



Standing Committee on Crown Corporations

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**STANDING COMMITTEE ON CROWN CORPORATIONS
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The committee met at 09:33.

The Chair: — I call the meeting to order.

Before we proceed to consideration of ISC (Information Services Corporation), I would draw to the members' attention a letter which I have received. I assume that you have received the same; if not, then I will convey to you what it is that the Provincial Auditor has written about and that's concerning a joint progress report on public disclosure of payee information by Crown corporations.

On December 10 the Standing Committee on Crown Corporations considered the auditor's recommendations on public disclosure of payee information. At that meeting Mr. Hart of CIC asked the committee for time to consult with the Crown corporations on this matter.

And the committee then referred the auditor's recommendation on a process for deciding what information government agencies should disclose, and to whom, to CIC and the auditor's office with a request that these two parties report back to the committee in June of this year.

And the auditor writes that CIC has completed a survey of Crown corporations but they, that is CIC, and the auditor have jointly determined that more time is required to explore alternatives to public disclosure in cases where confidentiality agreements exist or were competitive and other business considerations may be affected. Additional time is needed to obtain the views of the CIC Crown corporations on these alternatives, and as a result we plan to report to the committee in October of 2002.

So I wanted to let the committee know that and I'll table a copy of this with the Chair or with the Clerk of the Committee.

Okay. Unless there's any questions on that? No. Then I propose we return now to ISC and with us this morning is Ms. Powers. May I suggest that we start a new speaking list.

Information Services Corporation of Saskatchewan

Mr. Wall: — Thank you, Mr. Chairman. Well last week we were dealing with the special report from the Provincial Auditor and the appointed auditors and the corporation. It was done in conjunction with the corporation. And I recall in December we asked . . . maybe this is a question for the auditors.

I recall in December we asked some specific questions about the proceeds for some of the money that cabinet had recently approved in late December, some additional monies that ISC was to receive from cabinet to be used for various Internet-related expenditures, Web development. They were going to be working on the Web site — and again I'm more than willing to stand to be corrected — but they were going to be developing either a new Web site or improving the existing one, I'm not sure, because of the . . . I think the reference was the Moose Jaw pilot had raised some opportunities for improvement. And so again if I'm wrong, Ms. Powers can correct me, and I'm certainly willing to have that occur.

In light of the fact that this is basically . . . the heart and soul of this whole project is that it's Internet based; that was the launch of it, that the new automated land titles system would be Internet based; in fact that we would have to greenfield our own project here in Saskatchewan because no product out there was Internet based and that's what the province wanted.

I'm wondering if I could get the auditors to comment on why revamping the Web site significantly wouldn't be part of the capital costs of this corporation in light of the fact that it is an Internet business? And that it was so . . . it hadn't really . . . it had only opened up one pilot area. It had not even delivered a product across the province and they were revamping something as important as the Web site.

Mr. Creaser: — I think, first of all, we tried to — the first answer to that, I guess — is that we tried to answer that with the question one with the breakdown of the debt and how the debt was financed. So that you could see by the parts of the business how the debt was . . . how their financing was being incurred so that you could see that there are different aspects to the organization.

As far as the Web site itself, I think that, you know, it is . . . You know, there are other aspects to the Web site other than just the LAND (Land Titles Automated Network Development) project. There is some of the GIS (geographic information system) aspects to it and their financial reports are on there as well.

But we really didn't try to determine if . . . in that January to March period how much of that was spent incurring to fix the Web site. And then how much of it would have been for non-LAND-based parts of the Web site. I mean you might want to refer that to the corporation.

Ms. Powers: — Mr. Chairman, maybe if I can just add a little bit of point for clarification. There certainly are different components of the Web site. There was a component of the Web site that relates to the LAND project and that was capitalized as part of the LAND project.

There is other components of the Web site. For example, the vision and mission of the corporation and sort of the corporate type of information, as well as there is a link right now to the existing Geomatics Web site.

And I believe the Web site was given as an example of some types of expenditures that may be considered outside the LAND project. So it would be the type of corporate expenditures or the revamping of the Geomatics Web site to integrate it with the corporate Web site. That would be included as external to the LAND project.

Mr. Wall: — Okay, thank you. And those costs weren't capitalized, in terms of the capital costs for this special report, the costs for these non-land-titles-related Web site functions?

Ms. Powers: — Mr. Chairman, they would have been capitalized but they would have been capitalized external to the LAND project. So it would have been part of capital of the corporation versus the LAND project itself.

Mr. Wall: — Okay. I wonder if the auditors would comment on whether or not it's reasonable to expect people who don't have the training that auditors would have, the knowledge that they would have and the expertise, that when you hear this, that a Web-based technology corporation that is espousing a Web-based technology only — without even having their product fully operational — were making some major expenditures, Web-related expenditures, how that might certainly seem to anybody that, whether it was the geomatics, the non-core function, or the core function, it would certainly seem to be part of the capital costs of the LAND project?

Mr. Aitken: — Mr. Chairman, in responding to that question, the report that we have drafted responded to the particulars of the question that was addressed. And it said: "On the matter of the projected costs in relation to the original approved budget, . . ." so that for the purposes of this reporting we're comparing like to like.

In other words, what was the budget and what was the A to Z of that approved budget from the commencement of this project. The Web element, the Web site element was not part of the LAND project, it was part of the ISC corporation on the basis that it benefited all lines of business of ISC and ISC from its inception anticipated that there would be additional products and services outside of the LAND project.

Now having said that, I'm not sure that the costs of a Web-based system would be in shape, size, any particular, different from any other . . . In fact probably Web . . . Internet-based systems are possibly potentially less expensive to develop.

So, if you like, I'm not surprised that there's not a large cost of, if you like, Internet-based that shows up in these costs because that's part of the appeal, if you like, or the commercial reality is Web-based technology is relatively accessible. You don't need a deep pocket to get into the Web business.

So I think that's part of the environment in which we are saying, you're looking for something that says where is the big cost of the Web page and should it have filtered into the LAND project cost, albeit that from minute one this project, the Web site, was never part of the LAND project.

Mr. Wall: — Right, and I think that . . . You know I appreciate that, and that clarification's useful because it's that sort of information — and we certainly were getting detail from officials and from Mr. Nicholson in our meetings in January about the amount of expenditures he felt would still likely be forthcoming — well not exact amounts we didn't get, but that there would be significant expenditures forthcoming on the Web development, and that formed the basis of our call in this committee, Mr. Chairman, for this special report. It was part of the rationale for it.

And I did say at the last, at that committee in January that if the auditor concluded that there was no operating costs being . . . or I should say capital costs being buried — I don't know if I used the word buried; if I did, I'll use it again — in the operating costs that you know, we would . . . that I would apologize.

And I think members of the committee can see that where the

concern was coming from because unless you're into the nuances of the audit, of the particular work that the auditors have done, that's the clear appearance.

And frankly I . . . you know I mean many people including myself would probably, and from a commonsense point of view, argue that when you're espousing a Web-based technology, and the Web-based technology is being rolled out across the province but isn't operational anywhere but in one district — it's just being piloted and major changes are going on to that Web technology — those should probably be capitalized, and to some extent they were.

So having said all of that, and with that qualification, certainly I would be able to apologize for the actual technical point that the auditors raised quite rightly last week, that there was no activity done.

And with that out of the way, then we have some other questions on the system itself, and . . . but if somebody else wants . . . like to talk about the special report here . . . what I'm saying, Mr. Chairman, is I have a new topic. That's the short version.

The Chair: — Anyone else on the special report. Okay.

Ms. Atkinson: — . . . understand, does this mean that we're now leaving the special report and we're not returning to it?

The Chair: — We can go back to it.

Mr. Wall: — I'm going to move on to other things, but we might go back too. I don't know if our members might want to go back.

Ms. Atkinson: — Okay, thank you.

Mr. Wall: — I'd like to talk a little about the system itself, if I can, and some concerns that we've heard. By and large most of the concerns we would hear, I think Mr. Hewitt would probably know, and Ms. Powers would probably know this as well, are from rural lawyers. The difference is it is . . . I think there's a difference. There's concerns that we get from the city as well, but predominantly the concerns about the system itself come from rural Saskatchewan where the agricultural transaction seems to be presenting some challenges for lawyers who are getting used to the system, maybe for the system itself, as well as small urban communities in rural Saskatchewan where there's many more non-conforming lots. I imagine there's a lot of non-conforming lots in the core area of the large cities too, those 25-foot front lots and what not that many people own several of, you know, to put a more modern home on.

But certainly that happens in a lot of small towns. And I recall too a memo — and we have it here — there was a memo that went out I think in 1999 from Mr. Hewitt, I think it was, to the Law Society at the time that talked about the purpose of the corporation or one of the goals of the corporation was to ensure that multiple-parcel projects like this would be handled more efficiently by the new land titles system. It would be handled as one parcel . . . and I'll get it for you. Here it is right here. It was dated June 29 and I can pass you a copy if you like. Maybe it wasn't from Mr. Hewitt, sorry, because I can't tell who is it

from but it's from Saskatchewan Justice at the time and it talks about the LAND project planned consolidation.

And it says here in this memo dated June 29, 1999:

As part of this activity the LAND project realized that the opportunity exists to consolidate multiple lots shown on a single title into a single parcel. Where the use of the land conforms to that option, for example where a large building is located on multiple lots that are contained in one title plan, consolidation can combine those parcels into a single parcel. This consolidation which is of benefit to the LAND project is being done at no cost to the owner.

And so I would ask, you know, what seems to have happened there? Or is that happening in the long term and this actually . . . I mean if this would have happened the number of calls that we get as opposition members, and I'm sure government members get, about ISC would be greatly diminished because a lot of the calls we get are about these multiple- parcel/multiple-title transactions.

Mr. Hewitt: — Okay, maybe I can provide some explanation, Mr. Chair.

The letter that Mr. Wall is referring to was a pre-implementation activity of the LAND project. It's recognized across the province. There are a number of properties where buildings . . . the use of the property is inconsistent in a way with the way the property was surveyed. So you . . . for example I think it was in Regina, the YMCA (Young Men's Christian Association) was actually on I think 42 lots in the city of Regina.

We knew of a number of these through our registrars just from their experience in dealing with property across the province. So it obviously is in the interests of places like that where it's not likely that the lot is going to . . . the buildings . . . or sorry, the parcels are going to revert to their previous structure. It's unlikely that they're going to become separate dwellings again. A number of office buildings in Regina and Saskatoon, Prince Albert, the same thing.

So we engaged in a process of trying to consolidate some of those pre-conversion activity and try to get some of those together so it was easier for the project and for the owners to deal with it.

So we started doing some of those, automatically doing them. And some owners said to us, we don't want these consolidated. We want the opportunity to go and someday tear down the building and build on separate lots. So we stopped doing it without their knowledge and then proceeded to say, if you'd like to have it done, let us know and we'll do it. That was a pre-conversion activity where we hit a lot of the ones we were aware of, the very large ones. But it made us realize that there's an awful lot of individuals who want to maintain their separate lots for a number of different reasons. So we decided not to automatically start consolidating those.

The new system, when it came into being, is designed to deal with each parcel. And it is true that there are an awful lot of situations, both residential — particularly residential — in the

cities where buildings are built across more than one lot. And there's probably everyone . . . half the people in this room probably have that situation. So we do have situations like that.

It is possible for people to consolidate their lots, and there have been situations since we started with the LAND system where people have actually consolidated. It's a matter of an application to the chief surveyor's office to consolidate the lots. There is a fee associated with doing that, it's true. We are looking at the question of how to do that.

The city of Regina, for example, has said they would like to engage in a process where they actually do a lot more consolidation because it's in their interest to have those lots consolidated and would like us to look at a way of making it easier, making it simpler, and making it cheaper for people to do that. And the city itself would become involved in encouraging people to consolidate their lots. But we have to have a way to convince them, what's in it for me? What's in it for them can be that they ultimately have one lot or one parcel. So if they do transfer it, they're not doing three transfers, they're doing one. So it's a sort of a work in progress with respect to that.

So on those ones, it is true people do have to transfer their lots individually. The price structure takes that into account. If we consolidated the lots into one, the price structure would be the same. They pay one fee. But if we, for example, did things in the old way where people could transfer three or four lots in one transfer, then our fee perhaps would be substantially more. You know, it really is volume specific.

We are looking at the fee structure. We are looking at the way the consolidation of lots takes place. So that one is still a work in progress and we certainly recognize the concerns. We hear about them repeatedly from customers and would like to find a way to make that a lot simpler.

The other side of this that I think you're referring to in the rural sector is not so much this issue as the fact that often, in the old world, a title would reflect a one-quarter section. In the new world, because we are recording title to Crown lands as well as you know everything else, when a river, a road, or something else runs through property, it actually breaks up the ownership. It's because there's Crown ownership in the middle with the riverbed or the railway or whatever. So that actually creates a number of different parcels in the same piece of land.

It's important to actually make sure you've got those recorded individually. When it comes time for someone to transfer that land, we do have a policy in place called mitigation which then says if your parcels have been . . . or land has been split up in a number of different parcels because of the rivers, roads, etc., and you decide to sell the full parcel, the fee is actually mitigated back to one parcel fee.

So if there's four parcels created by a river or a road running through a piece of property, when the client . . . customer tries to transfer that property, they apply to us and they say please, this was created as a result of the LAND project. Would you therefore mitigate the fees? And we do, back to one single fee. So we found a way to respond to that in terms of the fees where the parcels have happened as a result of that.

The third probably example that I should mention rising out of your concern is in rural municipalities and small urban municipalities where there's a number of different lots in a town that are undeveloped and they take them back for taxes or whatever. So they may have 40 lots. And the concern has been raised with us by SUMA (Saskatchewan Urban Municipalities Association) and by SARM (Saskatchewan Association of Rural Municipalities) saying that this does increase the costs associated with that and it also means that you've got a number of parcels that will never be anything — that will never likely be developed. They would like to revert them back to farm land.

That's particularly an issue when a small village becomes a hamlet and then reverts back to rural status and it becomes farm land. We have situations where an entire town is being farmed by one farmer because the town was never actually built. It exists but just on paper, on a plan. So we're actually talking to SARM and SUMA and had discussions with them about how we might go about finding a way in those situations to allow consolidation to happen simply and revert back to the quarter section. Okay?

In that case as well we've said if we did do that, we'd have to find a way to simplify it and make it cheaper but there are even individual cases there where the town might say, no, I really don't . . . Just in case somebody wants to build a lot, then we want to keep it that way. Well our response to that so far has been . . . And there's an advantage in having individual lots there so there's no, you know, you're getting a benefit out of it; therefore the cost associated with it is justified to actually maintain those lots separately.

So I guess that's a long-winded answer to your question but it's sort of the three components of it that have been an issue. Largely, it's a question of the paperwork associated with multiple lots and we are working on a way for people to do multiple transactions together in one rather than doing separate ones. And we're also looking at a way to, you know, deal with the fee situation to better enhance that.

So they're all issues we're aware of and have work in place to try to deal with them. So that's the long explanation.

Mr. Wall: — I did appreciate that. Thank you, Mr. Chairman. And a subsequent question would be on the forms — the security forms specifically. Is it true that the chartered banks or one or more of the chartered banks are refusing to use some of or any of the forms generated . . . the formats generated by ISC, as far as you know?

Mr. Hewitt: — I'm not aware of any activity in that regard. The banks . . . No, I'm not aware of anything. Do you know any specifics about what kind of form it was?

Mr. Wall: — No, I don't. Just in terms of the forms that they require for security, for their security. We had understood that one of the chartered banks at least, maybe had decided to use their own or continued to use either the previous forms or develop their own.

Mr. Hewitt: — The only thing I can speculate on is that we do not accept eight and a half by fourteen inch forms. That's the only thing I can think of. And the banks have had to change to

eight and a half by eleven if they send things to us by paper, although 97 per cent of our stuff is coming electronically now so it's very little much of a factor. So I must admit I'm baffled by that.

Mr. Wall: — Okay, I appreciate that. I thought it might have something to do with the nine digit number in some of the new processes that the banks had some concerns about and the lack of . . . maybe the lack of dimensions and . . .

Mr. Hewitt: — We have had discussions with the banks and sure it's a change for a lot of them. They have to adjust their processes and procedures to accommodate things. They do have issues around client numbers and those sorts of things but that's not anything to do with the forms. So if there's a concern about forms from the financial institutions it hasn't come to my attention.

Mr. Wall: — Okay I appreciate that. Thank you. What are the concerns around the numbers?

Mr. Hewitt: — Well every piece of property that's converted in the province receives a separate number. And so it's required that the banks or actually any client that has multiple ownership or holdings will want to consolidate their numbers. It's a transitional provision for them to do that.

So we're working with those large financial institutions and other large institutions that have a number of these properties or holdings across the province to consolidate those numbers. But that's just one of the issues we're dealing with with the banks. And everything is going fine as far as I know.

Mr. Wall: — It is. The whole issue — and I think we've been here before but just very, very quickly — the whole issue of the sort of the lack of dimensions. I mean that's the other concern that the rural lawyers have expressed too — and some city lawyers too, I should say that. There is this concern about why the new system was designed to be missing this basic element — in their view, a basic element.

Mr. Hewitt: — Mr. Chairman, the dimensions are available on the picture that is being developed for each of the parcels in the province so you can actually see the dimensions on the part, what we call the parcel picture, which comes from GIS. The plan itself of course is all available on the Internet and the dimensions are also shown of the property there.

The concern, I think, is in relation to the acreage. There was on the old titles often the title would say, you know, 160 acres more or less, those sorts of things. We were of the view in the corporation that those numbers were generally grossly unreliable, and as a result, the GIS people felt it was not appropriate to put those numbers on the titles. That was a decision that was made during the process of the LAND project.

We have the acreage. It is available through GIS so people can get that information through GIS. We just need to communicate better how they get it. And we have talked in the corporation of making a change to the system so that that information is plopped onto the, onto the get picture. A system change is required to actually do that.

This is a concern that's not only come from rural municipalities — that's one place I've heard about it from — but also the oil and gas industry in Calgary has spoken to me about it, and we understand the nature of their question and we've had great discussions with them about how we go about getting that information for that.

Mr. Wall: — The GIS acreage is that accurate then? Because I think on the picture you referred to there's a bit of a, not a warning but kind of a disclaimer that says this isn't — I'm not sure what the . . . I can't remember exactly the wording — but a disclaimer about the potential accuracy of the picture as well in terms of the acreage that's on there.

Mr. Hewitt: — Well yes, the GIS acreage is calculated based on the dimensions that we have. And if there were any errors in the dimensions, well obviously the acreage would not be right. It's probably about as close as you're going to get to being accurate. And once we have a fully integrated GIS picture which includes metes and bounds, which is of course — and water boundaries are the other thing that's inaccurate — we would have a better picture.

Just from the question of water boundaries, water accretes, moves back and forth on land. So you might say the acreage on a piece of property is, you know, 120 acres, but if the water's all gone it's potentially that that is actually 160 acres. So that's one of the things that we have to be concerned about is we record the water boundaries as they existed at the time of the last survey, which may have been, you know, 100 years ago.

So that's one of the reasons why we want to give people a warning that the acreage is dependent upon a number of variables such as water.

Mr. Wall: — Thank you. Mr. Chairman, ISC's major database for GIS is Oracle version 7. Is that correct?

Mr. Hewitt: — Could be. I mean it's Oracle. What version it is I would not be able to tell you.

Mr. Wall: — Is the version that you're using, was it dropped as a product by Oracle in 1999 due to Y2K problems?

Mr. Hewitt: — I have no idea.

Ms. Powers: — Mr. Chairman, I am not aware of that either. We could undertake to find that out for you.

Mr. Wall: — Could we find that out? We would appreciate having that information, the members of the committee would; or at least I think, well, these members would appreciate having that information.

Mr. Hewitt: — Could I maybe ask for clarification about what the nature of the concern is so that I . . .

Mr. Wall: — Well just the nature of the concern is, is that in . . . What we understand may be the case is that ISC is using, as its major database for GIS, Oracle version 7, which may or may not have been dropped, in terms of it being a supported product, by Oracle in 1999 due to Y2K issues. And if that's the case, that's what we would like to be able to find out.

Mr. Hewitt: — It's certainly not something I'm aware of. And if it were a critical problem, I'm sure that both Ms. Powers and I would be aware of it. Our chief information officer would know the details of that. But if it was a concern, we'd certainly know about it.

I mean lots of products change and are developed over the years, and of course it's up to every corporation to ensure that it's maintaining its operating systems adequately. And I'm certain, without even checking, that we have a plan in place to deal with you know the upgrading of products that are provided by our suppliers for operating systems.

But we can certainly undertake to find out more information about the status of that.

Mr. Wall: — Thank you.

Mr. Aitken: — Mr. Chair, could I just add, as part of our audit for the 2001 year we had an experienced computer practitioner review the configuration at ISC as part of our review of the general controls. He doesn't mention which Oracle version the database is, and it deals with the configuration of the entire system.

My suspicion is Mr. Bosch, whom we brought in from Vancouver to do this work, would have been knowledgeable if it was an Oracle version that was not Y2K compliant, and it didn't . . . I'm really just saying, negative assurance. He didn't bring it up therefore I suspect . . . and I think it would have come up. But I think the undertaking is still valid.

Mr. Wall: — I'd appreciate that undertaking, yes. Thank you.

Mr. Aitken: — Just that I think it tended to confirm what we were hearing.

Mr. Wall: — Right. The software used for editing maps is a software called Novellus, I think. And we'd also like to get a brief report about whether or not — if you can; if you don't have the information now, that's fine — whether or not that's also, quote, "outdated" or how many years behind it might be in terms of the . . .

Mr. Hewitt: — I think I can answer that question. We had a thing called Cadastral Editor, which is I think what you're referring to, or we call CE 2, Cadastral Editor 2. That is a product that we developed for our use in conjunction with the Novellus products. And Novellus does have other products that they've developed in conjunction with us as part of a development agreement I think that we had in the past. This is old, old territory, but this is how I understand it.

And the product's working just fine. We're using it as a part of . . . it's part of the conversion to the LAND project. It meets our needs. It's working exceptionally well and there's no reason to be concerned about it.

Mr. Wall: — Well there's a couple of concerns, I guess, that are reasons why we ask these questions and why we would like clarification, and that is not just the . . . you know, how the system's working currently and how well these software applications are working, whether or not they're out of date or

not. And we'll find that out. I guess you're going to provide that information.

But my understanding of when you're out selling this kind of . . . when you're selling software, if you're selling a software that's based on, you know, software infrastructure that's three years . . . or outdated, but for some reason in competing against other softwares that aren't, you might have some difficulty selling it.

So that's why we're . . . we don't . . . we're not questioning whether or not the system's working with respect to these applications, the way you want it, but that's the reason for the questions.

And based on that technology, I guess we're going to move into . . . I don't know. People may want to jump in on this, Mr. Chairman, because I was just going to switch subjects.

The Chair: — I just have a question with respect to mitigating the costs associated with registering various lots that come into one parcel and you say that for farms you've been able to provide for a one-parcel fee. Do you also have that provision for any number of residential parcels that might be similarly affected where the city has decided or a municipality has decided that we're not going to stick with the original survey in terms of the lots that we're going to build on because it doesn't work for whatever reason, and therefore, you're going to build on the north part of this and the west part of that and east half of that lot? Do you have similar opportunities to mitigate fees there?

Mr. Hewitt: — We have in the cities — I should have added this; I'm sorry I didn't remember to — in the city the mitigation policy I described in the rural sections does apply to city lots in limited circumstances where they are tied together for planning and development purposes. You can request mitigation of fee there.

So it does mean that in some circumstances with multiple lots in the city, you can apply for mitigation of fees. And others it's not available.

But we are, as I said, looking at that, you know, place to . . .

The Chair: — Would the legal community be aware of the circumstances in which their clients might be able . . . or they might be able, on behalf of their clients, apply for a mitigation of these fees?

Mr. Hewitt: — Every meeting that I have with the legal profession, which are many, this topic comes up. There's a document that explains our policy in full on the Web site, and we've brought it to everyone's attention as often as we can so it's our, you know, intention to make sure that everyone's aware of the policy.

All the circumstances in which it will be provided is available as a document on our Web site.

Ms. Jones: — Thank you. I'm just curious. If your city property says, you know, the lot and the block and whatever, and it's lot 25 and 26, except the 1 foot, most westerly 1 foot of

lot 26, you know, what is . . . how does it dealt with it? Your house covers both of them, so you're not going to separate them. So do you pay two fees or one fee?

Mr. Hewitt: — In the example you gave, the most westerly foot is excepted, okay? So what you have is lot 26 and part of lot 25. So you would actually have two parcels. So your fee associated with the transfer of that would be two parcels you're transferring. Your neighbour presumably would have that 1 foot. That 1 foot is a parcel for them and whatever else they've got their property on. It's the consequences of us allowing this sort of stuff to happen over the years, and you know, we're now, you know, have this result.

But there would be I think . . . I can't remember all the details of the mitigation policy at the moment but there would be the opportunity I think . . . I'm trying to remember if it works when you have a partial lot or when it's two full lots — it's one or the other. I just can't recall if off the top of my head at the moment. I'd have to check the policy where people can apply for mitigation, but I don't believe in the example you gave it would be because there are actually two lots associated with that.

Ms. Jones: — But the only way you could go . . . revert back to having two parcels of land would be to remove the structure on it.

Mr. Hewitt: — No. You could actually consolidate the two parcels into one. Therefore because the building straddles both parcels, right, you would apply to the chief surveyor to actually consolidate those parcels into one. But if in some circumstances you could just . . . If they're two full lots, you would just apply; you don't have to have a survey done. But if you actually had a partial one, there would have to be a survey done to ensure that that 1-foot exception was actually surveyed out of lot 26, in the example you gave, in order to ensure that the pins are there.

Ms. Jones: — Is there a fee to consolidate?

Mr. Hewitt: — There is a fee to consolidate.

Ms. Jones: — I'm sorry, through the Chair.

Mr. Hewitt: — Yes. Sorry, there is a fee to consolidate, that's right, yes.

Ms. Jones: — But then any subsequent transfers would only be one fee instead of two.

Mr. Hewitt: — That's correct.

Ms. Jones: — Okay. Thank you, Mr. Chairman.

Mr. Wall: — Well the other . . . Back to that issue, I guess, of the technology of the software. I think that part of the concern is that we understand that there are new versions of Oracle and Novellus, particularly for customer assisted . . . for CAMA, for customer assisted mass appraisals, and land titles are being implemented now by the city of Regina, the city of Saskatoon, and possibly SAMA (Saskatchewan Assessment Management Agency). And so they arguably would be the leaders in this sort of thing rather than . . . If that's true, if that's true, they would be the leaders in this rather than ISC, which often is touted as

the leader in this sort of technology, based on the fact that they're using these versions of the software.

I'd like to read . . . I guess I'd like to talk about conversion a little bit, because . . . I'm sorry, if you wanted . . . that wasn't fair, if you want to respond to that that's . . .

Mr. Hewitt: — Well I just want to make a comment. We're actually seeing if our chief information officer could come over and if we could just hold these technical questions; I just don't feel competent to answer them. And if he is able to come, which I think he is, then we can go back to those technical questions so that he'd be able to give a full . . . a fuller explanation than I am. Anyway on conversion though, we can certainly talk about that.

Mr. Wall: — Sure, thank you. And what's happening now across the province — correct me if I'm wrong — is you're rolling out in district after district, and the conversion of all the existing work isn't necessarily being completed in each district before you're moving on. And we sort of now have this concurrent activity occurring, which is a bit of change from what I think what was originally planned, and that the change is there so that you can, you know, get the whole province on the system as . . . on a more timely basis.

So I wonder if I could briefly read into the record a concern that was expressed to us and if you would just comment on it, or you know, maybe it's incorrect or maybe you'd like to clarify some things or whatever. But I just would appreciate the indulgence of the officials and the committee to do that.

Using the numbers in the LAND RFP (request for proposal), some 220,000 transactions should be processed each year with new and changed titles. Some 71,000 new titles and 77,000 cancelled titles should be processed annually.

At 30,000 titles processed, ISC must not be keeping up to the daily customer load. The RFP states that there are some 844,000 active titles to be entered as follows: Battleford, 82,200; Humboldt, 50,600; Moose Jaw, eighty-three, two; Prince Albert, 78,000; Regina, two hundred forty-five; Saskatoon, 165,600; Swift Current, eighty-three, six; and Yorkton, fifty-five, six.

At 275,000 titles entered, ISC is about 30 per cent done the conversion, even with the expanded conversion staff. This means that perhaps in two years at a cost of another \$15 million, ISC will have completed this phase of the LAND project. Undoubtedly this extra ongoing cost will be treated as operational costs within the ISC annual budget.

This is this person's speculation. And I'd like you to comment both on his estimate of the cost of completing the conversion and if the auditors wish to comment on that as well, I would appreciate that.

Mr. Hewitt: — Mr. Chair, I'll maybe provide some explanation of the process and then Ms. Powers can speak to the auditor's assessment of this.

The process we have in place is . . . it is in fact the case that we are engaged in overlapping schedule now of conversion. The

original plan would have had each district completed before the next one started. That was done because of the delay associated with the Moose Jaw/Regina, in order to try to achieve our implementation date as close as we could to the original plan, with respect to the Swift Current district being the last one.

We've been on an overlapping schedule since we started Humboldt. Regina was not completed when Humboldt started. That is also of course true now. Saskatoon has started. Battleford started last Monday . . . or no, I guess a month ago now. Prince Albert will start this coming Monday, and the other two are expected, we hope, to start in June and July. So we do have an overlapping schedule.

That did mean that we had to change the way we do conversion. We had to change the processes, features we had in place, to ensure that the on-demand titles that people require are available to them as quickly as possible, is one factor.

The second factor is that when we do bulk batch conversions, which we continue to do . . . We have two teams. One team that handles on-demand requests. The people need a title today to do something so there's the batch . . . the people doing the on-demand request for conversion. And we also have other teams that are working on just taking titles off the shelf and converting them. And in those cases we're actually trying to prioritize the places where there's most demand.

So, for example, in Regina, the city of Regina and area was done first. The rest of the district, the very large district in the Southeast was done after.

In Saskatoon right now, the Saskatoon district is about 57 per cent I believe converted because that's a combination of on-demand and batch. So we're doing the city first because that's where the demand tends to be greatest. So it's happening. At the same time of course we have on-demand happening around the province.

The current plan has us finishing that in February of this coming year and that is what we had proposed that was the subject of the review by the auditor in relation to our financial plans. So with that, unless there's questions about the process, I'll hand it over to Ms. Powers to explain what the auditor's findings were on that.

Ms. Powers: — Mr. Chairman, just to add a few things on the cost of conversion. Certainly question 2 of the special audit addressed the full costs of the LAND project, which includes completion of conversion, completion of all titles. And so that is factored in with the overlapping schedule and complete conversion, so there is no, no assumption that any cost of conversion would move into operations. And that's . . . maybe I'll let the auditors comment, if they want, on their audit of that work.

But certainly there was . . . as far as costs of conversion, there was costs of moving to an overlapping schedule. But conversion would have been over budget. As you can see in that schedule, it is over budget. But it would have been over budget even with the linear schedule. The full costs of the overrun are not due to moving to an overlapping schedule.

Mr. Aitken: — Mr. Chair, responding to that as . . . in completing the audit work for purposes of reporting out to the committee, a great deal of our audit attention was drawn to the whole concept of conversion.

And maybe I could try and put this in context, as in the world of financial reporting one is trying to achieve financial reporting that has integrity in the sense of, when do you stop capitalizing costs, what is appropriate revenues, and what's appropriate expenses.

And I can perhaps best explain this with a different analogy. When one constructs a building, which is probably easier to think of, we stop capitalizing costs when the building gets to what is known as substantial completion. In other words you don't wait for the very last activity that you . . . the building is completely . . . And in fact there's a kind of rule of thumb that when one gets to a 90 per cent lease-up of a building, that's when you've reached the point of substantial completion. And then costs from that point on get expensed. In other words it's a . . . it's an approximation rule of thumb in the industry.

With reference to conversion costs, we were also able to check with a similar organization in the East which was a client of Deloitte & Touche, a private company not . . . so the information was not in the public domain. But in their case they similarly were applying accounting that was exactly consistent with what ISC was determining, which is, when you're looking at the conversion cost, if you waited for the last cost, the last dollar to be spent on converting the last piece of data, that might be 20 years from now.

And in the meantime, because there are titles which we've just explained which have complications, etc., so the environment in which we're speaking is one where we would not wish ISC, as auditors, to be capitalizing costs ad infinitum — forever. There is a commercial restraint on being able to capitalize . . . (inaudible) . . . costs.

Mr. Wall: — Well if there are a finite number of . . . I mean there was a certain number of titles to begin with, a certain . . . a number of conversions that were known. There still is. I mean . . . And there's the ongoing work that happens as ISC rolls out in each district.

But let's just set that aside for a minute and say that the RFP is issued and it talks about a certain number of transactions to be . . . or a certain number of titles to be converted and transactions to be accommodated.

The appointed auditor then is saying that even on the amount that would have to be converted, the existing amount at sort of day one, there is no way to account for that as a capital cost for the conversion of existing titles?

Mr. Aitken: — There is no way of anticipating what the last capital cost is going to be because it's . . . down the road it's the conversion of a paper based title to that . . . That might be many years from now that that occurs.

Mr. Wall: — On the existing titles?

Mr. Aitken: — That's why eventually there's a cutover period

where any capital project says you're substantially complete and you're not allowed under accounting rules to continue capitalizing costs beyond that date. So that in dealing with the capital costs of the conversion, one is . . . determines what the cost is of the conversion, records that as the capital cost, but the actual activity . . . the last title may be many years from now that it's actually converted.

Mr. Hewitt: — Maybe I can help a bit with this. The original estimate for conversion that was done when we started the project, you know, assumed these number of titles that you . . . I think the numbers you've cited sound right to me.

We had to make certain assumptions about those titles and they're paper based. For example, we made the assumption that in Regina district there would be about two or three interests per title which is a lot higher than there are elsewhere in the province because of the oil and gas activity. And I believe that that number worked out to be pretty accurate.

There are other assumptions that were made throughout the province. For example, we made the assumption right off the bat that the Prince Albert titles would be twice . . . would take twice as much effort to convert as others, based upon our experience with the P.A. (Prince Albert) titles in the past. So those were built into the estimates from the very beginning.

When conversion got started, which of course didn't start until June of last year, we actually had real experience. So those estimates were always subject to what happened with real experience.

And the real experience showed that, for example, I think between title analysts and sketchers — the people who actually do the metes and bounds drawings — that it was going to be a 1:2 ratio and I think it's ended up being a 1:1 ratio, something like that. I don't remember the exact numbers but the point being that the estimates were as accurate as we could make them without ever having converted a Saskatchewan title. It was an unknown quantity to us.

So what has happened now is that we know the assumptions; we pretty much know what the reality is. We haven't seen the P.A. titles yet but we're expecting that they'll be two times the work of the others. That's built in.

The audit, ISC proposed, based on what we knew what the costs would be to finish conversion, and those were proposed in the report and that's what was presented to the auditor.

What Mr. Aitken is referring to is the fact that there's the substantial completion thing which I'm not, obviously, an expert on. But I don't think that detracts from the fact that our estimate still assumed that we would have all this work to be done and that we would be done by February, I think that it is some time in February, associated with the volumes we have.

So what was audited, I think, is the accuracy of our estimates and the reasonableness of our assumptions in order to achieve the actual conversion by that date. And I was happy to see that the auditor was able to say that those assumptions do look reasonable, they do look right, and the numbers we're proposing do look right. So I don't know — Laurie do you have

anything to add to that?

Ms. Powers: — I guess just for clarification what I would . . . the forecast does factor in, based on the estimates that Mr. Hewitt is referring to, the number of titles, completion of conversion of all those titles just so it's not believed that this estimate's only based on 90 per cent. It's based on a completion of 100 per cent.

What Mr. Aitken was alluding to, I believe, is the fact that there could be a handful of problem titles for conversion that could go beyond the targeted completion date which would then be treated in normal course.

Mr. Creaser: — The work we did was in part . . . when you're looking at forecasted information, you know, all you can do is look at what's currently being done and try to project that into the future and look at what management's assumptions are for that. And we've tried to make sure that that's been described in the report adequately so that you can see the basis on which that forecast is made.

We looked at the statistics that they were gathering in the last three or four months in our work to see what the average number of titles that were being converted in those three or four months and compare that to the number of titles that were projected to be done to completion. And we found that the . . . you know, based on the . . . if everything goes well, that this . . . they can meet that February deadline, based on the assumptions that were made.

And then what we also did was we also included in the report what we felt were the costs of being late. Because really the conversion is about just a bunch of people in a room converting titles. It's all people cost. So if they're a month late, I think we've put it in there, it's a half a million dollars. If something goes wrong, it's clear in there what the costs or the impact of that would be. Hopefully that helps answer it as well.

Mr. Wall: — Thank you. Thank you, Mr. Chairman. We also have several questions again related to the system itself and concerns that we're fielding and if you want to get into those now at this point we'd be more than happy to do that I guess, on behalf of people.

Just before we begin, is there any interest on the part of ISC to get into the mapping business that currently is being served by several consultants who work with RMs (rural municipality) and municipalities and provide that service?

Like Prairie . . . there's one particular company, Prairie Mapping Services, I think in the Canora-Pelly area, that is involved. And there's others, not a lot, mind you, but others that are involved. And they noticed in the . . . I think it was at a recent SARM convention and ISC may have had a display or may have just been passing out some information that seemed to be encouraging municipalities to come to them for some of their mapping needs.

And this gentleman approached ISC and ISC was quick to meet with him and field his concerns and assured him that they were not going to get into that business. And yet they had this flyer that was being — and we have it as well — that was promoting

these services.

So do you have any extra assurance for this gentleman that he won't be competing with ISC?

Mr. Hewitt: — ISC or SaskGeomatics, the predecessor to ISC, was always in the mapping, the provision of maps. We are in the mapping business. We provide maps to individuals. We have a mapping branch, always have had. So it's always been in the business of providing maps.

In terms of competing with the private sector, it's never been the intention of ISC to compete with the private sector. We try to find ways to complement what the private sector does, not take over what they do. And in the mapping business, if someone is doing mapping, that would be something that would contribute to the mapping products that we might have and benefit other people.

And which we . . . I don't know exactly the example you're giving, whether our people have talked to somebody about perhaps partnering on something, I don't know. But I can I think safely say that we're not in the business of taking over private mapping.

We would continue doing what ISC, what SGD's (SaskGeomatics division) always done in relation to maps and the provision of different levels of mapping. And those are our products that we sell through SGD, is the maps at 1:1,000,000 and we contract out the mapping work to be done.

So we actually use the mapping companies to actually do the mapping work is my understanding of how it works. So no, there's no intention to compete or take over any activity by the private sector there.

Mr. Wall: — Thank you. Mr. Chairman, in the auditor's, the last section of the special report here deals with the goals and the objectives of ISC, and I'm interested . . .

The Chair: — Before we get into that, I sense a bit of a shift in topic . . . (inaudible) . . . whether we might take a break at this point and come back in five minutes?

The committee recessed for a period of time.

The Chair: — I'll call the meeting back to order and ask Ms. Powers to identify the official that's joined you at the table.

Ms. Powers: — I'd like to introduce Adrian Legin, he's the chief information officer for ISC. So if the members would like to re-pose the questions on the technology to him, he would be in a far better position to answer it than Ron and myself were.

Mr. Wall: — I think the questions revolved around the version of Oracle that is being . . . was used in the system. And a concern that we had fielded at least . . . Or we had been asked to ask this question. And so we wanted to do our job and ask it: regarding the version 7 of Oracle, is that what the GIS system uses or database uses? And they further question whether or not this particular version of Oracle was . . . is now is not a supported product and because of Y2K concerns back in 1999. I don't know if that makes any sense to you or not, but we asked

the questions on their behalf.

Mr. Legin: — Mr. Chair, the version of Oracle that we run is 7.3, specifically 7.3.4.5. There are no Y2K issues with the Oracle database. It is up and running, has been running since we've started the system, and there are no issues with the database right now.

Mr. Wall: — And so those versions now, how often are they updated and what, you know . . .

Mr. Legin: — Updates are sent out periodically. It's quite customary in a project, an IT (information technology) project of this size that you have to freeze the versions of software at a certain point in the project, usually very early on, or else you run into issues of trying to go through what we call regression testing to make sure that everything is working properly with the systems.

So what we have done is we have frozen the versions of the software that we are using, because there are no issues in the requirements that we have with the current system. And we will be doing a migration to the newer versions of that software once the LAND system is fully rolled out.

Mr. Wall: — And the Novellus software that's used for editing maps, is it three years . . . is it now sort of three years behind versions currently being marketed?

Mr. Legin: — The software that we use with Novellus, specifically the Cadastral Editor is something that we have shared IP (intellectual property) in. And the version when it was originally delivered would have been that old. We have used that in doing our preparation before the raise to the new version of the database that we're installing with the LAND system. And we have done some updates to that software in order to be able to use it in the new version of the database as we do the raises when we open up the new offices.

Mr. Wall: — So maybe not with respect to Novellus, but Oracle perhaps, there would be . . . We understand — again, I'd offer, you know, the opportunity for you to clarify in the event that you're aware of this — we understand that a couple of municipalities, Regina and Saskatoon as well as SAMA, are particularly for their . . . for CAMA work that they're doing, are using newer versions of this software, especially of Oracle anyway, to get that work done or using the latest version.

Is that your understanding as well and does that have any impact at all on ISC?

Mr. Legin: — Mr. Chair, I believe if that is true that there would be more current versions of Oracle being used by other companies in their work. Again, it has no bearing on this; we're able to provide the information that those companies need into their database and they can run the versions that they require at that point.

Mr. Wall: — Would it have any impact at all on the, on the marketing of the product around the world, in terms of the fact that some of the base software, the infrastructure software, is somewhat dated, even though it's fine, it's not an issue, you know, for the corporation doing its work here in the province?

Mr. Legin: — I believe not. First of all, you would have to find out who might be interested in the software and what version of Oracle they are running. They could very well be running the very same version in which case, if we were running on a newer version, we would have a back regression issue that we would have to deal with, with those customers.

As far as upgrading the software, we believe there are no issues in doing the upgrade. Again, it takes a large amount of effort in order to do that upgrade and we want to make sure that the system is fully tested for our customers as we roll out.

So it's not a prudent way to approach the project in the timelines that we're on. As I said, we will be doing those upgrades when we release the software to the last office. We will have a migration plan.

Mr. Hewitt: — Mr. Chair, maybe I should just add that the questions that are in relation to the Oracle operating system, which is what the GIS runs on in Saskatchewan, the LAND system itself, which is the product that we are primarily marketing around the world, was actually built in Microsoft, and maybe Mr. Legin can explain how we're using the Microsoft products in relation to that as well.

Mr. Legin: — Yes, Ron, and I think it is a very important clarification. The Oracle database is what we're using to run our GIS systems. And we have what we call a loosely coupled architecture that basically sends messages to that information and brings back the information from the GIS database.

The bulk of the LAND system is developed on SQL server, which is Microsoft's database.

Mr. Wall: — Thank you. A follow-up to that, Mr. Chairman. About how much money did ISC spend with Microsoft to develop this project? We're often hearing in the legislature the minister indicating that, you know, Bill Gates himself is offering testimonials almost on a daily basis, it would seem, about ISC and how wonderful it is. And I wonder if you could tell us how much Bill Gates' corporation received from ISC for the services they provided?

Mr. Legin: — We used Microsoft products. The products that we used if . . . were products that would have to be installed on any system that would be developed or deployed on Microsoft products. And we would have support on those products.

The only other area that I am aware of, and I was not with the project at the start, we did have Microsoft come in to do some basic auditing for us early in the project to make sure that the architecture was being set up properly.

Mr. Wall: — And how much has — maybe this isn't a question for the CIO (chief information officer) I'm not sure, so for anybody that would answer — how much money would have been spent with Microsoft since the inception of ISC?

Ms. Powers: — Mr. Chairman, I don't have that information with me specifically, because we wouldn't have necessarily purchased the equipment or software directly from Microsoft; it would have been through different vendors. So I would have to undertake to get back to you on that for Microsoft specifically.

Mr. Wall: — I'd appreciate it. The estimate that we have — and if it's wrong, that's why we want the actual figure, and we appreciate you getting back to us — the figure that we have is between 6 and \$8 million over the life of the . . . Does that seem high?

Ms. Powers: — Mr. Chairman, that's substantially higher than the amount that could possibly have been spent.

Mr. Wall: — That's good, then. We'll proceed on the correct information only. That's what we would like to do.

So thank you to the CIO for providing that information. We appreciate that, Mr. Chairman.

And the questions that we had are regarding the . . . some of the questions . . . and maybe it's . . . Mr. Legin can help with this as well. We have a concern that the . . . Well, I'll just again . . . maybe it's suitable I just read from some concerns from an individual that's in the consulting business in terms of surveying and land. He had some concerns, and I'm sure you've heard them before. His concern no. 7 of several is:

ISC Web site is only partially compatible with Netscape, an Internet browser. My secretary had to spend three hours on line downloading the Internet Explorer update in order to use the ISC Web site. This is the only Web site which I use that is not compatible with Netscape, including other provincial and federal sites.

I wonder if you could comment on that.

Ms. Powers: — Mr. Chairman, I'll ask Mr. Legin to comment on that.

Mr. Legin: — Mr. Chair, when this system was developed, it was developed to be delivered on Internet Explorer, Microsoft's browser. There were compatibility issues at that time with the browsers. We are now testing the newer versions of Netscape Navigator that have rectified those issues, and we believe that we will be able to deploy . . . fully deploy this system on Netscape Navigator with the newer version.

The issue that you always struggle with is, in development, costs can increase quite substantially if you try to deliver to every possible tool set that could be used.

Mr. Wall: — Thank you. That was my next question: at what cost, then, has it that . . . will be the system now be compatible with, 100 per cent compatible with Netscape?

Mr. Legin: — Mr. Chair, we have not completed our testing on that to ensure that all functionality will run on Netscape, although the issues that we had before appear to be fixed in the Netscape product. Full regression testing, to make sure that all functions will work, does take some time.

Mr. Wall: — Would this — to the auditors, perhaps — would this . . . if there's a cost to this, I'm assuming there's some cost to making this happen so that . . . maybe there isn't.

Mr. Legin: — Mr. Chair, if Netscape has rectified the issues according to the design that we used — and I don't want to

insinuate that Netscape has issues with their design; the application could have been built, and many applications are built, to run solely on Netscape — if those issues have been rectified, there is no cost other than doing regression testing to make sure the functionality is working.

Mr. Wall: — Other than doing regression testing, and that is just an internal . . . it's an internal cost.

Ms. Powers: — Mr. Chairman, yes, that's an internal cost of labour.

Mr. Wall: — So is this an operating cost or a capital cost?

Mr. Aitken: — Good question.

Mr. Creaser: — It's really hard to know. We didn't look at that specifically. If it prolongs the life of the asset, then it probably would be capital costs. But I don't think it would be very much. I don't think the costs we're talking about would be very substantial here.

Mr. Wall: — Thank you. The scanning, is it all done in . . . the scanning, is it all done here in Regina? Or are the other LTOs (land titles office), the other offices . . . Is there, well first of all, is there a large, is there . . .

Mr. Hewitt: — The question is do we scan all the documents in Regina?

Mr. Wall: — Right, yes.

Mr. Hewitt: — We have the e-business service centre in Regina which is where all of the paper for the entire province will be housed. Now we have everything up to Prince Albert in there. And it's all moved to one central location.

So if someone wants to see an old-world document, they request over the Internet, we go get it, we image it, and send it to them over the Internet. That's one part of imaging.

The other part of the imaging is when customers send us their transactions, their new transactions, new sales and mortgages etc. They send them to us either by mail to Regina and they're scanned into the system at the e-business service centre, or I think 90-some per cent — 96, I think, is the last number I saw — are e-mailing them or faxing them to us. So they come in as images from the location that they come from.

So that's, I guess, the basic answer as to how we get the images into the system.

Mr. Wall: — Thank you. With respect to costs for the fees. I think the officials, maybe it was Mr. Nicholson, maybe it was the minister, or maybe I'm . . . maybe I've dreamed this and if I did and I'm wrong, then please correct me. But just a ballpark estimate was 75 per cent of the users would experience lower costs. I had heard that figure somewhere.

And you know, I tell you, and this is just based on sort of anecdotal evidence and input from constituents and people across the province, but we haven't found, frankly, very many people who have experienced lower fees with the system.

Now the mitigation you talked about for multiple parcel, multiple title transactions, that could be a factor. Maybe that awareness wasn't out there yet. Now it will be and lawyers can take that action on behalf of clients.

But we found . . . And I guess part of the reason, Mr. Chairman, is if people are getting a lower price, they're probably not going to phone in and say, boy, we got a lower price and isn't that great.

However, it does seem like there is an inordinate number of inquiries that we field related to the fact that this cost . . . this is driving costs up for people not lowering them. And I wonder if you'd, if you could just offer a general comment on whether or not it's true that 75 per cent of the users will benefit from lower costs. If that . . .

Mr. Hewitt: — Yes, I don't know entirely the context in which you're raising that. We, in the situation — I think, the example that has been used — is in a situation where you have a single lot, single owner, single title, the fees drop dramatically under the fee structure we currently have, and that's the example I think you're referring to. And we, with our experience now looking at the system, we're looking at how many titles, multiple titles are actually created out of the parcels or, you know, in the situation we're talking about — lot, multiple lots.

Because that does . . . it affects, affects the cost to the individual when they go to transact with that, with respect to that property. So you can be assured that we are receiving from all, all aspects of the community their concerns about the costs if there's increases. It is true we do not get many calls from people saying, thank you, my fees have gone down. So we're getting to deal with . . . getting the information from people who are complaining about the fee increase.

I think we pointed out a while back that we are engaging in a fee review. We couldn't do a fee review until we had actual data to work with. All we've got really so far is Saskatoon, Regina, little bit of Humboldt, little bit of Saskatoon to actually see what the experience is with the fees. And there's work being done with the corporation to actually assess the impact on various people.

The mitigation policy that I described earlier plus the policy we have where we charge a lower fee where the value of the property is less than \$15,000, there's another thing that we instituted right off the bat to deal with the costs associated with this. And we're looking at other ways that we can make the fee structure more accurately reflect the work and be in a . . . fairly shared by the individuals and their property. So that work is ongoing right now.

Mr. Wall: — Thank you, Mr. Chairman. I'm not sure of the . . . when the mitigation policy was, when it was implemented or when it became available, but would it, in its impact on your forecast in terms of revenue, would it be reflected in the — I guess that we're talking about expenditures in the auditor's report — but is it reflected then in your forecasts?

You know, when Mr. Nicholson was here I think in January, he was very adamant that this system would begin returning money back to the government. There would be a return. And if

the corporation now is taking steps to lower fees, lower its revenue — and I wonder if you could comment — will it impact on the corporation's ability to, you know, the amount it will be able to return back to the General Revenue Fund?

Ms. Powers: — Mr. Chairman, I'll try to address that. Certainly Mr. Nicholson made the comment with respect to projected profitability in the year 2003. The mitigation policy, although it has evolved, was in place right from the start. There was a mitigation right from the approval of the fee model itself. So it was factored in, at least part of it was factored in to our original budget for 2002.

The review itself that would be work that Mr. Hewitt has referred to, is taking place. It certainly is not at a completed stage yet. We're still looking for more actual experience with the new system as it's implemented in various regions.

That does not necessarily mean that our revenues will go up or go down. There could certainly be a shift in the model itself. So it would be too premature to comment on what impact that would have on our bottom line and the ability to return money and when, to the government.

Mr. Wall: — His statement that he made about 2003, how much of that would have been predicated on some expectation of sales internationally and how much would have been predicated just on the operations within the province? Are you able to comment on that?

Ms. Powers: — Mr. Chairman, certainly there would have been obviously components of both, but I don't think we're prepared to give a projection into the 2003 year at this time.

Mr. Wall: — Oh, I thought you might be. I apologize. A question again then on this particular subject. The former CEO (chief executive officer) was indicating, you know, and we would say kind of seemingly changing the government's position on this but the government would say maybe not — I don't know — but seemingly indicating that sales aren't really not . . . they're not really part of this; that they weren't part of the original business plan. And he says Mr. Hart says they're not part of the original business plan. And yet we still hear that they would play some function in this corporation beginning to return some money to the taxpayers next year. And we hear that today. We also understand that, you know, the sales program continues.

So maybe you can clarify that because I think if the official . . . I think it was Mr. Greenwood is his name — I'm not sure — came to the legislature and said that even one sale, even one sale would be gravy. I think that's a direct quote. And that is a . . . for us that's a material change from what it seemed like the corporation's plan was.

So if you would comment or clarify then what the corporation's plans are for sales, for international sales?

Ms. Powers: — Mr. Chairman, I'll attempt to do that. The comments that you received from Mr. Nicholson as well as Mr. Greenwood have referred to what was included in the original 1999 cabinet decision item. That cabinet decision item included revenues and expenditures solely for the monopoly operations

of the corporation, so for land titles, geomatics. It did not include revenues from business development activities such as sales or consulting agreements nor did it include expenditures for marketing business development, that type of activity. So that's the reference about the budget that was included into the 1999 CDI (cabinet decision item).

The mandate of the corporation, however, did clearly indicate that exploring market opportunities was within the realm of ISC. And starting in 2000, when the corporation was first formed, we certainly undertook activities to do that and have continued to do that. As time has evolved we've developed the business plan for 2001 and 2002 and have incorporated, based on our knowledge at the point in time when those business plans were developed, an anticipated sales figure and anticipated expenditure figure. And that is how things have evolved.

Mr. Wall: — You know, Mr. Chairman, we have a different interim CEO, or a different spokesperson at least here today, and so I want to give the officials a chance to answer this related question. What we had asked Mr. Nicholson, on several occasions, is . . . well we asked him some specific marketing questions for which he said he couldn't . . . to which he said he couldn't respond directly because they would violate some confidentiality.

Then we asked, I thought, a very general question about whether or not ISC has any sales targets, just whether they have them. Not who the targets are, not how much the targets are, just do they have a target? And so in light of the change, we would like to put that . . . I would like to put that question, if I can, to the officials, simply to ask them — with this promise even, the promise that I won't ask a supplementary question that would dig into the details of the target — do you have a sales target for ISC for system sales?

Ms. Powers: — Well, certainly, Mr. Chairman, every business has a business plan that includes targets. So certainly we do have various targets for all of our areas, that's how our business plan and our budgets are developed.

Mr. Wall: — Including for system sales, you'd have a target?

Ms. Powers: — For business development activities which would encompass system sales.

Mr. Wall: — Thank you. The recent — I'm not sure if it was recent or not — but I know there's a consulting agreement or arrangement with Ukraine or at least there was perhaps. And I don't when the latest . . . if there is, in addition to the consulting, if there's also an interest or an attempt to purchase some . . . to consider a system sales there. So have . . . when is the . . . in this year under review, did officials from ISC travel to Ukraine; and if so, how many?

Ms. Powers: — Mr. Chairman, I'll just look if I have that information with me.

The Chair: — Sure.

Ms. Powers: — Okay. Mr. Chairman, for the year under review, 2001, there was an actual consulting contract that we

delivered upon, and there was two individuals who . . . sorry, there were three individuals that participated in the delivery of that consulting contract.

Mr. Wall: — And are you also working on a potential system sale then in . . . with Ukraine? Or have you been . . .

Ms. Powers: — Mr. Chairman, I think we've indicated previously that in order to secure any type of system sale it takes a number of years, and to start that process we undertake consulting work. So we've been doing some activities with the Ukraine who is in the very early stages of looking at their needs for a LAND system. And at this stage they aren't at a stage where they're actually actively purchasing a LAND system, but we . . . our understanding is that it will develop into something of that nature for that country.

Mr. Wall: — Because at this point they don't have . . . is the right term a land conveyance system.

Ms. Powers: — I'll let Mr. Hewitt address this. He's been involved with it.

Mr. Hewitt: — They are still having internal discussions politically in their country about what the best way is to address their land ownership concerns there. There's a few issues around political control. There's issues around bureaucratic control that they have to come to grips with in their own country first before they're able to finalize how they're going to approach it.

And you know, we're happy to help them all we can with that, although it's an internal issue for them. They, for example, have separate registries for their buildings, and separate registry for their land. So until they, you know, come to grips with how they're going to deal with that, as an example, they have to be clear on what they want to do.

But I would think it's fair to say that it's a fairly active market there. They're very, I think, committed ultimately to actually doing something. But it is, with any of these international things, it does tend to be a long-term thing. You have to invest a little bit of time and effort. And as you know, in sales, and particularly international sales, relationship building is extremely, extremely important to . . . for people to trust and get to want to deal with you.

Mr. Wall: — Mr. Greenwood's department, that's the marketing area of ISC, I understand. And I wonder if you could . . . In the year under review, and if you want to go beyond that it's up to you, I guess. You're not obligated to. But the marketing staff, that component, has it continued . . . has it been growing at the corporation in, you know, in the year under review and recently, to ramp up for sales? Or has it been . . . has it remained the same? Or could you provide a bit of a report on that area of the internal part?

I think we've talked in the legislature about the travel but there are other costs, you know, attendant costs to marketing this system, and one of them is the internal costs of the staff. And so I'm wondering if that has grown and if so, how much did it grow by, in terms of people and budget?

Ms. Powers: — Mr. Chairman, I don't have any specific details with me but I certainly can give you a bit of an indication. I would say that we have been trying to work with the resources we have. If anything, there's been a slow growth in that area. The focus certainly has been on delivery of the LAND system in Saskatchewan. So while we certainly have a marketing function that would be growing slowly, it certainly isn't anything of a substantial size.

Mr. Wall: — I wonder if we could get the more detailed information when you get a chance, at least for the year under review.

I'll tell you why we ask. To be very honest with you . . . and again, it gives you a chance to clarify it because obviously we're dealing with sort of information that just comes to us or concerns that are raised. And we just understand that there might be frustration on the part of . . . there's . . . The amount of work in terms of conversions, in terms of getting the LAND system operational is significant.

And you know the rollout continues across the province and we have this overlapping system now, and so people are being asked to do a lot of work at the corporation. You know, it's a heavy workload on that side of it, on the operations side, and there might be some frustrations if . . . on the part of people if there's a sense that, oh, we're focusing too much on this marketing side, which is really seemingly out there a bit, and we're not getting . . . you know, we need some more resources to get the system working, to get our LAND system working. And that's a general sort of concern. If you wish to comment on that, I'd certainly welcome that.

Ms. Powers: — Mr. Chairman, in fact part of the marketing strategy was to utilize the knowledgeable resources that we do have in-house. And part of the reason why we have deferred some of our marketing activity is because of the implementation of LAND and the delay in 2002 implementation of the LAND system and bringing it back on schedule for full implementation province-wide this summer. So in fact, because those individuals have not become available, we've actually deferred some of our planned marketing activities to take into consideration the efforts that they are required to be putting in on delivery at home.

Mr. Wall: — The status of the existing staff of the old LTO system, in the old world system, what's the situation there?

We understand that there is to be in the long term fewer staff doing this sort of thing for government. It's one of the benefits I guess, if you're not one of the staff, for the system and to the government. And so from an efficiency basis, how many will be . . . how many in the long term will have lost their jobs to the new system from the old land titles system?

Ms. Powers: — Mr. Chairman, actually if you refer to the special report on page 3-18, we do have a section that discloses the targeted full-time equivalent reduction of 113 province wide. As well it discloses that at the end of December, 2001, 38 full-time equivalents have been reduced in the two districts that were implemented at that time.

But I'd also like to ask Mr. Hewitt to provide some additional

commentary around that.

Mr. Hewitt: — This is a very important part of the project from the very beginning, how we deal with this organizational change. And we had a program in place and part of the project costs actually included an area called organizational planning and development, I think it was organizational planning and implementation.

And that part of the project was there to ensure that the work we did, because of course we recognized that the introduction of the system would result in fewer human resources required, that we would deal fairly and adequately with that. We didn't want to see the project have unhappy people or people that weren't properly cared for as long-term employees of the system in the long term.

So we started it off right very early in the project; we made certain promises to the employees. One of them was nothing will happen on the project without you finding out first, and I think we were able to maintain that right from the very beginning. And as soon as we have information, we'll tell you.

So I think it was in 1997 or 1998 that we actually were able to tell the employees what the impact would be to each of their offices. In other words, each of the rural offices has about four permanent staff under the new system, and, you know, in places where there were more staff than that, they knew that was going to be the situation.

We worked closely with the out-of-scope staff. We worked closely with the union and developed plans. We had organizational planning meetings every month about keeping people informed.

So I think in terms of a success, I would like to think the project is successful in terms of the way we've been able to deal with that.

We did retraining for individuals. We provided them not just retraining in LAND, but if they wished to take retraining for another line of work after they were done with the system, we provided them with the opportunity to do that. And, as I said, provided them with updated information all of the time.

We were also actually able, as you're aware, to develop an early retirement program. So a lot of our employees who were very close to retirement as a result of this were actually able to take full retirement as their offices are closed. So that's how we've been able to deal with the downsizing associated with the introduction of the system.

Mr. Wall: — The costs of downsizing, are they a capital cost or an operating cost? Or were they costed at all to the corporation? Or are they costed to the Department of Justice?

Mr. Creaser: — Yes, there were . . . Some of the costs were capitalized, some of the severance. There were some of the costs in the LAND project — it can be a little bit confusing — there's a couple million dollars in there that were actually operating costs that were included in the scope of the original LAND projects so they've been included in the costs that have been included in the report too.

But there were some of the downsizing costs were included in the capitalized costs of the LAND project.

The Chair: — Is that agreed? Agreed. And we are adjourned. Thank you.

Mr. Wall: — Were any of the downsizing costs or any of the early retirement packages paid for by the Department of Justice to your knowledge?

The committee adjourned at 11:14.

Ms. Powers: — Mr. Chairman, no. The early retirement option costs were not paid for by the Department of Justice.

Mr. Wall: — So were all of the costs related to downsizing, all of them, capitalized? Were some of them? I'm not sure. I'd just like to get clarified on that.

Ms. Powers: — Mr. Chairman, if it's all right for me to answer that question. The early retirement option is disclosed on the face of our 2001 income statement as an expenditure item.

As well, as Mr. Creaser indicated, there were some costs that were included as part of the LAND project. Those costs, although they're part of the LAND project, they still were an expenditure item.

Mr. Wall: — So operating expense?

Ms. Powers: — Operating expense. LAND project but expensed because you can't really justify that there's a future benefit of carrying those costs on your books.

Mr. Wall: — Right. So there you have it again frankly, Mr. Chairman, where something that's completely proper in terms of auditing, you know, some would say well that's a cost of doing this new corporation, of pursuing this, that you wouldn't have if you had proceeded. And not that you shouldn't have looked at automation but if you hadn't you wouldn't have those costs necessarily. Those people would be still operating in the system.

And that's why we pushed very hard and made the comments that we made to push very hard to have this work done. And we don't have any further questions at this time, Mr. Chairman.

We'd like to thank the officials today. I think of all of the times that we've spent with Information Services Corporation this may have been the most forthcoming that I think we've found officials, and I appreciate their work this morning. And that's all we have.

The Chair: — If there's no further questions, I thank the officials for appearing here for three weeks in a row now. I think we're all better informed about the activities of the corporation. And that's it. You're excused.

And if I could ask someone to then move . . .

Ms. Atkinson: — Mr. Chair, I move:

That the Standing Committee on Crown Corporations conclude its review of the annual report and financial statement of Information Services Corporation for the year ending December 31, 2001, and the special report to the Standing Committee on Crown Corporations dated June 2002.