



Standing Committee on Crown Corporations

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**STANDING COMMITTEE ON CROWN CORPORATIONS
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Regina Victoria

Pat Atkinson, Vice-Chair
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Greg Brkich
Arm River

David Forbes
Saskatoon Idylwyld

Yogi Huyghebaert
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Saskatoon Meewasin

Don McMorris
Indian Head-Milestone

Peter Prebble
Saskatoon Greystone

Kim Trew
Regina Coronation Park

Brad Wall
Swift Current

The committee met at 09:33.

The Chair: — All right. We'll call the meeting to order. With us today are officials from the Information Services Corporation. And if it's agreeable to the committee, I would ask Mr. Nicholson to introduce his officials, perhaps provide a brief opening statement, then turn it over to the auditor for any comments that he might have and, at that point, open it for questioning. Is that agreed? Okay.

Mr. Nicholson: — Thank you very much, Mr. Chairman. It's my pleasure to appear before you again today. With me, I have Bev Bradshaw— to my far left — Bev Bradshaw, who's the vice-president of customer services; and Laurie Powers, who's vice-president and chief financial officer.

I am expecting Ron Hewitt the senior vice-president to be joining shortly, but I have to apologize he's just on his way in now. And behind me I have Shawna Kelly who's director of communications with ISC (Information Services Corporation of Saskatchewan), recently hired.

Just a few opening remarks, Mr. Chairman. Clearly, I guess the corporation is, as reflected in our annual report for 2001, is more than the LAND (Land Titles Automated Network Development) system. We also of course operate the personal property registry and the geographic information services infrastructure and service for Saskatchewan.

But it would be folly not to concede that the focus really is on the LAND system, and I anticipate that many of the questions will probably go there. But I just wanted to point out that ISC is more than just the LAND system.

Clearly, it's been a huge challenge to implement the system. Our report for 2001 indicates the progress that we've made, and we believe of course that we've made substantial progress from March 2001 when our Web site became operational to June 25 when we opened the pilot in Moose Jaw. We of course implemented Regina and Regina Southeast December 3, 2001. And as members will recall, there was a delay in the opening of Regina and Regina Southeast as a result of the learning that we were doing in Moose Jaw. And I guess we dealt with that at the last appearance before the committee.

We emphasized how important customer training was and that we've offered a large number of training sessions. I would say perhaps that while we had planned to do training, we needed to boost our training effort through 2001 and not only do generic training but also get into specialized training for lawyers and municipalities and financial institutions and so on. We had to customize training for specific user groups.

In total, we delivered 38 training sessions in 7 communities. The general training was offered to just over 1,400 clients. In addition, we did specialized training for about 40 surveyors.

We started with six people in our customer call centre. We found that it was necessary to increase that to 18, and so we did that. We hired a professional call centre manager. These were things that we learned in the Moose Jaw pilot to which we responded through the year.

In terms of communication and consultation with customers and stakeholders, we conducted a large number of meetings — just over 20 meetings were held with the Regina bar, the Southeast bar, Moose Jaw bar, I won't list the whole group. But I think suffice it to say that we worked very closely with lawyers, with surveyors, with business groups, CFIB (Canadian Federation of Independent Business), the chamber of commerce, the municipalities, the realtors, assessment people, and so on. We met with a lot of groups to get their comment and feedback.

We implemented a great number of changes — that's normal system implementation. We were receiving feedback from various customer groups, and so we went through release 2.1, 2.2, 2.3, and so on to . . . in order to respond and we certainly have details of all of the changes that we made in those various releases.

Following implementation in Regina, of course we needed to . . . And it was certainly pointed out at our last appearance before the committee that we'd lost some five months in the opening of Regina from our original date. And so just as an update for the committee, I can tell you that we're catching up that time that we lost in late 2001.

The original promise of course was to get to Swift Current in July, 2002. We will get to Swift Current in August. So we will, having lost the five months in Regina, we will catch four of those five months up during the implementation this year.

You may know that of course we've opened Humboldt, Saskatoon, and now Battleford. And we're planning of course . . . The next one is in Prince Albert and Yorkton and Swift Current. So as a result of changing our implementation plan we've been able to catch up a significant amount of that time lost.

When ISC was established of course it was anticipated that we would lose money for the first couple of years and our annual report of course reflects that we've lost money in 2001. I would note, however, that during 2001 we made a payment of \$11.7 million to the government's General Revenue Fund. In 2000, of course, we paid \$8 million to the General Revenue Fund. So in the 2000-2001 years we have paid nearly \$20 million into the General Revenue Fund.

I might also mention, just for information of the committee that the technology has started to receive significant recognition from leading technology players in the world. I don't know if members would be aware, but in the *Report on Business Magazine* just issued June 2 — it's the June 2 edition — this is a full two-page spread. Microsoft is advertising their technology and they're featuring Information Services Corporation as a leading user of Microsoft technology. If I could just quote briefly:

They are now (that's ISC,) they are now industry leaders in land information systems and have a platform to integrate an array of online services for other companies and government organizations.

We also have received recognition in the United States. There's a publication called the *Title News*; it's published by the

American Land Titles Association. And once again, March/April 2002, in the article — and this is a nationwide publication in the United States featuring ISC — and it's entitled, "Canada's State-of-the-Art (Land) Title Technology (System)."

Similarly we're now used as a reference site by IBM (International Business Machines Corporation) in terms of how we use their technology. Just last week a press release was issued by SwiftView which is an American supplier of viewer . . . graphic viewer technology featuring ISC's use of their product. And of course members may recall that in November we signed the Global Marketing Agreement with EDS (Electronic Data Systems).

So I simply provide that as information to the committee to say that these companies that are world renowned are recognizing the technology that's been deployed here, recognizing ISC, and I think certainly in the corporation we're encouraged by that kind of recognition.

I would hasten to add however that ISC is not perfect and the implementation is not perfect. With a huge challenge like this, taking 50 million pages of paper over 100 years and putting that into electronic form and delivering an Internet delivery system, there are some challenges; there are some problems, and we have experienced those.

Customers have given us very valuable feedback and in response to that we've made system changes. As we go forward now we're beginning to think about releases . . . release 3.0 and bring in more changes as we have been doing in order to address some more suggestions that we've received.

We're in fact even thinking now about the timing of release 4.0 and release 5.0. And each of these releases will mean that the system will improve. It'll get better and better. And you could look at companies like Microsoft that have come out with various versions of their software over the years and our pattern is of course precisely the same. You get more functionality and you get better performance as you go forward.

So ISC is not perfect. No person, especially me, in ISC is perfect. But I think we're doing a credible effort in terms of implementing the system and responding to customer concerns.

In terms of the technology itself, we've processed now — just the computers interacting with each other — have processed just over 31 million transactions. Our success rate in our computer system is still running at 99.82 per cent. It was at the same level — I believe 99.80 — when I appeared before the committee before, but it's now running at 99.82 per cent. And I say that simply to say that the computer system is not perfect, but it's running very high and it's a very, very stable technology that we've implemented.

We've received just over, I think, 42,000 packets of documentation from customers. We've now processed 42,323 packets. We've handled 87,004 transactions. We're getting about 181 packets a day. We're processing 109 packets a day.

In Moose Jaw, of course, we were able to provide same-day service. We went into Moose Jaw and we knew that it was . . .

be a smaller district and we chose it for that reason. And while we were in Moose Jaw, while we had some initial corrections and changes that we had to make, we began to deliver same-day service.

As we've implemented then successive districts, Regina and Humboldt and so on, what we find is that we kind of start to get caught up and then we open another district and we kind of fall behind and then we get . . . start to get caught up again and then we open another district. It's necessary to implement in this fashion in order to catch-up the time we lost with the delay in the opening of Regina.

So I would I guess describe for the committee, if you can think about the implementation, is we're just at the . . . we're at the top of the curve now with Saskatoon open; we're in the bulge. We're still operating dual systems of course; paper is still being delivered in some parts of the province. But we've got just over 75 per cent of the properties in Saskatchewan are under the new legislation and of course we're in the process of converting those into electronic form.

So overall, Mr. Chairman, I think what we've had is a huge challenge. We've I think made very substantial progress in terms of the implementation — a lot of recognition from world-renowned players — far from perfect but I think the year 2001 saw a pretty credible effort in terms of implementation.

So with those introductory remarks I'd be happy to entertain questions. Thanks.

The Chair: — At this point we'll turn it over to the auditors for their comments and perhaps also comment on the motion which was previously passed by the committee which is referenced in the auditor's report of this spring.

Mr. Martens: — Thank you, Mr. Chair. My name is Andrew Martens. I'm with the Provincial Auditor's office. And with me today are Phil Creaser who leads our work at ISC. In addition we have John Aitken, a partner with Deloitte & Touche, the appointed auditor firm, and Glenda Rowien who assists him.

So I'll have Phil give those comments on our conclusions.

Mr. Creaser: — Thank you, Mr. Chair, Andrew, and members and guests.

We worked with Deloitte & Touche to complete our audit of ISC. When we plan our work we don't just audit the financial statements. We also provide other opinions to the Assembly. We also look at whether or not the organization has good practices to safeguard and control public money and whether or not it's complied with the significant financial authorities that affect it.

I am pleased to say that both Deloitte & Touche and the Provincial Auditor's office formed the same conclusions on these matters. Briefly the financial statements for ISC are reliable and they're contained in the annual report that I think you have with you today. The corporation had adequate practices to safeguard and control public money and the assets under its control. Also the corporation complied with the authorities that govern its activities related to financial

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

Also, Mr. Chair, we were asked by this committee to provide assurance on three reports prepared by ISC to address three significant matters. These were brought up and voted on at the December 11 Crown Corporations Committee. They were to ask about the . . . deal with the corporation's debt, the LAND project costs, and the objectives and benefits of the LAND project. We are working with the management of ISC, Deloitte & Touche to report to you next meeting on these matters. I'd like to also express our appreciation for the co-operation that we've gotten from both Deloitte & Touche and management on these matters.

I'd like to now turn it over to John Aitken.

Mr. Aitken: — Thank you, Phil, and Mr. Chair. Just a very brief word on our role as auditors, appointed auditors of Information Services Corporation. The Provincial Auditor Act defines what Deloitte & Touche's role is on the audit and it's very much in agreement with what Phil just said. We audit the financial statements that they are presented fairly in accordance with generally accepted accounting principles.

We also, under the Act, are required to review the . . . and report on the adequacy of the system of internal control, the corporation's compliance with the legislative authorities, and also any other matters that should be brought to the attention of the Legislative Assembly. The Act defines the role both of the Provincial Auditor and Deloitte & Touche in meeting all four objectives.

In the case of the financial statements, we report publicly on that. And in the annual report on page 26 there is our audit opinion on ISC, obviously formed in collaboration with Mr. Creaser and other representatives from the Office of the Provincial Auditor.

I would point out that on February 27, 2002, which is the date we issued our report, we met with the board of directors — in the absence of an audit committee — we met with the full board, and reviewed our audit with the Provincial Auditor in attendance with the entire board, pointing out that February 27 happens to be the same date on which the prior year's financial statements were issued. And so I sense that a complement required because obviously the matter that we're reporting on at the next meeting commanded a lot of accounting attention as well.

So we're running down a double track, management-wise, of accounting under the three questions as well as the annual report. But the annual report was issued on the same date as the prior year.

We then, with reference to the adequacy of the system of internal controls and legislative compliance and any other matters that should be brought to the attention of the Legislative Assembly, we don't report that publicly, but rather provide that information in collaboration with the Provincial Auditor who then deals with it in terms of reporting.

So, that is all I have to say.

The Chair: — Thank you very much.

Mr. Huyghebaert: — Well thank you, Mr. Chair. And welcome to Mr. Nicholson and the officials.

Just a couple of questions on the financial statement. And I think you may have answered this, but I just want to confirm . . . for you to confirm this.

The \$47.2 million in debt outstanding with the GRF (General Revenue Fund), some long term, as stated in the report and the balance with short term, which amounts to about 17 million — I think is about what it is — due March 28. Is this one the one you referred to as being paid off?

Mr. Nicholson: — If I could just do the introduction then I'll ask Ms. Powers to comment on the payments.

To set the context for debt, it's important to recognize that the project was funded on 80 per cent debt and 20 per cent equity. And of course there have been many questions raised, including just now, about the debt of the corporation. But when the initial decision was taken to fund largely on debt, that is the reason why we've had to incur the debt as the project has been developed and implemented.

With respect to our specific borrowing and the payments thereof, I'll defer to Ms. Powers.

Ms. Powers: — Mr. Chairman, that debt that was outstanding at the end of the year — the short-term debt — was repaid at the end of March, but was rolled over with the General Revenue Fund for new borrowings. Normally, our short-term borrowings are for a period of about 90 days.

Mr. Huyghebaert: — Thank you, and also I might have a question on that later, but right now just to continue on. The corporation paid a demand loan to 617275 for \$10 million. Is that an SGGF (Saskatchewan Government Growth Fund) numbered account.

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

Mr. Huyghebaert: — Thank you. And just my final question for now is looking at the kind of combined, I suppose, the negative cash flow of 2.9 million, but I'm trying to equate that into the deficit at the end of the year. It appears to me that deficit at the end of the year 2001 was 17 million plus, which is roughly 7 or \$6.7 million more than the deficit of last year. Now if deficit . . . When we talk about deficit vis-à-vis debt, I assume from that, that our debt is \$7 million greater?

Mr. Nicholson: — If I could just deal with the preface to the question and then I'll ask Ms. Powers to comment again.

I think the . . . Mr. Chairman, through you, I heard the member refer to a negative cash flow of \$2.9 million. He may be referring to the 2000 year not to the 2001 year. I assume he may be referring to page 28. In fact in 2001 . . . in 2000 we had 2.9 million loss on operations. In 2001 we had 1.4 million profit on operations. So in 2001 in fact, we had a profit on operations not a loss which is reflected on page 28.

With respect to the more general question, I'll ask Laurie.

Ms. Powers: — Mr. Chairman, the decrease in cash during the year is made up of a number of items certainly.

Our response to question one, which will be tabled . . . the intention is to table it next week in time for the Crown Corporations meeting, will give the breakdown of exactly how our borrowings have arisen, and the sources and uses of our cash. So that will provide a fair amount of detail on where the cash has been utilized.

In general, the reduction in cash is due to the operating loss.

Mr. Huyghebaert: — Thank you. And to the CEO (chief executive officer), just what I was referring to is on page 24 and it states:

During 2001, the corporation's cash position declined \$2.1 million, primarily due to (the) operating activities recording a negative cash flow of \$2.9 million.

It goes on to say, this is an improvement over a previous year which was 4.3.

So that's what I was referring to — the 2.9 million negative cash flow which was stated on page 24.

Thank you, Mr. Chair.

The Chair: — Okay. On financial statements, I have Mr. Wall and Mr. Prebble.

Mr. Wall: — Thank you, Mr. Chairman. Following up on Mr. Huyghebaert's questions with respect to, first of all, with respect to the short-term debt that ISC then apparently has now paid back to the General Revenue Fund prior to the end of the last fiscal year, but you said it's been . . . It's been rolled over.

So now that's a 90-day debt. Is that what it is? And is it for that same amount? How much is it for? Is it for the 17 . . . roughly the \$17 million difference between the long-term debt and the short-term debt on page 24?

Ms. Powers: — Mr. Chairman, our current debt at the end of April was \$55 million. So \$30 million of long-term debt and the balance being short-term debt with the GRF, 90-day terms.

Mr. Wall: — Thank you. Thank you. Mr. Chairman, with respect to 617275 Saskatchewan Ltd., was this the same company that ISC indicated in December it was negotiating a major 20 million, ballpark, lease of computer equipment that . . . the lease agreement which fell through and accounted for the huge increase in the debt of ISC between the spring budget last year and the mid-term financial report? Is that the same company?

Mr. Nicholson: — Mr. Chairman, if I might once again do the intro. Actually this is the text from *Hansard* and we've dealt with the question of SGGF previously of course.

And as I explained to the committee before, what ISC was doing was pursuing sources of financing that would be in the

best interest of the corporation.

In our 2000 annual report, of course, disclosed that we had borrowed money from SGGF and the negotiations with them were continuing into 2001, and we were, at that time, hoping to secure an operating lease on favourable terms. And we've dealt with that extensively in our appearances before the committee before.

I would say, in addition, Mr. Chairman, the term I guess you know — the deal fell through — that was ISC's decision not to pursue the deal with SGGF. We didn't get the terms that we were looking for. We were of course motivated to get the best commercial terms possible. When we thought that — and I know that Ms. Powers has talked about this before in her comments to the committee — when we thought that the probability was that we weren't getting the terms we wanted, we disclosed in our projection and the General Revenue Fund then reflected in its borrowing projection that we would be borrowing from them.

So it was a series of events that unfolded in that fashion as we've described before to the committee. The projection that was provided from the General Revenue Fund about a year ago, almost a year ago now, was that by March 31, 2002 the borrowing would be at about \$55 million. And in fact our borrowing was almost precisely on that number.

So we actually proceeded as planned. We didn't get the deal that we wanted from SGGF and that's why we turned to borrowing from the General Revenue Fund. And I know I've covered that before with the committee but I think it's important to keep the record straight as to how the events unfolded and the rationale for those.

Mr. Wall: — Mr. Chairman, the question was: is this the same company with whom you were negotiating for the larger computer lease?

Ms. Powers: — Mr. Chairman, to the best of my recollection I do not believe it was the same company. We were negotiating directly with SGGF and they would have put in whichever leasing company they would have decided upon. But I do not believe it was the same company, no.

Mr. Wall: — Thank you, Mr. Chairman. When you were negotiating with SGGF, were you negotiating then with the manager over there, with Mr. Benson?

Ms. Powers: — Mr. Chairman, no. We were negotiating with Mr. Duguid.

Mr. Wall: — And when you have concluded . . . looks like you've concluded these dealings with 617275 Saskatchewan Ltd., who have you been dealing with, with respect to that particular company?

Ms. Powers: — Mr. Chairman, we still deal directly with SGGF.

Mr. Wall: — Thank you. Mr. Chairman, the annual report indicates that the debt's been retired or repaid to the numbered

company but you're . . . So I'm confused. You're still dealing with Saskatchewan government . . . officials at CIC (Crown Investments Corporation of Saskatchewan) then for the repayment of that demand loan? Because that's where, I understand, that's where SGGF is administered.

Ms. Powers: — Mr. Chairman, we deal with the same representatives from SGGF. We don't directly deal with anybody from the numbered company.

Mr. Wall: — Thank you, Mr. Chairman. Who would have received the . . . So the payment would have gone from ISC, the \$10 million loan repayment would have gone . . . would have been a cheque payable to whom then?

Ms. Powers: — Mr. Chairman, the cheque would have been payable to the numbered company. However we did not deal with any particular individual at the numbered company.

Mr. Wall: — Mr. Chairman, what was the \$10 million loan for?

I'm sorry. What was the \$10 million loan for again? Maybe I'd asked that originally and I apologize if you did.

Ms. Powers: — Mr. Chairman, the \$10 million loan was to pay for computer equipment — hardware, software, the costs of developing the LAND project. It wasn't a one time . . . It wasn't one particular item; it was the compilation of a number of items.

Mr. Wall: — And when would the loan go back to then? I mean it was repaid in the year under review. When would the loan have been incurred?

Ms. Powers: — Mr. Chairman, I can undertake to report back on that. I believe it was undertaken in the 2000 fiscal year.

Mr. Wall: — So ISC then, just to take a step back and take a more general view, ISC sometime, perhaps in 2000 — we'll find out for sure — identified some equipment needs, some hardware needs and it chose to pursue an arrangement with SGGF or . . . well I mean SGGF originally, and then eventually it had to repay the money back to this numbered company.

So was it a loan that it received from SGGF then? Or was it a lease that you entered back in the year that you're going to get back to us on for this \$10 million worth of equipment?

Ms. Powers: — Mr. Chairman, my recollection absolutely is that it was . . . the debt was outstanding at the end of 2000, so certainly the amount was borrowed in 2000 and it was a loan. It was a straight loan undertaken under the basis that there would be negotiations to determine whether or not it would be turned into an operating lease.

Mr. Wall: — Well I'm not an expert in SGGF and the eligibility criteria for that. I know that the auditor had some concerns about the . . . just the straight leases that were occurring between the government and SGGF and these tenant numbered companies, but now we're talking about just a straight loan from them that one day may be converted into a lease.

Was it ever . . . well obviously it wasn't converted into a lease. Do you know . . . could you please tell the committee why it wasn't converted into a lease and why you had a debt then with an immigrant investor fund?

Ms. Powers: — Mr. Chairman, when we originally borrowed the funds, the belief was that we would be able to negotiate a deal to turn that borrowing into an operating lease. As the negotiations progressed, we could not achieve a deal that we felt we needed in order to proceed with an operating lease, and therefore we repaid the funds.

Mr. Wall: — Were the proceeds from the loan ever then used for the purchase of computer equipment for the corporation?

Ms. Powers: — Mr. Chairman, the funds were used for general financing of the LAND project, which included hardware, software, and the development of the system.

Mr. Wall: — Mr. Chairman, was this the only such loan of this nature with SGGF or any of these numbered companies? I mean you're right — we've talked about the negotiations for the very large computer purchase or lease that didn't occur. And so I wonder, are there any other notes like this, retired or otherwise, that were negotiated with or executed with SGGF or any of its attendant numbered companies now?

Ms. Powers: — Mr. Chairman, no, this was the only item.

Mr. Wall: — With respect to the SGGF, I know the CEO has a background in economic development as well as his other experience that he has and certainly will be familiar with the growth funds not just here — the immigrant investor funds — not just in Saskatchewan but elsewhere in other jurisdictions.

And so I wonder if he could outline for the committee if he was concerned at all that, in light of the fact that this is a Crown corporation, that . . . did he have any concerns as he was negotiating — and I'm back to the larger \$20 million-plus, whatever that figure was for the larger lease — did he have concerns that this deal would be outside the certainly the convention, and as the auditor has pointed out, more than convention, the guidelines, the criteria for immigrant investment capital? Did he have those concerns when he was negotiating them and did they have anything to do with the deal not proceeding — the larger deal not proceeding that we dealt with at this committee in December?

Mr. Nicholson: — Mr. Chairman, I think as I've indicated earlier, the management at ISC seeks the best possible commercial arrangements that it can obtain. We have to of course be cognizant of not only getting the best interest rate and all of those sorts of things, but we have to ensure that we're applying due diligence on other matters — legal, accounting.

In the course of discussing these kinds of arrangements we would have talked to our corporation solicitor, we would have talked to . . . I believe we may have talked to our auditor to ensure that the kind of commercial arrangements that we're contemplating, even though we haven't finally executed them, would be proper financial transactions. We had short-term money from them in anticipation that we would get the best terms so that everything would be satisfactory from a legal,

from an accounting point of view.

So I describe that only to say that in the course of doing commercial arrangements, management has to apply due diligence not only in the financial terms but in legal and audit terms as well. And at the end of the day we're the ones who are accountable to answer the questions as to was that the best deal and was it all according to the book.

In this event, in this we were pursuing all of those avenues of diligence as we should have done. At the end of the day we did not take the deal because of the financial terms. We couldn't get the best interest rate that we . . . we couldn't get an interest rate that we wanted. At this stage I'm not aware that there were substantial legal or audit impediments. I'm neither a lawyer nor an auditor and so I don't purport to speak for them.

But in the normal course of doing business we would have exercised the diligence that management should be exercising. We were doing so in this instance but the deal killer, if you will, were the financial terms.

Mr. Wall: — Thank you, Mr. Chairman. And through you to the CEO, thank you.

Back to the \$10 million loan that was repaid in the year under review to the numbered company which would now be . . . I guess it would have been by then a completely private company based on what we were talking about earlier this month in the legislature. How did the . . . Although you originally went with SGGF.

I'm a little perplexed as to why any SGGF officials, or to the extent anyway that they still might be with the Government of Saskatchewan, would be taking care of the dealings that any corporation, especially a Crown, would be having with a numbered company. And if you want to clarify that or if you know . . . It's not really fair. It's not necessarily a question of ISC. It's perhaps a question of SGGF when they're here.

But I guess the question would be, how did the corporation, how did ISC become aware of the availability of capital either for lease or for debt? How did they become aware of the fact that SGGF would be a source for this sort of thing, potentially?

Mr. Nicholson: — Mr. Chairman, to the best of my recollection, I believe that — and I stand to be corrected on this — I believe that I was approached by Mr. Gary Benson of SGGF sometime in the year 2000 and that is how the series of events that followed then followed. I believe that was the initiation of the process.

I would have to go back and check my notes and my calendar, Mr. Chairman. But to the best of my recollection, that's the answer.

Mr. Wall: — Thank you, Mr. Chairman. With respect to that loan, what was the interest rate then paid by the Crown to the numbered company for the \$10 million loan?

It says here:

During the year the corporation repaid a demand loan to the

617275 Saskatchewan Ltd. for \$10 million.

But I . . . there's no . . . I don't know if there was an interest in there or if that was just a . . .

Ms. Powers: — Mr. Chairman, I don't specifically recall that rate. It would have been disclosed in our 2000 annual report which I don't have with me. But I believe it was in the neighbourhood of 6 to 7 per cent. I can undertake to get back to you on that if you like.

Mr. Wall: — Thank you very much. I appreciate that. And I wonder then if it is in that range — and certainly we'll want to hear back on that — certainly the corporation can borrow from the General Revenue Fund and has borrowed from the General Revenue Fund, short and long term, at a much more favourable rate, assuming that's the figure. Of course, I guess we're talking about the year 2000.

I guess the question would be: when you bring back that number, if you could please also bring back information that would compare that . . . the interest you paid to what you could have borrowed that money for . . . at what rate you could have borrowed it from the General Revenue Fund, either as a short-term or a long-term note for that particular loan.

So then as far as I — just to bring us right up to date — as far as ISC is concerned though, they're having no more further negotiations or dealings with any of the SGGF-related companies, the numbered companies, or now they're not numbered any more, I guess, the leasing companies we've been talking about.

Ms. Powers: — Mr. Chairman, that is correct.

Mr. Wall: — I think we'll want to return to this, Mr. Chairman, but if . . . I know Mr. Prebble had some questions, so we'd be happy to . . .

Mr. Prebble: — My questions are not, Mr. Chair, financial, on financial-related matters. They're on scheduling issues — issues of time waits for customers, these sorts of things. So I think I'll wait until . . . if you want to do it section by section.

The Chair: — Is there anybody else who wants to deal with this at this point? Or shall we go to . . . No. I think if not, then go ahead, Peter.

Mr. Prebble: — Thanks very much, Mr. Chairman. Mr. Chairman, my questions relate to customer wait times, because one of the purposes of putting this system in was to significantly reduce the amount of time to complete real estate transactions.

And my question through you, Mr. Chair, to our officials is: where do we stand now with respect to wait times in each of the centres where the LAND system has been fully implemented, and how does that compare with the wait times that we were looking at for processing real estate transactions prior to the implementation of the LAND system?

Mr. Nicholson: — Mr. Chairman, I may give a preliminary answer and then ask Bev Bradshaw to comment as well.

As I mentioned in my opening remarks, we established in Moose Jaw that we were able to process on a same-day basis, but of course we were then dealing with a small district. But we did establish that the system would work in such a way that would allow us to process on a same-day basis. We haven't been able to maintain that same-day basis as we've implemented the system across Saskatchewan because your . . . the volume of transactions and you're running dual systems, that starts to catch up with you as you implement.

But in general terms what happens is that we implement a district, we start to get . . . we get documents converted, we start to get caught up, and then we open another district and start to fall behind again.

I think it's also important to note two other matters. One is with respect to conversion. We now have, for example, pretty well all the documents from Moose Jaw, the live titles, and from Regina city, all the live titles converted into the new system. We're still working . . . we're just over, I think, 90 per cent of Regina southeast is now converted into the new system.

I mentioned that to say that if the documents are not in the system, we have initial period where we have to, if you have a title transaction, where we have to convert the document into the system and then process the transaction. So there's a conversion and then a processing time that takes place.

So sometimes the conversion process, you'd be lucky and sometimes the document would be in, other times the document isn't and you have a conversion delay. But we are proceeding with the conversion as we implement each district. First point.

Second point is that not all land title transactions are the same. Residential transactions are not the same as say transactions involving a condominium. A condominium is a very . . . or a commercial development for example. They are much more complicated titles transactions. And in areas like that, there may be other issues besides the pure processing of the title per se. There may be complexities involving the plan or various aspects of the development that make it a little more complicated.

So I say all of that by way of background. But in general we established in Moose Jaw that we could do same day. As we've rolled forward, we're not maintaining same day. Our objective, of course, is to do 24- to 48-hour turnaround once we have conversion completed and the system fully implemented.

We believe we've already shown that to be the case in Moose Jaw, for example. So the encouraging thing is that the system capability is there to do that. But even to date we have been meeting a pretty decent turnaround times and I'm going to let Bev comment a little bit more on that issue.

Ms. Bradshaw: — Thank you, Mr. Chairman. And I'd like to add as well, in terms of the comparative basis, the old land titles system to the new land titles system.

When we operated with eight districts in the province, each office had its own work queue and we were very susceptible to changes in the workflows, changes to the resource base, and turnaround times. Service levels fluctuated considerably on an

ongoing basis.

While we strive to do most of our work within seven days, there were certainly many occasions where that was exceeded — summer periods, Christmas periods, or when the workflow went up in August of '97 is memorable in that we were 34 days behind in the Regina office.

What we have with the new world system is a single work queue for the whole province as each of the districts come into that work queue. So at this point there are three districts still operating under the old world circumstance, but the others are all in a single work queue.

Because it's an electronic system we're in a position to send the work to where the staff are. If we had a backlog in one office in the old world, we had to move people to the office to where the paper and the files were to do the work. So what that will allow, in terms of turnaround, is a more consistent standard throughout the province on an ongoing basis.

In terms of the current queue, while there are exceptions, there are still two to three days of work in the queue even now. And some of those transactions are again going through, as Mr. Nicholson indicated, very quickly and very smoothly. So we are certainly confident that as we move along with implementation and we have both our workforce trained and stabilized and have the whole system past the conversion point, that achieving the target of 24 to 48 hours will not be difficult.

Mr. Prebble: — And as a supplementary, Mr. Chair, do you expect that you can achieve that target on the more complex transactions as well — the condominium transaction or the more complicated real estate transaction, or a farm transaction where there are a number of parcels of land?

Ms. Bradshaw: — Yes, Mr. Chairman. We would believe that as we improve the processes, as our customers become more familiar with the complex transactions, as we improve the internal processes as well, that ultimately all of the work should be able to be processed near those times.

Mr. Nicholson: — Just as an additional comment, Mr. Chairman, a couple of weeks ago I met with some folks, condominium developers and commercial developers, and they're raising . . . they're giving us suggestions about the system and how to improve it. And so the suggestions in fact that they're making are extremely valuable to us as we do the planning for release 3.0 and 4.0 I mentioned in my opening remarks.

So users of the system are now saying here are things that would help us to do our work in an easier fashion and we can still process things and we're getting them through. We're trying to make extra efforts, particularly during this season, to assist those condominium folks and commercial developers and so on.

But release 3.0, 4.0, 5.0, as . . . The software will get better, our staff will get better, and as . . . In that meeting to which I referred, they said in fact residential transactions are slick. And so our objective would be certainly to get the same impact with respect to more complicated developments.

Mr. Prebble: — I have one other question, Mr. Chair, related to this and that is that, clearly, there are some savings for those dealing in real estate transactions, for buyers and sellers, as a result of a reduced turn around time. Has the corporation made any kind of an estimate about what those savings are for Saskatchewan business and Saskatchewan taxpayers generally?

In other words, what sort of interest savings are we looking at and do you have any estimate yet? Or is this something that we need to ask you to do for a subsequent meeting maybe?

Mr. Nicholson: — Mr. Chairman, it's a very good question. We haven't . . . I mentioned that we've received about 40 . . . just over 42,000 packets since we've opened the system. And of course those would represent transactions of varying value. In some cases, the people processing the transactions, the citizens, would need mortgage financing; in other cases, they wouldn't need mortgage financing. And so we don't keep track on a transaction by transaction basis of the costs that they may be incurring as they do the transaction.

But of course, it's clear that if we can process the transaction quickly, their bridge financing cost, their interest costs would be substantially less. And I've heard, in my time here of course, that this is one of the things that people are looking for, is a lower . . . faster turn around time and lower interest costs, and we believe that we're delivering on that already. I don't have . . . We don't have a precise calculation just because of the complexity of it.

What I've also heard though is not only in terms of citizens having lower bridge financing or interest costs, but also real estate agents receiving their commissions on a more timely basis. In the old system, when there was a delay in the transaction being finalized, the real estate agents would have to wait until closing in order to get their commission. The new system means that real estate agents get their money in a much more timely fashion than they did previously.

So while I can't give a precise answer in terms of the amount of savings, all I can say is that in the jeans of individual Saskatchewan citizens there'd be more money because they didn't have to incur the bridge financing cost.

Mr. Prebble: — Mr. Chairman, I think I'll stop there and let other members have an opportunity to ask questions. Thank you, thank you, Mr. Chairman.

The Chair: — If you want to answer it, you . . .

Ms. Powers: — Mr. Chairman, I was just going to add just a couple of an . . . couple of examples along those lines. If you took a basic \$100,000 transaction and if you assumed it was about 10 days in the old world and two to three in the new world at about an 8 per cent rate, you'd be looking at close to \$200 in bridge financing cost savings.

If you looked at some of the other examples where it could be up to 30 days in the old world, you'd be looking at something in the neighbourhood of \$600 — just to give you a couple of individual examples.

Mr. Wall: — Thank you, Mr. Chairman. On the same subject

here. You know we've been receiving a number of concerns not just rural concerns . . . But primarily by the way, if we're on the efficacy of the system, the concerns are rural in nature where the transactions are more complicated and more titles are involved, whether it's farm land or whether it's even inside of towns. There's a concern that down the road, where there's nonconforming lots and many of them 20 footers across the front, we have a huge problem here. And even in Regina, we're getting concerns.

So since we're on this whole subject of turnaround, I, you know, I share with you a story that's a little probably too close, but when I'm in Regina I stay at my cousin's house here in Regina. And he is switching mortgage carriers. That's what he's doing. He's not selling his house. He's not buying another one. He just wanted to switch his mortgage company. And it was important for . . . It's important for him to do it on a timely basis because it's . . . relates, it relates to his . . . a home-based business that he's . . . him and his family, him and his wife are involved in.

And he's got a Regina lawyer who's helping him with the transaction. In his particular case, he's five weeks waiting for a simple transaction. His lawyer very freely admits that the problem is at ISC, the problem is with the new system. That's the queue that he's in.

His lawyer has also said and I . . . You know, unfortunately he doesn't want to say it in a public way, so this is anecdotal and I admit that. But I'd still ask your comment on it, because he doesn't want to say it in a public way because he has to deal with ISC — and wants to deal with ISC on an ongoing basis.

He has told my cousin that, you know, he might . . . he should actually be . . . He's okay. He should be pretty happy, because fully a third of their transactions are being rejected at the outset, or they're having a problem with the system — at least at the lawyer's end. And so we are fielding a number of these kinds of concerns.

We also understand and . . . Well I'll maybe let you comment on that, if you are also receiving a number of those concerns, or if this is just a unique case or what the situation might be? You can comment on that.

We also then would have some follow-up questions on just how well the system is working and on the conversion aspect of the titles, those that have been converted and were to be converted by now.

Mr. Nicholson: — Mr. Chairman, as I indicated in my opening remarks, nobody at ISC is perfect, nobody is perfect. And there may . . . there are circumstances where the transactions haven't been handled as quickly as we would have liked or as the customers would have liked.

I think what I've found in these situations is, whether me or Ron or Bev sit down with the individuals involved and go through the transaction, and there may well be reasons, it may be a very complicated transaction for one reason or another. And so I found in all of the instances where there are delays, there's usually some substantial reason for the delay to have occurred.

So, and it may be a conversion issue, it may be the number of parcels involved, it may be the nature of the ownership of the land, there may be a whole variety of circumstances. But I don't think . . . And I guess I would also say since we've received just over 40,000 packets since we opened, it would be foolish of me to sit here and say we've processed over 40,000 packets involving 87,000 transactions without a hitch, without a problem. That would be foolish; it's not the case.

But what we are doing in those cases is we sit down with the customers, we do try to deal with the individuals, including their legal counsel, and sort it out.

What I can say with respect to the success rate of the system in terms of packets being rejected or accepted, in fact now, Mr. Chairman, we're running at about 70 per cent or just over 70 per cent of the packets are going through without a problem.

And so what we see is that some folks — the people who have more training, who have . . . who concentrate on real estate practice — obviously know the system a lot better than people who deal occasionally.

I think it's fair to say that people who deal occasionally with the system they deal with very different transactions, maybe go through a learning curve with each transaction as opposed to larger firms where they may even specialize in it.

So clearly there are firms who are experiencing more difficulty. They may or may not have taken training. In the particular circumstances, I'd need to talk to them and see if they took training, when did they take training, that sort of thing.

So there would be a variety of things that we would do. But in the final analysis, our business is customer service and we . . . where the system works it . . . we believe it . . . where the system works. The system works very well for a lot of transactions. Where the transaction is more complicated we may need to do some hand holding, and we're absolutely prepared to do that.

Mr. Wall: — Thank you, Mr. Chairman. Just so I know, Mr. Prebble asked a question on turnaround and is that what the officials took notice of they're going to get back to him on.

I mean we've been talking about the system as being a 24 to 48 hour . . . that's one of the, you know, the number one benefits of doing what we've done in this province is the turnaround. So is that — did I understand right — that's the information that you'll be bringing back is what . . . what is the turnaround that's going on right now in the province in the districts where ISC is now in place?

Mr. Nicholson: — I believe, Mr. Chairman, that Mr. Prebble was asking a question about the interest savings, the bridge financing, and it would be very difficult for us to calculate that on the volume of transactions that we would deal with.

I believe Ms. Bradshaw was answering the question with respect to the turn around time.

What I can say is that whether . . . Some transactions — this came out in the meeting with condominium and commercial

developers a couple weeks ago — some transactions are very complicated whether there's a computer system or not. I happen to have lived in five provinces, Mr. Chairman, and been involved with technology implementations in other provinces. I can say, Mr. Chairman, that condominium developments are the most complicated transaction that you can imagine. And it is the case in every province not just Saskatchewan.

And so the nature of the transaction, whether or not there are tenants in common involved, whether or not there are encumbrances on the property, whether or not it's a multiple parcel set-up, whether or not . . . how the financing or how the interests against the property are registered, the municipality and their planning and zoning, the way in which the plan is dealt with in the municipality, they're . . . condominium developments are nightmarish transactions from a land titles point of view in this province and in every other. So the fact that our system will process them at all is close to a miracle.

But we . . . Those are the kinds of challenging transactions that with release 3 and 4 and so on, we'll get better and better at. But to say that all transactions are complex is not true. To say that all transactions are simple is not true. And what we're seeing with respect to the firms who have more expertise in using the system, that their success rate is very high. Firms who have less use of the system, their success rate is not as good and we need to do more hand holding with them.

Overall the success rate of packets going through is just over 70 per cent. I can also say when we started back in Moose Jaw early on, in the early learning days, we were at 21, 20 per cent, 30 per cent, 40 per cent. But we have steadily risen. And even as we've brought on more districts — Regina South, Regina Southeast, Humboldt, Saskatoon — we're pretty much holding steady now.

So that's a kind of . . . it's a general and a perhaps long-winded answer to the question. But transactions are not all simple. They're not all complex. And you need to look at the specific transaction to understand it.

Mr. Wall: — Thank you, Mr. Chairman. I'm interested to know how the corporation can claim, in the areas where it is operating the new system, a 24- to 48-hour turnaround, if fully a third of the — more than a third — of the transactions are being rejected?

Mr. Hewitt: — Mr. Chairman, maybe I can help with this. The 70 per cent represents the packets that come in are successfully processed. It's up to the individuals of course submitting them to submit them correctly. So 30 per cent currently are being rejected by the system as being, you know, incorrect.

So it doesn't mean that from the time someone starts their process with us, that they're going to be done in 24 to 48 hours, even when we're completed the system. That objective is when the system is fully implemented, that we'll be able to achieve 24- to 48- hour turn around time.

But if the individual — and this is true of the old world — submitted incorrect documents that could not be accepted by the system, it didn't mean that we fixed it and dealt with it in 24 hours or even any time frame. It's really . . . the onus is on the

customer to submit the right documents.

What we do promise in that 24- to 48-hour turn around time, when we're fully implemented, is when the documents are sent to us, we will respond to them within 24 to 48 hours. There might be a rejection within 24 to 48 hours. If it's successful registration of course, then it would go through. But the onus is on the customer to submit the correct information. So I don't know if that helps clarify it, but that's I think a summary of how it works.

Mr. Wall: — So the 24 to 48 hours speaks to just when they'll hear back from ISC as to whether their transaction is proceeding or is being rejected?

Mr. Hewitt: — That's right, yes.

Mr. Wall: — It won't necessarily be complete, even if they have filled out everything. Let's assume that I've filled out everything correctly, or my lawyer has, and we've sent in our packet to ISC. When can I expect to have my title then?

Mr. Hewitt: — Well as I said, the objective is when the system is fully implemented . . . excuse me . . . this has always been the objective from way back when we first started the project, was to have 24- to 48-hour turn around time.

Right now some packets are easier than others; they get through extremely quickly. They might get through in hours after they're looked at. I think, as Ms. Bradshaw pointed out, right now with implementation and training of the customers and training of the staff and getting things in, the turn around time is less . . . is more, I should say, these days than we would like it to be. There are times when things go through very quickly and then the turn around time is very fast. But it is variable, depending on the complexity of the transaction.

Mr. Wall: — Are you measuring it right now? Do you know what it is, you know, on average?

Ms. Bradshaw: — Yes, Mr. Chair. What we are monitoring is sort of the volume of work that's in the queue and the amount of work that can be processed by workers on a daily basis. And on that basis, there are about . . . there have been on an ongoing basis one to two to three days' worth of work in that queue, on an ongoing basis.

We're also monitoring, sort of, what the oldest transaction within that queue is. And some of those have been suspended because of complexity or errors. And they may go back a ways but that's not the whole queue that goes back, you know, a week or two weeks or whatever.

So we do, we look at the statistics on a daily basis in terms of how much throughput there has been, how many outstanding pieces of work there are, and what we have in place to deal with things like corrections and like more difficult transactions where the title itself . . . where there's issues with the title itself that need to be resolved. and they've been suspended and need a higher level of expertise applied to them in consultation with the submitting party to resolve.

It's a different measure than the old world. In the old world all

work was measured based on the day it came in the door and what day it was today. And all the work behind that stayed behind that until the first piece of work that was holding the system up was processed whereas now the work that can go through goes through regardless of whether or not there's an old one in the queue. So it's a compilation of information that we use to monitor on a daily basis what work is there and what work is outstanding.

Mr. Wall: — So what would be holding up then a straight change in mortgage carrier transaction? No change in ownership, no change in the title owner — just a change in the carrier? That's it.

Mr. Nicholson: — Mr. Chairman, I think we need to be careful here. If the facts are exactly as the member states, if it's very simple, there are no errors, there are no complexities with the transaction. If the member postulates a question that says it's a very simple, straightforward transaction with no errors and no complexities, the system can handle that transaction very quickly. And so I need to . . . I think as a general proposition, I need to say that.

As I said earlier, with respect to the particular transaction, it may be that there are issues in terms of converting the old world documents into the system. It may be that there are issues involving the parcel. But if the facts are as the member postulates — no errors, no complexities, very simple — then the system ought to be able to handle that. In my experience the facts don't always turn out to be what I first hear.

Mr. Wall: — Thank you, Mr. Chairman. Well, I'll endeavour to provide some of the facts. Maybe we could talk about it next week because if, as you say, there are no reasons for it to be complex then it's an interesting discussion to have.

There was also a concern with respect to a transaction in a larger city here in the province involving a commercial development, a proposed commercial development. And the developer was worried about it — this was this spring — he was worried about it being held up.

Now since everything has worked out. I think he maybe have checked with some . . . an MLA (Member of the Legislative Assembly), and I'm not sure what happened. But suffice to say I think the transaction's gone through. I think everything is working out well.

But he identified something that other surveyors have told us about with respect to the system itself that I would ask you to comment on in . . . And it certainly would affect turnaround which is the issue that we're discussing right now.

And pardon me for trying to portray this in very non-technical language; I'll do the best that I can. But suffice it to say that the concern was, that this developer had, was that they wanted to . . . they needed some work done on a particular parcel in the system to proceed with their deal. However they found out — and I'm going to use the word, locked out — they found out that that particular parcel though in terms of going in and be able to do some land titles, sub-dividing work, and the work that the surveyor had requested, that particular parcel couldn't be worked on because it was locked out due to the fact that an

adjacent parcel in the system was being worked on.

So you know, I guess that's the question. If somebody is going in . . . I mean and as you would know, certainly with your background, that if you're working on a development and your timeline is May 1 and that's what you've got in terms of potential tenants in whatever the development might be, you know the speed of the system becomes very important.

Is that a problem with our automated system now, that if there's parcels touching one that's already being worked on, those are frozen out or locked out? And if that is the case, how is that being fixed?

Mr. Nicholson: — Mr. Chairman, I was somewhat personally involved in the transaction to which the member refers, and our staff were involved in expediting it. The general description of the issue as given by Mr. Wall is correct. There was an adjacent parcel locked.

That has to do with the . . . And I believe in the case at hand we fixed it on a timely basis. There were some difficulties, but we did fix it on a timely basis to allow the development to proceed. And I've since met with that developer and we've talked about a way of ensuring that nothing that we do holds up their development.

The specific issue involved has to do with what we call GIS (geographic information system) conversion, and it can get into a very technical discussion. But if I could describe it in general terms, when you take a land title from a piece of paper, what we have to do is actually put that into the new system, so we say title conversion. We take the land title and put it into the system. That's what the title conversion is.

GIS conversion is taking the plan, the survey, the GIS information on the map and converting it into the new system so that it integrates with the title information. And I apologize if this may get too complex.

So just as we're in the process of doing title conversion for Saskatchewan, moving all the titles over to the electronic system, so are we moving the GIS system over. We're converting that over into the new system to be linked to titles. So there are occasions where, whether we're converting a paper title or whether we're converting GIS, we encounter some difficulty or other. So that's a conversion problem that we have.

And there's an escalation process that we've put in place, and I have information about the turn around time and conversion escalations and all of those kind of things. But as a general description, we're going through the title conversion; we're going through the GIS conversion.

In the specific case, it was a GIS conversion problem that we don't encounter with every proposal. But there was an adjacent parcel locked, in that instance, and we did get it resolved. So generally speaking, the member's story on that one is, Mr. Chairman, is correct and we fixed it, I think, on a timely basis.

Mr. Wall: — Thank you.

The Chair: — Can I suggest at this point we take a five-minute

break. Five minutes.

The committee recessed for a period of time.

The Chair: — I'll call the meeting back to order. And, Mr. Wall, you still have the floor on this if you're . . . That's it?

Mr. Wall: — I think we'll maybe return to it later, but we'd like to move on to another subject at this point, Mr. Chairman.

The Chair: — Okay. I just have one question. Something that you said, that 70 per cent of all the transactions that are put to you are error free and are in a position or uncomplicated enough or in a position to be dealt with with 24 or 48 hours, or expeditiously. But Mr. Wall says that the lawyer that his cousin is using is having 50 per cent of all his . . .

Mr. Wall: — A third — 30 per cent . . .

The Chair: — I thought you said 50.

Mr. Wall: — . . . I should have said 30 per cent.

The Chair: — Okay, 30 per cent. So that would be in line then with — if it's 30 per cent that are being rejected — that would be in line with what is happening throughout the system.

Mr. Nicholson: — As a general point, Mr. Chairman, that's true. But I think it would be fair to say that the success rate of some lawyers with the system would be very high because they specialize in real estate transactions, so they are very frequent users and they know the system much better.

I think . . . So some lawyers would be very high, some lawyers would be at one-third. It may be that they are dealing with transactions that are one-a-year kind of transactions. Other lawyers may be having more difficulty than even the example being given because they don't . . . they may be in general practice and they don't do a lot of real estate transactions.

So I think the picture generally would be quite different. And we have people who are heavy users, you know, moderate users, and then kind of infrequent users. And the overall statistics reflect the total, but you would find very different experience depending upon who the law firm . . . who the lawyer was in the firm.

Mr. Hewitt: — If I may, Mr. Chair, add to that. That number represents successful registrations. So what we do not keep track of and cannot under the new system is how many times a person submits the piece of work. If they've done it wrong the first time and it comes . . . it gets rejected, that would be part of the 30 per cent. The next time they send it in, it will be part of the 70 per cent.

The second thing I might comment on is we don't know exactly what the rejection rate was in the old system because it was all paper based and those sorts of statistics were not kept. But anecdotally, you know, it was probably 25 or up to that amount of rejections anyways in the old system.

The difference in the old system, perhaps which evens compounds it, is that we were able to actually sometimes go to

the people and say, if you make this correction, we can accept it. That can't be done in the new system. It's submitted, it's dealt with, and it's either approved or rejected. There's no choice in between.

Although we do suspend packets, as Bev pointed out. If we're not sure, you know, if the worker's not exactly 100 per cent sure — they've never seen one of these before or whatever — they need a little bit of time to talk to a supervisor, either before they either accept it or reject it. So it might be suspended for a period of time, which does then represent part of the numbers of things that are in the system.

And the reason they're in the system for more than that period of time is we're trying to find a way to ensure that it gets through as opposed to rejecting it. You know, so if it's clear that it's not adequate, it gets rejected so that the parties can resubmit it correctly, okay.

So it's a bit of a mixed bag as to why things are suspended or not. I hope that helps clarify a little bit.

The Chair: — Okay.

Mr. Wall: — Well thank you, Mr. Chairman. I'd like to talk a little bit about the marketing of the technology to other jurisdictions in the world.

Specifically the first question would be, who at ISC is . . . or which group would be . . . is there a group specifically responsible or individuals responsible to market? Or is it the CEO or is it . . . You know, whose mandate is this, the marketing of this technology to other places?

Mr. Nicholson: — Mr. Chairman, I think thus far it'd be fair to say it's been a bit of a team effort. I've been somewhat involved. Ron Hewitt of course has been involved and other people in our corporate development, in our marketing area have been involved as well. So it's been a bit of a team effort.

We're now, I think, moving to a phase where there's going to be more specialization, if you will, in that area. Mr. Hewitt has been taking on increasing responsibility; he's kind of . . . We refer to him as Mr. LAND. So he's out meeting with lawyers and municipalities and community groups and leading through the implementation. But now that we can see the end of implementation coming, Ron has been taking on increasing responsibility in terms of marketing the new system.

So thus far, I think a team effort. We're more now evolving, as we approach the end of implementation, to having Ron be the leader in terms of that endeavour. He won't be operating alone. Clearly he needs . . . there will be support from inside ISC, technology folks need to be involved, sales, the business development folks need to be involved, and so on.

But we're moving to a phase where Ron is picking up the principal responsibility for that effort.

Mr. Wall: — Thank you, Mr. Chairman, and through you to the CEO. Are any of these firms — this is a document that all the members were provided, for consultants paid over \$10,000, January 1, 2001 to December 31, 2001 — are there any of these

firms that were retained by the company that had . . . retained to offer some special marketing expertise to assist with the international marketing?

See where I'm getting to, and we certainly want to get into the progress of the sales program around the world, but what I'm getting to is certainly there is probably well a lot of experience at the corporation in terms of the LAND system in general and the whole area of land titles. But that's quite different, I would assume, from marketing a software around the world. And so you know what expertise is ISC drawing on to do that?

And so yes, if you could just quickly review this list of consultants. I just don't know the names. Maybe some of them are . . . Maybe some of these specialize in that sort of marketing expertise.

Mr. Nicholson: — Mr. Chairman, the two . . . I think there would be two principal firms with whom we've done work on this list in the area of marketing and business development. The two would be Deloitte & Touche, and I hasten to add that not all of the money paid to them has been in that endeavour, but we have engaged some folks from Deloitte & Touche to help us with market research.

And also LDT Consulting. The principal of that firm is a Regina person, Larry Thompson. He was involved with Mr. Hewitt back in the early days of conceiving the system and doing the process re-engineering. And we've engaged him to assist us as well. So those would be the two on the list.

Mr. Wall: — How much of the 109,000 to Deloitte & Touche would have been for the market research?

Mr. Nicholson: — I would have to undertake to get back on that, Mr. Chairman. I don't have that breakdown with me at the moment.

Ms. Powers: — Mr. Chairman, I might add I've reviewed this recently and a significant chunk of that would have been for this work. However it wasn't Deloitte & Touche, Regina. It was Deloitte & Touche, Toronto and Washington, I believe.

Mr. Wall: — And they would have been . . . I'm sorry, it would have been a large part of this or not a . . .

Ms. Powers: — Mr. Chairman, there was a few different components to this, but a large chunk of this would have been for that type of work, yes.

Mr. Nicholson: — The Washington work was to do with the international financial institutions and the World Bank and those kind of international financial institutions. And they have a specialist practice — Deloitte & Touche does — in Washington, headed by a Canadian who specialize in that. The other work would have been Toronto based, but I don't have the specific breakdown of that. But we could undertake to provide that.

Mr. Wall: — And the LDT, was someone familiar with the project from . . . familiar with land titles when it was a part of a line department and is now consulting in this and other areas as well or . . .

Mr. Hewitt: — Mr. Thompson is the principal of LDT Consulting, was the original consultant we had that helped us develop the business case and the detailed design . . . the overall design of the system, conceptual design, that we then tendered. And he was with the project until we began implement . . . or sorry, full development through EDS.

And he's been retained since then to give advice on how the system might apply to other jurisdictions or other people because he has the most intimate knowledge that we have of the data design of the system. So that's the role that he's played.

Mr. Wall: — Thank you. And how is the . . . where's the marketing program at currently in terms of results and ongoing work? I mean we know . . . I think we received the breakdown of the travel for example that was part of the marketing program to the end of last year. I'm wondering if that's been continuing — the travel and all the attendant work related to try to market the system, and also how the marketing is going? How many sales are pending or made, or could you give us an update please?

Mr. Nicholson: — Mr. Chairman, I think . . . Well I believe we provided, by way of a freedom of information request, the details and so I won't deal with the detailed issues just now. We can, if that's the wish of the committee.

But as a general proposition, what we have concluded as a result of our market research is that we should be proactive in the United States and reactive in other markets. So that is the general basis upon which we're proceeding.

So international markets, we would only proceed if we have some sort of a — beyond the United States, I mean — if we have some sort of a qualified lead that suggests we should pursue that. One example will be . . . would be the Ukraine. We've secured several contracts in the Ukraine. In fact we now have . . . we have another group from the Ukraine — a very senior group — visiting later this week.

But our proactive effort is in the United States. I referred earlier I guess in my introductory remarks to the article in the *Title News*, "Canada's State-of-the-Art Title Technology." So I think we've had some success to date in terms of raising the profile of Saskatchewan's LAND system in the American market. We're now known by certainly the land titles association, the title insurance industry. We're known as well in a number of states in the US (United States) where we're pursuing opportunities.

So I guess our profile's been raised. We have a number of leads. We're doing demos, some of them over the Internet — quite a few of them, I guess, over the Internet — to various prospects that we have. I guess I'm not in the position to disclose which particular states we're dealing with, but suffice it to say that we've done demos to a number of jurisdictions in the States and we're pursuing leads there.

So, and as I said I guess earlier, we're moving now to a stage where we're becoming more specialized in terms of our efforts in that regard, including the increasing involvement of Mr. Hewitt. I would say, though, as a . . . just by way of concluding on the overview, that the LAND system was not, was not decided or approved by the Government of Saskatchewan on

the basis of export sales.

I think what's happened over, over the months is that . . . I think early on, there were concerns as to whether or not the technology would work. There were concerns in the early days about, about those kind of issues. As we've gone through the months and established that the system works, I think now the bar has been raised — and properly so — as to whether we can get some system sales.

And I believe the president of CIC indicated in an interview with the *Leader-Post* some months ago that the original business case prepared and presented to CIC did not contain a single system sale as part of the business case. And he was very clear in his comments in that regard.

So the matter of system sales is something that we're pursuing. We're getting more interest and we're getting more opportunities to do demos.

It's not correct, however, that the success of the system was originally posited on the basis of system sales. That's been a matter that's evolved over the months and the bar's being raised and I suppose that's fair enough.

Mr. Wall: — Well maybe, maybe in this committee that would be the view of the . . . of the CEO based on discussions that we've had. But certainly, when we've raised this issue in public forums, the government of the day has justified the burgeoning expense of this particular project by saying about how marketable it will be and how many sales they plan to make.

Deloitte & Touche has now indicated they've done a bunch of market research and have identified the United States as the, as the fertile soil for this sort of a system. And so, have you . . . This is a question I've asked previously: what's your target then for sales?

I understand from your answer there are none today, notwithstanding the small consulting contract we've been over in the Ukraine. But there are . . . So if there are no sales yet, system sales, but yet you've . . . but you've completed some due diligence with Deloitte & Touche that identifies what your market is, you know, so too must have you some sort of pro forma on target, on . . . on your sale . . . system sales target for the company for this year or next year, five years?

Could you elaborate on whether or not you have such a target and what that is? Not on who the clients are or the states are, but just on the target.

Mr. Nicholson: — Mr. Chairman, I've, I guess in previous appearances before the committee, declined to comment on the details of our business plan. And even talking about the numbers associated with that gives people information about where you may be looking for your work.

So I believe I have to continue the practice of declining to comment on the details of our business plan, the current year and looking ahead. I am of course prepared to answer questions in the general way, but I've got to stop at the point of detailed responses.

With respect to system sales, one of the points that I should make again is that we can look at selling the system either as a total package or components of the system. In the old days, as they say — and I can now remember them — they . . . systems were built and it was kind of an all or nothing proposition. Technology used to be built in the days of mainframes and it was all bundled and locked together. So you either bought it all or you bought nothing.

In the world of the Internet and the network environment, systems are built in modules and they're loosely, fairly loosely coupled. So in the new world, you can sell components of systems without necessarily selling the whole system. That's a change that's occurred in technology over the last decade to 15 years.

We have actually, Mr. Chairman, and I believe I may have mentioned to the committee before that we sold our software development environment to Credit Union Central right here in Saskatchewan. Now that is a piece of our overall technology, but we've made that sale right here in Saskatchewan. We've sold it a couple of other times as well.

It's not a huge amount of money but it has been one example of where we've sold components. Also of course, we've been successful in selling consulting services. Consulting services are, particularly in the international environment, a lead-in to bigger sales. You get your relationship and your credibility established and then you have the opportunity to sell the system later.

So while declining to talk about the details of our business plan for the current year and going forward, I think as I said, we're focusing on the United States. We've done a number of demos now. We've seen some interest.

I think it's been particularly helpful, as I said in my opening remarks, the endorsement of Microsoft and IBM and EDS. These endorsements are helping us in our marketing efforts. And so as we go forward, we mention to prospective clients that we have these kind of endorsements and that always goes down pretty well. So that's, I guess, a general response, Mr. Chairman.

Mr. Wall: — Mr. Chairman, how about this for a general question: does the business plan have a target for sales, system sales, for this year, next year, pro forma targets for the years ahead of ISC?

Mr. Nicholson: — Mr. Chairman, I'm not prepared to answer the details of our business plan. The member indicates it's a general question, but it's a general question to a very detailed matter.

Mr. Wall: — Mr. Chairman, does the CEO feel it's proper to answer whether or not ISC has a target for the expenditures it's going to make this year and next year?

Mr. Nicholson: — Mr. Chairman, our revenue and expenditures are prepared — as all Crown corporations do — in the context of the business plan for the upcoming year and for . . . and within a five-year time frame.

We have to put . . . The business plan contains information about revenues and expenditures. It's reviewed by the ISC board. It then goes to, subsequently, to the CIC board. And so our overall business plan has revenue and expenditure information. And we prepare that in the normal course of doing business as do all Crowns.

Mr. Wall: — Mr. Chairman, I'm interested in the views of other members of the committee. This . . . I find this ridiculous, frankly. What we're asking for — to the president of a Crown corporation, a publicly owned corporation — what we are asking isn't any secret. Not who your clients might be, what states you're dealing with. We're not, we're not even pushing at this point on what the total target sales might be.

Because let's be very clear. Whether or not it was the centrepiece argument for this thing or not, the fact . . . international sales certainly have been very much part of this government's argument in favour of this particular Crown corporation and this technology.

So now we're asking the question, do you have a target? Not what it is, not who the targets might be, but just a . . . Do you even have a ballpark estimate or at least a goal that you want to achieve in terms of sales for this corporation?

And I would be interested in the views of you . . . of your views, Mr. Chairman, and other members of the committee as to whether they agree that that is confidential and secret, and information that can't be shared with this committee and the people of the province.

The Chair: — Well all I know, Mr. Wall, is that this annual report was referred to us by the Legislative Assembly. The Legislative Assembly has asked this committee to review this annual report and any such comments that may be contained in the auditor's report that are pertinent to this corporation.

I don't see any instruction from the Legislative Assembly that we should be getting into territory about what your future marketing plans are or any of that. I don't, I don't . . . I didn't quite see that referral from the Legislative Assembly. So if Mr. Nicholson says that, look, that's not territory that I want to discuss at this point, then he's certainly within his rights.

And I don't know quite where it is that you all of a sudden interpret now the instruction from your colleagues in the Legislative Assembly to be something completely different than what I understand it to be or what others understand it to be.

Just on that I have Mr. Prebble and then Ms. Atkinson.

Mr. Prebble: — Well just a couple of comments. First of all, with respect to the annual report, Mr. Chairman, I think you're . . . I agree with your remarks.

Mr. Wall, I also agree with your observation that government has raised the prospect of market sales from this technology as a possibility and as one of the arguments in favour of proceeding down this road. So I think that's a fair observation.

Frankly, I have another observation as well. And that is that I want to — and I'm just speaking personally at this point — but

as a member of government I want to encourage ISC to establish relationships in the United States, in other parts of Canada, and where it's deemed appropriate in other parts of the world with respect to advancing this technology, keeping potential buyers apprised of the developments of this technology.

But frankly, I don't want to see an all-out sales pitch on this technology until we've got it fully operational in this province. It seems to me the best argument for selling this technology is to have a first-class operation running in Saskatchewan with all the bugs taken out of it. And that's going to take a bit more time, you know, another year.

And it seems to me that once we've got this fully operating in Saskatchewan and performing really well — and clearly we're making a lot of headway in this regard but we're not all the way there yet — then we can talk about . . . then we can look seriously at marketing this technology to others.

But if I'm a buyer somewhere else, the first thing that I want to see is, does this work in a cost-effective way with all the technological bugs taken out of it in the province of Saskatchewan? And I think the answer to that, at the end of the day, is going to be yes. And clearly we're making a lot of progress on that file, but we're not there yet.

And until we are there, I think it's premature to actually expect that we're going to finalize a sale. But I think your observation is fair that our government has raised the possibility that sales could emerge from this, and it's fair game in terms of questions.

But I think . . . I just can't imagine ISC finalizing a sale until it's got a fully operational system in this province with, you know, with all the conversions completed in all eight centres and with the objectives that we set for the technology here in Saskatchewan in place. And clearly one of those objectives is the 24- to 48-hour turnaround that we, you know, that we talked about.

And obviously we want to see a higher percentage of successful transaction completions than we have currently achieved. I think there's every reason to expect we'll see that. But until we see that, then we're in a position to say to other prospective buyers around the world, look at what we've got, because I think we might have something that's very exciting.

So those are my comments, Mr. Chairman.

The Chair: — We have Ms. Atkinson and, I think, Mr. Forbes as well. But I think we want to also adjourn.

Ms. Atkinson: — I will forgo my comments in order to adjourn. It's now 11:30.

Mr. Forbes: — My only comment is to echo what Mr. Prebble says and then draw attention to a paragraph on page 25 when it talks about outlook. And I think the people before us have stated their goals and they're very clear in those two paragraphs. And that is to deliver a very fine program here first, and that's the essence of what they need to do first.

And so I just want to echo Mr. Prebble's statement and point

out they have an outlook and I think that's great — go from there.

Mr. Wall: — I think this is an important discussion to have so if you want to continue with it now . . . I mean, I'd like to discuss both of what Mr. Prebble and Mr. Forbes have said and also your comments, Mr. Chairman. If you want to do that now, we can. We're in no rush. If you want to wait till Tuesday, we can also . . . or next . . . Tuesday next, we can wait then until then.

The Chair: — How long are you going to take?

Mr. Wall: — Well I mean, it involves another question of the corporation to try to, to try to fit within the context of your remarks about the year under review. The year under review is 2001 . . .

Ms. Atkinson: — Mr. Chair, if we're going to continue the discussion — my assumption was that we were going to adjourn because we'd hit the magic hour . . .

The Chair: — No, let's adjourn. We'll carry on next Tuesday.

Ms. Atkinson: — . . . but if we're going to continue the discussion, I think I would have . . .

The Chair: — We stand adjourned.

The committee adjourned at 11:33.