



STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

Mr. Dustin Duncan, Chair
Weyburn-Big Muddy

Mr. Kim Trew, Deputy Chair
Regina Coronation Park

Hon. Nancy Heppner
Martensville

Mr. Tim McMillan
Lloydminster

Mr. Jim Reiter
Rosetown-Elrose

Mr. Randy Weekes
Biggar

Mr. Kevin Yates
Regina Dewdney

[The committee met at 13:30.]

The Chair: — Good afternoon to members of the committee and Happy New Year to everyone.

I will call this Crown and Central Agencies Committee meeting to order, and we have a number of items on our agenda. Before we get into the main agenda, we will be tabling a number of documents with committee members. They should have these already, but they are tabled with committee members.

This afternoon we have a number of auditor's reports before the committee. At this time I would just for the record note that we are joined today by Mr. Trew, the Vice-Chair of the committee; Mr. Weekes, Mr. Michelson substituting for Ms. Heppner, Mr. Reiter, Mr. McMillan, Mr. Yates, Ms. Higgins, and Mr. Harper. And I also want to welcome the Provincial Auditor, Mr. Wendel, and his staff. And at this time we will move into the Provincial Auditor's report for SaskTel. It's chapter 11 in the 2007 report volume 1.

I want to welcome Minister Cheveldayoff and his officials to the committee today. And at this time I would ask Minister Cheveldayoff to introduce his staff with him, or his officials that will be speaking today. And then we will then hold and just wait for your comment until I can have the auditor make his comments. So if you can just at this time, Minister, introduce your officials with you today.

Saskatchewan Telecommunications Holding Corporation

Hon. Mr. Cheveldayoff: — Thank you, Mr. Chair, and good afternoon to all committee members and everyone present, and indeed Happy New Year. It's a pleasure to be here today representing SaskTel in my capacity as minister.

Joining me today are Robert Watson, president and CEO [chief executive officer]; John Meldrum, vice-president, corporate counsel regulatory affairs, and chief privacy officer. Behind me Mike Anderson, chief financial officer; and Darcee MacFarlane, director of corporate communications.

Thank you, Mr. Chair.

The Chair: — Thank you, Minister. We will now have the Provincial Auditor. If you would please introduce your officials and at this time if your office would like to make your comments on this chapter, please.

Mr. Wendel: — Thank you, Mr. Chair, and good afternoon to everybody. Next to me is Ed Montgomery, who leads our work at SaskTel. And over on the side, starting on the left is Andrew Martens, who attends all committee meetings and is a researcher or a support for this committee. Next to him is Mark Anderson, who is also involved in the SaskTel audit. And then next to that is Mark Lang from KPMG, the appointed auditor for SaskTel. Next to him is Jane Knox from my office who looks after the bus company, which is shortly after this meeting.

So that's it and I'll turn it over to Ed Montgomery to provide a presentation of the SaskTel chapter.

Mr. Montgomery: — Good afternoon, Mr. Chair, committee members. My opening comments are brief.

In our opinion, for the 2006 and 2007 years, SaskTel and its related companies and pension plans had reliable financial statements, had adequate rules and procedures to safeguard public resources, and complied with authorities governing their activities.

In chapter 11 of our 2007 report volume 1, we also report the results of an audit we did on SaskTel's management of intellectual property. In chapter 11 we make six recommendations related to this audit.

Intellectual property refers to creations of the mind such as inventions, symbols, names, pictures, and designs. Patents, trademarks, copyrights, and industrial designs are examples of specific rights regarding intellectual property.

The management of intellectual property is an important element of SaskTel's business. This involves taking steps to identify SaskTel's intellectual property assets, to protect and exploit those assets. It also involves effective processes to identify and manage risks related to SaskTel's use of intellectual property belonging to others.

Our audit found that SaskTel had adequate processes to manage intellectual property except for the matters described in the recommendations set out in the chapter. We are currently carrying out a follow-up of management's actions on our recommendations. While our follow-up is not yet complete, we are able to say that management has made significant progress on our recommendations. Mr. Chair, that ends my opening comments.

The Chair: — Thank you, Mr. Montgomery. Minister Cheveldayoff, if you have an opening statement we would appreciate hearing it from you now.

Hon. Mr. Cheveldayoff: — Thank you, Mr. Chair. I appreciate the opportunity to make a few opening remarks.

As Minister of SaskTel, I am extremely proud of the significant achievements this company has attained that have greatly benefited the people of Saskatchewan. SaskTel is in the midst of its centennial year and has a proud history of serving the people of this province with leading-edge communications services. And this tradition will continue with the recently announced rural broadband infrastructure program that our government has contributed \$90 million towards.

SaskTel continued to operate in a highly profitable manner in 2007, the year which we are discussing the recommendations made by the Provincial Auditor. I understand that SaskTel agrees with all of these recommendations and has taken steps to implement each of them. Robert Watson will expand briefly on the implementation plans. Thank you, Mr. Chair, and thank you to all committee members.

Mr. Watson: — Good afternoon, Mr. Chair, and members of the committee. As indicated by the minister, SaskTel completely agrees with the recommendations made by the

Provincial Auditor and has worked to implement several initiatives to address them. I will go through them.

No. 1, in 2008 SaskTel developed and approved a plan which is reviewed annually to manage intellectual property. No. 2, intellectual property issues are now included annually in SaskTel's risk management framework. No. 3, SaskTel now consistently documents intellectual property agreements with its subsidiaries. No. 4, responsibility for maintaining contracts is now centralized in the legal department with 15 different areas that maintain original contracting for safekeeping.

No. 5, a new software package has been evaluated to assist SaskTel in complying with the intellectual property rights. So in other words, software to manage softwares has been reviewed and the system that we were using we felt was not fitting the bill, so we will implement a new system for '09 that we feel will be even better.

And last, no. 6, SaskTel's progress for achieving its plan for intellectual property management is monitored by the annual review as indicated in my first point. We would be pleased to take any questions that the committee may have at this time.

The Chair: — Thank you, Mr. Watson. And this time we'll open it up to discussion or questions from committee members. Mr. Trew.

Mr. Trew: — Thank you very much, Mr. Chair, officials, and of course Mr. Montgomery of the Provincial Auditor's office. I'm sure I heard — I just want confirmation that I heard you say, Mr. Montgomery — at the very close that SaskTel has made significant progress on, I didn't hear the word all, but on all of the auditor's recommendations. Is that accurate?

Mr. Montgomery: — It would be accurate. Yes, that's correct. They've made significant progress on all. I think the one that maybe is the least furthest along is the one where they're looking at the software. And that will be handled this year, I believe.

Mr. Trew: — Sure, and that was mentioned in Mr. Watson's comments.

I have a few questions around that then, Mr. Chair, just sort of to give me a level of comfort. How are intellectual property assets identified?

Mr. Watson: — I think John Meldrum will handle that question, if it's okay.

Mr. Meldrum: — Yes. As the Provincial Auditor indicated, there's all sorts of different classifications of intellectual property. They are primarily identified in the legal department as that is the entity by which the line departments end up acquiring intellectual property rights. So for example when we do get a piece of software, we will be presented with a software licence. Obviously the people that manage the software are aware of the licence and the terms of the licence and the content of the licence. They then also deal with the legal department to review the terms of the licence and then get back to the original licensor with any questions or comments.

Another example would be the Max service where we acquire a lot of intellectual property through distributors of the channels themselves, whether it be A&E or TSN [The Sports Network]. Again those are all protected by copyright. And again in that case, the marketing department works with the legal department to develop an agreement that is acceptable to ourselves and the owners of the intellectual property.

We also have various work that we do with patents, trademarks, all those sorts of things. And again the one common area where it seems to all come together is in the legal department because there usually is an agreement that supports the acquisition of that intellectual property.

Mr. Trew: — So it's not dissimilar to when I buy a computer and I want some software. I have to sign an agreement when I'm purchasing whatever software it is I want, and that sets out the terms under which I can use it. I mean I know that's grossly simplifying everything that you've just given in your answer, but I'm trying to make it where I might understand it and perhaps lay people on the street, just to give it some context.

Mr. Meldrum: — Maybe the only difference would be that we might actually have some bargaining power when we are talking to the owner of the software in the first place.

We also license software, for example our MARTENS product that we license to other phone companies that is a system that they use to manage their facility's records. So yes, a whole bunch of it is pursuant to licences, but there is the intellectual property that we create ourselves that then we also need to protect through policies and procedures in the company.

Mr. Trew: — Yes and as you pointed out, Mr. Meldrum, you aren't simply buyers. You're also sellers. So you're on both ends of varying and different contracts.

Mr. Meldrum: — Right.

Mr. Trew: — Okay. And what plan has been put in place to manage the intellectual property then?

Mr. Meldrum: — We developed an intellectual property plan. It's about eight or nine pages in length and deals with various aspects of managing intellectual property, both in the acquisition end and the protection of our own. That plan then was circulated to the executive and reviewed at an executive meeting and approved by the executive.

Mr. Trew: — Thank you. That answered my follow-up question as well about the executive reviewing it.

And has SaskTel created a central record, and how do you keep it, of the intellectual property? Is this the computer program that was being described or more than that?

Mr. Meldrum: — The computer program manages the licences that we acquire on behalf of ourselves. So all of that other intellectual property continues to be managed really in accordance with the intellectual property plan. But a big chunk of intellectual property would be the acquisition of software licences that then we need to manage as a corporation and which . . . We do have a system that is used to manage that

software but we are looking to replace it. We think there is something better out there, although we did test drive one from IBM [International Business Machines Corporation] and it didn't quite meet our needs.

Mr. Trew: — Okay. So have you made the selection of which software, or you're in the process of . . .

Mr. Meldrum: — No. We trialled that particular software and rejected it. So we are continuing . . . We do have a system that we are using that's from Microsoft. And we are now using it consistently for all acquisitions and managing all things. But we do believe that there's probably a better system out there.

[13:45]

Mr. Trew: — Yes. So you're just actively looking for something to improve on that.

Mr. Meldrum: — Correct.

Mr. Trew: — Okay. Thank you. And do you agree with the characterization that SaskTel has made significant progress on these recommendations of the Provincial Auditor?

Mr. Meldrum: — Certainly what I'd say, the one that's left to be absolutely nailed is whether or not we can find a better system than the one we're using.

Mr. Trew: — Yes.

Mr. Meldrum: — Yes.

Mr. Trew: — Good. Thank you. That's very helpful. Mr. Chair, my colleague from Regina Dewdney has some questions.

The Chair: — Mr. Yates.

Mr. Yates: — Thank you very much, Mr. Chair. I have a couple of questions about issues in the years under review. In the years under review, could you outline for me the process used to initiate conference calls in Saskatchewan? And I'm asking the question for this reason: we've had concerns raised that today you need significantly greater advance time in order to initiate conference calls in the province, and it's less business friendly. And I need to understand what the changes are, if there are changes, or is it just simply . . .

Mr. Watson: — No, I'll start. If I could start and then . . . [inaudible] . . . jump in. No, we, about a year ago, went with a new conference bridge company. We outsourced our conferencing bridging facilities. And we went with a new company for two reasons.

First of all, it's a more robust service. You can do it anywhere in the world. Second thing is for privacy. You'll notice that there's more digits involved in the new conferencing, if you use the new conferencing, and that's the second thing involved.

Is it as user friendly? We've had some implementation issues to start off with, where the vendor wasn't quite up to speed. But we think we've corrected all those problems. It should be, in fact it should operate as good as the old one. Connectivity and

reliability should be as good, if not better.

Mr. Yates: — Okay. Thanks very much. So this was done just in the last number of months.

Mr. Watson: — About a year ago. Yes.

Mr. Yates: — So as a result these are just new and recent concerns.

Mr. Watson: — Yes.

Mr. Yates: — All right. Who now does the work? Who's the bridging company? Or do we know?

Mr. Watson: — That's a good question. We'll have to get you that answer, the name of the company.

Mr. Yates: — Okay. Thank you very much. That's all my questions.

The Chair: — Ms. Higgins.

Ms. Higgins: — Thank you very much. Just kind of an add to on that one. Why couldn't Tel update the service that they were providing? Why was the need to change?

Mr. Watson: — Well every time we look at developing a new service, we first of all look at doing it in-house. However the software package for us to acquire, and the rights to the software package just economically, would not even come anywhere near close to having a third party do it, staff it, continue an upgrading of the software, continual training and everything. It was much more advantageous to have a third party do it, and there was no third party in the province for us to go because we first and foremost looked to do it ourselves. Then we looked, was there a third party in the province; last, we'll go outside the province.

Ms. Higgins: — Mr. Chair, I was wondering, the minister made a couple of comments right at the beginning in his opening remarks, and I just had a question that applies to that area. I'm not sure if you will allow it or not, but it's just a curiosity in your opening remarks. You talked about \$99 million the Government of Saskatchewan was putting into the rural expansion for high-speed.

Hon. Mr. Cheveldayoff: — Ninety, yes.

Ms. Higgins: — Ninety?

Hon. Mr. Cheveldayoff: — Yes, nine zero.

Ms. Higgins: — Ninety. Sorry. Is that from GRF [General Revenue Fund] or is that applying for . . . because I read somewhere that you were applying for, either Tel was for their portion of the funding, or the government was applying to federal programming for funds to carry through with the project. So is the money from the General Revenue Fund, or is it you are hoping to receive funds through the federal government?

Hon. Mr. Cheveldayoff: — We're just making final decisions

on exactly where the money will come from — either the GRF or from the retained holdings at CIC [Crown Investments Corporation of Saskatchewan]. We will also be looking to access federal government programs where necessary to try to offset some of that.

Ms. Higgins: — Thank you.

The Chair: — Okay, seeing no further questions, we'll move to the recommendations. Recommendation no. 1 is found on page 138 of the 2007 auditor's report volume 1. And just before we get to the motions — just so it's clear within in my mind — Minister, in an answer that I believe Mr. Meldrum gave, is it fair to say that recommendation no. 5, there is still some work to be done in 2009, but the other five recommendations . . . Is there any further work on the other five recommendations?

Mr. Watson: — I think we are monitoring the software by using software, the Microsoft software. We're simply looking for a better system to use. So we are doing it; we're doing it with Microsoft software. We trialled the IBM. We're looking for new software. We may not find software that's any better than the Microsoft solution.

The Chair: — Okay, thank you. Okay, recommendation no. 1. I would ask at this time that a member move a motion to concur with the recommendation and note compliance.

Mr. Weekes: — I so move.

The Chair: — Moved by Mr. Weekes. All in favour? That's agreed. Recommendation no. 2 is also found on page 138, and I would ask that a member move a motion of concurrence and note compliance.

Mr. Michelson: — I will so move.

The Chair: — It's been moved by Mr. Michelson. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — And that's carried. Recommendation no. 3 is found on page 141, and I would ask for a motion of concurrence.

Mr. Reiter: — I will so move.

The Chair: — And that's a motion of concurrence and noting compliance by Mr. Reiter. With compliance, Mr. Reiter?

Mr. Reiter: — Yes.

The Chair: — Okay. It's been moved by Mr. Reiter to concur with the recommendation, note compliance. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. Recommendation no. 4 is also found on page 141, and I would ask a member to move a motion.

Mr. McMillan: — I so move.

The Chair: — Moved by Mr. McMillan. And is that to concur and note compliance?

Mr. McMillan: — Yes.

The Chair: — Mr. McMillan has moved a motion to concur with the recommendation and note compliance. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. Recommendation no. 5 that is found on page 142, and I would ask for a motion on that one.

Mr. Weekes: — I so move.

The Chair: — Just to clarify, Mr. Weekes, are you moving to concur and note compliance or concur and note progress towards compliance? I think this is the one where there was some software issues that Mr. Watson had just talked about.

Mr. Weekes: — Compliance.

The Chair: — With compliance. Compliance, okay. It's been moved by Mr. Weekes that the committee concur with the recommendation and note compliance. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. And finally, recommendation no. 6 found on page 143, and I would ask for a motion to concur and note compliance.

Mr. Michelson: — Mr. Chair, I will note concurrence and note compliance.

The Chair: — Move a motion of concurrence and note compliance, moved by Mr. Michelson. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — And that is carried. And I believe that is the end of our deliberations on SaskTel's portion of the 2007 annual Provincial Auditor's report. And I want to thank Minister Cheveldayoff and his officials. And at this time we will take a short recess as we wait for the next Crown to come before us. Thank you.

[The committee recessed for a period of time.]

Saskatchewan Transportation Company

The Chair: — Okay, we'll move to the next item on the agenda. This is the Saskatchewan Transportation Company, Provincial Auditor's report, chapter 12, 2007 report volume 1. I believe there are two recommendations. I see we still have Minister Cheveldayoff with us, and I would ask him to just introduce his officials and then we'll move to the auditor's statement. Minister?

Hon. Mr. Cheveldayoff: — Thank you, Mr. Chair. It's not that easy to get rid of me yet but I'm going to be with you . . .

A Member: — We're working at it.

Hon. Mr. Cheveldayoff: — With pleasure. The member says he's working at it. Well we'll give him a long time to work at that.

Members of the committee, I'm pleased to have today joining me Ray Clayton, president and CEO of STC [Saskatchewan Transportation Company], and Tracy Fahlman, director of strategic planning and communications.

The Saskatchewan Transportation Company is a provincial coach company which provides safe . . .

The Chair: — Sorry, Minister, we'll get to your statement as soon as we get through the auditor's statement. Okay?

Hon. Mr. Cheveldayoff: — All right.

The Chair: — Thank you.

Hon. Mr. Cheveldayoff: — You bet. I was just a little anxious.

The Chair: — I will ask the Provincial Auditor to introduce his officials, and at this time if they have an opening statement they can make it now. Mr. Wendel?

Mr. Wendel: — Mr. Chair, the officials that are doing the Saskatchewan Transportation Company I introduced earlier, and I'll ask Mr. Martens to make a presentation.

Mr. Martens: — Thank you, Mr. Chair. Good afternoon. In our opinion STC's financial statements for the year ended December 31, 2006 and 2007 are reliable, and for those years it had adequate controls and it complied with its governing authorities.

I direct your attention now to the 2007 report volume 1, chapter 12 which contains the results of our audit of STC's balanced scorecard report for December 2006. STC was one of the early adopters of the balanced scorecard performance measurement system. In 2006 we assessed its progress in reporting reliable information in an understandable and consistent way. We assessed the way that STC collected and analyzed information for its balanced scorecard report. We worked with management to improve the information to be reported.

In early 2007 we attested that the balanced scorecard section of the 2006 annual report on pages 24 to 34 was reliable, understandable, and consistent. Just as for the financial statements, the Provincial Auditor's signature increases the confidence of those reading the report that the information is credible and reliable.

During our audit we discovered two ways that STC could improve its reporting practices. We made two recommendations. First, we recommend that STC set out in detailed procedures how it defines and calculates each measure presented in its balanced scorecard reports. Second, we recommend that STC require staff to review the accuracy of balanced scorecard results before reporting them.

Mr. Chair, we are aware that STC has made some significant changes and continues to work towards improving processes for better reporting. Thank you.

The Chair: — Thank you, Mr. Martens. And now, Minister Cheveldayoff, we're all in suspense to see how this statement will end. So if you want to proceed with your opening statement.

Hon. Mr. Cheveldayoff: — I should just change it to mess all of you up, eh?

The Saskatchewan Transportation Company is a provincial coach company which provides safe, affordable, and accessible bus passenger and freight services to 282 communities in Saskatchewan. The recent accomplishments include expansion of bus service to northern Saskatchewan, the La Loche route, and the opening of the new, more accessible, and safe passenger and freight terminal in Regina.

[14:00]

STC supports the recommendations of the Provincial Auditor. The corporation found the recommendations beneficial and have incorporated better reporting policies. In addition, they have created rigorous procedures to ensure the accuracy and consistency of how the corporation defines, calculates, and verifies the information reported in their corporate balanced scorecard.

Mr. Chair, STC has adopted policies and procedures in accordance with the Provincial Auditor's 2007 report and will continue to work towards improved processes for reporting. Thank you.

The Chair: — Thank you, Minister. And at this time, we'll open the floor for discussion, questions. Mr. Trew.

Mr. Trew: — Yes. Mr. Chair, thank you. We have our critic, Mr. Harper, will take the lead on this one.

The Chair: — Mr. Harper.

Mr. Harper: — Thank you, Mr. Chair. Mr. Minister and your officials, welcome. Mr. Minister, when did STC first adopt the balanced scorecard reporting process or system?

Mr. Clayton: — I'm not sure of the exact year. But in 1999, the Crown Investments Corporation came out with a policy indicating that the Crown sector was to use a balanced scorecard as part of the management and tracking processes, the evaluation processes of the performance of the Crowns. And my understanding is that STC responded fairly shortly thereafter and it was one of the first Crowns to do so. The exact year I'm not sure of.

Mr. Harper: — Thank you. So based on that long history and significant experience, then you would say that this system is a very, not only accurate system, but it is one that's easily managed by the staff at STC.

Mr. Clayton: — It is a very useful tool, both for the executive in an ongoing evaluation of how the corporation is performing, and likewise for the shareholder it performs that same role.

The tool is not without its challenges from time to time, but it's not a big burden on the corporation to use it. It is actually a

positive tool to assist in reminding us, particularly at the executive level as we formulate our plans and advance them for the consideration of our board of directors and the board of Crown Investments Corporation, the directions that we think would be appropriate to take the Crown and so on. And it is proven to be quite a useful tool to make sure that, in the process of doing what we think is best in terms of managing the company, that we keep a fairly broad set of objectives in mind that represent the broader purposes of the corporation and how well it is performing in that regard.

Mr. Harper: — Thank you. How does the STC management or staff go about collecting and defining the information to meet the requirements of the scorecard?

Mr. Clayton: — Most of the information is collected as a by-product of the ongoing management of the company. In other words, there aren't too many measures that we have to create separate, discrete procedures for, but there are some — for example in terms of the measure relating to serving customers. We have customer satisfaction surveys for example, and we receive those and go through them. We try to make sure the questions we ask are the same from year to year so that any changes can be evaluated properly.

The financial measures, the information that goes into the particular measures, is collected as part of the ongoing financial management of the company, and so it's really a process in that regard of simply making some calculations from certain subtotals in the financial statements.

Mr. Harper: — When you talk about doing a survey of customers, are you talking about just the ridership, or are you talking about also the freight customers?

Mr. Clayton: — The survey that is reported in the balance scorecard relates to passengers. We have not done one for the express side.

Mr. Harper: — And how do you ensure the accuracy of the information gathered that eventually finds its way into the body of the scorecard report? Is there a mechanism that you have in place to ensure that there's the accuracy of that information, double-check or something along that line?

Mr. Clayton: — We have personnel each year that assemble the results and I believe that was one of the areas that the Provincial Auditor reported on, was how that information is actually verified for accuracy. And so the written, formal processes that we now have in place set out how those measures are to be calculated, who is responsible for doing the calculation, who is responsible for supervising the results and doing any of the verification that may be required.

Mr. Harper: — So using this approach, has it increased the staff component of STC simply to meet the needs of reporting on a scorecard report?

Mr. Clayton: — No, this is not an onerous requirement. It has not placed any significant additional workload on the staff. It really has served to be more of a tool to assist management as opposed to putting an additional burden on management.

Mr. Harper: — You say you have staff designated to review the information to ensure its accuracy.

Mr. Clayton: — Yes.

Mr. Harper: — Would this staff be composed of a committee or would it be one or two individuals' responsibility or do they work in a committee fashion?

Mr. Clayton: — Depending on what measure we're dealing with, it will be staff in the various divisions of the company. It's not all centralized in one place. The director of strategic planning and communications, who at the current moment is Tracy Fahlman, is responsible for assembling, collating all the information that comes in and for assembling the reports that go forward. However, the individual components are managed or checked, the information is assembled and verified in various places within the company as opposed to being vested in any one position.

Mr. Harper: — In your survey of the ridership you were, I assume, looking for satisfaction levels and so on and so forth. Did you also present the opportunity for suggestions from the ridership that they may have for improving their experience with STC?

Mr. Clayton: — I believe there's a section in the report allowing for commentary. Is that correct, Tracy? Yes, there is.

Mr. Harper: — You say you did a survey of the ridership but you haven't yet done a survey of the businesses that use STC for the transportation of their freight. Is there a reason why you haven't approached the freight customers?

Mr. Clayton: — No reason not to do it. It is easier to assemble that information for passengers because we have a captive audience, so to speak, on the buses and usually what we've done is provided the drivers on the routes that have been selected for the survey to hand them out and collect them, and so it works very simply that way.

Mr. Harper: — What would the percentage of respondents be to that survey of the ridership? Would it be 50 per cent, 75 per cent?

Mr. Clayton: — Oh, it's very high simply because it's being handed out on the bus and being collected by the same person that hands it out. I don't have an exact figure. I don't know, Tracy, if you're aware of . . . It's 70 per cent, Tracy advises.

Mr. Harper: — Good number. I know it's in its very early stages, but how successful has the additional route been to Beauval and the communities in the northwest part of province?

Mr. Clayton: — The passenger numbers thus far have been relatively modest, as we expected it would be. Our expectation is that it will take a while for the clientele to build. Likewise on the freight side of things, our field personnel have been in the process of contacting potential users along the route, making individual calls on specific businesses, for example, encouraging them to consider using STC.

Mr. Harper: — Personally I'm glad to see you have that

expansion. I think it will be very useful to the folks up there in the future. Again I know this is very early in the process, but your experience and your opinion on the decision to build the new facility here in Regina as far as the bus depot is concerned and so on and so forth, has it been positive to this point or . . .

Mr. Clayton: — It's been almost universally accepted as a very good step. Our staff are delighted to be in a more functional space and we continue to receive many positive comments from the public as well.

Mr. Harper: — Do you have in place by any chance any yardstick to measure perhaps any increase in either passenger or freight usage as a result of the new facility?

Mr. Clayton: — We haven't put a measure in place to track that, no.

Mr. Harper: — Thank you, sir. Thank you, Mr. Chair. That's all my questions.

The Chair: — Seeing no further questions, we'll move to the recommendations. Members can find these two recommendations on page 153 of volume 1 of the '07 report. And with recommendation 1, I would ask a member to move a motion.

Mr. Reiter: — I so move.

The Chair: — Okay, moved by Mr. Reiter. Is that a motion with compliance? Mr. Reiter has moved concurrence with the recommendation and notes compliance. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. And recommendation no. 2, if I could have a member . . .

Mr. McMillan: — I so move, with compliance.

The Chair: — Moved by Mr. McMillan, concurring with the recommendation and noting compliance. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried. And I want to thank Minister Cheveldayoff and his officials, and at this time we'll take a short break as we wait for the next group to join Minister Cheveldayoff. So we'll just take a short break.

[The committee recessed for a period of time.]

[14:15]

Saskatchewan Water Corporation

The Chair: — Committee members, we'll move on to the next item on our agenda. It is dealing with SaskWater Corporation's chapter 12 in the '06 volume 1 *Report of the Provincial Auditor*. At this time I would invite the minister to introduce his officials.

Hon. Mr. Cheveldayoff: — Thank you, Mr. Chair. With me

today: Stuart Kramer, president of SaskWater; Mart Cram, vice-president of operations and engineering; also with me Jeff Mander, director of district operations; and Eric Light, director of engineering.

The Chair: — Thank you, Minister. And I would ask the Provincial Auditor to introduce his officials and an opening statement, if they have one at this time.

Mr. Wendel: — Well thank you, Mr. Chairman. Next to me is Kelly Deis, who leads our work in Saskatchewan Water Corporation. On the far side, the new official is Bill Harasymchuk, in the middle there, and he also leads our work at SaskWater Corporation. And I'll ask Mr. Deis to make the presentation.

Mr. Deis: — Good afternoon, Chair, members, and officials. We're going to cover chapter 12 in our 2006 report volume 1. Chapter 12 on the Saskatchewan Water Corporation, SaskWater, begins on page 144 of this report. The chapter describes the results of our audit of SaskWater for the year ended December 31, 2005.

For 2005 and also for the years ended December 31, 2006 and December 31, 2007, we found that SaskWater's financial statements are reliable. SaskWater had adequate rules and procedures to safeguard public resources, and SaskWater complied with authorities governing its activities.

The chapter also describes our audit of SaskWater's processes to maintain its infrastructure, its waterworks infrastructure on page 147. We concluded that at December 31, 2005, SaskWater had adequate processes to maintain its water treatment and transmission infrastructure, except as noted in two recommendations.

The first recommendation requires SaskWater compile reliable information detailing the water treatment and transmission infrastructure it owns, and the condition of that infrastructure.

The second recommendation requires SaskWater develop and use a maintenance plan for its water treatment and transmission infrastructure. And that concludes my overview of this chapter.

The Chair: — Thank you. Minister Cheveldayoff, if you have an opening statement, we would invite you to make it at this time.

Hon. Mr. Cheveldayoff: — Thank you, Mr. Chair. SaskWater provides potable and non-potable water supply, waste water treatments, certified operation and maintenance of customer-owned facilities, project management, and operator training services to Saskatchewan municipalities, industry, First Nations, and rural pipeline groups.

SaskWater provides service to 55 communities, 43 major industrial customers, and 58 rural pipeline associations located across the province.

To provide these services, SaskWater has infrastructure that includes seven water treatment plants, 800 kilometres of pipe, three waste water treatment facilities, 35 pump stations, and various canals, reservoirs, and other associated infrastructure.

SaskWater's infrastructure has an estimated replacement cost of \$250 million. Adequate maintenance of this infrastructure helps SaskWater reduce costs while increasing the efficiency and reliability of the supply of water and other services.

In the report released on May 25, 2006, the auditor concluded that at December 31, 2005, SaskWater had adequate processes to maintain its water treatment and transmission infrastructure except as noted in two recommendations.

The first recommendation was that SaskWater obtain reliable information detailing the water treatment and transmission infrastructure it owns, and the condition of that infrastructure. And the second was that SaskWater use a formal asset maintenance plan, including maintenance standards and priorities.

SaskWater was and is fully in agreement with the two recommendations in the report and has been actively working on implementing a formal asset management plan at the time of the audit and continues to do so at this time. Thank you, Mr. Chair.

The Chair: — Thank you, Minister. And I would invite members that have questions. Mr. Trew.

Mr. Trew: — Thank you very much, Mr. Chair. The Provincial Auditor and Minister Cheveldayoff and officials, welcome.

I appreciate that you have a detailed listing of the waterworks assets. I think that the minister's statement sort of exemplifies that, you know, how many kilometres of pipeline you have and how many treatment plants you have and three waste water treatments and so on. So you've got that itemized.

Another part of the recommendation was that you would catalogue the condition of SaskWater's facilities. That would include, I'm sure, pipeline and so on.

Can you describe how you've gone about deciding, how do you categorize pipeline for example? Do you say well this is, you know, it's rusted out and it's time to replace it or it's got 50 years left? And can you describe sort of the state of the total? I know that's a big ask, but give it a try and I'll do a follow-up if I have to.

Mr. Kramer: — The approach that we would have taken would be quite common with water and waste water utilities. The approach to asset management has got best practices across North America. We actually would have purchased, in 2005, software — best practices software — that would categorize typical kinds of assets that one would have in a water and waste water utility that would have best practices approaches for when maintenance needs to take place and what kind of maintenance is done.

We would have entered all of our infrastructure with information on asset condition, on asset replacement value, expected remaining service life, and asset criticalness to our operations. That would be in the process of being done as well. So really then, our maintenance program for the future and the present is guided by what we believe are best practices. But it would have used industry standards for how, as you describe,

one would separate out types of pipe, other portions of asset and adopted best practices. And then we would commit to do the maintenance required at scheduled times so as to maximize the useful life of the assets that we have.

Mr. Trew: — Thank you. That's quite useful. I should have, before I asked that question, I should have complimented SaskWater on the job it's done over the years of collecting the assets together. Some of them . . . Well there's a story behind every system that SaskWater has and some of it is a troubled history, you know, where a local operator, for whatever reason, the capital costs of bringing it up to speed was more than they wanted or could handle and SaskWater came and helped out. I don't mean that it's all . . . I mean the only thing that's standard is water under pressure will flow. But there's lots of unanswered questions. I want to describe that I think you're doing a terrific job overall.

What would the, from your look at the pipeline and the treatment, various treatment plants that we have, is there any significant problems 10 years out, you know, over the next 10 years? Like is SaskWater two years from a crisis or, you know, where you're going to need to rebuild half of the infrastructure? What can you tell me about that?

Mr. Kramer: — Yes. That's a good question, I think a relevant question for a company like ours. As the minister had indicated, the value of our assets now is in the order of about a quarter billion dollars. I think from the audit but also from our regular work, our annual work, we have comfort that our infrastructure is in really quite good condition. We aren't facing a crisis down the road although we do need to continue to invest in infrastructure and do rehabilitation.

I think the numbers over the last few years are probably a useful context. If we look at 2004 and 2005, our expenditures for asset management or refurbishment of our infrastructure would have for those two years averaged \$470,000 a year. In 2007 and 2008, our average expenditure would have been 1.6 million. Part of that has to do with the significant increase in construction costs over that time period. Some of it is a commitment that we have as a company to ensure that we do sufficient refurbishment.

But when we look at that compared to our replacement value, we have significant comfort that we will not need to adjust our rates in a sizeable way just for reasons of refurbishment — that with the condition of our assets now and the work that has been done and is planned for moving forward in our five-year capital budget, that we will be able to manage those reinvestments without significant adjustments to rates related to refurbishment of infrastructure.

Mr. Trew: — Thank you very much, Mr. Kramer. I know that'll be good news to the SaskWater users, you know, because any rate adjustment always seems to be going one way and that's up. And I know you haven't promised no rate adjustment, but I did hear you say that you've got a handle on it and — my words — they'll be minimal to handle what's going on.

Mr. Kramer: — Yes. What we would observe, we have other pressures. We have operating pressures, as you'd expect for a company like ours as well. But from the infrastructure

refurbishment perspective, that won't be a source of major unexpected cost for the future.

Mr. Trew: — There's one other area that I'd like to get into and that is to do with the Columbian glaciers which feeds much of the water into Saskatchewan. The Columbian glaciers in Alberta, I recall being told 15 years ago or so that there was about 80 years left until complete melt, and that will hugely affect the water flowing down particularly the North Saskatchewan, but also South Saskatchewan River. What can you tell me about the state of that glacier system now? Is there — you know, it's 15 years later — is there 65 years left, or is it something viewed to be something less than that now?

And then I guess the second part of that question is, what do you see the future for SaskWater? I'll just throw . . . An area of the province I'm quite familiar with is Elbow, where I know you've got the water system for Elbow, and in its simplicity you just pull the water out of Lake Diefenbaker and away you go. Lake Diefenbaker also is the water source for Moose Jaw, Regina, and other communities along the way, and that same system goes to Saskatoon. So it's hugely significant in terms of the population of southern Saskatchewan, if I could describe it that way. So what do you see the future being? I'm really casting a long ways out on this question, I realize, but go ahead.

Mr. Kramer: — Yes, I would have these observations. But I would start I guess with the comment that we in SaskWater wouldn't consider ourselves, even within the provincial context, to be the agency with the most information on the impacts of climate change or the impacts of adequacy of water. We clearly monitor that, it's important to our business, but the Ministry of Environment, Watershed Authority would have more resources that would deal directly with water quantity than we would.

But much of our supply comes from the South Sask, comes from the system that you refer to, so we do monitor that, and clearly there's a lot of uncertainty tied to climate change and glaciers and the future. I wouldn't have a number for you in terms of when the glacial melt becomes a significant constraint.

[14:30]

One of the things that is very much in Saskatchewan's favour is the storage system that was set up around Gardiner dam and Diefenbaker lake. That is, as you indicate, the supply for Regina and Moose Jaw, a number of other communities, and I think the expectation that for the long-term, foreseeable future Gardiner dam will provide a reliable supply for residential users and for industrial users. A lot of the major industrial users like Mosaic potash mine, Saskferco, Terra Grain, are ones that also rely on the same system, but that infrastructure gives Saskatchewan significant protection for the future. But there are issues tied to climate change that we monitor and I think that call for action in the present and the future to mitigate, but we're really, from SaskWater perspective, in quite good shape given the basic piece of infrastructure of Gardiner dam and Diefenbaker lake.

Mr. Trew: — Thank you. I can't resist making one comment about Gardiner dam because I have a cottage right along there, and my comment is that twice in the last, less than 20 years, we've had an awful lot of sandbox and no effective boat launch — the water was so incredibly low. So though it looks like a

vast reservoir — and it is and it's a tremendous asset for the province and it's very helpful for SaskWater and for all of us — you hit a drought year, couple that with a second drought year in a row, and all of a sudden a huge, massive reservoir starts to look relatively small.

So I'm nervous about the distant out years. I'm confident that, you know, whoever's around at that time will have worked their way through this problem, but I don't think we should just close our eyes to it today and pretend that if we don't acknowledge that it might be coming that it won't come. But I appreciate your response and questions. Mr. Chair, I have no further questions on this.

The Chair: — Okay. Seeing no other questions from committee members, I would direct committee members to page 147 of the Provincial Auditor's report, the 2006 report volume 1. Both recommendations are on that page. On recommendation 1, can I have a member move a motion on that?

Mr. Weekes: — I move to concur with the recommendation and note compliance.

The Chair: — It's been moved by Mr. Weekes that the committee concur with recommendation no. 1 and note compliance. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. Recommendation no. 2. I would invite a member to . . .

Mr. Michelson: — I will so move concurrence with the recommendation and note the compliance.

The Chair: — It's been moved by Mr. Michelson that the committee concur with the recommendation and note compliance. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. I think that's the end of our deliberations on SaskWater and I want to thank . . . I believe this is Minister Cheveldayoff's last duties before the committee today, so I want to thank his officials from SaskWater that were here and thank the minister for his afternoon.

Hon. Mr. Cheveldayoff: — Thank you very much, Mr. Chair. Thank you to all members for your analysis and your examination and questions. I appreciate it. And good luck with your further deliberations this afternoon.

The Chair: — Mr. Trew.

Mr. Trew: — Yes, Mr. Chair. I just want to take this opportunity to wish the minister of course a happy new year, this being our first meeting of this year. Thank you for your diligence and please convey our committee's gratitude to all of the officials, not only the ones gathered today, but the ones that have left previously this afternoon. Thank you.

The Chair: — Okay. The committee will break for a short

period of time while we prepare for our deliberations of Saskatchewan Gaming Corporation's report. So we'll take a break for now.

Saskatchewan Gaming Corporation

The Chair: — Okay. Members of the committee, we will move on to consideration of Saskatchewan Gaming Corporation and the Provincial Auditor's report. This is chapter 16 of the 2008 report volume 3. And the recommendations are found on pages 303 and 304 of that report.

I want to welcome Minister Hutchinson to the committee, and at this time I would ask him to introduce the officials that he has with him today.

Hon. Mr. Hutchinson: — Thank you very much, Mr. Chair. Members of the committee, it's a pleasure to be here today.

Ms. Twyla Meredith here, acting president and CEO is with us today; Ms. Wendy Hutchinson, acting vice-president of finance. And behind us we have Mr. Gerry Fischer, senior vice-president of gaming operations; Mr. Tony Coppola, senior vice-president of marketing and product development; and Mr. Blaine Pilatzke, who is the vice-president of human resources and Aboriginal relations.

The Chair: — Thank you, Minister. At this time I would ask the Provincial Auditor to introduce his official and an opening statement if they have one at this time.

Mr. Wendel: — Well thank you, Mr. Chair. Next to me is Mike Heffernan, who leads our work for Saskatchewan Gaming Corporation. On the far right, my officials over there, is Michelle Lindenbach who also works at the Saskatchewan Gaming Corporation audit, and Victor Schwab who also works on that audit. And Mike Heffernan will provide a presentation.

Mr. Heffernan: — Thank you, Mr. Chairman, members. Chapter 16 of our 2008 report volume 3 describes the results of our audit of Saskatchewan Gaming Corporation and SGC [Saskatchewan Gaming Corporation] Holdings for the year ended March 31, 2008.

In our opinion, the Gaming Corporation and SGC Holdings had adequate controls to safeguard public resources except as we described in this chapter. The agencies complied with governing authorities and their financial statements are reliable for both 2007 and 2008.

In recommendations one and two, we recommend that Sask Gaming prepare a complete disaster recovery plan and assess the need for a business continuity plan. A disaster recovery plan would help Sask Gaming ensure that it can continue to provide information technology services in the event of a disaster. A business continuity plan would help it recover critical business functions in the event of a disaster.

In recommendation three, we recommend that Sask Gaming fully document its procedures for the security of its information technology systems and ensure that these procedures are being followed. This would help Sask Gaming ensure the confidentiality, integrity, and availability of information

systems and data. For example, good security helps ensure that only authorized people can access an IT [information technology] system that may contain sensitive data such as personnel information and pay rates.

In 2005, we have reported that Sask Gaming needs to improve its training and supervision of employees so that they follow Sask Gaming's established processes to safeguard resources. We continue to recommend that Sask Gaming comply with approved policies relating to coupons and marketing promotions. The Public Accounts Committee agreed with our recommendation in June 2007.

In 2007, we recommended that Sask Gaming improve its human resource plan by prioritizing its key human resource risks, analyzing human resource gaps, and setting out plans to address human resource gaps. The Public Accounts Committee agreed with our recommendation in 2007.

Sask Gaming has prepared a human resource plan. The plan includes discussion about Sask Gaming's key human resource risks, but it has not prioritized the identified risks. Also the human resource plan does not identify Sask Gaming's future human resource needs to meet its goals and objectives, and it does not identify and analyze anticipated shortfalls or its surpluses. That concludes my remarks. Thank you.

The Chair: — Thank you. Minister Hutchinson, if you have an opening statement, I would invite you to make it at this time.

Hon. Mr. Hutchinson: — Thank you, Mr. Chair. We do have a short opening statement that might be of some value and interest to members of the committee.

Saskatchewan Gaming Corporation is, as you know, relatively young and a small Crown corporation that manages and operates casinos Regina and Moose Jaw. The doors opened in 1996, and it's certainly been a busy number of years since the inception of the corporation.

The casinos now host about 3 million people a year, not just in gaming activities. A very large number of guests also enjoy the extensive entertainment and food services offered on the properties. As an example, the Casino Regina show lounge regularly presents a wide variety of top quality music and variety acts, and last year was presented with WestJet's Value Award for best nightlife in Regina.

So there's a wide variety of services that are offered and appreciated by members of the public. So as you might expect, since opening the corporation has been very focused on its operations and its guests, building the business, and providing a top quality experience for its customers.

Now that the business has reached a certain level of maturity, management is turning its attention to what might be termed back-of-house activities in ensuring that the proper systems and policies and procedures are in place. That includes formalizing the disaster recovery plan, IT security plan, and other recommendations noted by the Provincial Auditor in the report. We agree with all the points raised by the auditor, and in fact already have plans in place to implement solutions to address those issues.

Several other activities and priorities merit brief comment, Mr. Chair. In 2009, SGC is investing in refreshing the casinos to keep the guest experience new and exciting and to add additional entertainment options, both in Regina and Moose Jaw. We also continue to invest in the community-based organizations that are doing so much to improve the quality of life in those communities.

Continuing SGC's reputation as an employer of choice is also a top priority. In 2008, we were named one of Canada's top 100 employers for the second year in a row, and one of Saskatchewan's top 15 employers for the third year in a row. We are therefore committed to delivering on our public policy mandate.

Another example, we have one of the most inclusive workforces in Canada, and we have a couple of brief figures that will help illustrate that point. Our target is to include 51 per cent of people in the workforce of Aboriginal descent. Currently we're at 42 per cent, with plans to improve on that figure. People with disabilities, the target is 5 per cent. We've already achieved 6 per cent. Visible minorities target is 7.5 per cent; 11 per cent has been achieved to date. And finally, women — many in non-traditional roles I might add — 46 per cent is the target, and we've achieved 55 per cent. So we've made good progress in those areas.

SGC is also doing a good job of assisting Aboriginal employees that join the company with entry-level skills. SGC provides very extensive training and development that has helped people come from the reserve and upgrade their skills and improve their employability. Now many stay to pursue a rewarding career within SGC's environment of strong support and ongoing learning opportunities, and some choose to move on at a later date. As a result, we do lose some of our Aboriginal employees to other employers, but overall we are certainly adding to the pool of the well-trained and experienced Aboriginal people in the workforce here in our province.

[14:45]

I talked a little bit about SGC's focus on operations and guest services, and that focus is apparent in its organizational structure as well. The majority of our personnel are floor staff, and they do an exceptional job of delivering five-star service to guests. The relatively small team of corporate staff also deserve praise and our congratulations for the superior work that they have done in managing a rapidly growing business.

We've had a great deal of success so far in our brief history, but we're always looking for ways to improve, and so the Provincial Auditor's recommendations are indeed most welcome. As a result, those recommendations have already been incorporated into our performance management plans for 2009, and we're confident that by delivering those improvements it will help us to become more effective and more accountable and ensure that we have the appropriate governance structures in place. Thank you.

The Chair: — Thank you. Thank you, Minister, for your statement, and at this time I would invite members, if there is any discussion or questions on this chapter . . . Ms. Higgins.

Ms. Higgins: — Thank you very much, Mr. Chair, and I want to thank the minister and the staff of SGC for appearing before the committee today and being available for questions.

Just a couple that I have dealing with the chapter that's before us. If you could give us a bit of an update on the disaster recovery plan, what has been done since the release of the report and since the audit was completed, and also about the assessment, assess the need for a business continuity plan. I would think that the . . . I mean and even according to the footnotes in the Provincial Auditor's report, it talks about a DRP [disaster recovery plan] being a part of the continuity plan. So just give us an update on what's happened.

Hon. Mr. Hutchinson: — Thank you. That's an excellent question and Ms. Meredith will be happy to answer for you.

Ms. Meredith: — Okay. Good. Thank you. And we're pleased to be here today to respond to any questions that you may have. As far as the disaster recovery plan, we do have one in place that we've had in place for years, but we agree with the Provincial Auditor's comments that it needs to be updated and it needs to be tested. So what we've done in our 2009 plan is incorporate into that plan, I guess, a . . . [inaudible] . . . to go out to the market with a contract to actually get some resources in to help us, I guess, update that disaster recovery plan and then also to test it.

Ms. Higgins: — Well I almost got the . . . Well the impression from the recommendation is, is to "prepare a complete disaster recovery plan." So I guess where has it been felt that it falls short?

Ms. Meredith: — On the disaster recovery plan?

Ms. Higgins: — Yes.

Ms. Meredith: — I think what the auditor's comment, they came in to take a look at what we have in place, and we do agree it does need to be updated. So we will be undertaking that process.

I note the second part of your question was dealing with the need and the comment from the auditor to take a look at completing a business continuity plan, and we also will be assessing that as well. We are just undertaking development of a complete enterprise risk management system that we'll be putting in place where really corporately you assess all of your risks and at the time that we'd been going through that process, we'll also be looking at whether we need to develop a separate business continuity plan or whether that would be incorporated into the larger enterprise risk management plan.

Ms. Higgins: — There is also a number of areas that are raised or questions that are raised about the IT security policies and procedures that are needed. Has there been any breaches in security? Is this a what-if, or does this rise out of any particular circumstance?

Ms. Meredith: — I can answer that there have been no breaches in security. In fact was it just last week we had somebody trying to hack in, so our systems are set up that we're able to identify and to stop that. I mean our system stopped it.

But I think the auditor's comments are again they took a look at what we have in place and again it's been some time since we've put a number of these policies and procedures in place. So we agree with their comments that it is time to take a step back and review our policies and procedures, bring them up to date, as well as we are undertaking a complete review of our IT security architecture and we've incorporated resources to complete that review in our 2009 performance management plan.

Ms. Higgins: — Okay. The only other area that I had a quick question on: when we talk about the HR [human resources] plan and that it's needed.

Ms. Meredith: — Yes.

Ms. Higgins: — I've noticed over the past year there has been a significant number of jobs that have been advertised in a variety of papers across the province, so was this part of improving the HR? Has there been a fairly substantial turnover in positions within SGC? Or can you give me a bit of an explanation because there seems to be a fair number of jobs that have come open in the last year.

Ms. Meredith: — I don't know that we're experiencing any more turnover than we have in past years other than it has been as we are a front-line service industry so we've experienced the buoyancy and the demands for good employees that a lot of the other employers are experiencing in Saskatchewan, so you know, we are always trying to recruit and retain our staff, and I mean those are certainly efforts that we have in place. We have turnover of, I'd say — what? — about 20 per cent of our staff. But again that's fairly normal for a service industry, and especially with the market that we've just gone through. I think we've seen some of that settle down a little bit right now.

We are being able to retain our employees through a lot of the programs that we offer because, as you've heard the minister say, you know, we were top 100 employer and there's a lot of programs that we put in place and we do put a lot of emphasis on our employees that, you know, they really are what makes the corporation be able to provide the good guest services that we do.

Ms. Higgins: — Well and I know SGC has always put a high priority on employees and are . . . The corporation itself and the HR programs that are there has been the envy of many private sector employers that you offer a great deal of support and training to staff. So that is being maintained and moved forward and I guess, question, but also the HR planning then, has any improvements been made towards the auditor's recommendations from previously?

Ms. Meredith: — Yes, and thank you for your comments. We appreciate that and we do work hard at working on keeping our employees satisfied. So yes, you know, every year we complete an analysis of the gaps in our human resources, and again we agree with the Provincial Auditor. We did prepare a human resource plan. I think when they came in and reviewed it, they felt that we could probably improve it and we agree with that as well. So we will be working to improve that and really looking at — and I think as you've said — looking at some of the gaps, where do we need . . . and trying to plan for those gaps.

We do have some ambitious goals, especially when it comes to hiring and retaining Aboriginal staff, so we have a number of plans in place to fill those gaps and move us ahead. A lot of that, those resources have been again put in our performance management plan for 2009; a number of the resources that we'll need to move some of those initiatives ahead.

Ms. Higgins: — How do you do an assessment on a priority of being an equity employer? Do you do a constant review of those numbers and the goals you're attaining and maintaining hopefully? Is that reviewed on an ongoing basis?

Ms. Meredith: — We provide quarterly reports to our board and then to CIC board as well too. And that's certainly, those are the targets that the minister identified; that's what we report against. That's what we're held accountable for, yes.

Ms. Higgins: — Good. Thank you very much. I don't have any other questions, Mr. Chair.

The Chair: — Okay. Thank you, Ms. Higgins. Are there any other questions from committee members? Seeing none at this time, we will . . . Is there a question?

Mr. Michelson: — Could I ask a question?

The Chair: — Absolutely. Mr. Michelson.

Mr. Michelson: — Mr. Chair, just in looking at recommendation no. 2, maybe we could get some comments on the assess of the need of a business continuity plan. How do you assess a need for a business continuity plan, and how was that being implemented?

Ms. Meredith: — We are going to be undertaking even, I guess, a broader review of all of our risks, and that's when I referred to the enterprise risk management system. You really look at sort of all of the what are the likely risks that you may face, how likely are the risks to appear, and then what are the impact of those risks. So in part of that we'll be reviewing whether we need a separate business continuity plan. Because again, I'm not an expert in this, but from what I understand we're trying to get at the same thing. You're just trying to manage your risks and identify risks and then come up with contingency plans on how to deal with those. So we are certainly on board. You know, the lingo may not be exactly the same, but certainly the concept is one that we will be putting in place in the upcoming year.

Mr. Michelson: — Thank you.

The Chair: — Seeing no further questions, we'll move to recommendation no. 1. This is found on page 303 of the 2008 report volume 3, and I would ask a member to move a motion.

Mr. Reiter: — I would move concurrence with the recommendation and note progress.

The Chair: — It has been moved by Mr. Reiter that the committee concur with the recommendation and note progress towards compliance. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — And that's carried. Recommendation no. 2 also found on page 303.

Mr. McMillan: — I would move concurrence with the recommendation and note progress as well.

The Chair: — It's been moved by Mr. McMillan that the committee concur with the recommendation and . . . Sorry, could you . . . Was that note progress?

Mr. McMillan: — Note progress.

The Chair: — Okay, sorry. It's been moved by Mr. McMillan that the committee concur with the recommendation and note progress towards compliance. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. And recommendation no. 3 which is on page 304. Mr. Weekes.

Mr. Weekes: — I move to concur with the recommendation and note progress towards compliance.

The Chair: — It's been moved by Mr. Weekes that the committee concur with the recommendation and note progress towards compliance. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — And that's carried. Thank you, Minister, and to your officials. We appreciate your time and answering our questions. Thank you.

Hon. Mr. Hutchinson: — Thank you, Mr. Chair, and members of the committee.

The Chair: — Committee members, we have a little more business to take care of this afternoon. We will move on to consideration of Standing Committee on Crown and Central Agencies. This is in the Provincial Auditor's report, chapter 14 of the 2006 report volume 1, chapter 13 of the 2007 report volume 1, and chapter 14 of the 2008 report volume 1. And at this time I believe we have the Provincial Auditor's office, Mr. Wendel and Mr. Martens, if you have any comments on these chapters.

Mr. Wendel: — Yes, Mr. Chair. Mr. Martens has a few comments. We'll be prepared then to answer any questions you may have about the chapters.

Mr. Martens: — Thank you, Mr. Chair. I'll go directly to the 2008 report as it's the most up to date. On page 168, the first three recommendations are directed at the Crown Investments Corporation. We're not aware of what progress has been made to address them. To address these recommendations, legislative changes are needed to enshrine the following requirements in the law.

The first requirement is for CIC Crown corporations to get order in council approval before they buy and sell real property through a wholly owned subsidiary.

The second requirement is for CIC Crown corporations to get order in council approval before they buy shares of other companies, and to report the sale of shares to this committee within 90 days of the sale.

Third, various Acts need to be amended to update the dollar limit used to determine when order in council approval of real property transactions is required. Updated limits have now been set for five Crown corporations, leaving four that remain to be addressed.

The report also contains two recommendations directed at SaskPower. These have been partially implemented. The corporation has made progress on them when we last followed up.

The report contains two recommendations directed at SGI [Saskatchewan Government Insurance], related to its Auto Fund redevelopment project. Our plan is to follow up on progress being made by SGI on these recommendations later in 2009. And that concludes my comments on this chapter.

The Chair: — Okay. Are there any questions? Mr. Trew.

Mr. Trew: — Thank you very much and I appreciate the work that you're doing on our behalf. What are the new dollar limits that have been set? I think you said with four Crowns . . . Help me out on that. I thought you said four Crowns and there was one yet to . . .

Mr. Martens: — Thank you, Mr. Chair. Generally CIC has set a limit of \$1 million for most Crowns. There are a couple of exceptions. SOCO [Saskatchewan Opportunities Corporation], the plan to increase that to \$5 million, which corresponds to the limit now in its Act for major construction projects. And I believe they were not planning to set a limit for SGI.

Mr. Trew: — Okay. Cabinet is not planning to set a limit for SGI?

Mr. Martens: — Right.

[15:00]

Mr. Trew: — And your recommendation was that a limit be placed on all of these Crowns. Is that fair?

Mr. Martens: — Well it was that they would look at it. And a number of the limits were out of date when we made the limits. Some were 100,000; 200,000. And so they did look at it and determine, for the Crown corporations where they did set a limit, that 1 million should be that appropriate limit.

Mr. Trew: — I'm just trying to get a handle on this. What was the limit, the old limit for SGI?

Mr. Martens: — There wasn't a limit and so . . .

Mr. Trew: — Okay.

Mr. Martens: — They're just continuing the fact that a lot of its real estate transactions would be as a normal part of its investment business and not really in the same way as, you

know, some of the other Crowns would buy real estate such as Power or Tel.

Mr. Trew: — Thank you for that. And because you asked them to look at the limits, there was no limit previously in SGI, it's reasonable that there be no limit in the future, because I'm . . . Now I'm asking you this: are you aware of any problems that that's causing in SGI, or do you have any concerns with the ability to audit and control what's going on with there being no limit? Is that appropriate, I guess is the better way to ask that question.

Mr. Wendel: — Mr. Chair, I don't think we have any concern with what's going on there. If we have some concern about the controls, we'll bring those up in SGI, and at the moment we haven't advanced anything.

Mr. Trew: — Thank you. That's very useful for me and an answer that I like. Thank you. That's all the questions I have, Mr. Chair.

The Chair: — Any further questions from committee members? Okay. I don't believe these require motions from the committee; these are for our information purposes. So I believe at this time . . . Oh, I would just ask if Mr. Wendel or Mr. Martens, if either one of you have any comments on the two earlier reports, the 2007 and the 2006, or was it just kind of encompassing . . .

Mr. Martens: — Basically as each report comes out, the other ones are superseded, and so when recommendations drop off that means they've been adequately dealt with. So any recommendations from the 2006 and 2007 reports that no longer appear, you can be satisfied that those have been dealt with appropriately.

The Chair: — Okay. Okay. Thank you. Thank you for that answer. I think at this time then we can move on to consideration of outstanding Crown Investments Corporation Crown annual reports. Mr. Trew.

Mr. Trew: — Mr. Chairman, it is my pleasure today to move:

That the committee conclude its review of the outstanding annual reports, financial statements, and related documents for the following Crown corporations: Crown Investments Corporation of Saskatchewan, 2006 and 2007; Information Services Corporation of Saskatchewan, 2006 and 2007; Investment Saskatchewan Inc., 2006 and '07; Saskatchewan Government Growth Fund, 2007; Saskatchewan Government Insurance, 2006 and 2007; Saskatchewan Opportunities Corporation, 2006 and 2007; SaskPower Corporation, 2006 and 2007; Saskatchewan Telecommunications Holding Corporation, 2004, 2005, 2006, and 2007; Saskatchewan Transportation Company, 2006 and 2007; Saskatchewan Water Corporation, 2005, 2006, and 2007; and SaskEnergy Incorporated, 2005, 2006, and 2007.

Mr. Chair, I so move.

The Chair: — It's been moved by Mr. Trew:

That the committee conclude its review of the outstanding annual reports, financial statements, and related documents for the following Crown corporations: Crown Investments Corporation of Saskatchewan, 2006 and 2007; Information Services Corporation of Saskatchewan, 2006 and 2007; Investment Saskatchewan Inc., 2006, 2007; Saskatchewan Government Growth Fund, 2007; Saskatchewan Government Insurance, 2006 and 2007; Saskatchewan Opportunities Corporation, 2006 and 2007; Saskatchewan Power Corporation, 2006 and 2007; Saskatchewan Telecommunications Holding Corporation, 2004, 2005, 2006, and 2007; Saskatchewan Transportation Company, 2006 and 2007; Saskatchewan Water Corporation, 2005, 2006, and 2007; and SaskEnergy Incorporated, 2005, 2006, and 2007.

Is it agreed?

Some Hon. Members: — Agreed.

The Chair: — And that is carried. Mr. Michelson.

Mr. Michelson: — May I ask, like what's been going on? How come we're passing all this now? Like is it just the previous government has been delinquent in looking after the reports and passing them? Is that the . . . like, I'm sorry, I would like some understanding of why this has gone on for years and has not been passed. And are we passing something that we should be looking a little bit closer at? Maybe the auditor could add some comments on it.

Mr. Wendel: — Mr. Chair, no, I don't think I'd comment on the work of the committee.

Mr. Michelson: — Okay.

Mr. Wendel: — The committee reviews the reports and it decides when it's going to vote off the reports. It may have discussed them all but had not voted them off. I couldn't comment on that.

The Chair: — Yes, I could maybe provide a little bit on that as a member of the committee prior to November 2007. The committee did consider these reports and it was, I suppose, the practice to carry over several years at a time. I think it's just the way that the committee has been deliberating over these reports. I don't think there is any more to it than that. Mr. Trew.

Mr. Trew: — Yes, thank you, and I can simply add to that. I think the former government is probably guilty of being too nice and just letting things not get voted off, and that brings forward your question today.

But I point out that that's a wise practice. You always, or at least certainly when the former government was the government, the view was that it would bring forward the proposals and the opposition had to be comfortable to vote them off. The opposition has to have every right to review. And there was a level of comfort that if something came up, there was no wool being pulled over the opposition's eyes — you simply call those Crowns back. But as you pointed out, they are 2006, 2007 for the most part. They're history; they're done. As has been pointed out, they've been before the committee previously and

it's just time to move those on. Thank you, Mr. Chair.

Mr. Chair: — Thank you, Mr. Trew. I think at this point I will again, just so that it's correct and on the record, put the motion before the members. Is Mr. Trew's motion agreed to?

Some Hon. Members: — Agreed.

The Chair: — And that is carried. I think that is the end of our deliberations for today. I will have a member move a motion to adjourn, but prior to getting to that motion I want to thank Mr. Wendel and Mr. Martens and your staff for appearing before us this afternoon, and thank you to all members and the staff of the committee for their hard work today. And I would ask for a member to move a motion of adjournment.

Mr. Reiter: — So moved.

The Chair: — Moved by Mr. Reiter to adjourn. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. Have a good afternoon, everyone.

[The committee adjourned at 15:11.]