it's not part of the LAND project; it's a part of something else.

This, in our opinion, is being contradicted today, and I'd like the . . . I would ask the CEO to comment on how those elements I've highlighted are not indeed part of the LAND project.

Mr. Nicholson: — Mr. Chairman, once again, I guess I will try to explain. I'm maybe not being very successful at explaining that ISC is not only the LAND project. By way of comment, I mean, one could say that the Web site for the Department of Justice is for the corporations registry that operates within Justice but it is for no other purpose — despite the fact that the Department of Justice has many programs that are . . . and information that are accessible through the Web site. It all is because of the corporations branch. That's not correct for the Department of Justice and it's not correct for ISC.

ISC, as I've explained, is more than the LAND project. And because we are an organization started in 2000, to be sure, with the LAND project, the LAND system, as our first endeavour, we have since of course added the geomatics responsibility, we've since added the personal property system, and so we are in the process of building a brand new organization that is expanding its range of services. And so, not all of these things are solely and entirely attributable to the LAND system. They are required because we are an organization that delivers LAND and other things.

Mr. Wall: — Mr. Chairman, yesterday, we and then previously on . . . we, as committee members, certainly on the opposition side, were lectured about the total cost of the LAND project and the CEO was very clear about it. I think the record will reflect that. We don't have *Hansard* yet, but I think the record will reflect it. And today we hear something quite different, and that is a little disturbing. So I'll ask a more pointed question then to the officials, please.

If they would answer, what portion of the Web site business . . . of the Web site, what proportionment would be attributable to the LAND project in terms of the use of the Web site and in terms of, you know, I'm sure you keep close count of how many hits are at that particular Web site. And if you could even provide an estimate, sir, if the official could provide an estimate about the proportion of the Web site business attributable directly to the LAND project in Moose Jaw and in Regina, and how much that apportionment will change as the rollout is complete across the province?

Mr. Nicholson: — Mr. Chairman, I'd have to take that as notice; I simply don't have that information with me.

Mr. Wall: — Thank you, Mr. Chairman. Some? I mean can you say that some of the Web site business then is attributable . . . I beg your pardon, can the official say that some of the Web site business is attributable to the LAND project?

Mr. Nicholson: — Mr. Chairman, the answer to that is that there are some costs within the LAND project budget for Web site development, and there are some costs outside the LAND project for Web site. So the answer is yes, some. And those Web site costs related to the LAND project are within the LAND project budget.

The Chair: — In the interests of balance, we're going to move to the people on the speakers list. I've got Mr. Yates, then Ms. Atkinson, then Mr. Wall once again on the speakers list. Mr. Yates.

Mr. Yates: — Mr. Chair, my question is, in a number of the issues that you laid out as projects, would it be fair to say that the enhancement of the Web site would be required in order to deal with the new service that is provided under the personal property registry?

So that now the Web site would need to be different as a result of you delivering new and new services. So your enhancements in the Web site are required because of new services you're anticipating in delivering?

Mr. Nicholson: — Yes, Mr. Chairman. The enhancement to the Web site would be required for the personal property registry system for GIS (geographic information system) for business development and marketing purposes. It would be required for a number of purposes.

It is also . . . if I could mention the . . . as Moose Jaw went live and as Regina went live, that then is converted to operations.

The LAND project is about building the system and getting it implemented. Once it's built and implemented, it then goes to operations because it's no longer being built; it's in production.

So the LAND project focuses on building and implementing the system, then it goes to operations. That's the case for all capital projects. They reach a point of . . . where they go into production, at which point they're operations.

Mr. Yates: — Would it also be fair to say that new help desk capacity, new equipment, IT (information technology) equipment and so on and so forth would be required in order to move forward to an automated personal property registry system which may, theoretically, have as many on-line hits as the LAND system; in fact, perhaps more?

Because there are chattels registered against property like cars and that far more frequently than there is land. Would that be fair to assume that you in fact could have more hits on the Web site regarding personal property registry versus the actual land registry?

Mr. Nicholson: — Mr. Chairman, I believe our volume in land is much higher than on the personal property registry side, but certainly the point is fair that there is significant volume associated with the personal property registry.

Mr. Yates: — My final question is, the mapping for the 911 system, was that part of the original land titles . . . or pardon me, the LAND project, or is that a new phase that was developed more recently to move to changes announced in the health plan going to regional 911 call centres?

Mr. Nicholson: — Mr. Chairman, the Sask911 computerized mapping is completely unrelated to the LAND system in the sense . . . As a project, as an initiative, as everyone knows we are integrating our computerized mapping with the LAND system, but this particular example is in support of emergency dispatch and is developed and now in operation in P.A. for that purpose.

Ms. Atkinson: — I just want to ask for clarification, Mr. Chair. I have not been a member of Crown Corporations Committee for some time. In fact I haven't been a member since my days in opposition when I used to ask questions of the government of the day. And I'm just wondering what the decorum is here.

I know that the people that we have before us as witnesses are not the politicians; they're the civil servants or the public servants. And I'm wondering, do we have a protocol for how we are to ask our questions? Because they're not the politicians; they're the people who work for the taxpayers of Saskatchewan. And I wonder if you could provide me any information or advice on that.

The Chair: — Certainly. The committee's job is the scrutiny of the activities of the Crown corporations as referred to as by our terms of reference and by the legislature. The officials are not to be engaged in debate. They can be asked questions pertaining to the scrutiny of the activities of the related corporations.

You know if the question needs clarification or refinement as to the information being offered, that's certainly within the purview of the activities of the committee. But as a committee of this legislature, the questions are to be directed through the Chair and the answers, the same thing; and we should refrain from engaging the officials in debate.

The debate is properly . . . The function of this committee is scrutiny. The function of the House is debate. And certainly there's a certain amount of overlap certainly within the two roles. But as far as a primary focus, our job here is scrutiny and the job in the legislature is debate and scrutiny as well.

Does that help out the member?

Ms. Atkinson: — I think it does. Just in terms of, you know, decency . . . I think that we need to ask our questions and they could be hard questions, but I think we need to be respectful. So I was just hoping that you would make that point.

The question that I have for the officials, Mr. Chair, has to do with the mapping, GIS. And I see in the annual report that there is the issue of satellite mapping. Trying to find it where there is — oh yes, here it is — computer technology, telecommunications, satellite technology with electronic imaging and geographic databases.

And this gets to the whole issue of moving towards a provincial emergency system in the province where ambulances will soon have satellites in their ambulance. If they get a call out to a farm accident, they'll be able to get to the farm accident location without someone having to be on the road to direct them down the grid road and so on.

And I'm wondering if some of the money that has been allocated to ISC for this coming year is to assist the province in moving towards more of a provincial emergency service where ambulances or EMS (emergency medical services) vehicles will have less difficulty in trying to locate injured people, whether they're on the farm or some grid road or so on.

So I wonder if the officials could bring us up to date a little on what's happening in that area.

The Chair: — That was a very respectfully put question, I might add. Anyway, Mr. Nicholson.

Mr. Nicholson: — Thank you, Mr. Chairman. We believe that the Sask911 initiative is extremely important for the citizens of Saskatchewan and for the rapid arrival of emergency vehicles at the intended place. And certainly, the utilization of computers and computerized mapping and telecommunications capability can assist greatly in that regard.

In answer to the question, yes, some of the capital we would intend to use to enhance the existing capability we have which is currently in operation in P.A. as I mentioned.

We are at the moment in partnership with the federal government, with Natural Resources Canada, remapping the road network for Saskatchewan. We need to have a completely . . . a completely up-to-date computerized map of the road network. And so that work is currently underway.

The capability that we have developed — and in fact we're hoping in the not-too-distant future to be able to unveil that publicly and show how well it is working — has tremendous potential but it requires further investment. And one of the things that ISC is proud of is that this is an investment that we're making. We're working closely of course with Health,

with Municipal Affairs, with SaskTel, with various municipalities, but it's an investment that goes to ultimately saving lives because it gets the emergency vehicle there the shortest, quickest route.

Ms. Atkinson: — My other question has to do with GIS as well. Will we be able to access GIS over the Internet in the future? I don't think we can do it now, can we? Or can we?

Mr. Nicholson: — Mr. Chairman, you can, by going to our Web site, access some of our GIS information now and put in an order, for example, for certain kinds of things. It is our intention . . . and the integration of GIS with LAND means that as we get the system fully implemented, when you are seeking information about a property you can get a parcel picture, you can get a map or a picture of that property in mapping form.

Over the longer haul we . . . certainly it's not in our current budget or in our deliverables for 2002. But over the longer haul we want to have the system constructed in such a way that you could get information about a piece of land either by using the information about ownership or the parcel number, or alternatively clicking on a map and going in and getting land titles information by going through a map.

So now our project includes going in with ownership or parcel information and getting a map. We, over time, want to be able to go the other way — click on a map and get to the information the other way. So have a fully integrated land titles and GIS system.

So . . . but you can now connect to our Web site and get GIS information, yes.

Mr. Wall: — Thank you, Mr. Chairman. Mr. Chairman, through you to the officials, will the new capital investment in the security infrastructure of the entire system, for which the \$16 million is being used in part, will that also improve the security of the LAND system? What, you know, what security is in place now, and will this improve the security of the LAND system?

Mr. Nicholson: — Mr. Chairman, the security investments that we would make would be required regardless of what services we were developing . . . we were delivering. All organizations have to put appropriate security measures in place regardless. Otherwise your system is vulnerable to all of the viruses that you hear about in the media almost every day. So we would need to invest in security even if we weren't delivering the LAND system.

Mr. Wall: — Do the officials then agree that, Mr. Chairman, that in terms of capital expenditures, the LAND project is going to cost taxpayers, effective December 19 when the order in council is approved, that it will cost taxpayers more than the \$58 million?

Do officials at the Information Services Corporation, Mr. Chairman, characterize the \$16 million expenditure on three of . . . let's just pick, if you will, the Web site, the help desk, and the security — new security infrastructure — do you consider those to be . . . I beg your pardon . . . does the official . . . do the officials consider those to be capital expenditures?

Mr. Nicholson: — Mr. Chairman, I, in the . . . I gave those as examples of the kind of capital projects that we were contemplating for 2002.

Mr. Wall: — Do the officials at ISC characterize those capital expenditures as investments, in part, if only in part, in the LAND system?

Mr. Nicholson: — Mr. Chairman, I'm going to ask Mr. Hewitt to respond.

Mr. Hewitt: — Okay the LAND project itself is a project and that's where the \$58 million budget was set. Once it's implemented, it's a fine distinction, but it becomes the LAND system and it is an operating entity. So Regina and Moose Jaw, for example, are the LAND system; they're operating in those regions.

So if we had any capital expenditures we had to incur in order to continue to operate the offices, just like we used to when we had to buy chairs or tables, or furniture, for, you know, Humboldt, or Prince Albert, that was a capital expenditure.

The same thing would occur under the LAND system if we had to expend extra money under the LAND system to continue to operate it. And once a project is completely fully implemented there is no project any more. The money's spent in relation to the project, everything else associated with it is either operating or capital in the LAND system. I mean that sounds like a fine distinction, but that's actually how it's characterized under our operations.

Mr. Wall: — Mr. Chairman, it does sound like a fine distinction and I guess the difference I would have — and perhaps any of the officials would want to comment — the difference I would draw between the analogy that's been used and what's happening here is that the LAND project's not finished yet. By the admission of the officials, it's not available in most . . . throughout most of the province.

And so we have a system that . . . a computer system . . . an Internet-based computer registry, an IT company if you will, or an IT project, paramount to which would be security in terms of protecting it from hackers, also the Web site itself. This whole system that we have is predicated on the fact that it's Internet-based, Mr. Chairman.

And since the project's not done yet, I would submit to the committee and to officials for their comment that any capital expenditures, until at least the project is delivered as it was outlined it should be in terms of the entire province, any capital expenditure that affects or improves the system is part of the start-up costs of this project.

And all of this might seem fairly semantical and arguably it is, unless, unless we were operating under different information which was certainly the case from our side. So perhaps Mr. Hewitt or others wish to comment on that. I would certainly invite them to do so because I think the distinction is too fine — that would be my opinion — and certainly it would be open to the comments from officials.

The Chair: — Certainly Mr. Hewitt should answer that, but

additionally I'd be interested in hearing from the auditor as to the propriety of the principles involved in terms of the expenditures. So we'll go with Mr. Hewitt and then if the auditor's office would like to add any additional comment.

Mr. Hewitt: — Maybe just back to the inception of the LAND project. One of the things we were quite sensitive to was ensuring that we did include in the LAND project expenses related to the LAND project. In many IT projects — and perhaps the auditor can comment on this as well — costs associated with doing it in government departments or so on are costs of the department; they aren't actually allocated directly to a project.

So even when we were in the Department of Justice we were very careful to say if someone was working, you know, a certain percentage of their time on the project, that was a project cost. So the very issue you've raised is something we've been sensitive to from the very beginning, to ensure that costs that truly are project related are allocated to the project, you know, in a logical sort of way. And we have procedures and rules in place to determine that sort of thing.

The distinction between project and system, I mean when I said it was a fine distinction, it's the word — that's fine — but it actually is a critical distinction that we're using. If it's project costs related to implementation in the last office, up to the last office, we are charging those costs to the LAND project, including time of people that work for the corporation. Anybody that spends time on the project is allocated to it.

But the costs associated with operating are operating costs. If we took all of the operating costs from Moose Jaw and Regina and allocated them to the project, that would actually be a misrepresentation of the costs because if we didn't have the project, the Moose Jaw and Regina operating costs would be allocated to operating.

So we have to continue to operate once they're operational. Anyway that's my explanation of that. Perhaps Mr. Wendel or Mr. Creaser have something further to say on that.

Mr. Wendel: — Yes, Mr. Chairman. One of the things this committee has asked us to do is to audit the planned and actual costs of this project. And one of the sensitivities will be to know what was in the original budget and then be able to figure out what the actual costs are in relation to that budget and when you do actually move something into operations. And that will take . . . there will be a lot of sensitivity to that; it will take a lot of discussion; we'll need to see a lot of evidence to support whatever is done. So it's not a hard and fast rule. We'll have to look at it, make a judgment call on it, and make sure what they're doing is reasonable, and make sure that it is clearly laid out so that you know what the assumptions are.

So that's what we'd like to bring to the table when we report.

Mr. Wall: — I know also that the auditor is wishing to, I think, leave at 10:30 you said, Mr. Chairman? And we may want to get to those recommendations so I'll just finish this portion off, if I may, with a comment. The officials may choose to comment on this, however I certainly am not asking them to do so because, you know, I'm not going to pose a question.

It would just strike me — and we're going to greatly anticipate the auditor's look at this particular issue — as it strikes me that 20 per cent of the project is done, or whatever the number is, and the start-up costs are being buried in operations. And I think that's a political decision because this an absolute powder keg for the government that's exploding in their face. The project is way over budget and now they're going to bury the start-up costs in operations; and we look forward to the auditor's comments because we would like to get to the bottom of this.

The Chair: — Thank you, Mr. Wall. Okay we'll move to . . .

Ms. Atkinson: — Excuse me, Mr. Chair. I think that that is a loaded statement coming from Mr. Wall. I don't at all accept his premise. And I would like to hear from the officials on that matter because Mr. Wall is alleging that start-up costs are being buried in operations. And I'd like to hear what the officials have to say about that.

A Member: — Start with the auditor and then move to ISC or do you have a preference in your . . .

Ms. Atkinson: — I think we should hear from the officials and then we'll go forward with the recommendations.

I don't think we can leave, I don't think we can leave Mr. Wall's comments like that on the public record without a response.

Mr. Nicholson: — Mr. Chair, the member is alleging impropriety. I reject that. I have a chief financial officer in whom I am very proud, who is ethically responsible to record expenditures according to standard accounting practices. She's ethically bound to do that. She is doing that. That is reviewed by our auditor; it's reviewed by the Provincial Auditor. I reject categorically any allegation of impropriety on behalf of any member of the executive, but most especially the chief financial officer of this corporation.

The Chair: — Okay. With regards to where we're at right now, there is . . . a lot of the questions here could certainly be applied to the more general questioning that is going to follow when we don't have the Provincial Auditor here. So I'm going to move to consideration of the recommendations and if you want to . . . if members of the committee want to get into further lines of questioning . . . Mr. Prebble?

Mr. Prebble: — Thanks, Mr. Chair. I do want to hear from the Provincial Auditor, if you'd allow that, on this matter that was raised by Mr. Wall before we leave it because I think his views on this are very important. What I heard . . . I guess his . . . what I'd like to ask the Provincial Auditor is whether there is any evidence to support Mr. Wall's accusation.

The Chair: — And I guess given that we've got a chapter that we're going to move to the consideration of the recommendations that pertains very much to this very topic, I too would like to hear from the auditor on this matter.

A Member: — Thanks for permitting that question . . .

Mr. Wendel: — Thank you, Mr. Chairman. We have no

evidence that that is in fact occurring. What my original comments were is that would be certainly something we would be looking at, as any auditor would look at, is to make sure things haven't certainly been accounted for properly, and we will be looking at that as part of the work you asked us to do and the report you've asked us to prepare on the planned and actual costs of this project. So we will, of course, be doing that. I have no evidence that that is, in fact, occurring. I haven't done any work to know that.

The Chair: — Fred, you may be staying longer. Comment from the official?

Ms. Powers: — Yes, Mr. Chair, I'd just like to make one comment, that certainly you do have the annual report before you, which is the purpose of us being here today, and we did receive a clean audit report on that which did contain start-up costs, which did contain LAND project costs, and there was nothing found in the Deloitte & Touche review or the Provincial Auditor review of any impropriety of any kind.

The Chair: — Mr. Wall?

Mr. Wall: — There have been several commentators on remarks that I had made and so I want the chance to say this, if you'll permit it, Mr. Chairman: that my question very specifically said that if this is happening — and I frankly think there is a chance that it has — I believe it's been a political decision. I'm not in any way impugning the integrity of your chief financial officer . . . I beg your pardon, of the . . . I'll put comments to the Chair. I am, however, very concerned about what this government has done with this particular corporation and the political sensitivities around it, and I just want to make that clarification.

The Chair: — Mr. Nicholson?

Mr. Nicholson: — Mr. Chairman, I have received no instructions from any member of the government to do anything improper.

The Chair: — Thank you, Mr. Nicholson. Is it the committee's will that we move to consideration and recommendations on the recommendations? Great, so, recommendation no. 1 on page 10 of chapter 1 of the 2001 Fall Report, Volume 2, Provincial Auditor's office:

We recommend that Information Services Corporation should strongly encourage key outside users to take training before conducting business using the LAND System and that ISC continue to monitor outside user feedback.

Do we have any discussion on the recommendation? Do I have a motion of concurrence on the floor? Thank you, Mr. Prebble.

Moving to recommendation no. 2. Recommendation no. 2:

We recommend that Information Services Corporation should set measurable and verifiable LAND Project benefits and report publicly on the achievement on all planned benefits.

Any discussion on the recommendation? Do I have a motion of

concurrence? Thank you, Mr. Yates.

Those in favour of the motion? Those opposed? Motion is carried.

Recommendation no. 3:

We recommend that Information Services Corporation should perform a post-implementation review of the LAND Project and make the results available to all government organizations.

Do I have any discussion on the recommendation? Yes. Ms. Jones.

Ms. Jones: — I assume that the recommendation would be put into practice or into place at the end of the implementation of the LAND project or are we discussing the phases of the LAND project?

The Chair: — It's post-implementation review but the auditor . . . would you like to comment on that?

Mr. Wendel: — Yes, Mr. Chairman, that would be at the end of the project that it's in place.

Ms. Jones: — At the absolute completion of the . . . thank you.

The Chair: — In addition to the audit that we're considering right here, of course. Any further discussion or questions on this recommendation?

Mr. Yates: — I would so move concurrence on the recommendation.

The Chair: — Thank you Mr. Yates. Those in favour? Those opposed?

Recommendation no. 4:

We recommend that Information Services Corporation should receive monthly reports on the comparison between actual costs to date on the LAND Project to the budget to date.

Any questions or discussion around the recommendation? Seeing none, I will entertain a motion of concurrence at this time or motions at this time.

Mr. Yates: — I would move that we concur with the recommendation, Mr. Chair.

The Chair: — Thank you Mr. Yates. Those in favour of the motion? Those opposed? The motion is carried.

Recommendation no. 5, the final recommendation of the auditor's chapter:

We recommend that Information Services Corporation should complete, test, and approve its business continuity plan.

Any questions or discussion around the recommendation?

Seeing none, I'll entertain motions pertaining to the recommendation.

Mr. Yates: — Thank you, Mr. Chair. I move concurrence of the recommendation.

The Chair: — Thank you, Mr. Yates. Those in favour of the motion of concurrence? Those opposed?

The motion is carried. And so concludes our consideration of the chapter of the auditor's Fall Report.

It being 10:30 at this time — we're about halfway through the morning — I would move that we go to a 10-minute recess, returning at . . . A 15-minute recess, okay. A 15-minute recess. We'll see you back at quarter to 11. Thank you.

The committee recessed for a period of time.

The Chair: — We're going to call to order and resume consideration of ISC with the particular focus on the 2000 year-end report and other questions, of course.

I'm starting the speakers list off with Mr. Huyghebaert and we'll entertain other entrants to said list. Mr. Wall, calling Mr. Huyghebaert. So, Mr. Huyghebaert, take it away.

Mr. Huyghebaert: — Thank you, Mr. Chairman. This afternoon, we'll probably get into some specific concerns with the system.

But my question to the officials now relates to the operational, vis-à-vis, capital costs and my question would go something along the line of the system in Moose Jaw. If it's having some problems that will require a design change of software or some other major change to make sure that the system is up and running at 100 per cent, would the cost incurred, Mr. Chairman, for that enhancement or back to the original design, if it was an original design fault, would that come under operational costs or capital costs?

Mr. Hewitt: — The system is not geographic anymore so one of the ways that I think it helps to think of this is the LAND system versus Moose Jaw, Regina. Anything associated with the LAND system, whether that be enhancements or things we have to fix that we've discovered as a result of implementation of the LAND system, is considered to be part of the LAND project.

Operations are the staff that work in those . . . that are working in the LAND system today, our costs associated with running the LAND system today, as opposed to costs associated with running the old land titles systems, which are also operational costs. They're just two different categories of operational costs.

But any changes . . . to answer your question specifically, any changes to the LAND system as part of . . . as we run through implementation, are project costs.

The Chair: — Anything else, Mr. Huyghebaert?

Mr. Huyghebaert: — No, that answers it. Thank you, Mr. Chairman.

Mr. Wall: — Thanks, Mr. Chairman. I wonder if we could change direction a little bit, and talk a little bit about the marketing of the product. We talked a little, tiny bit about it yesterday, Mr. Chairman, and I think as a preamble, everybody was in agreement that the success of this project in general. If you evaluate it as a government project the success, a lot of the success, will come as to the revenue side; how much money the government can make by selling it to other jurisdictions, and I'm speaking, obviously, specifically of the LAND system.

So some questions on that. Specifically, does the corporation have, and have they always had, a long-term marketing plan? Surely they must have a business plan. They've referenced it actually in their testimony so far. They've talked about a year business plan, and they might want to . . . I'd ask them to also address that. If they do have a multi-year business plan as well, complete with pro forma, you know, projections that you'd expect in a business plan on . . . with marketing sales targets.

And I guess I want to really focus on that marketing plan side if I can, Mr. Chairman, and ask officials to explain to the committee what is in place in terms of a marketing plan, and what is the nature of that plan for the LAND project? Not for the consulting services or some of the other ancillary things they've talked about, but the actual system.

Mr. Nicholson: — Mr. Chairman, with respect to the marketing plan, I was referring yesterday to some of the activities that we've undertaken. We've completed a fairly extensive amount of market research about the opportunities around the world. And we've been following up on that market research. And as I mentioned yesterday, we're trying to be quite targeted and businesslike in terms of how we conduct ourselves marketing the system.

I believe the question included words to the effect, has the corporation always had a marketing plan? The answer to that is no. The corporation was established on January 1, 2000. When I began work, I believe, was January 4, 2000. The first order of business was to get a desk and a telephone. And so during the course of the year 2000 . . . I mean at the point the corporation was established we didn't have a chief financial officer, we didn't have an HR (human resources) department, we didn't have any marketing people. It started quite simply on January 4 with nothing.

So during the course of the year 2000, we established corporate infrastructure, including that which I've just referred to; we brought in people with some marketing expertise; we completed market research; we undertook some exploratory trips.

As I indicated in my remarks yesterday we were and we have been successful in having quite a number of people visit Saskatchewan from around the world. I won't go through them all again this morning. And we are in discussions with a number of companies about how we might work together in this regard. We've had the signing with EDS (Electronic Data Systems) — I won't go through it again today — to have an alliance to market the system worldwide. So I guess those are some of the elements of the marketing work that we've undertaken.

Mr. Wall: — Thank you, Mr. Nicholson. Mr. Chairman, since Mr. Nicholson's arrival, I would understand, that at about that

time is when the marketing plan and team and whatnot started to come together.

And so now that surely one's in place, I wonder if ISC could share with the committee what the targets are, specific sales targets that you've set as a result . . . that the corporation has set as a result of that marketing plan, for 2000-2001; and if Mr. Nicholson would, Mr. Chairman, share with the committee then sales targets the corporation has on into the future as the corporation wants to obviously generate revenue, pay off its debt to the taxpayers, that sort of thing. I wonder if we could talk a little bit about that?

Mr. Nicholson: — Mr. Chairman, I may need your guidance in this area. We agree that . . . I believe, although I stand to be corrected, that it's standard practice that Crown corporations don't reveal the details of their business plan before Crown Corporations Committee. To do so would be detrimental to the corporation's commercial interests.

And so it's difficult for me in that respect to talk about where specifically we're targeting and in that respect the system sales, the prospects, and the potential revenues. If I were to get into that level of detail we would be revealing to the world where exactly we're intending to try to make sales, and I don't believe that would be in the corporation's best interests.

The Chair: — Okay. We've got a bit of a speakers list forming up here, so I'm going to allow one more supplementary from Mr. Wall and then we're going to move on in the speakers list and you're certainly free to join the speakers list thereafter.

Mr. Wall: — Well maybe this helps the officials. Certainly I don't think the committee should or needs to have the details of that sales program or your marketing plan.

What my question was, Mr. Chairman, is could the officials please share with us just the general target you'd have, because clearly the corporation will have a long-term plan to pay back the taxpayers' loan to it — 58 million plus, you know, in addition to the one . . . the amount in December. And so in order to do that, you're going to have to generate revenue over and above what you're . . . what the corporation — I'm sorry, Mr. Chairman — will be receiving from its Saskatchewan activities. The corporation was going to be selling the product.

And so just general sales targets you have . . . the corporation had for 2001 when marketing began, when you're . . . when the corporation was actually out in the field, out around the world marketing it. The targets, the general targets for 2001 — no specifics, no countries. And then your targets . . . then the targets on into the future. If the officials could just provide that general sales target?

Mr. Nicholson: — Mr. Chairman, in answer to the question, as I indicated yesterday the sales cycle for system sales is fairly long. Other jurisdictions are no less prudent than Saskatchewan in terms of deciding to purchase a system or pieces of a system.

The system sales have to be evaluated on a case-by-case basis, and in that respect — by way of elaboration — it depends how much revenue one might get would depend on how much you sold. It is not necessarily the case that you would have to sell all

of the system. The system is built — and Mr. Hewitt was referring to this yesterday — a number of computers interact with each other; there are a number of components to the system.

We . . . and so you can sell not necessarily all the system, but pieces of the system. And so the pricing would have to be calculated on a case-by-case basis.

With respect to specific sales targets, I believe, in my view, that is within the confines of an annual business plan and I'm reluctant to get into that level of detail.

The Chair: — Moving along on the speakers list, we've got Mr. Prebble.

Mr. Prebble: — Thank you very much, Mr. Chair. Mr. Chair, I'd like to ask Mr. Aitken a question if I could, if that's in order? And it pertains to the comments that we discussed earlier and Mr. Wall's accusation earlier this morning that our government is burying the project costs of the LAND project in the operation costs of Information Services Corporation. And I'm wondering if, Mr. Aitken, if you've had an opportunity to look at this question? We just heard the comments from the Provincial Auditor and I wonder if you've seen any evidence of this taking place?

The Chair: — Mr. Aitken, if you could introduce yourself and your relationship to the matters at hand here.

Mr. Aitken: — My name is John Aitken. Thank you for the question. I'm a partner in Deloitte & Touche here in Regina. Despite the accent I've been here for 25 years so I know Regina quite well. And since around the same time that Fraser talked about getting a telephone and a desk, we were appointed auditors of ISC. And so we have, in fact, as Deloitte & Touche, and our audit process is reviewed by the Provincial Auditor, Glen Nyhus and Phil Creaser here, we have conducted an audit of the financial statements of ISC up until December 31, 2000. And our report is included in the annual report that you've all made reference to.

The specific question you ask is, in conducting that audit, we reviewed the revenues and expenses and assets and liabilities of ISC as at December 31. We have not had occasion to look at any transactions subsequent to that date.

Part of our audit is, in a start-up corporation that has been mentioned, is to determine the accounting policies of the corporation. We worked with the chief financial officer and her staff in determining the accounting policies which are contained in these financial statements and which comply with generally accepted accounting principles.

In conducting the audit, therefore, did the financial records and financial statements comply with the accounting policies which are reflected and described in the notes to the financial statements? The answer is yes. The specific reference that was made around was the exposure to capital costs being buried under expenses.

I can see that, as an auditor, one of the potential exposures that we look at is, are revenues overstated, are expenses overstated

or inflated, are assets being overstated or understated? So we look at the veracity of the numbers as they appear in the financial statements in the full knowledge that one of the potential risks in a start-up corporation is either overcapitalizing or undercapitalizing capital assets. And we formed a conclusion and I think concurred that there was no evidence of overstatement of expenses.

So it's a long-winded way, but it's to put it in context that there is a framework from an accounting perspective. The chief financial officer is a chartered accountant. She cannot be associated with our rules as a profession to knowingly overstate or understate assets, liabilities, expenses, revenue. And for our part, both ourselves and the Provincial Auditor reviewing that these financial statements have been prepared in accordance with generally accepted accounting principles. And that's in fact what our report is suggesting.

So I apologize for it being a long-winded discussion.

Mr. Prebble: — That's comforting. Thank you very much. Mr. Chair, I just want to say that, you know, we've now had our auditor from Deloitte & Touche and the Provincial Auditor both say — I'm reinterpreting their remarks a bit, but I think it's fair to say — that there's no evidence for Mr. Wall's accusation.

Mr. Chair, through you to Mr. Wall, I'd be grateful if he withdrew his accusation.

The Chair: — Mr. Wall, if you'd care to comment.

Mr. Wall: — The member will know that when we were discussing this we were specifically referring to the \$16 million approved by your government, December 19, 2001. That . . . the expenditure of that, arguably hasn't been made. We know that's just an increase in the borrowing authority.

That is where these questions came from. And when and if either the corporation's auditor . . . I'll say both the corporation's auditor or the Provincial Auditor can confirm for us that none of these expenses . . . can confirm for this committee, that none of these projects for the Web site, for the security, for the help desk, were really relative to the capital project, start-up capital plan, when that happens I would be more than happy to apologize.

The Chair: — Okay . . . actually as your Chair I'd like a little order. Thank you very much.

And with regards to, you know the advisability of withdrawing or letting the remarks stand or what have you, it's . . . it would be very useful to have the actual record in front of us to refer to so I would request that committee members leave this matter for the time being so that, you know, if we want to revisit this after the record is there to be referenced, then we can do so at that time. But as far as requesting withdrawal or apology or, you know, making it happen, let's let the record speak for itself.

So, Mr. Prebble and then Ms. Atkinson

Mr. Prebble: — All I'd like to say, Mr. Chair, is this, that there is certainly no evidence for Mr. Wall's remarks, so I guess this is a matter of debate right now.

The Chair: — The record will speak for itself and this is a committee of scrutiny and the record will speak for itself so if . . . thank you for your comments.

Ms. Atkinson: — I want to comment on this subject in this way. And I understand your ruling Mr. Chair, but the auditor of record has indicated that no accountant, because of the generally acceptable accounting practices, could engage in the kind of activity that Mr. Wall is referring to, and keep their registration. Accountants practices are scrutinized.

In this case, the chief financial officer at ISC is a member of the profession. Her work and her staff's work is scrutinized by the partner of Deloitte Touche; that work is scrutinized by the Provincial Auditor.

There's no evidence in the year 2000 that anything inappropriate has occurred. There will be no evidence in the year 2001 that anything inappropriate has occurred because it would be an unacceptable accounting practice which is scrutinized by Deloitte Touche, which is scrutinized by the Provincial Auditor.

The Chair: — Okay. Ms. Atkinson, I agree with you.

Ms. Atkinson: — And I just . . . I'm going . . .

The Chair: — Before you proceed, please, if you could respect the Chair. Is there a question in this commentary?

Ms. Atkinson: — No, and I don't . . .

The Chair: — There should be a question in this commentary because we're a committee of scrutiny. We're not a committee of statement; we're not a debating club. We're a committee of scrutiny. So unless you have a question for one of the officials — and I'm certainly sure that there's a question in your statements thus far . . .

Ms. Atkinson: — I would observe this, Mr. Chair, that Mr. Wall . . .

The Chair: — Is that a question? Are you questioning?

Ms. Atkinson: — Mr. Wall was allowed . . .

The Chair: — Mr. Heppner, order.

Ms. Atkinson: — . . . was allowed to make a comment.

The Chair: — And as your Chair, I apologize. I should not have allowed that to pass. But again to restate, we're a committee of scrutiny. We're here to ask the questions of the officials. We're not here to . . . the debate will be implicit in the questions asked. So please ask them.

Ms. Atkinson: — I have a question for the Chair.

The Chair: — Right. Go right ahead.

Ms. Atkinson: — Good. The question for the Chair is this: that when allegations are made and when there is no substance to an allegation that is made, how in the past has the Chair handled

these kind of allegations?

The Chair: — That's a very good question and it's one I'll have to get back to you on, if you'll accept that as the answer for now.

Thank you. Okay. So to restate. We're here on the purpose of scrutiny. I've got a speakers list. Mr. Yates is next in that list. Following that I've got Mr. Wall and I'll certainly entertain other entrants to that list.

Mr. Yates: — Thank you, Mr. Chair. My question has to do with the area of marketing as well. I have in front of me excerpts from a radio show where one Jim Ostertag of EDS Canada is talking about the marketability of the system developed in Saskatchewan. And he states that Saskatchewan's new land titles registry is one of the few, if not the only, that allows people to use it via Internet and that is a system that he can sell.

Now could you give us a little bit of background about EDS and its involvement worldwide and why it would want to become a representative to sell their system around the world and what benefits would be in it for them.

As well, could you elaborate a little bit about our being endorsed through the World Bank and how that allows the system to be exposed to nations around the world and what the potential is through those exposures for potential utilization of our system. And a little bit about how systems like this may fit into developing countries and maybe some years down the road. And maybe, you know, a little bit more about how the world is in conjunction to where we are in regards to registering land and those types of things, if you could.

Mr. Nicholson: — Mr. Chairman, I guess I'll elaborate further on some of the points that I made yesterday in this regard.

EDS is a worldwide company. They have a presence in some 60 countries around the world, approximately 140,000 employees, over 8,000 of whom are in Canada. They are a multi-billion dollar enterprise and one of the world's leading system integrators. They would be on a short list, a very short list of the world's leading system integrators.

Their office here in Regina, as noted by Mr. Hewitt yesterday, employs Saskatchewan citizens and so the development work of this system has all been undertaken in Regina.

EDS as a global company — and this we've learned in the conversations with them — is interested in affiliating or forming alliances with companies who have state-of-the-art software, who have leading edge systems. Clearly it's not in their commercial interest to align themselves with companies who have a system that's of a previous generation. They want to be affiliated with leading edge companies.

For us in Saskatchewan it's been quite gratifying to have received the level of attention that we have received through the EDS executive chain. And indeed we've met with people, as I mentioned yesterday, at the worldwide headquarters in Plano and have had very positive remarks from them with respect to the potential for the system worldwide. So they're interested in

leading edge systems and that's why they've signed the agreement with us.

With respect to the potential through the World Bank — and generally our efforts to date have resulted in ISC being represented on the World Bank Web site, as I mentioned yesterday — we've had an opportunity to make a presentation to the people at the World Bank who are responsible for infrastructure development, LAND systems in fact, on a worldwide basis. They . . . after our initial visit they decided to invite us back on very short notice— it was their idea actually, not ours to invite us back on very short notice to make . . . then they brought together their land people worldwide to listen to our presentation.

And so as a consequence we've received a number of leads from them and the . . . and we're hopeful, we're optimistic that the prospects will continue. I'm advised by Mr. Hewitt that we just received another inquiry yesterday from the World Bank to go back to do another presentation, an update on where we're at and he may wish to speak to that further. So we've had considerable success there.

The general context in the developing world for LAND systems is that the United Nations, in a report a few years ago, indicated that in the future they would look to have established in developing countries a system for mapping and recording ownership to land, and that that's a fundamental underpinning to a market-based economy. Having secure tenure to land gives you the opportunity to conduct business on that land, to mortgage the land. To have secure tenure is extremely important to the operation of a market-based economy.

And so the United Nations indicated that they would place a much, much higher priority on the establishment and implementation of land systems in the developing world as a first step toward doing other kinds of loans or investments in developing countries. So it's almost become a first priority to have that in place.

And in fact we're seeing that in eastern Europe, in the Ukraine — an example I've given. We've had a number of interchanges, exchanges with them to contracts thus far. And they're asking us for advice, not only with respect to the technology but more fundamentally with respect to the public policy framework that's required, the legislative environment that's required.

The last visit of Ukrainian officials, they came here for a week on a study tour. And they were most interested in our statute and asked for a copy of our statute. They're starting at a point where individuals under the Communist regime, individuals did not own land. The state owned the land. And so now they're converting to a system where individuals own land.

They are seeking our advice not only with respect to land ownership and administration, but also with respect to surveying. And one of our officials has been to the Ukraine on a couple of occasions to help them with surveying their land. And being able . . . not only important to say that you own land, it's important to say what piece of land you own. And things that we take for granted because of our history are brand new to countries who haven't had a history of private land ownership.

So United Nations is saying this is far more important than it used to be considered. It's a significant market opportunity around the world, not only in eastern Europe, but in Asia as well. And so we see — you know, Latin America is another example — we see considerable opportunity but we need to be prudent in terms of where we try to establish ourselves.

In the case of Ukraine, the Ukrainian connection with Saskatchewan is one that is of particular interest and advantage. When the Ukrainians were here they were most interested in visiting Yorkton, seeing our Land Titles Office there, going to a Ukrainian church. And so there are in some instances cultural advantages that Saskatchewan can utilize in marketing the system.

So that's a, I guess, a general answer to: firstly with respect to EDS and then, secondly, with respect to the World Bank and the developing world.

Mr. Yates: — Thank you, Mr. Chair. I've got a supplementary question regarding marketing, probably closer to home, affecting perhaps other provinces in Canada and the United States.

My understanding of the current systems used in the United States are that they're county-based or locally based, and those systems create a fairly difficult situation for the banking community, insurance industry, and you know, for business utilization in general. And that systems may not be consistent from county to county, even within a state. And that there is a pressure building from the business community — banking, insurance industry, in particular — to move to integrated systems that are Internet-based, so that . . . more user-friendly, for speedy transactions.

Could you comment on what opportunities that provides for us seeing as we have one, if not the only, Internet-based system available — what the potential may be, and what type of feedback you're getting in regards to those types of issues.

Mr. Hewitt: — The American system, as you correctly pointed out, is county-based, as a lot of their local sort of justice things are, court houses and so on are as well. And what they have in the county at the county level is the county recorder's office, which is often associated with the court house. In fact, I think in almost every case it is.

The Americans do not have a Torrens kind of based system as we do. They are very much a deed-based system where the deeds are filed at the court house, at the county recorder's office for the most part — I mean there are over 3,000 counties so the practices change I think, you know, across the states — and that's all that's required at that point.

There have been in the past some attempts to create Torrens systems in the States but they've never actually been very successful. So too actually . . . to be exactly the same as us, that doesn't commonly exist in the United States. But the county recorder's offices are generally greatly underfunded and they really don't have any way to modernize or keep track of all that paper they have — and they have paper just like we've got paper — in the court houses in the counties.

So what a lot of the larger counties such as Orange County and some of those in California and Florida do, because they have even larger volumes and they tend to have more money and able to actually automate some of it, is they've eventually started to provide some of those documents over the Internet, you know, like make it available for people. A few of them have got Internet access to some of those documents.

There's a growing desire in the States for people to actually have access to that. Now we have to do some research on this, but I've been told recently that in Florida they've passed an Act in the Florida state legislature requiring all 63 Florida counties to have all those documents available as images within the next three years — or something like that.

We have to look further into that because if that in fact is the case, that's an enormous task for most of those counties; they have no way of doing that. We happen to have one of our applications in the LAND system be an imaging system where you can access documents quickly, so there's an opportunity there for us to pursue that.

What they do in the States in terms of titling is they have a very strong title insurance industry — I think Fraser Nicholson referred to it yesterday as being multi-million dollar and growing — because what happens is the title insurance companies say to people, if you're buying a property we'll guarantee that everything is okay.

So what they do is they go to the county recorder's office and they do all the searches associated with finding all the documents. So what they do is they assume a risk that there's something . . . nothing wrong with the transaction, that the owner is the owner and they guarantee the owner that he's the owner; which is really what we do in the Torrens system is we say to people you register with us, we guarantee you've got title. And the way we do that is we keep good records back to . . . and historically so we know that in fact what the ownership is, etc., associated with that title.

In the States the title insurers want to minimize their risk, obviously, because they don't want a lot of claims against them made by title owners, by property owners. So they, what they do is they will go to the county recorder's office and check this out and they actually create intermediaries called title plants, I guess is the best way to describe them. They are actually referred to as title plants which is an entity that actually checks the titles, does all the searches, records the information — because of course it reduces their cost if the next time they do a search on that property, they don't have to do the historical search; they just go back to the research they've already done and just update it.

So in our system what we have is actually a combination of the county recorder's office, the title plant, and the title insurer. We're actually doing all three functions in the way we do our titles.

So the advantage to a title insurance company is not . . . is to be able to keep track of what they've already researched. So one of the opportunities we're looking at with title insurance companies who are interested in what we're doing is actually they would have an interest in our software as a way to keep

track of their obligations. As well as that, there may be county recorder's offices that want to actually upgrade their systems to make them better for the people in their county.

So there's a mix of opportunities available in the American market associated with that. That's sort of a technical explanation of how it works and I'm not sure that fully answers your question.

The Chair: — According to the speakers list, I've got Mr. Wall, then Mr. Prebble.

Mr. Wall: — Thank you, Mr. Chairman. Earlier on, Mr. Nicholson indicated that for confidentiality reasons the corporation wouldn't want to divulge its sales targets. For 2001, Mr. Chairman, are there sales . . . did the corporation have sales targets? Or a sales target?

Mr. Nicholson: — Mr. Chairman, we had a business plan for 2001. It contained business development and sales revenues. And, yes, there was a target for 2001.

Mr. Wall: — Was the target met?

Mr. Nicholson: — We are in the 2001 year. In this respect, are we dealing with the 2001 year?

The Chair: — The question that the member is asking is well taken but I guess you might want to rephrase it in terms of year to date or something along those lines because 2001 is obviously . . .

Mr. Wall: — Well, Mr. Chairman, to the officials, do they anticipate meeting the preset sales target for 2001 when all of the 2001 information is in?

Mr. Nicholson: — Our business, our sale . . . our revenues include land titles revenues, Geomatics revenues, software sales, consulting revenue. Our revenues include a whole number of sources of revenue. And with respect to each of those items, I simply don't have that with me at the moment. We're in fact finalizing our numbers for 2001 and I'd be happy to take it as notice. In due course it will be disclosed in our 2001 annual report.

Mr. Wall: — I wish we could come back to that, Mr. Chairman, because I think I should have been more specific in asking, was there a sales target — without having officials reveal what it is — was there a sales target for the actual software, the LAND system? And we can return to that.

In the business plan at ISC I wonder if the officials could confirm that there is, and in their pro formas, in the projections which would go out — how many years I don't know — I would ask maybe through you, Mr. Chair, that officials confirm that: how far their business plan goes out in terms of a pro forma, in terms of a projection on revenue and expenses. Understanding it is just a projection, but every business plan, of course, it's fairly foundational to it.

And so I wonder, Mr. Chairman, if officials then would then be able to tell us on what date or in what year of the corporation's life does it expect to be generating a return and repaying the

taxpayers for the loans it has to date.

Mr. Nicholson: — Mr. Chairman, we prepare an annual business plan in a five-year context, and it is our hope that . . . We've always disclosed that in the start-up period, as with any company, there are start-up losses while you get yourself established, while you undertake the investments required to build an asset which you can then sell. It is our hope that we'll be in the black in 2003 and further, Mr. Chairman, as I believe I indicated before Christmas, that our borrowing would peak and so we would begin to pay that down beginning in the year 2003.

Mr. Wall: — Thank you, Mr. Chairman. I wonder if Mr. Nicholson could comment on whether or not that projection of the 2003 profit, what the corporation anticipates in terms of debt repayment into that figure. Is that net of some schedule of debt repayment to the taxpayers or is that an operational profit only? I guess that's not a fair way to word it. In that projection, that profit projection, Mr. Chairman, could officials confirm that it also . . . 2003 numbers or projections confirm or contemplate some repayment of the debt to the taxpayers?

Mr. Nicholson: — Yes, Mr. Chairman. Our borrowing goes down. The debt goes down.

Mr. Wall: — There is a repayment schedule. Is that something that committee members could have access to or at least could you comment on what portion . . . you know, what . . . how much debt would be repaid in that year and is the plan that specific, Mr. Chairman? Do officials have a plan of when the debt would be completely retired, for example?

Mr. Nicholson: — Mr. Chairman, I think my understanding is that with respect to future years, that we answer in a general sense . . .

The Chair: — Yes, that is correct in terms of . . .

Mr. Nicholson: — . . . as opposed to providing specific numbers or specific answers. I'm not trying to evade or be difficult. I am trying to be helpful. But with respect to the future, my answers . . . that's the reason why my answers are general.

Our plan at the moment, Mr. Chairman, is that we will have . . . that the debt/equity ratio of the corporation will improve significantly over a five-year period.

Mr. Wall: — Okay. Mr. Chairman, that's a little bit more of a general answer than I was hoping for. Understandably, Mr. Nicholson is looking after — and should be — the interests of ISC and their clients and stakeholders and customers. But there's a major taxpayer interest here in terms of the debt and so there'll be future questions on it.

Final question in this set then, Mr. Chairman. Of the \$4 million that was approved by cabinet on December 19 in terms of the equity part, or the grant, how much of that can you estimate would be used for, would be required for marketing?

Mr. Nicholson: — No, Mr. Chairman, it wasn't . . . the 4 million, I can't allocate . . . I can't break it down in that respect. The \$4 million grant approved by cabinet was a general grant to

the corporation, not for one specific purpose.

Mr. Prebble: — Thank you very much, Mr. Chair. Mr. Chairman, my questions relate to the matter of kind of immediate benefits for Saskatchewan residents of this system and sort of what kind of value for money residents will get in terms of . . . There's two dimensions to this. One is the potential to sell this, the LAND project system, to other parts of the world and to other provinces in Canada. The other element is service for the residents of the province.

With respect to the latter, can you give us an overview first of all of what sort of value you anticipate . . . value residents will get? And then can you break that down in terms of what this system will do for the legal community; what it'll do for the real estate community; what it'll do for individual homeowners who are buying and selling houses; what it'll do for individual businesses who are buying and selling houses, in terms of service, costs, etc.? Through you, Mr. Chair, that's my question.

The Chair: — Of course it's no problem comments being directed through the Chair.

Mr. Nicholson: — I'll ask Mr. Hewitt to start, please.

Mr. Hewitt: — Okay, I'll start with some of the benefits associated with the system, and many of these, of course, were things that early on when we set the targets for the project, were things that we talked to our customers about and said: what are the issues you have with land titles? And that was quite an intensive process we went through. I think it's been pointed out by the auditor in their report on the system.

So, one of the . . . you know, some of the things we looked at was improving turnaround time, those sorts of things, improving the quality of land titles records. All of those sorts of things were all factors that came into it.

But to answer specifically the question what do people get out of it now, I think, is what you specifically asked. The first thing that the LAND system is is a tool for searching, for getting information. It's been very difficult in the past for people to get information about land in Saskatchewan. And land, of course, includes mineral rights. It doesn't just include the surface of land; it's much broader. It also includes information about easements, about access, about caveats, interests people have on land, mortgages, financial institutions, liens, tax information, you know. So when I say land information, I have to remember to explain that it's much broader than simply land ownership.

So it's actually possible for people to do searches over the Internet of all of that information. They can also search, as I think I indicated yesterday, for grants, original Crown grants. They can search for writs — which of course is judgments against people, maintenance orders are all registered — potentially against land. All of that information is directly available in the system.

And that . . . survey plans, all 120,000 survey plans are all imaged and on the Web site. So anyone, including people who use them on a regular basis such as surveyors, can actually go on, get the plan and actually look at it right in the field. If they had wireless Internet connection they could actually download

it directly on their computer in the field if they needed to. And they do use these documents, you know, on a regular basis when they are working as part of their job. The contrast for that is in the past people actually had to come to a Land Titles Office to get the information. If you wanted information about land in Moose Jaw you had to go to the Moose Jaw office. You had to search only by the legal land description which you had to have. You had to travel there, you had to, you know, get that information directly off the paper.

In contrast, under the LAND system, you can log onto your computer or anyone else's computer, get the . . . request the information not only by legal land description, but by name and by title number and a number of other, you know, factors you can . . . fields that you can search by. So the information is really available quickly and easily to people in a way that they never had before.

So once this system is fully implemented of course, all of the system, all of the titles across the province, all of the interests and all of the mortgages and all of the minerals, etc., will be completely available to people over the Internet, which is an enormous accomplishment easily achieved and received for that.

So that's I guess one of the big, big factors that will be done. And of course it's cheaper for them to do it that way. They don't incur the costs associated with going and getting the information, etc. And of course, as I pointed out yesterday, part of the LAND system support network is the actual billing of it. They don't have to worry about that. They can bill it and it's sent to them and it's automatically sent to them. Those are benefits that we get from the system as well. So that search functionality supports anybody who wants to do searches.

So when you asked about the impact on different components . . . and I think I'll maybe comment on that as we go through the different components. Lawyers obviously can search from their offices. They don't have to go there to do anything. As I said yesterday it levels the playing field.

The number of rural practitioners who said to us, we want the LAND system as quickly as possible because we have a competitive disadvantage with lawyers in the cities. We want to be able to continue to practise in rural Saskatchewan; by having this we can actually do it. Do the searches from their desktop, they get the information fast. They don't have to go there, have someone go the office or request it by fax or by e-mail or by sending someone there to do that.

In terms of realtors, the search on the search capability . . . traditionally realtors have not searched titles. It's not something they do. They just list them and they don't worry about that sort of stuff. But certainly a number of them have been burnt by the fact that they get all the way to the end of a deal and find out that the person that lists the property didn't own it.

And so it's wise. It's good practice perhaps for — and some realtors have talked about this — to actually do a search on the title when you go to list a property to make sure the person selling it is the person who has the right to sell it. And you can also . . . they can do it, get into that online from their office.

They might want to check to make sure the person that's selling it or the person buying property doesn't have a writ associated with them, because if they do, it slows down the process and realtors won't get paid.

I think Fraser noted yesterday realtors get paid faster. So for them getting into the process . . . But they can obviously do the, you know, do anything they want with their client there. They can do it from their office. If they've got Internet capability wireless, they can do it from their car as they're driving around. Municipalities are another client group that would obviously have the ability to do searches. So anyone who does a lot of searching of information would find this helpful.

In the oil and gas sector, we have been told that there is oil and gas people that don't do work in Saskatchewan because it's too hard to find out the information about the mineral rights and who owns them and so on. So by being able to search this way, the oil and gas sector, the mineral sector, will be enhanced by being able to find the information very, very quickly.

We know the Alberta oil industry is very interested in what we've done with LAND, to be able to figure out what the ownership rights are. Associated with LAND makes their life a lot easier.

Businesses, same thing. Anybody who wants to do searches about any ownership interests, information is there. We also have the possibility on the system of showing where features are. Features like plans — oil and gas line plans that go across a number of different pieces of property — in the past it was very, very difficult to get that information.

So the search capability sounds like a simple thing but it is a feature of the system that it really, really helpful to people and will make life a lot easier.

The second thing that the LAND system does is in relation to actual delivery of transactions. Today or under the old system I guess, if you wanted to do a transaction, you had to do it at the office associated where the land is located. So if you had a Swift Current transaction at land in Swift Current land registration district, you submitted the request to change the title or to register a mortgage or to do whatever else you wanted to do, at the Swift Current office. You had to go there and send the material there and have it done there.

Under the new system with a province-wide registration district, everything is all in the same district. All of the staff who work on titles, all work on all the titles. So today we do have a Moose Jaw office, we do have a Regina office, and we'll have an office throughout the province; but all of those workers in those offices working on transactions will work on a transaction no matter where it came from.

So for example today when a transaction comes in the LAND system with respect to land in the Regina or Moose Jaw former districts, it could be worked on by a Moose Jaw person or a Regina person. It's irrelevant, because the transaction is Saskatchewan LAND transaction.

So the benefit of that, we end up with one queue. In the old world we had eight, actually 10 different queues for each land

registration district, and it was very, very dependent upon the work volume in that area and the number of staff we had there. We couldn't move staff quickly enough around to deal with the volumes.

So one of the advantages of the new system is there's a single turnaround, there's a single queue, a single turnaround time. Everything goes into the same queue and is dealt with by the next available worker. They just request the next piece of work and they get it. It could be from anywhere in the province. So it's obviously a lot quicker to do that.

In the new system as well, customers can submit their transactions in the old way. We're maintaining the paper format. They can mail stuff to us; we still receive mail. But they can also e-mail or fax submissions to us.

Again in the rural context we've already had rural practitioners say, this is great. I no longer have to mail my stuff from Assiniboia to Moose Jaw. I e-mail it to the LAND system and I get it back by e-mail so I have the results back very, very quickly. So again, it levels the playing field around the province.

The link that we have to the GIS gives people a lot of . . . sort of information about the picture associated with their parcel. You know, part of the LAND system was to link the LAND information to the GIS so that you can actually . . . when you search a title you can actually request to see a picture of what the property looks like. So you can get the dimensions, you can get the relationship to other parcels, so you can actually see a picture of how your parcel relates to parcels around it. And that's part of the value that we got by doing the link to the GIS. And that again helps people like oil and gas companies, developers, etc., get a picture of what's actually going on with the property.

Agriculture and Food, Energy and Mines, other Crown corporations that have an interest in GIS and how it all relates to each other also will get the benefit out of that. So it's the private sector as well as public sector that get the benefit out of that.

The system also provides the foundation for the delivery of the accounting services, the records management, etc., that we talked about and so it actually provides a foundation that other government programs or even the private sector could actually use for imaging, for accounting, or for output management and those sorts of things. So the potential is there for that. And all of those really speed up service to our customers.

I mean with our e-mail and e-fax service, as soon as a transaction is approved, the customer will receive instantaneously notice that that transaction has been approved. Or if, God forbid, it's rejected, they know immediately that it's been rejected so they can resubmit it with the correct information, and that does happen. That's a benefit because you're not waiting that turnaround time again to resubmit it in the system.

And of course, we talked about the fact that the LAND system will provide some return on the investment that was made in the project by other customers using the system, perhaps internally,

you know — the accounting and that sort of system — or by actual sales or service agreements on the components that I guess we referred to when we were talking about marketing.

I don't know if you have anything you want to add.

Mr. Prebble: — . . . costs for people receiving service. If you took the average homeowner who is selling their home or the average business person who is selling their business, and a buyer who's buying, what are the . . . what will the . . . what on average will the change in fees be?

And I realize that's a complicated question because there could be a lot of transactions. But on a single transaction, what will the saving for the average business person be on a property, or the average homeowner?

Mr. Nicholson: — Mr. Chairman, with respect to the average homeowner, the typical house transfer — I believe I mentioned yesterday — in Saskatoon or Regina is in the range of a hundred thousand dollars. And a hundred thousand dollar property with a \$75,000 mortgage in the old system cost \$430, in the new system costs \$222. So we've almost cut the price of an average hundred thousand dollar sale, with a mortgage, in half.

With respect to business, retail, for example retail outlets — I gave the example yesterday of a property transacted in the old system and the value-based fees were in excess of \$19,400. In the new system, \$1,568. We've done interprovincial comparisons of those kind of transactions and we found that Saskatchewan is, in fact, in the retail example, we're leading the pack. We are the most competitive, Ontario and west, on that. And I have detailed figures to support that.

In the residential case, once again, we're either leading or second place in the pack on jurisdictions in terms of what it costs.

I can say as well on a general level that while some fees have reduced, and I . . . that is in the order of about 80 per cent. About 80 per cent of the properties in Saskatchewan are single-parcel, single-owner. And so in . . . about 80 per cent would see fee reductions.

As was noted yesterday, I believe in a question, some fees have increased. A search fee has gone from \$2 to \$6. In the case yesterday, we were saving the person a hundred miles driving and a day's wages, but they can do the search on-line.

I have actually echoed the comments of Mr. Hewitt a few moments ago with respect to real estate agents. I have now had two real estate agents tell me their own personal story of how they listed properties, advertised, did all the showings, went to the end of the transaction, then found that there was some problem with title to the property and lost all of their time and expense for having gone through the process. And now they will search on-line, even from the seller's house — say to the seller, well have you got an Internet connection here; we can go on-line right here and confirm that you have the title to your property.

So in the sense of fees, there are significant fee reductions for

residential and for retail. We are in the order of about 80 per cent of the properties are single owner, single parcel and so there are significant benefits to Saskatchewan, not only for fees but for our competitiveness. I was saying yesterday what this system allows is for us to reduce costs — not only improve service, but reduce costs and, in reducing costs, to be more competitive.

Mr. Wall: — Mr. Chairman, there's one question I omitted in the series on sales targets. And so I wonder, Mr. Chairman, if the officials could confirm that the five-year pro forma or business plan projections the corporation has does include specific goals and targets for sales of the LAND system specifically, not generally of revenue but specifically of the LAND system, without getting into what the target is. I understand that, you know, you don't want to go there. But can officials confirm they have specific targets and goals for the sale of that LAND system in the five years hence?

Mr. Nicholson: — Mr. Chairman, we do have specific numbers associated with revenue increases for the corporation, including sales of all or part of the LAND system.

Mr. Wall: — Okay, Mr. Chairman, I appreciate that answer. And what I hear in that is that there is . . . Yes, the answer is yes. There is, as regards the sale of the . . . the partial or complete sale of the LAND software, there are targets that the corporation has set that it wishes to achieve over the next five years. That's what I heard. Is that correct?

Mr. Nicholson: — Mr. Chairman, we . . . I think the premise of the question is within . . . and I explained earlier we do a one-year business plan in a five-year context. And so at any one time we say what it is we're intending to do for the upcoming year. During the upcoming year of course we'll learn more, as we have done the last two, about what the market opportunities are. And so we always are operating on better information than we had the year before.

And so, yes, we do have targets. And as we mature as a corporation our targets will be better and better and better, based on better and better, better information.

Mr. Wall: — Mr. Chair, are you permitting another question? More questions?

The Chair: — By the way, let's . . . 12 o'clock is the appointed time of recess.

Mr. Wall: — Okay, Mr. Chairman, just a question. Mr. Hewitt answered earlier in this session, or at least the first question I think after the break indicated that should there be some problems discovered with the software, the system itself, in Moose Jaw and Regina and should those be design problems and therefore need a capital expenditure to be addressed, Mr. Hewitt indicated that — I believe he indicated — that that indeed would be considered a LAND project cost. That would be obviously in addition to the \$58 million . . . no, that would be part of it because we're not at the \$58 million yet. Is that correct?

Mr. Hewitt: — I can give some explanation on that. The \$58 million figure includes the cost for the LAND project. Included

in that are: the development, which we completed; the testing, which was completed; implementation, which is partially completed. Along the way we also have . . . since the system was accepted . . . the pilots that we used with the developers, we accepted the system when we started in Moose Jaw. There have been changes that, you know, are required as a result of use of the system and things we discovered with Moose Jaw. We built into the budget money for developers to remain with us to make changes to the system arising out of that sort of thing.

So it's all included, that sort of thing is already included in the estimated cost of the system.

Mr. Wall: — Then, Mr. Chairman, any costs to ensure that the system in the two areas currently operating is exactly what the corporation wants, any incremental costs to the LAND project, if they aren't included in this sort of prepaid expense, if you will, or this mechanism that you built into the contract — I beg your pardon — that the corporation built into the contract with EDS, any additional costs, capital costs that will improve the LAND project system for the rest of the rollout will not be considered then a capital cost of the LAND project, is that . . . would that be fair or . . .

Mr. Hewitt: — Any costs associated with the LAND project are included in the project budget. So changes to the system to get it fully operational during implementation phase will be included in that . . . in that budget. Does that answer your question?

Mr. Wall: — Well, my question was hypothetical and to the extent that hypothetical questions aren't always fair, maybe that did. But I guess I wasn't focusing on that \$58 million. If there was some unforeseen contingency or some unforeseen difficulty that wasn't contemplated by this arrangement the corporation has with EDS that required additional expenditures; for example, that the security of the system, of the Web site itself needed to be improved before it proceeded to the rest of the province before the project was done, that was where I was headed. Is that a . . . would that be considered by the corporation to be a LAND project cost or just an operating expense of the . . . of ISC?

Mr. Hewitt: — LAND project expenses are LAND project budget expenses. I mean I can't speculate on what would happen there. We haven't spent \$58 million on the system. We have . . . you know we've spent a certain amount of money. We have money that's budgeted for the rest of the system. How we manage that money is always part of risk management, as the Provincial Auditor pointed out. And so far, we've been doing a good job on that and we're going to continue to try to do that, to manage the risk associated with that, make adjustments to the project. I mean all the way through the project, we've adjusted things to accommodate what's going on. Things change, we have to accommodate those sorts of things. So we still have that budget, we're still working within that budget, and our objective is to get everything done the way we've wanted to do it within that budget. And I think we're going to keep on managing it as well as we have in the past.

Mr. Nicholson: — As well, Mr. Chairman, I mentioned in my remarks yesterday that up until this point we have completed and implemented some 50 changes to improve the system,

make it more friendly. Those kind of changes were paid for within the LAND project and it's fair to say that we implemented Moose Jaw on a pilot basis, recognizing that we would need to learn how users use the system — how users learned to use the system — and that we, during the process of implementation, we would be making some changes to improve it. And that is a normal part of system implementation, to improve it as you go.

And so, we've gone through releases 2.1, 2.2, 2.3, 2.4, bringing 10 to 15 improvements to the system as we went along. But while each one of them may not have been anticipated six months ago, we knew that there would be a package of changes and improvements. And as a general proposition, that was contemplated, budgeted for within the LAND system and paid for within the LAND system.

The Chair: — Thank you, Mr. Nicholson. We've reached 12 o'clock, the agreed upon hour of recess. This committee will stand recessed until 1:30. Thank you.

The committee recessed for a period of time.

The Chair: — We're going to draw the committee back to order and we'll resume our consideration of ISC's annual reports for 2000 and other related matters.

I've got a speakers list starting with Mr. Wall, then Mr. Yates, and I'm willing to entertain other additions to that list, of course.

Mr. Wall: — Thank you, Mr. Chairman. This afternoon, Mr. Chairman, we'd like to get into a discussion of the system itself. We have some specific questions that we would like to pose about the question. Except for the one which I think I gave at least vague prior notice to Mr. Hewitt of, they're not . . . we'll try to not make them case-specific. For those ones that we do have concerns about, that we do have specific cases about, whatever specific information we have we'll pass along and you may want to take it under advisement.

But just before we do that, just a quick question for the auditor if I could, Mr. Chair, about some of the nature of the discussion this morning regarding operating versus capital. To clarify, what the opposition members' concern is here has to do, not necessarily with whether capital costs are accounted as capital and operating are accounted as operating. That's certainly the impression that we would have . . . that I gave.

Our concern was and is still this afternoon that the total cost that we've been given for the LAND project, the 58 million, that it, indeed, is the total cost and that none of these other things, including the \$16 million approved on December 19, that a portion of those are also directly attributable to the capital cost, the start-up cost of the LAND project. If there's an allegation I guess that we would have, that would be it. And it isn't based on accounting expertise. It's based on just what we've seen.

And so that's why we would look to the auditor at some future date clarifying and ensuring that the start-up costs are the 58 million and that none of these additional costs are and should be accounted to the start-up of the LAND project.

The Chair: — The auditor still hasn't responded and so, in the interest of fairness, I'll give ISC a chance to comment if they so desire as well. Let's . . . the auditor's office.

Mr. Creaser: — Yes. In response to that, the three questions that you presented in December that we discussed at the December Crown Corporations Committee, we formulated . . . we're working with management to formulate some reports, with Deloitte & Touche, to formulate some reports to answer those three questions.

And I think the second question will deal with some of this. We'll be looking at what the total projected costs of the LAND project will be and then putting in an audit opinion on that projected cost. It's called . . . it's a future-oriented report. So I hope that will add some clarity to your concerns.

And we'll also be looking, as the first question, on the debt as well and trying to formulate an opinion. Deloitte & Touche will be working with us to try to formulate an opinion on that as well.

Mr. Wall: — . . . auditor specifically then also say okay, of this . . . you know, we know that of the 16 million, the officials have been forthcoming in indicating that some of the 14 million will go towards security for the Web site, the Web site itself, IT equipment.

How specific do you get in your look at that whole situation? Would you be looking at those and seeing if there should be some apportionment of those costs to the start-up of the land titles, like the total budget for the land titles start-up?

Mr. Creaser: — I think what we will do is, we will work with management to create the assumptions that will be in the report that will be like accounting policies that will set out how costs are allocated to the project. You know, what are the decision rules to allocate costs to the project and then make sure that we audit to those rules.

The Chair: — Any comments on the exchange thus far?

Mr. Nicholson: — Mr. Chairman, the first point is that interest costs . . . the cost of interest costs for financing the development of the LAND system are included in the LAND project budget. So the cost of financing for developing and implementing the LAND system, that interest cost is one of the items in the LAND project budget. That's the first point.

Second point is that we worked closely with Deloitte & Touche and with the Provincial Auditor's office in terms of working out an approach to answering the three questions and the discussions have gone very well. I think we have an excellent working relationship and we'll certainly be doing everything we can to work closely and co-operatively with the auditors in answering the three questions.

The Chair: — I've got a speakers list here consisting of Mr. Yates, Mr. Forbes — as an observer with the agreement of the committee has requested . . . (inaudible interjection) . . . No, you're here for the afternoon and we like you here so you're going to stick in your chair. But, Mr. Forbes, the practice has been that visiting members can ask questions but of course, do

not have a vote at the committee. So I've got Mr. Forbes and Mr. Huyghebaert. So, Mr. Yates, if you will.

Mr. Yates: — Thank you, Mr. Chair. I'd like to move down a new course of questioning. It really has to do with why did we build our own system versus buying an existing system that may have been out there in any jurisdiction. So why we did we undertake to build from scratch a brand new system rather than perhaps modifying an existing system? If I could direct that question to the officials please, Mr. Chair.

Mr. Hewitt: — Mr. Chair, I'd like to attempt to answer that question. It's been a question that's come up a number of times. When we started off the LAND project we consulted with all of our customers and stakeholders about what they needed in a LAND system. Also as part of that review that we did, initially we talked to other jurisdictions or colleagues in similar circumstances in other places. We certainly did a review of what everybody else had. We certainly recognized we were the last jurisdiction in Canada to automate.

Some of them had automated — I use that term loosely — some of their business many years previously. And a lot of it in the other jurisdictions consisted primarily of taking the land titles data and putting it into a database so that it could be accessed, using quite old technology in most cases.

So we did look primarily at Ontario, Manitoba, Alberta, British Columbia because those are the jurisdictions that either are Torrens, from Manitoba west — as we are — or Ontario of course was doing the Teranet project, still is doing the Teranet project. We don't know when they'll be done. But they were actually, as part of the Teranet project, they actually are moving from a deeds-based system to a titles-based system as well. So it was an obvious one to go and talk to them about.

All of the ones that we looked at were old technology. None of them had re-engineered, none of them had rethought their business processes. I used the analogy yesterday of paving the cow path. That's really what had been done in those jurisdictions. Not to be critical of them, that's the way systems were done in the '70s and early '80s, is you took your existing processes and you automated them and you hoped you'd get benefits out of it. Often what you'd get was just more problems, you just automated your problems.

So the approach that we were proposing to use . . . And by the way we had used this approach on the personal property registry system very successfully and were able to achieve enormous benefits from the first round of automation changes that we made to the PPR (personal property registry) project in 1994.

So applying that principle of re-engineering, rethinking your business, especially to something as old as the land titles system — PPR was only about ten years old at that time when we did it there — we knew that the benefits would be enormous.

When we did talk to the other systems, most of them were mainframe systems and mainframe systems are very expensive to operate. They're very old technology. None of them had what — I'm not a computer expert — but . . . (inaudible) . . . of interactive systems, no . . . (inaudible) . . . architecture, none of

the modern technological advantages that had been delivered over the number of years. None of them were Internet capable. If you're going to take a mainframe system and link it to the Internet you can probably spend as much as we spent on the LAND project just linking it. Those kinds of things.

When we did talk to them, surprisingly what most of them would say to us is: well just make sure you don't do this; make sure you do this and don't do that; and fix this and fix that — and they tended to tell us all the problems they were having with their systems. And our answer to them when they raised that with us was, well no we've looked at our re-engineering, we realize we don't need that process; you're right, it's not the thing to do.

So they really weren't things that were really suitable to be used by us, and that was the assessment that we had done by the project team that worked on it.

The changes we were making really amounted to a leapfrogging. We'd really gone from the 19th century to the 21st century. An example I guess — I think we alluded to it the other day — of the kind of problems they're having, unfortunately for the Alberta people, was as a result of a document that was accidentally, I think, left on the steps of the legislature or some such thing, and reported in the *National Post* in, I think, last July 27 — a report which I guess shouldn't have been out, but basically reported that the Alberta land registry system was on the brink of collapse.

And while they do deliver land title systems in Alberta using their old system — and quite effectively, I think, to a large degree — I think with this kind of document and what our conversations with them would reveal is that they really do need a new system. There's recognition that Alberta, other jurisdictions, are really needing to move forward.

So there wasn't really anything in Canada that looked like it would really be suitable for us to use and deliver what we wanted to have from it. Furthermore, the costs associated with getting an existing system can be substantial. Generally speaking in IT, if you can get an 80 per cent fit to what your needs are, and then have to make the changes for the 20 per cent, you're doing well, because then generally the costs associated with it are justifiable to make the changes to make it suitable for you. I don't have the exact number, but in these cases the fit wouldn't have been anywhere near 80 per cent. And the costs associated with us doing it would have been very, very substantial.

The costs of conversion, if we used another system from another jurisdiction, would have meant we would have had to have taken our title information and fit it into the way that the other systems operated. So our conversion costs would have been quite a bit higher.

Just on that point I should clarify that the system, the \$58 million price associated with the system — and we use the term system loosely — is not just the computer system. The computer system is an important, obviously critical part of this. But there are other costs associated with doing this project. About . . . it's roughly a third, a third, a third is the way to look at it in simple terms.

About a third of the project was the expense associated with the hardware that was required, the software that was developed, etc., so about a third of the systems — only about, well, less than 20 million.

About a third of the project is the actual cost of converting the titles. We have to actually have people sit at a computer terminal, enter the information off the old paper titles into the computer system. There's really no way around that. We would have had that cost no matter what. And if we were using somebody else's system, we would have had the cost of modifying, changing, and getting ready to put that information in. So I venture it would have been higher than that.

The third . . . other third of a cost we would have had anyways. That is costs associated with getting this system ready, having our internal staff . . . we dedicated our internal staff to working on the project and we quite properly allocated their cost to the system. We didn't say that they were still a Land Titles worker in Moose Jaw. We actually took them out of the Moose Jaw office, put them on the project, and charged their salaries to the actual project.

As well there, we had the costs associated with creating the warehouse, creating the conversion centre, the new offices associated with the thing, so the capital expense . . . building capital expenses associated with that as well. We would have had that cost as well no matter what system we had used. So two-thirds or so of the project costs would have been costs we would have incurred anyways. So just on the systems side, I believe that we would have probably spent at least . . . or probably more than \$20 million associated with doing that, had we got another system even free from another jurisdiction and actually had to make the necessary changes to it.

That would not of course have delivered us the kind of functionality we have today, because none of those systems are Internet-based. None of them have the kind of intricate linking we have with GIS. We are the only jurisdiction to have the link to GIS. And just the kind of information that's portrayed in our system and the way it's portrayed was not available in any other system.

I was going to say the other thing that made us believe this was true, just to be absolutely certain that there wasn't the possibility that we had missed something. When we went out with our request for proposal as part of the tendering process after we developed our conceptual design and be clear on what we wanted, we said to the vendor community — and about 58, I think it was, vendors actually got a copy of the proposal to look at to see if they wanted to bid on it — we said, here's what we want; we are certainly open to an existing system being provided as part of this.

So all the vendors had the opportunity to bid. We even had, I think, one vendor from somewhere in Michigan that had done something he thought was relevant that came to the bidders' conference. So all of the bidders were obviously open to them to actually do that.

We had ultimately three bids submitted on the full proposal. Two of those bids actually did propose an existing system just for the titles part of the system. The rest would have been built.

And the third did not propose that. The first two, that were the unsuccessful candidates, on the face of it, the system looked like it might have feasible . . . might be feasible for us to use to meet the needs. But we did an in-depth analysis of it, and it wasn't robust enough, it wasn't . . . it didn't have all the attributes we needed. It wasn't a proven technology. It had only been implemented in one site. It wasn't really working very well.

History has since proven us to be right, because the company that was producing that is no longer producing that system. And we rejected those bids for other reasons but the ones that actually proposed the system.

The third bid which was ultimately the successful one — which was at the time SHL Systemhouse, subsequently of course EDS — they did not propose an existing system. One of their partners in the bid, however, was Teranet, the Ontario company that was . . . would be doing the Ontario system. They in fact did not bid the Ontario system as part of the titles. So even they did not believe that their . . . the system they were working with, which is called Polaris, in Ontario was capable of delivering the needs that we wanted. So I think that speaks some degree to the appropriateness of other systems in the jurisdiction.

On that, everyone tends to focus on the title side and that is what I'm talking about is the potential title system, the original sort of land information system. We also of course had planned processing to link to GIS. We also had the accounting and the imaging and all of that. On all of those, in fact, the vendors did propose using existing technology and integrated it into the system.

On the imaging we're using, you know, some imaging software that's available commercially, etc. So all of those components were actually linked in. But to actually say can you get . . . could you buy an existing system, the answer was clearly no. And I guess that's more or less . . . Oh right, okay. Fraser's just reminded me that a lot of what I'm describing of course is decisions that were made at the time that the project was in Justice.

And I should mention that I did check with the Department of Justice before I came here, to say I anticipated a lot of the things would be relevant to Justice's activities in all of this. And a lot of the decisions that were made about the system were made by the Department of Justice at the time in connection with a number of the other things that they were doing in terms of their systems development because there was linkages to the corporation system and other things that Justice was working on.

John Whyte, the deputy minister, by the way did say go ahead answer questions but should the committee have any need to talk about what Justice did at the time, he would be more than willing to attend the committee as well. So I should just mention that.

So if there's any questions about what I explained I'd be happy to elaborate.

The Chair: — Mr. Yates, any?

Mr. Yates: — Yes, just a supplementary question about the system. In the development of the system of course there's the involvement of the workers and the employees and all the groups that were at one time employed by Land Titles, the . . . or the division of Justice now are part of the main unit.

Did the development of a system from the ground up and their involvement play a role in sort of acceptability and willingness to participate in the processes and those types of things that buy into a new system?

Mr. Hewitt: — Well right from the very beginning we said that we would involve the employees in the new system. And that included a promise to them that we would not do anything that they didn't know about first. So other than cabinet or the department knowing what was going on, we didn't do anything with . . . we didn't tell any of our customers, we didn't tell anyone else what we were doing until after we'd notified the employees.

So we knew that would be a big factor in making it acceptable to them. They were pretty cynical about the system at the beginning as well. I mean they'd worked with this paper-based system for 20, 25 years, a lot of them, and they couldn't understand how we could possibly automate land titles.

So, you know, realistically, we knew we were dealing with a cynical group. But as we involved them more, we got program reps or people from the offices to come to the project to work on it. Some of them were quite brave at the beginning and said, sure, I'll take a chance and work on the project; I think it's worthwhile. It was a process of getting buy-in, over time, with the employees. Those employees came in, they talked to other employees, and the buy-in was there.

So I guess what you're . . . what I'm describing did help with the buy-in by the employees and by stakeholders. If Land Titles employees think it's okay, it must be okay, and that kind of attitude. So yes, I guess it's true that by involving them from an early date, it did help with acceptance.

The Chair: — Okay. Thank you, Mr. Yates. Mr. Forbes.

Mr. Forbes: — Thank you very much, Mr. Chair. And thank you, committee, for allowing me this opportunity to ask a question. I was just reading the report here, and what struck me was under the balanced score card section, the public purpose, Mr. Chair, was the comment around environmental responsibility and stewardship.

And I would be interested to hear the officials elaborate on that — what that means to ISC, and if they've worked that formally or informally into their business plans. I'd be curious to know what environmental responsibility and stewardship means to this corporation. Thanks.

The Chair: — Thank you, Mr. Forbes.

Mr. Nicholson: — Mr. Chairman, the development of the corporation, as I mentioned this morning, began in January of 2000, and so during the year 2000 we were in the process of hiring staff, building corporate infrastructure, developing our plans for the future. And so . . . And then, of course, we

accomplished a lot in the year 2000, we think, and has continued in 2001.

In that sense we started, I guess, from a dead stop, and the development of the corporation therefore, has been a work-in-progress since January of 2000.

Having said that, I guess . . . so I think that we're reasonably modest about our achievements to date, but given the fact that we've been in existence two years, I think we're also reasonably proud of the progress that we've made.

With respect to the balanced scorecard, I should by way I guess of first comment, say that the . . . this is something that the Crown Corporations Committee members will know, that all of the Crown corporations comply with as a part of their functioning and as we do our reporting to CIC and prepare our business plan. We all comply with the balanced scorecard.

With respect to environmental responsibility and stewardship, that is perhaps less applicable in one sense than to some of the other Crown corporations' environmental responsibility. If you think about SaskPower, for example, and power generation and the importance for them in terms of considering environmental circumstances as they invest in plant and equipment, it can be an extremely important area for them. In that sense, I suppose, it's not by way of order of magnitude the same for us as it is for SaskPower, given the context within which we work, but nevertheless an important issue.

With respect to, I guess, environmental responsibility, the development and implementation of IT and the use of IT is an important issue in the workplace. And we've been, as we move — and Mr. Hewitt was describing the work that's been done with respect to training employees, helping employees to make the adjustment — we've brought computers into offices that never had computers.

I can say that in the old land titles system we had, I believe, two cash registers for the whole of the province. We have over \$20 million in revenue, but we had two cash registers. So we're now bringing computers into the workplace, with all that that implies, in terms of being sure that your workplace is a friendly place for employees; proper lighting, ventilation, seating. There are a whole variety of those kind of issues that we have to be concerned about in our environment.

The use of IT, interestingly enough, has the effect over time — although as the questions were raised yesterday about still there's an importance for paper in the world in which we live and some people have a stronger need for it — over time, the use of IT, the electronic environment, means that there will be far less demand on the forests and therefore on the environment for the functioning of the economy. So we're going in a direction that is more environmentally friendly just by conducting transactions electronically.

Another thing, I think, that's important for us in an environmental sense is the work that we're doing on computerized mapping. The ability to gather and manage information about land is extremely important to departments like Environment and Resource Management, Agriculture and Food, Highways and Transportation. All of these departments

rely on — and these are public departments but, of course, private sector companies do as well — rely on the computerized mapping information that we are developing and implementing and selling for their own public purposes.

So the whole area of geomatics is very important to the other agencies with whom we have a relationship as they do their business, fulfilling their roles on environmental responsibility and stewardship as well.

So those are some comments about that matter as it relates to our business and both inside and outside the corporation.

In terms of the balanced scorecard, we received pretty good marks from our reviewers at CIC in this regard last year, even though it was our first time through the system.

So as I said in the beginning, this for us is a work-in-progress.

The Chair: — Mr. Forbes, any supplementary questions?

Mr. Forbes: — I'm just . . . yes, just I'm curious, Mr. Chair, whether they've also found a reduction in . . . Specifically they talked this morning about rural folks and travelling, and just the impact in terms of travelling and gas and visiting and that type of thing, really an interesting aspect of IT as well.

Mr. Nicholson: — Clearly I think over time . . . It's not something we're in a position to be able to measure, and at this point I guess I'd have to say, Mr. Chairman, that we've implemented in Moose Jaw and Regina, and so the impacts in that sense would be relatively modest thus far.

But over time, what once again the area of doing business electronically means — and I think Mr. Hewitt referred to this yesterday — is it really levels the playing field for rural areas. And it means that people can do business from their own home or from their own business without going to the city, and that they can do it 7 days a week and 24 hours a day. So on their own time at their own home or business is a new way of doing business in the world, and the Internet enables that, and that's why this sort of initiative contributes over time to a change in the way we live and the way we work. And in many respects it's very helpful for the environment.

Mr. Huyghebaert: — Thank you, Mr. Chair. I would just like to go back to the capital budget project, a couple of questions. Yesterday we noted — this is plus or minus, Mr. Chair — but the figure that was given out of the \$58.1 million that was allocated for the LAND project at the end of '01 . . . and it was just a snapshot figure. I don't think . . . I'm not concerned about the accuracy of it — was \$42 million. That leaves a balance of about \$16 million in the capital budget project. Could the officials identify if the 16 million from the capital budget project, or the 15.1, is committed funds as yet.

Mr. Hewitt: — Well it's committed to the extent that we have a plan for conversion. I mean what's left to be done now on the project is conversion. So bringing the other . . . and implementation, bringing the other offices on stream. And that is, as I said, a big part of the project that has to be done. So that remains to be done. And there's a few software changes that, you know, along the way that we're going to require to do that.

So for the most part that's what that money's for. So yes, it's committed. To finish the project we have to spend it.

Right now we just have Regina and the Moose Jaw district implemented.

Mr. Nicholson: — Also just as an addition, Mr. Chairman, I would say that question 2 that's been referred by the committee to us to answer, and the auditors to review, relates to the cost to completion.

One of the questions yesterday dealt with the delay in opening Regina and how that will impact on the schedule remaining. We are working on that diligently now. We don't have all of the work done. We believe that Humboldt will open the latter part of March, and we're working on the balance of a schedule. So we're continuing to work on the schedule and, of course, question 2 addresses this matter specifically. And so we'll be working with the auditors in terms of finalizing that for their review.

The Chair: — Supplementary, Mr. Huyghebaert?

Mr. Huyghebaert: — Thank you, Mr. Chairman. I have two actually, if I may, if there's time to get them in.

So I'll go with my one that I can get in first probably is . . . we talked about earlier Mr. Chair, I specifically asked about Moose Jaw and if there's costs associated with upgrading or doing something to the software, if it would come under capital or operational costs. And Mr. Hewitt, as I understand, said that would come under capital costs.

It's a double-barrelled question and I'm not sure if it's for the auditors or for the officials of ISC. But if the 16 million is already committed, what proportion of that 16 million would be earmarked for contingencies, for capital upgrades which was identified this morning as . . . that would be earmarked as a capital upgrade. So we've already committed the 16 million that's left. Now if there's more, and I don't know what percentage of the project that is left to be completed, but if there's more, such as the case in Moose Jaw that has to be committed, or further committed, where does that come from?

And also, Mr. Chairman, whether it's for the auditors or the officials, who determines . . . or is there a methodology of determining what funds are earmarked for capital projects and what for operational? And who determines that?

The Chair: — We'll go ISC first and then the auditor's office if they wish to then. Feel free to ask for further clarification of the question should you require as well. Please go ahead.

Mr. Hewitt: — The money we have left to spend is part of the original project. The original project had built into it an assumption that we would need to make some changes to the system after Moose Jaw. This isn't new; this isn't a surprise to us. So we've actually got funds built into the system.

We still have . . . When the developers finished building the system, they didn't walk away. We had built in — a lot of them did, most of them did — but we had built into the project people who stayed on to actually make the changes that we

knew we would require. So it is part of that conversion, that implementation, the budget associated with that.

And who makes the decisions on that? That's a management decision as to whether or not we . . . how we spend that money that's in the budget. And we, as the auditor's indicated up to now, have, you know, had good project management practices and risk management practices in place to manage it up to now.

Our challenge now is to complete the project — get it all done and get it implemented. If, you know, if things that we have to readjust and change . . . And project management always involves money, time — it's the only things at your disposal are money and time. So you have to be able to manage those things — and scope — and the things associated with what you're doing. So those are all the things that as the managers of the project we have to continue to manage to complete the project.

I think then that's my . . . if the auditor's got something to add . . .

The Chair: — Okay, Ms. Powers, I believe you have an additional comment.

Ms. Powers: — Yes, Mr. Chairman, I just want to add one additional comment. And that is that generally accepted accounting principles do provide guidelines as to what is capital versus operating, and we will be following those guidelines. And we have in the past.

The Chair: — Okay. The auditor's office.

Mr. Creaser: — I think we were talking about the 16 million left to finish the project, is that the . . . Okay, it is.

Well I think that one of the things that we talked about in our report is the contingency fund that the corporation used, which we again consider good practices, is that they had roughly 10 per cent set aside to . . . for changes or for unforeseen and unprovided-for events.

And at the time we were finishing the project, they had pretty well used up that contingency as far as future commitments. It was . . . a lot of things that are still to be done at the time we left, so there is a mechanism in there to deal with contingencies like they had in Moose Jaw in the project, and we looked at that.

And as far . . . And I agree with Laurie as far as the methodology for looking at the capital versus operating. There's some pretty good guidelines on that, and we'll be looking at that.

The Chair: — Okay. Mr. Huyghebaert, any further . . .

Mr. Huyghebaert: — Not at this time.

The Chair: — Okay. Mr. Wall, and then I've got Mr. Yates.

Mr. Wall: — Thank you, Mr. Chairman. On the function of the system itself we have some questions. And we'll use an example, it doesn't have to be specific but I think it was an example that involved a transaction in the Moose Jaw district. It

was in early December. The lawyer's search on the new LAND titles system turned up a different owner than he was dealing with, and ironically enough, I believe, the owner that didn't appear, the rightful owner that didn't appear, was the Government of Saskatchewan.

A farmer, I think, was trying to acquire some land and so just by a hunch he searched the adjacent land location and found that indeed it had been subdivided and had more than one owner, the parcel in question. One of which had title to a portion of the original land search he had done. And so he was quite alarmed and contacted the LAND . . . contacted ISC offices and was told, and this is the anecdotal comment he made, but he was told by an official at ISC that it was indeed a problem with the new system, this whole issue of not disclosing all of the titles to one parcel of land.

So could you . . . would the officials comment on that, Mr. Chairman? And I guess if maybe this example isn't correct, and if it isn't then please correct us and then the officials can correct us.

But in a nutshell it seems that if some portions of the whole parcel, either farmland or urban lot have been severed, then the search of the whole parcel may not provide that information. And it won't disclose, it didn't in this case, all the titleholders; in this case the one with whom the man . . . his client wanted to deal. And nor does it specify how much of the parcel each titleholder may own. As you know there is no . . . there is not acreages on there like we had with the previous system.

So do you see . . . I mean this is a difficulty that has been pointed out by a number of different lawyers to us now, especially as regards to agriculture land.

A couple of questions. One, why didn't the system . . . why didn't the system anticipate this situation, and in an agricultural province especially? And secondly — and maybe it did, maybe these are just anomalies — but secondly, if that has to be fixed in the system does EDS have to fix that without being reimbursed any additional amount? Is that one of the things that would fall under this arrangement we have with EDS?

If this is a problem, ISC wants it fixed, is EDS obligated to do it under its contract or would it be an additional capital cost to address this difficulty, if you choose to do so . . . if the corporation chooses to do so?

Mr. Hewitt: — Okay, I will attempt to answer that. There is a situation with the system if you . . . this actually arises out of the old system, I think, is the best way of describing it.

If you search a full quarter section, if there has been any subdivision taken out or any survey taken out of the land, the surveyed land won't necessarily show up as part of that search. I think that's what you're describing. Without knowing the actual facts, it's really difficult to be precise on it. But that's what I think you're talking about. And so it is a matter of people understanding how to search under the new system, how to find the additional information that they're getting.

The old system wasn't perfect on lots of these things either. So we never said the new system's perfect and it's necessarily dealt

with all of the things that were in the system in the past.

This is one that . . . it's a transitional sort of issue that we have to be able to get people used to; how to use the new system for searching and how they can find the information that they need to get out of the system.

Secondly, if we have to make any changes . . . this is a general comment, not just addressing the specific one. But if there are any changes that we make — and we've made, I think Fraser referred to 50 or more changes that we've made — that was part of what we built into the system. Having those people there, if we want changes made, that's part of the contract we have with EDS. That's part of the price that we've paid and we're paying under the contract we have EDS.

So that we tell them what we think is a priority. If there's a thousand things we want to change on the system, and we've got money to change five of them, we'll choose which five. That's part of the management of the system that we need to do.

So I guess that answers your second question in the same one.

Mr. Wall: — Mr. Chairman, then I guess the subsequent question would be, so if this . . . using that example, if there's five that there's money for or that the contract allows for five changes or improvements to be made and this particular one, which this lawyer and others that we can talk about — we will later, if you like — have big problems with, if this doesn't make the top five and ISC still chose to address it, to fix it because it was a priority, then we would be talking about an additional capital investment or investment in general in the system to catch it?

The Chair: — If you will forgive me, maybe a point of clarification. Are we using the number five as a for instance . . .

Mr. Wall: — Just an example.

The Chair: — . . . or as an actual contractual item?

Mr. Hewitt: — That's just an example I was using so don't put any stock in that.

What we . . . Well, first of all, to answer the question about the specific issue, we're not certain that it actually is something that requires changes at all. It's just maybe a training issue or maybe a way that we actually get people to use the system to find the information accurately. So it doesn't necessarily require a change associated with the system.

If however it does require a change to the system, like anything, we have to prioritize them and decide which ones are the most important and we've done that up to now. We do the ones that are more important to our customers.

If something affects a larger group of people, obviously that's something we want to change. If it affects only one or two people, maybe it does not get the same priority. And on some of these, there's often a way to get the same information — in other words, a workaround to deal with it until we have a chance to deal with that because we don't want to inconvenience our clients if we don't have to, obviously.

And on some of the things that arose in Moose Jaw or since we've implemented the system, a number of them, until we can make the change, we actually had to wait to deal with it. It's not as if it was impossible to do. It was just going to be a bit more cumbersome. And once the change is brought in, then of course it simplifies it and makes it a lot more streamlined.

Mr. Nicholson: — Mr. Chairman, may I make additional brief comments. First is that in a letter to members of the Law Society, written by the president dated November 22, 2001 — and I have copies I'm prepared to table if required — two comments, and I'll quote the president of the Law Society:

We are confident that the registry maintains the integrity of the titles and that progress is being made toward improvements in the search functionality and other matters such as process revisions and streamlined correction procedures.

The second quote from his letter:

Our colleagues who have worked under the new regime understand that the LAND Project involves far more than simply moving from a paper-based to an electronic system, or introducing new methods of searching and registration. There are significant changes to the law of real property. Some of them are obvious from the legislation. Others are more subtle. Many of these changes were discussed in the materials presented with the SKLESI (Saskatchewan Legal Education Society Inc.) seminar entitled "Ready, Set, Go" in May, 2001.

That was a Law Society seminar. But those are two comments I think that are relevant to the discussion. The Law Society is confident that the system we've introduced maintains the integrity of the titles. They have also recognized that there's been a change in the law of real property and that it's more than just a change from paper to electronic systems. It's far more profound.

The Chair: — I will ask the Clerk to distribute copies of that letter to the committee.

Mr. Wall: — Mr. Chairman, on the same issue; and again, afterwards, I think we could talk about the specifics. But I would have thought, based on the conversation with some of these lawyers that myself and others had, that this would have been more a problem that would have been more . . . that there would have been more awareness of because it sounds like there's a number of concerns out there.

And maybe there is, but I'll just kind of give you the gist of . . . He also has a letter — I'm sure you've seen this individual — to the minister. But in a phone conversation, he makes some observations that I would . . . And the question would be for you to comment on them, I guess, and clarify anything that he may have wrong or incorrect, because he raises what . . . He believes that this is a fundamental flaw of the system, not something that there should even be any consideration that it not be addressed because of the nature of the agriculture business that so many of our lawyers practice.

He says that ISC told him that this was not an uncommon phone

call, his call to complain about the fact the system didn't have the title owners on there. And so his question then was why is ISC not forthcoming with people like him, users of the system to some of these flaws. He says I just stumbled on this. Perhaps if people knew about this they would be extra thorough in their title searches to avoid expensive, frustrating, and inconvenient problems down the road should a landowner discover there are other titleholders to his property because of an inadequate search sometime before.

He says that he's been told the new LAND system was also going to replace the old land location ID (identification) with a nine-digit number and has since been told that no, now we will have both. This is his comment that ISC has informed him that there could be both. His question again: which is it and how cumbersome would it be to have to go through both? Those are two different issues. I apologize for raising them both in the same question.

Mr. Hewitt: — You referred to a letter. I don't know which letter you're referring to and if you can give me a copy sometime that would be . . . (inaudible interjection) . . . yes. Certainly this is an issue that we know about. I mean what you described is not something we didn't know about. It's an issue that's come up. There are ways to get that information in the system through different kinds of search.

Your point about making sure people are aware of it is a valid one. We do on our Web site give updates to people about things that they need to know. And in training we try to ensure people know these things. It isn't always easy to get all the information to everybody as much as you'd like to about things like this. Valid enough point. Something I'd like to be able to do better on. We're trying to encourage people to give us their e-mail addresses to ensure that they get the information quickly, that sort of thing. So it is an aspect of the system that we know you can get the information some other ways.

It is fundamental to the practice of rural lawyers. I agree with you on that. It is important for them to have that information. But how much of it's a systems issue and how much of it is a training issue and how much of an information issue. I know we're looking at how we'll approach it in the long run.

On the question of the nine-digit numbers, it is true it is our intention to go to a unique identifier. Legal land descriptions are not unique identifiers. The ones we've had traditionally — lot, block, plan, some quarter section reference, township, range, all those sorts of things — have never really been very good at giving us a unique identifier because that land description could affect more than once parcel.

So one of the objectives of the LAND system was to give unique identifiers to every single parcel in the province, and we will be doing that. In fact every parcel does have a unique identifier. We also though, because people are used to using the old legal land descriptions, are continuing to keep it in place for that because they are used to them for one thing and secondly, we're also doing it that way until the full conversion of the system is possible.

Right now we have about 80,000 parcels in the province that are created by way of metes and bounds, you know, this corner

to that corner, the most westerly 25 feet. Those don't have parcel numbers and they're part of the quarter section or they're part of the lot. And we will give those all numbers, we will draw those all into the system so they'll all become part of the GIS. That is part of the LAND project, to draw those all in.

So we'll have all of those plus all the water bodies in the province that have never actually been properly put into the GIS either, because they've never necessarily been described in the . . . in the plan that was done by the surveyor way back at the turn of the century.

So another part of the project is to put all those water boundaries in. Once all of that information is in there, the GIS will have a complete, fully integrated map for every square inch of the province and every square inch will have, every parcel will have a nine-digit number associated with it.

So as a transition to that, we're keeping both, both in place. So it's a transitional problem. I'm not saying it's a transitional problem for a year. It's going to be considerably longer than that — like maybe 15, 20 years until people are comfortable with switching over.

But it is our intent to actually give complete legislative authority for the GIS to be the plan for the province — the one and only plan for the province, and those nine-digit numbers to actually be the only numbers. So I mean our objective would be to ultimately eliminate the legal land description as a tool to locate land. But recognizing people's needs to have it and this problem with metes and bounds, we're keeping the two of them in place for the time being.

But you can search by either. It's possible to find the information by using either number.

The Chair: — Mr. Wall. On this particular topic, do you have any more?

Mr. Wall: — Well just to find . . . to maybe ask the officials. You have dealt with a number of . . . the officials have dealt with a number of lawyers, a number of users of the system. There's been a consultation process, training.

So I guess I'd ask the officials if they agree that this is a fundamental flaw of either system because to me if that was a fundamental flaw of the old system, it's one that at least those who are stakeholders and users of the land registry would hope this new, very, very expensive system would address.

Mr. Hewitt: — They're both . . . We're sort of, I guess, inheritors of the past. Under the old system you had to . . . you could find that information but it took a fair bit of effort to locate it. It was often on the back of a title or, you know, you'd find it here or you'd find it there, and there'd be little twists and turns and often our staff in the offices were the only ones who really understood where it was to be found.

There's transition. We have to get over that. We have to get . . . we're inheriting all the mistakes of the past. We know that in conversion we're going to find errors that were made by the staff over the last hundred years. They're only human and we're going to have to rectify those. So this kind of thing, it's not an

error necessarily but it's in the same category of trying to adjust the old parcellized system that we had to the new one, and ensure that all of those plans and changes that were made to a quarter section, there's pieces taken out of the quarter section, are actually clearly identified.

There may well be things that we can do, information we can add to the system that would make that easier, and that's what we're trying to look at right now is how can we do that most easily and make it easier for customers to find the information. But sometimes it's difficult, it's complicated; you know land holding is often a very complicated thing. The system can provide the information. We would find ways for it to be easily provided.

I'm not saying . . . I don't believe this is a fundamental flaw. I think it's an issue of adapting from the old to the new and how do we present that information better. I think that there's probably better ways we can provide the information.

Mr. Nicholson: — Mr. Chairman, I would concur with Mr. Hewitt's comments. We don't believe that it's a fundamental flaw but what is important to understand is that the mistakes of the past hundred years — nobody intentionally did it — but the mistakes of a hundred years are hidden in the 50 million pages of paper and the four miles of shelving. And as we bring them off the shelves, put them into the new system, we find mistakes. At the same time . . . And we have to correct them and what's really important is that there's a process for correcting those mistakes.

At the same time there are title transactions that occur across Saskatchewan every day and lawyers or others may come across mistakes before we get to them; and what's important is that we have a process to correct them — and we do.

So as we go through this conversion process, the transition from the old world to the new, we will find mistakes and we do have a process to correct them. The registrar, the Master of Titles, can, by . . . and has statutory authority to correct the record and to correct those mistakes. So it's not a fundamental flaw in that sense.

The Chair: — On the speakers list I've got Mr. Yates and Ms. Atkinson, so I'll go to them; and Mr. Wall on the speakers list after Ms. Atkinson. There we go.

Mr. Yates: — Mr. Chair, my questions have to deal with system efficiency and I guess you started down that road talking a little bit about the errors, and correcting errors. But I would like to delve a little bit into the issue of the number of potential errors that might be committed in the new system and how the system picks those errors up versus in the paper-based system of the past those errors could continue on for significant periods of time. Does the new system pick up the errors? At what stage do they pick them up? How do we . . . and what percentage of errors would we have had in the previous paper system versus the current automated system?

Mr. Hewitt: — Okay, there is a number of aspects to your question. The errors that may have been made in the past would be like registration errors or, you know, something that was inaccurately typed or, you know, it could be any number of

things like that. When we're doing conversion, when they're actually taking the information off the title and putting into the database, the people that are doing that are not necessarily trained land titles experts. They'll get so they recognize anomalies. They'll ask questions.

We have several different tiers of escalation associated with the conversion. We have level 1, level 2, and level 3. Level 1 is ones where they're not sure so they refer to a supervisor. Level 2 are difficult ones that there's some problem with. It doesn't make sense the way the title is worded and they have to interpret it more. And then there's the third category that we call brutal. And as you go up, they get more and more . . . fewer and fewer of them actually up to the top, rise up to the top where we have to have real experts interpret what's going on there and so that's part of the quality assurance process that goes on.

So far in the system in terms of the conversion levels, people that actually enter data entry, the error rate I believe is something in the rate of less than 1 per cent. So the errors that are being . . . like in other words the new errors we're making in actually putting the information into the system is extremely low because the computer system itself will look at something they type in and go: it doesn't make sense; it's impossible for you to have typed that in. Or if you did and it's right, then there is a problem. We escalate it up to the other people because there's something wrong here.

So there's a lot of things that are built into the system of that kind. Like if you're showing tenancy and you enter two names and you say it's not joint tenancy, it'll stop you, you know. It's . . . those kinds of things were all built into the conversion program and if we find other errors, we escalate them up.

So the conversion process doesn't mean there won't be errors. We've had people report to us, this title was converted but there's a problem. And I think you, Mr. Wall, referred to the Crown's name not being on partial title or something like that.

I'll give you an example of one where we discovered it wasn't a data entry problem. It was a problem with the system where it wasn't anybody that died owning minerals, had died owning minerals. The Crown . . . how did it work? It was something like the Crown's name, the Crown was on it instead of the deceased or something. You know, one of those little kind of things. But that was just a glitch that we were able to repair. It wasn't a data entry problem.

And so we have customers bring to our attention naturally errors that they find. I found one the other day. I was searching a title and the person's surname was spelled with a small initial letter. I mean it's just a data entry error; it should have been a capital H and it was a small H. So those kind of things are simple and fairly straightforward to fix.

Anyways, so in data entry and getting things into the system we will have those sorts of things come up, and like I said, our experience so far has been it's exceptionally low.

With actually doing transactions, when a customer sends us the information in and they want to transfer title, let's say from one person to another, the information is entered off the material

sent by the customer. If the customer has given us wrong information, like the wrong title number that doesn't match up to the name on the current title, all those sorts of things — the share structure's wrong, the mortgage is wrong or something — the system has lots of edits built into it that stop it; that say to the worker, the titles worker, this can't be, this is impossible, there's a problem with this title. And it will automatically reject it. It won't let the person go any further.

There's some circumstances where the employees themselves, when they're checking for authorizations to make sure the person has signed it properly and that sort of thing, will also notice that there's errors and they will actually notify the customer that you've made an error, reject the document, and it would be resubmitted — that sort of thing.

So all of that is training of those employees to . . . for what they're watching. And most of them . . . there's all of them are former Land Titles employees who really understood the old system, and of course . . . so their training level was quick to get them up to speed with the new system. And of course a lot of it is done by the computer system itself, making sure everything is accurate, okay.

So therefore the amount of errors that we anticipate happening that way are exceptionally low. Our experience, by the way, in terms of errors in the old system was very, very low. We have what we call the assurance fund . . . it's no longer a fund, but it's actually . . . what it is is a guarantee by government of errors. If there's an error, we correct it, and we . . . if they do suffer a loss, we actually compensate you for the loss. The loss experience of the government over the past 25 years has been exceptionally low, in the nature of 20 to \$25,000 a year. And we wouldn't anticipate that that would be any higher, and hopefully even lower under the new system.

Mr. Nicholson: — Just a comment, Mr. Chairman, with respect to the reliability of the system itself, because there are system checks that provide quality assurance that of course didn't exist in the paper-based world. The paper couldn't check itself, but now we have a computer system that checks data as it's coming in. So in that sense, you need to have assurance that your computer system is functioning well.

And I actually just got the data this morning before we started. Since August 9, 2001, our computers have processed 11,537,046 transactions — 11,536,000 transactions. Our success rate on transactions is 99.77 per cent since August 9, 2001.

The Chair: — Any further questions, Mr. Yates?

Mr. Yates: — No. Thank you, Mr. Chair.

The Chair: — Okay. Then we'll recess for 10 minutes just to lighten the mood. So we'll reconvene at 10 to 3. Be there or be square. Thank you.

The committee recessed for a period of time.

The Chair: — All right. We'll get back to business. For a speakers list I've got Mr. Wall and we'll of course entertain other people for the speakers list. Mr. Wall, if you will.

Mr. Wall: — Thanks, Mr. Chairman.

I've handed our — you know, granted, not much notice, but I've handed . . . with the Clerk's help I've handed Mr. Hewitt a copy of a letter that they . . . ISC actually received on this some time earlier this month about a concern. And I'd like to deal with that. But just . . . I saw . . . I noticed him on the cell phone so I . . . there is one more financial related question that I'd like to pose, if I can. And so we could perhaps get back to the more function . . . the questions of the function of the system itself a bit later.

And specifically, the question has to do with comments that Mr. Hewitt made earlier this afternoon. And I guess I'm looking for some clarification. You . . . I beg your pardon, Mr. Hewitt used a third, a third, a third, in terms of the kind of a cost allocation of the new Crown corporation and . . . or the LAND project, I should be more specific. A third being for the software and the hardware; a third being for the conversion to the Internet-based system; and then the last third being for staff transition.

The last two, I think, Mr. Hewitt fairly indicated would be there regardless of the . . . whether or not you were purchasing an existing system or greenfielding it as the government's chosen to do.

But it begs some questions, I think, because then we see then that two-thirds of the cost, according to ISC officials, of all of this are . . . were basically unavoidable if you're moving towards an automated system. And yet the original budget, I believe, for automating, for the LAND project, was somewhere between 25 and \$30 million. Yet if you take two-thirds unavoidable costs of the 60 million were — or 58 — 60 million we're at now, you're already, you know, at \$40 million.

So what was the 20 . . . What was the original forecast . . . Mr. Chairman, what were the original forecasts based on that seemed to be so far off and did you know this one third, one third, one third, going in? Or is it something that you have . . . I beg your pardon, that officials have learned as they've gone through this process?

Mr. Hewitt: — I'm just trying to find some notes here. In terms of the one third, one third, one third, it's really . . . I think we knew it earlier on. I wouldn't say we certainly knew it at the very beginning when we started in 1995. It's only truly become . . . and that was the rough figures, of course, that I'm using.

Just on the software and hardware issue, on the roughly third. The development costs were roughly about 11 million, hardware about 6 million — so for about 17, somewhere, somewhere in that vicinity.

The costs associated with conversion and the costs associated with actual implementation, I guess, if you want to call it that, of the system. When we first estimated back in '95 what it would take to do the system, we were just talking about what it might take for an automated system to be developed to just track land titles. That was what was envisaged at the very, very beginning of the project. It didn't include GIS, it didn't include any of the other things that I've talked about in terms of the additional common services elements that we had. You know those were just assumed they'd be in there.

It was very typical back then to assume that you'd just use your staff and they'd just work on the project in their spare time; that they'd work on the project and they'd get it done. And so, as I think I alluded to earlier, we said no, let's make this . . . the project include everything that's realistic. Let's not make this part of somebody's job that they do.

Because if you do that, the danger becomes, the urgent stuff always gets priority and so you actually . . . in order to do the work that needs to be done for a project, you don't get it done. It's just good project management practice to actually dedicate people's time to it.

I don't think we estimated that kind of stuff accurately enough at the beginning. We didn't contemplate what it would take in terms of human resources to actually get the job done. It's a very large job.

For example, just on the legislative side — and I know that Phil Creaser commented on this — it was an enormous legislative project to completely redo Land Titles, consult with all the user groups that we did. And in terms of doing that, a brand new piece of legislation, enormous piece of legislation, all the implications that had to be addressed.

So just on the legal side, we ended up having substantially more needs than we originally realized. So the costs associated with doing that would have been there anyways.

Mr. Wall: — Mr. Chairman, from an outsider's viewpoint, it would seem that the watershed moment in terms of spiralling costs, or projections even, or maybe spiralling — I won't use that word — but in significantly increasing projected costs for the project, it would seem that that occurred around the time that the decision was made, the formal decision was made to take it out of Justice, the project, and begin a new Crown corporation.

Would that be, in your view, an incorrect or a correct observation, whether it's coincidence or not?

Mr. Hewitt: — I'd say it's not right. I'd say that where we noticed . . . Realistically we wanted permission to go ahead and work and actually do the project.

The conceptual design and the preliminary work that we did, which was substantially important, very important of course, but before we actually went out to the market to actually do a tender, we did not want to have the industry spend a lot of time — because it costs them money to do a bid — we didn't want to have them spending their time and their money working on a project that wouldn't realistically be approved. So a detailed work was done at that time to say what realistically are we talking about here. What do we really need to do this properly?

So I would say that the time before we got approval to proceed with the RFP (request for proposal), which I think was in April of 1999, which was when we actually put the RFP out on the street, it was prior to that that we would have done most of the work associated with that. Anything that happened after that was as a result of the RFP process.

So I think the largest component of that would have occurred

prior to the RFP being released, which is long before the creation of the Crown. Yes, that's right, yes, '90 . . . or was it '98. I'm sorry, '98. I'm sorry, not '99, '98.

Mr. Wall: — From an . . . we've talked about just a few, some would call them glitches, other would call them flaws, fundamental flaws, earlier this afternoon in the system in Moose Jaw and Regina as it's been rolled out. Either way there is a question that follows in terms of the sales, the marketability of the product. And the question would be, if any of the places that ISC officials have visited and prospected in, in terms of potential sales around the world, were to now come to ISC and in short order, understanding that there'd be a negotiating process and it wouldn't be an overnight sort of a thing, but wish to purchase the system soon, relatively quickly, do you have a product . . . I beg your pardon, does the corporation have a product to sell right now?

Mr. Hewitt: — Yes. That's the short answer. The longer answer — I can't help myself — would be to say that anyone looking at our system would probably apply the same kind of rule that we would have initially, does it meet 80 per cent of our needs? That seems to be a common rule that the people use. So they'd come and get it. If they wanted to buy it from us today we could sell them the code. They could actually have it the way it is; they could have our manuals, they could have everything else associated with it.

The truth is, or the reality is, is that most of them would say well we need this, and we need that, and we need this, we want to make some modifications to it. So then it would be a question of do we sell it to them and they make their own modifications or do we actually then enter into a contract to actually create their version of our software. Any number of those possibilities exists in the IT sales software world. So any of those possibilities would be possible.

That's why I said yes to your question: do we have a system that works? Absolutely. I mean the president of the Law Society's letter, I think, makes that clear. We've had lots of people saying that kind of thing, that the system does work.

I mean, as it is we've put through 6,000 title transfers since we started in Moose Jaw. I mean, it works every day. So it does work, sure. We could . . . if somebody comes today that has a look at it they would see it, they can go on our Web site, they can see it. We've actually given prospective customers access to the Web site, given them a log-on so they can actually go on and try it out and test it, do that sort of stuff. They see that it works.

Mr. Wall: — Mr. Chairman, who are the prospective . . . who are the competitors for ISC in providing this LAND system software technology?

A Member: — Can you answer that?

Mr. Hewitt: — I can try. I may need some help, but the prospective competitors, Teranet in Ontario's a prospective competitor; the Australians because they've been . . . they have a Torrens-based system as well as us and they've had quite a bit of international experience. They got onto doing that sort of work a number of years ago so I would say that the Australians

are competitors. Associated with this depends on where you're going in the world.

There's maybe some other smaller companies that would be perhaps interested in doing some of this work. Fraser, do you have any comments you want to add?

Mr. Nicholson: — They would be the two leading competitors, Teranet and the Australians. There are two states in Australia, Western Australia and New South Wales, who have been active in the international market.

If you're speaking specifically about LAND systems, if you're speaking about LAND integrated with GIS in an Internet environment, our system is the only one of its kind. No other jurisdiction that I'm aware of has a system that is as robust in the Internet environment as ours is. And the Australians are somewhat worried about us emerging with the new system because it does pose a competitive threat for them. With respect to Teranet, they've been active; they've secured some international work — one in Lebanon that I'm aware of.

One of the things of course that's important I guess with respect to Teranet is that they probably will take another ten years to finish the system in Ontario. Initially they estimated 275 million. The Provincial Auditor of Ontario said in November of 2000 that his best guess was something in excess of a billion dollars for them to complete the system in Ontario. So Teranet is somewhat now lessening its international push and focusing more on Ontario. But I think those are the principal competitors.

Geomatics, surveying, when you get into those kind of areas related to LAND, the list of competitors expands almost exponentially.

Mr. Wall: — Mr. Chairman, and I'm . . . now I'm just a little bit confused because we were talking yesterday I think about potential customers for the LAND system in Australia. So there are also . . . all we're saying, all you're saying here is that not only is there a potential market there for the system, but that also happens to be the home of some of the major competitors. So in terms of pursuing that Australian work, that's one of the . . . one of your competitors . . . one of the competitors will be an . . . the Australians that you talked about, that were . . . that you mentioned.

Mr. Nicholson: — Actually, unless the other . . . the state that's the prospect that I mentioned yesterday, Mr. Chairman, is South Australia. Neither Western Australia nor New South Wales at this point, nor the state of Victoria for that matter, have Internet-based systems. And the state of South Australia is looking to go to the Internet. So unless the other states in Australia go to the Internet, as long as South Australia keeps pursuing an Internet solution, the other states in Australia won't be competitive.

Mind you, they are considering going to the Internet.

Mr. Wall: — Mr. Chairman, to the system itself again, if we might. There's a particular example that has been drawn to my attention. And in Swift Current of course we have lawyers representing clients who are purchasing property in the Moose

Jaw area here. And this particular transaction is a question I have. It has to do with a small parcel of land and a mortgage on a house. And for this particular transaction, and . . . for this particular transaction ISC sent all of these notices — and I can send them down to you, but I'm sure you're familiar with them — interest amendment notices for this . . . for these transactions, for these . . . right to the client or the lawyer, to the purchaser. And that wasn't the real concern. The lawyer just noted that, saying well that's a little bit different, because of course those things used to come through us but . . . in most cases, he said. But I mean it wasn't a concern.

What was, though, and I think perhaps why he left them with me, is just the sheer volume of paper that this relatively, you know, small transaction resulted in. And the question was raised earlier about the environment and where there's some discussion about the paperless system.

And, well, this is . . . is this a temporary thing, Mr. Chairman? And soon there won't be this sort of . . . these sort of mailings out? Because as you know, and we'll get to later, one thing that does . . . that is involved in the new system is that where previous transactions involved a couple of titles perhaps, many, many more times that is what is required now by the new system.

So to that extent, if there's a notice that goes out every time there's a title change, then we're going to have a lot of paper actually, it would seem to me. So I wonder if you'd comment on . . . I wonder if the officials would comment on that.

Mr. Hewitt: — Mr. Chair, you raise a really good point about a paperless system. What we had to do is we had to balance off in the public interest side here some very important factors and one of them is notification to customers.

Let me deal with your first point first and that is they used to go to the lawyer you mentioned, that the lawyer said this had gone to the client. I just want to address that one now.

Our system of addresses on titles in the past wasn't very good. There are thousands, probably hundreds of thousands of titles where the address of the owner is simply Regina, Saskatchewan or Swift Current, Saskatchewan. It wasn't a big deal 50, 60, 80 years ago but it's become a bigger issue. So in our conversion effort we're trying to . . . and for the last number of years we've tried to get people to give us an accurate address.

So in a lot of cases I guess in the past it's fair to say the notice would have gone to the lawyer because we at least had his address because he'd submitted the transaction.

But if you actually conceptualize what we're doing here, we want to make sure that everyone who owns a title, because title is so important to people, is notified that there's a change made to that title or if they lose their title. To prevent fraud or to ensure that nothing is being done improperly, the system automatically generates a notice and sends it to the address that we have on file. If that address is Regina, Saskatchewan or something that doesn't help us at all, then it's not sent or we try to prevent those sorts of things going out.

But in other cases, sometimes it's relevant for the interest

holder like a mortgage holder to know that the owner has changed title, because otherwise they wouldn't even know necessarily the title's changed and that mortgage could be defaulted on and the original owners gone. And the new owner's there and he's willing to assume the mortgage presumably or else he wouldn't have agreed to the transaction going through, but the financial institution won't necessarily know that. So what the system is doing is it's automatically — and this is part of the . . . it's the way it was designed — sending a notice to every person possibly interested in the title that something has transpired.

The consequence of that is . . . because it's all done automatically — the system just sends it. We never see it, right? That paper you have there is not touched by human hands. That's all done by the computer system and put in the envelope and mailed out to the people.

What we are doing, however, is we are encouraging people to give us their e-mail addresses or their fax addresses. Once we have an e-mail address or a fax address for all of those people, they will get it electronically. We think it's better that they get it and get the notice in case there's a problem so they can notify us. And we recognize there's a paper thing and certainly it's costing us money to produce the paper.

Our objective is to actually get people to give us e-mail addresses so that they will get all that information electronically. They'll get it faster too for one thing and they won't get it by paper.

It is compounded, you're quite right, about the fact that we do have separate titles for each parcel and each ownership share now that we didn't have before. And that is part of the reason that there's more paper as well and more notices going out to people. But, overall, the fundamental need to make sure people are aware of what's happening to their ownership or their interest, I think, outweighs the perhaps inconvenience or something else.

One thing we can begin to look at, perhaps in the future with the system, would be something we look at as an enhancement, is saying to the system, if you've got more than one letter going to the same person, consolidate all that information into one letter instead of doing it as separate letters per title. It's structured right now to be per title. And so that's something that we, you know, looking at the way things go, we might do as a future thing.

But certainly, anybody that's giving us their e-mail address is not getting a paper like that. They're getting the notification by e-mail.

Mr. Wall: — And like any corporation, Crown or otherwise, I'm sure you're interested in . . . I beg your pardon, I'm sure the company is interested in goodwill, and the public perception. And you can imagine this couple in Kyle, you know, it's just difficult for them to understand why the new automated computer system would send all of this documentation. They may never have e-mail, and so I think it's something the corporation may want to look at.

And you did address the multiple title thing. I wonder, could

you explain why the ISC chose to do . . . chose to go this route of so many more titles? Throughout the course of the last two days, officials have touched on it. Officials have talked about oil and gas industry, like, and the mineral rights, but really, that's the bone . . . that's really a common thread running through a number of the concerns about the new system itself, is what used to be — involve two titles, now involves 10, and all these other anecdotal and real stories, so, which is similar to the one that I gave to Mr. Hewitt earlier. But could you just comment briefly on why the corporation chose to go that route?

Mr. Hewitt: — Okay. Under the old system, you could have . . . the paper title was the, sort of the unit, I guess, if you want to call it that. That's how we track things. And so you could have on that title a number of different parcels, perhaps a number of different owners, that sort of thing, but the paper title sort of governed the whole situation.

Going electronically, you don't actually have that collect . . . and by the way, that collection of information was totally at random. You know, you could have one title, or 15 titles, however you wanted it portrayed in paper format. You could actually do it that way. If you owned three lots, you could have them on one title, or you can have three separate titles. It was really entirely up to the way it was structured — the deal was structured when the lawyer or other people sent it in. So it was totally at random.

So when you come to a computer system you say, well then, what do we use as our unit of reporting. We can't use the paper title because it's different for everybody, and everything's different, so we have to pick something. And so we decided to pick the ownership share and say what you own in this . . . two things, the person or the individual — you could be a corporation — and the parcel are the two things that are unique and can be tied together. So the system keeps track of the owner and the parcel independently for every single title or for every single item in the system.

Okay, so it becomes . . . it goes down to the basic building blocks of the system. Because then you can have one parcel, you can have multiple owners, you can also have for that, because you might have tenants in common, as we're going to see when we deal with this example you've given me today.

You can also have a person owning multiple parcels, the same person owning multiple parcels, where they have a separate title for each one of them. So it's a building block concept. It's new, there's no doubt about that, and it's difficult for people to adapt to. It's part of the adaptation to the new system that people are going to have to deal with because it really was a re-engineering of how we keep track of records under the system.

Mr. Wall: — One other system-related question is related to writs, Mr. Chairman. And I wonder if the officials could comment on that.

My understanding is that under the old system, if there was a writ, a particular writ, it would show up at the time of sale and so before matters were settled everybody . . . all the necessary information would be disclosed and could be handled, discharged accordingly. Or I guess the alternative would be that the deal didn't go through at all.

But with the new system, it's my understanding that those are registered when it's purchased. And the difference being so . . . and I'm not a lawyer but the difference being . . . lawyers tell me the difference being that, you know, basically one was more proactive than what's happening currently.

Is there any thought to address . . . do the officials have some thought of addressing that or . . . and have they heard that concern? Because that would be significant, I guess, on the smaller number of transactions where a writ, some sort of charge comes into question.

Mr. Hewitt: — We spent many months, and I would venture years, in discussing how to handle writs during the development process. Writs and maintenance orders. When I refer to writs it also includes maintenance orders because they're a very important aspect of it.

The land titles system when it was originally built, the Torrens system, never originally contemplated using the land titles system to enforce judgments. It was a creation, and I have never been able to figure out exactly when, but at some point in the past, the decision was made, here's a way for creditors to make sure they get their money. We'll put a writ out there and say you can't sell or buy land, you know, unless you actually . . . or you can put it in a personal property registry as well.

You can't transact business if you don't pay your debts — which was a legitimate public policy objective and so it was implemented in the land titles system many, many years ago. The trouble with land titles is that they're not really recorded in the past by name. They were recorded by legal land description. So you had absolutely no way of knowing which property you owned. So I wanted to say to somebody, don't buy that guy's property because he owes me money, and until he pays me off, you can't buy that land. Or if you buy the land, then you owe me the money. So that's the system that was put in place.

Also if somebody tried to sell the . . . well obviously tried to sell it, then what would normally happen in that circumstance is the purchaser would say, I ain't taking your debt; you pay off the debt and then I'll buy the land from you, right?

So the only way we had of keeping track of that was to take all those debts, writs, and put them in what was called the general record or sort of a file folder over in the corner. So whenever you did a transaction, the staff person in the office would run over to that thing and go, anybody got a writ against this person? And it was done by last name. And if it looked like the first name was close, they might, they might do it that way — they had some discretion associated with the first name. And then they'd attach the writ to the transaction and try to stop it — would then put a stop to the transaction.

So when we . . . We looked at that. So therefore it applied to when you tried to sell property or it applied when you tried to buy property. So if you were a purchaser and you had a writ against your name and they went to look it up there, it would also show that, right. So you'd be prevented from buying property.

Other jurisdictions, when we talked to them about this issue, they had all, when they'd automated, eliminated the general

record. And the reason they did that is because once you've got titles on the computer system, you can search by name. If you owe me money, I can do a search on the system, find all the titles you own, and put my writ right on your title. I don't need to have a general sort of floating thing there. I can actually go in, put it on your title, and then I know I'm putting it on your title.

Not only that, if you've got titles in a bunch of different names — they're really kind of different from what . . . how I knew you; I knew you as Johnny Smith, but you've also got title in John Smith and John Alan Smith and all that kind of stuff — I can find all those similar names. I can search the land titles system and find all those similar titles, and I can go yes, that's his property; I'm going to put the writ on there. And that'll prevent you from selling it to someone else without paying off my writ.

So actually we've expanded the possibilities for you to find a property because all the staff were doing was searching similar . . . a similar name in this docket that we have over here. And they would search it. So what the other provinces did was they eliminated the process and said, we won't do this in the future; you can pick your own and put your writ on. No problem.

So we said, hey that makes sense. We're doing the same thing; we can do that. In the consultation, however, with our interest groups — primarily lawyers and largely lawyers representing creditors — they said, well that's great for property that someone already owns; I can put the writ on their existing property and stop them from selling it without paying me, but what about somebody buying property? We often get people paying us off because they try to buy property. You're not dealing with that.

And we said, well the other jurisdictions didn't deal with that. They said, well too bad. In Saskatchewan we do that a lot; it really is helpful to us.

Now we looked into the reasons why that is, why Alberta and BC (British Columbia) didn't do it. And it has a lot to do with creditor law in Saskatchewan — which I don't want to get into today — but there are certain things that are in the creditor law that make it difficult in Saskatchewan to foreclose, for example, on a home or a home quarter. And that makes it then more likely that you're going to want to catch people when they buy property.

So we said, well then, how do we deal with that future acquired property? How do we deal with that? So we said, okay, we'll deal with it; we'll build it into the system. So what the system does when you go to purchase property is it goes and looks at . . . looks up your name in this writ registry that we have — and by the way we've linked it to the personal property registry to save time and money and to save developing it — it says, oh yes, there's a writ in that name. So that writ gets attached to that property when you buy it or else it prevents the transaction from going through just like it did in the old world.

So we've achieved exactly the same thing we had in the old world, but certainly done it a different way. And that is what people have to adjust to, is they're not comfortable yet with the way we've done it.

One of the other issues that's come up is the question of names et al., where writs go on people's property when it's not their debt. And we had an example of that recently, I think you or one of your colleagues raised.

Names are a very volatile thing. We don't . . . names are . . . Anyone, people can have the same name. So on the system we have to assume that if it's the same name, it's the same person. We have to assume that. Or the opposite is, we shouldn't assume that. Just because it says John Smith at 123 Main Street does not mean it's not his son. There may be more than one John Smith at that location.

So what we've done in the system for the future is we've built in the ability to not only have your name, but to give you a unique client number that you can use in the future. Now this is a transition thing. People have to get used to using this unique number. If Saskatchewan were ever to implement a personal identifier number for all of us, we wouldn't have this problem. We'd use that number in a second. There isn't such a thing in existence. We all continue to use names. And names make it really difficult.

So in the future you'll be able to give us your birthdate or your address or any other information you want to give us to narrow it down so that people know it's not you. And people that, particularly, either have a common name or have a name very similar to somebody who owes a lot of money will experience this problem, not just in land titles but they experience it every day with credit cards and credit ratings and all that sort of stuff — people thinking they're the debtor that owes them money. So it's not unique to land titles. But we, for the future, have a way to deal with that. In the present we're going to have to continue to deal with the anomalies of names.

So every day that we get someone complaining to us that we're catching too many names, then we get the opposite problem from lawyers saying you're not catching enough names. So we've struck, I think in retrospect, a reasonable balance.

So maybe that's more explanation than you wanted but . . .

Mr. Wall: — Because it will be passed on certainly to those who raised the concern, especially the part about it being addressed and maybe there not yet being an awareness that it's how they can achieve functionally the same thing that they were achieving before.

I have just one last question I guess on the system itself and it has to do with the actual land titles registry title and it perhaps seems a small point but I think an irritant to some. Why did ISC choose not to include in the case of, for example property in the urban areas, the city, town, or village on it? That would be one. And then as regards the rural land or agriculture land, why now isn't the acreage included on that?

Mr. Hewitt: — Okay. If you do a search on the system for any property, there actually is a field that says municipality on it. If you do a search today — I think what you're referring to there is the actual title print — it's not on there yet. The first results list that comes up actually says municipality and currently in all the searches you do it says RM (rural municipality) of conversion unknown, which is just the system's way of saying

we don't have the data in that field yet. So everything is located in this thing, this RM of conversion.

However, the link to GIS is what will provide that information and the link will be up . . . I don't exactly, I haven't checked in the last week as to when it'll be; it's imminent. We tested it and there was a few little things we didn't like about it. So when you do a search in the near future it will actually say the RM of whatever — Moose Jaw for example, Thunder Creek, whatever — if the land is in that area or it'll actually say city of Regina. So that information will be there and will be reflected. It's just one of those things that's not quite there yet.

You also asked a second part to that question, the question of acreage. Acreage is not showing on either the title nor on the GIS at the moment. We could show that information. What the GIS people say to me on this point is the acreage that was showing on title before wasn't accurate anyways. Often it would say consisting of 212 acres, more or less, and that kind of thing. It wasn't very accurate and GIS people tend to be, want to be very, very accurate. So they would like to be able to put the completely accurate measurement there. With water and the way it recedes and expands and all that sort of stuff, it's generally really difficult to tell how many acres are there.

I have had people say to me — this concern's been raised, certainly with us — well at least give us what you got because that's better than nothing. And so I've, you know, talked to our GIS people and sort of under active discussion to say, should we give something that's not accurate, you know, from our perspective, just because it gives people some comfort to at least be able to identify what they're talking about, or are we better off to not give it at all. And that's, you know, it's a policy question that we haven't fully resolved yet again. Like we're revisiting the issue again.

You have to remember too, that we in the system give no guarantee of boundaries so any information like that could not be relied upon as being completely 100 per cent accurate anyways. So that's another reason why people were nervous with us actually putting that information on the system.

So it's available to us. We could put in the hectares associated with it; maybe a conversion to acres if people want that on there. But it is possible and we'll continue to consider that possibility.

The Chair: — Any other additions to the speakers list? Seeing none, I would call on ISC and the officials to provide any comments in conclusion. I will do the same of the auditors, and then I'll provide opportunity for each side to make their concluding comments. Mr. Nicholson.

Mr. Nicholson: — Thank you, Mr. Chairman. Well as I've noted several times, we've certainly welcomed the opportunity to come to Crown Corporations Committee and take the opportunity to answer questions and, hopefully, to provide clarification to a whole number of questions. I've referred on a number of occasions to things that have appeared in the press and some confusion around certain items that we were anxious to have an opportunity to deal with.

I very briefly would say three things. One, the system works.

You don't have to take my word for it. David Chow, a prominent lawyer in Moose Jaw, said publicly that the system is processing transactions faster and cheaper than ever before. The Law Society of Saskatchewan says the system works. It maintains the integrity of land titles.

The second point, with respect to marketing potential. We believe that the system has considerable potential, and we've described what we think are some of those opportunities to market the system. But once again, you don't have to take my word for it. The visitors to Saskatchewan, I think by virtue of coming here to look at the system, are saying that they think it has some potential. EDS is also, by way of aligning themselves with us to market the system, they're saying the system has marketing potential.

The third point, with respect to whether or not there's proper management process practices in the corporation, you don't have to take our word for it. The Provincial Auditor says so. So we welcome the opportunity to have appeared.

We hope of course that if any member of the committee has any questions at any time that they'd feel free to contact us. We're most anxious on every occasion as we go through this transition to get feedback, to be customer oriented. If any member of the committee has concerns from a constituent, we would welcome that contact and would seize it as an opportunity to deal with any customer concerns or questions. Thank you.

The Chair: — Thank you.

Mr. Martens: — Thank you, Mr. Chair. I'll just have Phil provide a closing comment.

Mr. Creaser: — Thank you, Mr. Chair. I'd just like to say that in dealing with future work, we will be working with the appointed auditor, Deloitte & Touche. And we've met with them to discuss the audit objectives or the questions that were put towards this committee in December to discuss. And we've met to discuss the timing and the content of how we're going to deal with these three questions and we're going to do them in the form of three different reports.

And we've got agreement basically on the audit objectives and the timing of the audit. And we will be doing the audit roughly at the same time that Deloitte & Touche will be, and they will be also working on these audits at the same time they're doing their annual financial audit.

So we've also conceptually agreed with ISC with the content of the report, what they're going to look like. We're still working to flesh it out a little bit more and hopefully soon we'll have that.

And we're waiting for the details in the reports and then once they're done, then we will audit those reports and then provide them to this committee. They'll be made public likely in, I'm assuming April or May of this year. So there will be more to come.

The Chair: — Thank you. Any other comments from members of the committee?

Mr. Wall: — Just to thank the officials for their attendance over the last two days and also to thank the members of the committee, specifically on the government side, who agreed in December to have this wide-ranging discussion that certainly went beyond the scope of what normally would be discussed in terms of the year in review.

So I'm sure we'll be looking forward to further discussing ISC in the future in our next opportunity and I know that ISC will be looking forward to that as well. And other than that, we don't have anything further, Mr. Chairman.

The Chair: — And I too would like to echo the thanks expressed by Mr. Wall to the officials from ISC and the officials from the auditor's office, the firm of Deloitte & Touche, and to the members of the committee, for, I think, a very good and thoroughgoing discussion and doing the people's business quite well.

At this point I will open the floor to entertain motions pertaining to the conclusion of review of the annual report.

Mr. Yates: — Thank you, Mr. Chair. I would move:

That the Standing Committee on Crown Corporations conclude its review of the annual report and financial statements of the Information Services Corporation, for the year ending December 31, 2000.

The Chair: — Discussion? Those in favour? Opposed? The motion is carried.

I will now entertain a motion to adjourn until our next meeting. So moved by Mr. Wall. Those in favour? Those opposed? So adjourned.

The committee adjourned at 15:38.