STANDING COMMITTEE ON PUBLIC ACCOUNTS

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The committee met at 10:30.

The Chair: — Good morning, everyone. I call the meeting to order and welcome each one of you present today, this morning. This is the first Public Accounts Committee that's being televised out of room no. 8, so perhaps in a very minor way, history is being made this morning.

We have I think what will be a fairly full morning dealing with chapter 3 of the 2001 Fall Report Volume 2 and chapter 2 of the 2002 Fall Report Volume 2, dealing with SaskEnergy's and with Highways and Transportation. We have a number of witnesses who will be . . . We're trying to determine what the best format to deal with both SaskEnergy and Highways and Transportation at the same time.

First we will hear from the Provincial Auditor's office, and then I think we'll probably deal with SaskEnergy first and then with Highways. And if need, if there's some comparative reasons why we need witnesses from both, we will ask them to decide who should be sitting in the witnesses' chairs to deal with the issues. This is the first time that we've done this while I've been in the Chair, so we'll work our way through that.

We are glad to have Mr. Paton and Mr. Bayda with us again, from the Provincial Comptroller's office. And we have the Provincial Auditor, Fred Wendel, with us. And Fred, if you would introduce people from your office, and then make a initial presentation.

Mr. Wendel: — Well thank you, Mr. Chair. With me today, I have Rodd Jersak on my left. Rodd attends all of our meetings and coordinates our activity at this meeting. And at the far end on this side is Judy Ferguson, who's a deputy provincial auditor in our office. And she led the work on the infrastructure chapters that you're going to hear, hear about today.

Judy's going to be making a detailed presentation about the two chapters. But before she does so, I have a few opening remarks that I'd like to make before you consider them.

The two chapters follow a process that we use to achieve one of our goals, which is to foster well-managed government. Chapter 3 of our 2001 report is an information chapter, and it's about what government agencies should make public about their infrastructure.

We publish this kind of chapter for two reasons. First it engages legislators in a discussion about an important public resource that needs to be managed well. We need legislator support to bring about change. Second it gives notice to government agencies about our direction for the next few years. It sets out our expectations for government agencies and allows them to make changes before we begin to audit them. We consult with key government agencies when we develop the criteria and our expectations for these audits.

Our next step in the process is to find one or two agencies that we think are doing a good job. And this step provides and proves that the expectations are reasonable and provides a role model for other government agencies. Chapter 2 of our 2002 report is about how two agencies publicly report on their infrastructure. And with that, I'll ask Judy to give us a detailed presentation on the two chapters.

Ms. Ferguson: — Thank you, Fred. Mr. Chair, members, I'm pleased this morning actually to discuss, as Fred indicated, two chapters, both related to reporting on infrastructure. The first one's in the green report, the 2001 Fall Report Volume 2, and the second one's in the blue one, which is chapter 2 of our 2002 volume 2 report. For the first one, the chapter starts on page 34 if you want to turn to that. For the second one, it starts on page 9 of that report.

I also wanted to draw to your attention that our office has actually issued a third chapter on this same subject, and it's in our chapter 12 of our 2003 volume 3, and it's on STC (Saskatchewan Transportation Company) and SPMC (Saskatchewan Property Management Corporation). Unfortunately the officials weren't able to attend today, and so we will be discussing that chapter at a later date, and we'll just focus on that chapter and won't go back to the one in the 2001 volume report. So if you could keep that in mind for future, thank you.

So why did we look at this area? Well the government has a significant investment in public infrastructure, and by public infrastructure what we mean is the physical assets the government uses to provide services, public services. Those are roads, airports, water facilities — water control facilities like dams — power plants, buildings, and other forms of assets. Currently the government has about $14 billion invested in public infrastructure, and each year it spends over 600 million to buy or improve or maintain that infrastructure.

In our 2000 report volume 3, what we did is we identified the key risks that the government faces with respect to its infrastructure. To reduce these risks, the government must manage how they, firstly, plan for their infrastructure needs; secondly, set clear responsibility for infrastructure; third, maintain the capacity of its infrastructure; fourth, maintain good information about its infrastructure; and finally, keep the public informed about the infrastructure.

The work that we are talking about today is really addressing that last risk of keeping the public informed. In the past, this committee has actually recognized the importance of reporting on infrastructure by the government. In 1994 the committee actually recommended that the government report on its infrastructure within the summary financial statements and also describe its investment in infrastructure more fully in the reports of related government agencies. So it's not a new topic for this committee.

The public needs good information to understand and assess the decisions the government makes about infrastructure. Without this information, the public may have less confidence in the government's ability to provide the services that it expects. Also providing information to the public often improves how governments manage infrastructure. In chapter 3 of our 2000 Fall Report, we describe the criteria to help governments decide what information they should make public on infrastructure.

In chapter 2 of our 2002 Fall Report, we actually apply these

criteria against the public information of two government agencies that Fred just mentioned: SaskEnergy and the Department of Highways and Transportation. In applying this criteria, we actually did two things. First we assessed the adequacy of the information that each of these organizations provided to the public on the infrastructure. And second, we looked and identified key lessons about reporting on infrastructure.

We actually hoped that other agencies with significant infrastructures will be able to use the criteria that we're using in these assessments and also learn from the lessons that we are setting forward in this report. To develop the criteria for adequate content of public reports, we reviewed international literature and reports of other auditors on this matter. We also considered the principles for performance reporting. And they have been set out in our previous reports, for example, 2001 Spring Report and also by the CCAF (Canadian Comprehensive Auditing Foundation) in terms of principles of public reporting.

What our research told us is that the government should report information on infrastructure in three main areas: first, on the capacity of each major category of its infrastructure; second, on the extent to which the use of its key infrastructure achieve planned results; and third, the strategies used to manage key risks of its infrastructure. In chapter 3 of our 2001 Fall Report, you'll find that each of these criteria are described in great detail. And what I'm going to do today is actually provide you with a summary of each.

So on the first criteria which is the capacity criteria, when we use the word capacity, we use it to mean the ability of infrastructure to help the government to provide public services. So under capacity, government agencies should publish summarized descriptions of four areas. The first is the infrastructure available for use, and that would include basic information on the nature and location of each major category of available infrastructure. For example, if you used highways as an example, it would be the number of kilometres of primary and secondary highways located . . . and their locations throughout the province.

The second area is the condition of the infrastructure, and that would include what is the remaining lifespan of that infrastructure, how is the government maintaining the infrastructure to keep it in good working condition, and what are the key trends toward deterioration or renewal that would impact its capacity or its safety or its environmental aspects.

For the third area, it's cost, the cost of the infrastructure. And there's two main types of cost information. The first is historical, and that is how much does it cost to purchase or construct the infrastructure. The second aspect of cost is replacement, and that would be the cost that would be the amount it would cost an organization to replace the infrastructure.

Historical costs are the most common way to measure the costs of infrastructure currently, and you'll most often find them in the financial statements of agencies. The public can use historical cost to assess the government's previous decisions by comparing benefits gained to the actual cost. However there's limitations to this type of information, as the cost information becomes less relevant with time. For example, decisions to renovate an old building may be more influenced by the actual cost to rebuild or build a new one than the actual cost that it took to build the original building. That's where it takes you to replacement cost.

So replacement cost helps the public evaluate the government's choices about future investments in infrastructure. Because replacement cost can be estimated in various ways, it is important that the government disclose the method that it uses to estimate this cost. Either way, the key for cost information is that the government should disclose the cost of information that is most useful to the public for that particular infrastructure. So there's a decision that must be reached.

For the fourth area under capacity, it's the maximum service capacity of the infrastructure. And the public can use this information to assess whether the government is using the infrastructure effectively. This information would allow the public to better understand whether the government should consider alternatives to its present arrangements of use for the infrastructure.

For example, if the government has excess capacity, it may be incurring additional cost to maintain that infrastructure. Perhaps it has too much infrastructure. Or alternatively, perhaps the government can generate additional revenues by allowing others to use this infrastructure for a fee or cost recovery. Alternatively, if there's insufficient capacity, the public may want to influence changes in the government's allocation of resources to meet their needs.

So moving on to the second criteria, the second criteria is to know whether or not the use of the infrastructure was effective. The public needs to know whether the infrastructure helped the government achieve its planned operating and financial results. Operating information would compare service volumes and the quality of those services to targets. Examples include public satisfaction and the number and duration of service interruptions. In some cases, it may also include comparison to industry standards for the reliability of public safety, for reliability or information on public safety.

Financial information would compare actual results to key financial plans or targets or the return on the investment that the organization has made on that infrastructure. This information would include comparisons of planned and actual spending for operating and maintaining the infrastructure as well as comparisons of expected and actual costs of acquiring infrastructure. Good public reports would also provide reasons for significant differences between plans and actual results from both an operational and a financial perspective.

For the final criteria, we expected reports on infrastructure to set out the strategies used to manage the major risks of the key infrastructure. As indicated earlier, governments face many risks with their infrastructure. The public needs to know whether or not the government is adequately managing these risks in a way that protects their health, their safety, and the environment.

Many risks can affect the service capacity of infrastructure: for example, breakdowns due to misuse or poor maintenance. Other

risks may affect the environment: for example, pollution from power plants. Others may affect health and safety of publics or employees.

Risks can have financial impacts by reducing revenues or increasing costs: for example, the cost to clean up pollution or reduced revenues from unexpected interruptions or downtimes of infrastructure.

It is not always possible or even desirable to reduce risks entirely; doing so can be extremely costly. Rather, the government should describe the level of risks it considers acceptable for that particular infrastructure. For risks that exceed the acceptable level, the government should indicate the strategies it is using to reduce those risks back to the acceptable level. For example, if the infrastructure is in poor condition, the government may decide to increase the maintenance for the infrastructure or do a rebuild.

The government should also inform the public how it plans to reduce areas that affect safety and environment: for example, the rate of accidents. And strategies for that may include training strategies, or just even operational instructions of the infrastructure. This type of information will help the public evaluate whether or not the government is managing its risks appropriately as they relate to infrastructure.

So as I indicated earlier, we actually applied these criteria against the public information provided by the Department of Highways and SaskEnergy. So for SaskEnergy, the reason that we focused on them is that they, as with Highways, they both manage significant infrastructure. As described on page 12 of our report, SaskEnergy manages the government's natural gas distribution and transmission systems. This actually covers, it has 78,000 kilometres of pipelines, numerous compression stations, and various storage facilities.

For Highways, they handle our provincial transportation system. It has over 26,000 kilometres of highways, over 800 bridges, approximately 18 airports, a number of ferries and barges. And in both cases the infrastructure is located throughout the province.

For the purposes of our work we focused on infrastructure on information these organizations made public in the year 2001. So what did we find? What we've tried to do is set it out in a graph format. So as you can see, Highways met our expectations. Highways provides maps that set out the location and type of the infrastructure. The condition of the infrastructure is published on its Web site and via road advisories.

In its 2002 annual report, Highways improved the information it disclosed about its condition of its infrastructure. For example, it stated that the . . . it stated the percentage of the various types of highways that were considered to be in good condition.

Highways provided two types of information about the cost of its infrastructure at that time. In its 2000 . . . in the 2001-02 public reports, volume 1, the government disclosed the estimated costs of the highways and bridges managed by the province to be around $1.3 billion. In prior years the Highways also disclosed its estimated replacement value of its infrastructure. Both methods are useful.

For SaskEnergy, they met some of our criteria but had a couple of areas where they could improve. They published excellent . . . good information about the nature, location, and cost of its infrastructure, along with excellent information about the processes that it used to maintain its infrastructure in good working condition. The two areas where Energy could improve the information relate to the condition and the maximum capacity of the infrastructure.

SaskEnergy indicated that its systems, although aging, are in good condition. In its 2000 annual report it provided the number and types of pipeline leaks, pipeline system leaks experienced over a period of several years. It continued to provide the number of unplanned outages and contacts with the pipeline for each system. This information helps the public to understand the condition of the infrastructure. However, SaskEnergy did not directly state in its public report the current condition of its transmission and distribution systems.

For example, SaskEnergy could state the percentage of its pipelines that are at risk of not providing the expected level of service to customers, or it could also set out what it is doing to address this risk. SaskEnergy did describe the peak service levels that it met in the past, but unfortunately did not describe whether or not the system could handle peak demands for gas that may arise if we did have an unusually cold winter. The public would find this information useful to assess whether or not there's a risk that Energy may be unable to provide services if the demand grows beyond previous peak service volumes.

So moving on to the second criteria for what we found. In this case we found that SaskEnergy met all of our expectations. It provided good information to the public. Several of its key indicators relate directly to the safety, reliability, and level of service provided by its infrastructure. SaskEnergy reported its current year and actual . . . current year results against targets for each of these measures. It explained significant differences between its plans and actual results.

For Highways, they met some of our expectations, but had room for improvement. They provided good information about achievement of the financial results, but limited information about the achievement of its operational results. In addition most operational information was not compared to plans — for example, its targets for safety or for level of service — and its report did not explain the differences between actual plans and results. We noted that the 2002 annual report for Highways did include improved information about its operational results and plans, and the reports continue to improve.

For the third and final area, we found that actually both agencies met our expectations. Highways described its major risks that it faces, and these were primarily pressures placed on the transportation system such as the use of the system by heavier vehicles than the highways are actually designed to handle. They also described how they're managing these risks. For example, they described agreements with truckers for use of specific roads and plans for increased maintenance and repairs.

For Energy, Energy described its risks also. And for them it related primarily to the provision of a safe and reliable

transmission and distribution system. They also described how it is managing these risks — for example, its maintenance programs and public awareness programs. Starting in 2002, SaskEnergy augmented this information through excellent information on its Web site about its pipeline integrity program.

So what did we recommend? We actually made one recommendation for each agency. For Energy we recommended that they provide the public with additional information about the condition of the natural gas transmission and distribution centre, and about the ability of these systems to meet peak demand for gas. This recommendation is set out on page 14 of our report.

For Highways we recommended that they provide the public with additional information on key plans related to highway condition, safety, and reliability, as well as comparison of plans to actual results with the differences explained. This recommendation is also set out on page 14 of our report.

So moving on to the second object of our work in our 2002 report. And that objective was to describe the key lessons we learned about reporting on infrastructure. These key lessons fell within four main areas: presentation, level of detail, government policies, and costs. None of them were really profound, but we actually thought that, given reporting on infrastructure can be complex, often technical, and long-term, that it was important to share these lessons.

First off, for presentation we noted that the way the information is presented affects the public's understanding of that information. Avoiding technical terms where possible and providing clear definitions helps the public understand that information. Graphs, charts are effective ways to portray information, especially when that information is long-term information. We found that both SaskEnergy and Highways effectively used graphs that showed trends over time and charts that compared actual to planned results. And that did help improve understandability.

Level of information or level of detail. How much information and how to provide that information again affects the usefulness of the information. For agencies with significant infrastructure we found that incorporating the key information about its infrastructure into their annual reports worked well. Most annual reports are written for the general public. Augmenting this information with more detailed information available through other public reports and means such as Web sites we found was an effective way to satisfy the needs of individuals that want more detailed information. The key was to tell the reader where to find it.

Public policies. We found that the government sometimes has different policies in terms of allowing different . . . in terms of disclosure of public information.

At the time of the audit we found that CIC (Crown Investments Corporation of Saskatchewan) Crowns argued that they must protect their competitive position and doing this at times can affect what information is published. However, we found that SaskEnergy was able to provide very useful information to the public while still complying with this policy. So we don't think it's a valid reason for not providing information.

In addition, starting with the March 2000 year, government departments like Highways began reporting their results using a new approach which we've talked to this committee quite a bit . . . we have discussed that approach with this committee to a fair degree.

This new approach or new policy places greater emphasis on reporting results as opposed to activities. It encourages government departments to disclose their goals, objectives, and how they measure their results.

At this time, however, departments do not disclose their performance targets as yet. These changes in policies allowed the department's 2002 annual report to provide better information to the public on its infrastructure than previously.

As an office we are greatly encouraged by the recent changes of the government's policies on disclosure of information to the public and we look forward to continual progression in this area.

The last area was costs. When we embarked on the audit, we heard that providing information on infrastructure can be really costly. And we acknowledge that producing information for the public does take time and does cost money. What we found, though, is that both SaskEnergy and Highways controlled the cost by using one communication for multiple purposes. Both agencies routinely integrated key information on their infrastructure into their other publications. They provided the information in a variety of formats — such as presentations to the public, news releases, strategies, papers, annual reports, Web sites — and through these means were able to control costs quite effectively.

Overall agencies must recognize and keep the need to report on infrastructure in mind while preparing their various communications.

So in summary, publishing key information on infrastructure helps engage the public in debate about how to manage infrastructure. This is important to Saskatchewan given that the government faces significant risks related to much of its infrastructure. The government continues to note the need to modernize our transportation, our education, our IT (information technology) infrastructure, because much of it is old and reaching the end of its expected lifespan and may not be located where it's needed at this time.

As our citizens age and move towards urban areas and our population in northern Saskatchewan grows, the needs for our infrastructure are changing. It is important that the government engage the public in a dialogue about these important issues. An informed dialogue requires good information. We encourage all government agencies with significant infrastructure to examine how they report on infrastructure and to consider ways to use the criteria that we've set forward in our reports.

Better information is valuable to managers, legislators, and the public. Our office plans to focus attention on the way the government manages its infrastructure and informs the public about it.

That concludes my formal presentation and we'd be pleased to

respond to any questions.

The Chair: — Thank you, Ms. Ferguson, for that very comprehensive presentation. I think in the interests of time, we will have the SaskEnergy witnesses take their place at the table so that questions can be directed to you, Ms. Ferguson, or to SaskEnergy. I think this is the best way to handle it. And then after a reasonable period of time then we'll have the Highways witnesses sit in the chairs and we'll go through the same process.

I should have mentioned at the beginning of the meeting that Wayne Elhard is substituting as a voting member for Ken Krawetz. I want that to be on the record.

Would the folks from SaskEnergy please introduce themselves and say what your position is. If you have any opening comments, if they could be quite brief so that members could get into the questions that I'm sure they want to ask.

Public Hearing: SaskEnergy

Mr. Reeve: — Thank you, Chairman, and thank you for having us here today. I'm Dean Reeve, and I'm the executive vice-president of SaskEnergy and TransGas, and I'll let my two colleagues here introduce themselves. But also with me in the room I have Daryl Posehn, who's the vice-president of our TransGas system and Doug Kelln, who's the senior vice-president of our gas distribution utility.

Mr. Podbielski: — Thank you very much. My name is Ron Podbielski. I'm the executive director of corporate affairs for SaskEnergy.

Mr. Mrazek: — Greg Mrazek. I'm the vice-president of finance and administration.

Mr. Reeve: — I will just read a very brief opening statement, Chairman.

SaskEnergy was extremely pleased to participate in the report on infrastructure. Obviously it's a very big part of our business. And particularly we were quite pleased with some of the auditor's favourable comments around some of the things that we do. And I think quite clearly if you look at page 15 of the report, I believe Ms. Ferguson was quite clear around some of the things that SaskEnergy has done over the years to provide the public with the kind of information that we feel is necessary about the infrastructure we have in the province.

With that though, quite clearly the auditor and SaskEnergy work together, and it was clear that there were a couple of areas where we could provide some additional information about the condition of our distribution and transmission systems, and the ability of those systems to meet the peak day demands for natural gas that we have in this province every once in a while when it gets cold.

And we certainly took those comments to heart. And beginning with our 2002 annual report, we actually have a special section in our annual report dealing specifically with our pipeline integrity program and the kinds of issues we deal with around safety and reliability related to that infrastructure. As well, we've tried to continue on with using the kinds of charts and things that make it easy for somebody to try to understand a rather technical subject when it comes to the integrity of a system that for the most part nobody really sees on any given day. And so we've taken that to heart.

In addition with that, we've continued that practice in 2003 annual report, and I believe we've again gone another further length around describing our infrastructure in even more detail.

In regard to the whole issue of regarding peak day capacity and our system's ability to meet the loads in the province, I guess January 2004 was quite fortuitous around that occasion because we did really get a test at the end of January 2004. We like to call that a design winter day. Everybody else likes to call that very, very cold. And on that design winter day, we were actually able to maintain service throughout the entire province around a day that we would call a 1 in 20 winter; I think some would call that a once-in-a-lifetime type of two or three days. We had wind chill factors in the province in excess of minus 50 degrees throughout basically the entire province — minus 62 degrees at Nipawin — and our system was able to deliver gas on those days.

And so we don't get those tests every year, but when we do, we certainly know when we've got capacity issues and those kinds of things. And we're quite pleased to say that we operated in a safe and reliable fashion and delivered gas to the province. And I believe in some of our discussions with the media at that time, we indicated that was about a 95 or 96 per cent, something in that order of our capacity availability. So we had some more room but we, we certainly wouldn't have wanted it to be minus 72 wind chill factor, but that's a pretty good test of our infrastructure. So, Chairman, I think I'll leave it at that as far as our comments.

The Chair: — Okay. Thank you very much. Do we have any questions? Mr. Elhard.

Mr. Elhard: — Thank you very much, Mr. Chairman. You may have mentioned it somewhere in the report and I'm not that fully aware of the details of the report, but on average how old would you say the gas delivery system is that's operated by SaskEnergy?

Mr. Reeve: — Well, of course the infrastructure was built at different periods of time. Our oldest infrastructure in the province is in excess of 50 years old. Some of the initial infrastructure on the western side of the province is 50 years old. Of course we have certain parts of infrastructure that are really quite, quite new. On a weighted chart, a lot of extensive pipeline that moves gas from the west to the east side of the province was built in the '50s and '60s. On the western side of the province a lot of the newer infrastructure was really built in the mid-to-late '80s and early '90s.

Mr. Elhard: — The reason I'm asking is, a couple of years ago from the kitchen window of my farm home we were able to see the glow of a fireball many miles north of where we were located. And what, what happened in that instance was that a gas transmission line blew out. And I think it was a fairly major line probably transporting gas either through a collection system or right through the province. And I learned at that point

that fatigue of pipeline systems is a common occurrence.

What I want to know is what kind of activity does SaskEnergy undertake to monitor the fatigue that is affecting their transmission?

Mr. Reeve: — Well, sure. Well and again, I believe this is something . . . If you, if you look to our 2002 and 2003 annual reports, we've gone to a pretty extensive level of detail around the kinds of things we have to do. Clearly our infrastructure's underground and you can't just kind of walk up and have a look at it.

We have employed some of the latest technology around what we would call in-line inspection. We actually run a tool through the inside of the pipeline that detects corrosion and those kind of things on the pipeline so that we know very specifically at every point on the pipeline what the state of condition of that piece of pipe is. And that really guides our maintenance activities, our repairs activities. And so when you talk about what are the kinds of things that we do, that's a very, very key part, along with our ongoing maintenance activities that we do around cathodically protecting the pipe, inducing electric current to stop corrosion. That's been in place since the 1950s.

And I hate to put our engineers on the spot, but when we ask our engineers, and our customers will ask our engineers once in a while, well how long to you think this infrastructure will last — and really we believe, with the right kinds of preventative and detective types of maintenance activities that we do, these pipelines will last for a very, very long time. Probably, I think our engineers would say, indefinitely with the right repair techniques.

Mr. Elhard: — In some of the rural gasification programs, extensive use was made of plastic pipe or some material of that nature. Is the life expectancy of that type of piping greater than what we'd used initially?

Mr. Reeve: — Well I think we'd certainly see that type of system in pipe is . . . If I describe the steel pipe as having an indefinite life, I think we could certainly characterize the plastic in that type of category. We don't really have . . . of course, corrosion and those kind of things aren't any kind of an impact on plastic pipe. The kinds of things we do around public awareness — we've just introduced an item called 1st Call where we encourage people to call in about locating underground infrastructure. All of the kinds of Dial Before You Dig things that have gone on. That's really, along with some of the plastic issues, it's more some of the awareness issues to make sure we don't have third-party types of incidents on that pipe. It's not really corrosion or those kind of things that would cause reliability issues around plastic pipe.

The Chair: — Mr. Hagel.

Mr. Hagel: — Thanks, Mr. Chair. My question is really not to SaskEnergy but to Ms. Ferguson and Mr. Wendel, and this is something I'd like to get a grip on I think being new to the committee. Clearly as we look at, this case SaskEnergy or Highways, but all agencies and departments, we're dealing with a matter of accountability. And I . . . my ears certainly perked up, you referenced Ms. Ferguson to page 21, producing information to the public takes time and costs money. And I think we are all aware of that because part of the planning that any agency does has to involve prudent fiscal planning, meeting a combination of responsibilities including in that the matter of accountability and public information.

And my question to you is one general and one specific I guess. How does the auditor's office decide if too much money is being spent on the provision of information at the cost of provision of service? I mean I recognize the auditors are interested in information, but it's information about the service which at the end of the day is the important thing. I mean that's why it exists. SaskEnergy doesn't exist to provide information about what it does — it exists to provide service — and then the confidence is in the information.

So how do you determine if too much money is being spent? I think you're more inclined to think the other way, not spending enough. Or can you spend too much? Would it be the auditor's view it's impossible to spend too much money about information? If the answer to that is no, then what's the criteria about where you draw your advice as to when we're overemphasizing, in terms of breaking down the use of budgets?

And secondly, do you have a comment about SaskEnergy and Highways, in this case, as to whether . . . their expenditures about provision of service? You've made comments about the quality of that which have been pretty positive, and on the expenditure side would it be your judgment that they are spending about the right amount of cost which is . . . because time is cost as well, on provision of service now? Are they in what you would call good shape in terms of providing information to meet the test of providing for public confidence?

The Chair: — Okay, Ms. Ferguson or Mr. Wendel?

Mr. Wendel: — I think I'll start off and then I'm going to ask Judy to speak specifically to the two departments, about the two departments. But the judgment as to how much money should be spent on providing information as opposed to providing service, has to remain with the agency responsible to deliver the service.

Mr. Hagel: — Of course.

Mr. Wendel: — We would certainly talk to them about that, but it still has to be their call.

Mr. Hagel: — Of course.

Mr. Wendel: — Right. Now just . . . respect to how well they've done, I think I'll ask Judy to speak to that with regard to cost.

Ms. Ferguson: — Well basically what we did in this one is we didn't look directly at the areas that you're querying on here. Rather what we were doing is looking to see how the organizations . . . what the organizations were doing to control the cost of publishing, because of the comments that we heard about what you're saying, is the cost of information.

Mr. Hagel: — Right.

Ms. Ferguson: — And in terms of what we found is that you can't . . . it was virtually impossible to say well this is the cost of providing information only on infrastructure, because it is so intertwined with all . . . what they're doing. And we felt that that was the appropriate way to do things. And in terms of providing information that's what you should be doing, getting as much mileage as you can out of all your communication tools. And it's more of a mindset than anything else, you know. So . . . and that's how you leverage all of your activities, you know.

And that's going to be the same for a number of other areas, a lot of it is mindset in terms of what you're doing, so it's how you tell the public and the legislators about certain aspects. And when you're doing that, keep in mind that you have, you know, a number of objectives in mind. So, I know that's not a direct answer to your question, but we didn't look at it directly.

In terms of did they do the right mix in terms of cost for provision of information and services — again we didn't pull that out. We didn't attempt to pull that out. And as Fred expresses, it's really a management decision and I think what you'll find is that, you know, that it's always going to be a balancing act.

But what we're saying as an audit office is that that provision of information is important, you know, so that the people that you're dealing with have an understanding of what you're doing, why you're doing it, and when you need to change what you're doing.

And I would suggest if you don't provide them with information, you're going to spend more time in meetings and that type of thing when you hit those points of . . . decision points. So you either provide people with information as you go along or at some point in time they're going to need information if you're going to engage them.

Mr. Hagel: — So I guess I hear you saying, at this point in time with the SaskEnergy and Highways, the auditor's office has a, what you would call a reasonable level of comfort on the balance between service and information as they undertake their mandates.

Ms. Ferguson: — We felt that when we went through the audit that they both . . . these are two organizations that are both leveraging their communications strategies so that they can build in information on infrastructure quite readily, and they do it well, you know. So in that respect, from our point of view, they were good role models.

Mr. Hagel: — Good, thank you. Thanks, Mr. Chair.

The Chair: — Mr. Hart.

Mr. Hart: — Yes, thank you, Mr. Chair. My question would be to the auditor. I understand that the Department of Highways and SaskEnergy were the only two entities that you've done this detailed audit on as far as reporting on infrastructure, is that correct? You know, have you done other departments that you haven't stated here? And I mean that's just for information purposes.

I guess my question is like when you get to the Department of Health, will you be auditing? And perhaps you have already done that; that's why I asked my initial question. But how do you handle the infrastructure that's, I guess, owned by the regional health authorities? Is that considered to be Department of Health or are they a stand-alone body and will you in fact be reporting on the infrastructure that is owned by those authorities? At least my understanding is they're not directly owned by the Department of Health, and so how would you handle them?

Mr. Wendel: — Mr. Chair, we have audited the public reporting of two other agencies and they're in a report that you'll be considering at a future meeting, which was Saskatchewan Transportation Company and Saskatchewan Property Management Corporation.

Regarding your question on the regional health authorities, we audit the regional health authorities. We have not audited their public reports on their infrastructure, but we have audited their capital asset plans and that will be the subject of a report that's coming up soon. We have audited the Department of Health capital asset plans. We've reported on that in the past. So that's again about infrastructure.

So we are not only reporting on what's publicly reported by the departments and agencies, we're also reporting on how well they're planning their infrastructure, how well they're maintaining and operating infrastructure, so that was all costs that are associated with infrastructure.

Mr. Hart: — But will you be holding those regional health authorities to the same standards as you have held Highways and SaskEnergy and then subsequently Sask Transportation and SPMC?

Mr. Wendel: — Yes. The purpose of putting out an information chapter for what should be publicly reported — that was the first chapter we considered — was to give all agencies notices that that was the expectations.

Now those expectations were developed by consulting with key government agencies, looking at literature and saying these are the expectations for reporting infrastructure for public bodies. And we began to apply it to agencies we thought were doing a good job, which was Highways and Energy, just as role models. We've now applied it to Saskatchewan Transportation Company and Sask Property Management Corporation. And we'll continue to work through the agencies that have large infrastructure to make sure that they begin to report publicly on their infrastructure in a credible way.

So that's where we're going with it, but it will be done over time. Like, we don't . . . we can't do them all at once. We just work our way in. The purpose for putting the information out in a public chapter is it gives them time to begin to make those changes before we actually get to audit, and they know what the expectations are.

The Chair: — Mr. Borgerson.

Mr. Borgerson: — Yes, I'm mindful of the fact that we haven't heard from Highways yet, so I'd like to ask a general question

to SaskEnergy.

Just in general terms, this process of monitoring and observing, reporting on infrastructure, how have you felt about it, the lessons you've learned from it, and where you think you will go from here?

Mr. Reeve: — Well it's an absolute cornerstone of our business. If you talk to our customers, they might like to talk about rates every once in a while, but safety and reliability is absolutely number one. The fireball incident, there is something pipeline companies do everything within their power to make sure it doesn't happen because the safety and reliability of the public and our customers are critical.

So the processes we have in place I think have stood us well for nearly 50 years in our own pipeline system here in Saskatchewan. But are there things that we can continue to try to do to get better and improve and communicate to the public? We're always interested in those kinds of instances. And so we welcome, you know, the opportunities to say, well how do we make sure we protect that infrastructure for many, many years to come.

The Chair: — Thank you. Just a couple of questions before we end this segment. The report from the auditor . . . from the Provincial Auditor, talked about capacity as being a criteria that needs to be considered. So I, first of all, would ask the Provincial Auditor's office, do you just determine whether capacity is being properly reported or do you comment on whether you think the capacity is too high, too low, or that information is not available?

Ms. Ferguson: — Mr. Chair, members, in this particular audit engagement, what we did is we looked to what the reporting on the capacity was. So we didn't make the determination if it was the appropriate level.

Rather, what we're saying is that as an organization, you should be setting out what you think is the appropriate level and where you're at against that. So it's again to provide the public with that robust information to make the determination.

The Chair: — Okay. Thank you. Well then . . . From that vantage point, then I would ask the officials from SaskEnergy how they feel they are in regards to capacity, transmission capacity.

You said you were at 96 per cent on the coldest day of the year. I'm kind of guessing that probably some places it was taxed to the max and other places perhaps there was overcapacity.

I know we've heard that there was overcapacity in your transmission lines. And in fact, there was some potential arrangements being considered with TransCanada Pipelines, it was rumoured and so on and so forth, to increase utilization of your capacity. Could you comment on that?

Mr. Reeve: — Sure. First of all, the delivery capacity in the province, I agree there are certainly probably pipelines within that system that are a lot . . . that ran closer to 100 per cent and those that probably ran in the lower 90s. You know, the 94/95 is an average of what we saw.

On the whole ability to receive gas onto our system, that's where we talk about the kind of additional capacity that we've got on the western side of the province. There is no question that we have certain abilities on the western side of our province to receive more gas onto the system, to move that to other interconnecting pipelines, etc. And you know, quite clearly we continue to look for ways to try to fill that infrastructure.

One of the ways we hope it gets filled is by more things like the Shackleton reserve play northwest of Swift Current that will utilize that capacity in some ways to move gas. You know, we've had a very, very significant level of natural gas activity in the province the last couple of years and we have seen more activity on that part of our system. But we will continue to look for ways for us to move additional Alberta gas as well, to utilize the infrastructure which is, I think, to the benefit of all of our customers.

The Chair: — So what percentage of capacity would you say you would use on average to transmit on the western side?

Mr. Reeve: — Well you know, really again it's like the delivery side as well. I'd say, you know, on the western side of our province we probably run at about 75 per cent of capacity, as a whole on the western side of our province, as total gas receipts.

Now again there are parts of that system on the western side of the province that run nearly at a 100 per cent of capacity on certain days and others that would operate lower. But we continue to try to work with producers and others to try to bring gas onto the pipeline system that we can move economically and try to maintain rate levels for the rest of our customers.

The Chair: — But you would, SaskEnergy, still is pursuing arrangements with Alberta suppliers to increase the usage of your system particularly on the west side of the province.

Mr. Reeve: — We continue to pursue things with Alberta natural gas producers, other pipeline companies, to try to fill up infrastructure. And if there are ways that we can move gas economically along the border, we certainly look at those kinds of opportunities to do that.

The Chair: — Can you comment on the expectations we might have that there will be some kind of announcement in that regard within the next few months or next year?

Mr. Reeve: — Well I mean we, on any given day we're working with lots of natural gas producers and pipeline companies around filling that infrastructure. So, you know, we have today I think 11 interconnections into Alberta today to flow gas. We'll work with those interconnections. We'll as well look at the possibility of adding new connections if it makes good economic sense to bring gas via that route into the province.

The Chair: — All right, thank you. Are there any other questions of the witnesses? There is a couple of recommendations that we want to deal with. I think we should deal with them near the end of our time together. Seeing no one that wants to speak, perhaps though you should stay in case

there is some discussion that arises out of the recommendations that we deal with.

Mr. Reeve: — Okay, we will. Thank you.

The Chair: — Thank you very much. And we will now call on the officials from Highways.

I'd like to welcome the deputy minister, Mr. Brooks. If you could introduce your colleagues and again if you have just a brief statement, that would be welcome. And then I would ask committee members to be prepared to ask questions either of yourselves or again of the Provincial Auditor and his officials about infrastructure in the Department of Highways.

Public Hearing: Department of Highways and Transportation

Mr. Brooks: — Thank you. I'm Harvey Brooks, deputy minister of Highways and Transportation. To my right is Don Wincherauk, the assistant deputy minister for corporate services. And to my left is Gary Diebel; he's director of finance and administration.

So I would like to make a few opening comments if I could. The department does very much support the long-term plan to be more accountable and transparent by improving the type and the quality of information reported to the public about infrastructure, as well as how our programs and services are planned, delivered, and then evaluated after.

The department agrees with the recommendation on infrastructure reporting included in the Provincial Auditor's 2002 Fall Report, and over the last 18 months we've taken steps to provide the public with additional information about our key plans related to highway condition safety and reliability.

Since August 2002 the department has published a performance plan for the current year — which I can show here and I'm sure you're familiar with — which outlines the department's goals, objectives, key actions, performance measures, along with key trends which influence our policy responses and program delivery.

Performance measures provide the public with better information about the key indicators used to monitor progress at achieving the province's long-term strategic goals and objectives for the transportation system.

We have several performance measures, like the amount of thin membrane surface highway — gravel highway and paved highways — in good condition, or the amount of primary pavements beyond their service life, that provide the public with information about the condition of the transportation infrastructure.

Other performance measures, like the percentage of collisions involving an injury or a fatality, the per cent of overweight trucks in the provincial highway system, provide information about safety and the impact of our programs and services in managing key factors that could impact the condition of the transportation system.

So over the last two years we've added six additional performance measures to the performance plan. Measurement methodologies have been developed for two other performance measures. And the department's level of influence on each performance measure has been included. There are 16 performance measures in total.

As part of the government's plan to improve accountability and public reporting, the department expects to start reporting performance measure targets and documenting key risks in the future.

The department has developed a process to estimate the net book value of the province's highway and bridge assets, and this value is reported in Public Accounts.

The department has redesigned its Internet site to provide the public with better access to information like construction project lists, reports, news releases, maps, policies, program road conditions, manuals, and rate restriction information. And there's a copy of the Internet site, and you may be familiar with that.

For 2004-05 the performance plan was released on budget day, four months earlier than previous performance plans in an effort to provide the public with immediate access to our plans for the current year.

In 2004-05 the province adopted a new financial budgeting and reporting model which separates capital and operating expenses. And this significantly changed how the department budgets and reports financial information, and the public has better information about the cost required to operate the transportation system and the investment being made to recapitalize infrastructure assets.

The 2004-05 budget also included an infrastructure amortization operating expense. And this provides the public with a comparison between amortization and capital investment to help gauge the level of capital investment. The department is providing additional information on its key plans as part of the government's overall plan to publish performance plans and improve public reporting.

In July 2003 the department released its 2002-03 annual report which reported results and documented differences for each key action included in the performance plan published the previous year. It also included a trend line for each performance measure to demonstrate year-over-year progress and reported progress on meeting government's transportation commitments. So with that, I'll turn it back.

The Chair: — Thank you, Mr. Brooks. And we'll now open the committee meeting to questions from any of the members. Mr. Yates.

Mr. Yates: — Thank you, Mr. Chair. My question is both for the department and for the Provincial Auditor. With the improvements made by the department, do you believe you're in compliance with the recommendation as put forward by the Provincial Auditor? As the department, and secondly the Provincial Auditor, do you believe that now with the improvements, that they're in compliance with what your

expectation was?

Mr. Brooks: — We certainly have received good feedback from all of our stakeholders with regards to the level of information that we've been putting out and the specificity of the information that's been put out.

We believe that we are moving towards full compliance. We want to work together with the Provincial Auditor to find the appropriate balance, again, on the cost of putting the information together and the benefits that are seen by . . . to our management managing the system, and also to our stakeholders in understanding the overall strategic plan and our improvement towards the strategic plan.

Mr. Yates: — Thank you.

Ms. Ferguson: — Chair and members, at this point in time we actually haven't followed up the two recommendations that we have before the committee. We're planning to do that work this fall and we'll be reporting on that next spring.

What we generally do on these types of engagements, especially when it comes to reporting, is that we like to give organizations a bit of time to actually make progress, and to have a chance really to work through the recommendations and have a chance to implement them.

Mr. Yates: — Okay, thank you.

The Chair: — Mr. Elhard.

Mr. Elhard: — Mr. Chair, I notice on page 15 of the report it talks about the percentages of various road surfaces that are determined to be good . . . considered to be in good condition. I guess what I would like to know is, what is the definition of good in this kind of a situation because a good thin membrane road might be considerably different than a good concrete asphalt pavement surface of the quality that you'd find on the No. 1.

Mr. Brooks: — Yes, in our 2004-05 performance plan, we include the definitions relative to the specific surface types. So for pavement, to determine if a pavement is in good condition — this is on page 16 of our performance plan — the department uses a combined measurement of the road's rutting and ride. So to measure ride quality, a device is used that generates a measurement of smoothness based on the international roughness index, that's the IRI. And to evaluate rutting, a device that continuously measures rut depth is used.

The measurements are analyzed using the processes and definitions of the department's asset management system to get that condition rating. A road must have both good rutting and good fair ride to qualify as being in good condition. And the road user would experience a smooth, comfortable ride with minimal ponded water in the wheel pass.

For the TMS, or thin membrane surface roads, to determine if the TMS is in good condition, the department uses a measure of the road's ride. And to measure ride then, the device again is used that generates a measure of smoothness based on the international standard called the IRI, international roughness index.

For the gravel surface, the department's asset management system, condition ratings for stability — which is the strength of the road bed; and protruding rock, the amount of large rocks protruding from the road bed — are used to measure good. The asset management system defines the definitions for good. In each of these, field measurements are used. And in order to be considered good, good gravel road, it must have a good rating in both measurements. The road user would drive on a hard gravel surface, road surface, with few rocks protruding from the road bed.

Mr. Elhard: — So can I assume from what you just told me that if you had to measure rutting as part of the determination for a thin membrane highway, it probably wouldn't even be as high as 31 per cent, in good condition.

Mr. Brooks: — It would depend actually on the AMS measure that's — the asset management system measure — that's being used for that. Clearly we would have to come up with a different measurement to see whether or not it would increase or decrease the number. But we provide the definition as background for the reader so that they clearly understand that rutting isn't used as a measurement component of the TMS highway.

Mr. Elhard: — The asset management system that you're talking about, that's the technology that you purchased from Australia, I believe, sometime in the last half dozen years. Has that proven to be as beneficial as everybody had hoped at one time, or have there been anomalies or difficulties applying that system in our own highways system in Saskatchewan?

Mr. Brooks: — With regards to the asset management system, my understanding is this was developed with the province of Manitoba and input from various jurisdictions, and developed in and about 10 years ago. And it has been very useful for the department in terms of managing a system. So every fall we go out and take condition ratings of all of the road system, and those condition ratings are then used by the asset management system to determine our preventive maintenance and capital improvements programs for the upcoming season. So it's a key determinant and a key factor that's useful in trying to get the optimal expenditure of resources to improve the system.

Mr. Elhard: — So is my information incorrect though that there was capability purchased from Australia?

Mr. Brooks: — I'm not aware of that, and I would go back and check, I guess.

The Chair: — Okay, thank you. Again just a couple of questions. First of all, again on good stewardship of infrastructure. In all of the driving around Saskatchewan that I've done, I've got to tell you that it seems like about 9 times out of 10 when I go past a weigh station, it's closed.

Can you just comment on what the Department of Highways' policy is with regard to weigh stations, and is my perception that they're underutilized correct? I've driven on, you know, for instance the Trans-Canada, and I see rutting from trucks on our premier highway in the province. And then you go by the weigh

station and it's closed. That causes me some concern.

Mr. Brooks: — Clearly we have to employ a strategy with respect to weight management and vehicle weights and enforcements on our highway system.

The department's experience is that once it mans the stations, is that truck traffic may be diverted or other measures are taken to try to avoid the station, the weigh station, while it's in operation. So we try and use less predictable hours in order for traffic to come in to the station and be measured in a . . . trying to catch sort of a random stream of traffic.

And when we are not operating in the station, we're operating mobile scales. And our people are out monitoring more sensitive aspects of the road system, trying to ensure that people are operating in compliance with the vehicle weights and the dimension regulations.

So yes, it is our experience that if we man that, you know, full time, it would be a misuse of our resources in that traffic would find some way around it. So what we . . . And I would say that we also work in co-operation with neighbouring jurisdictions. So if we know that their scale is open and is catching the in stream into our province, then we take that into account with regards to our enforcement measures for that time period.

The Chair: — Does the department keep any statistics or can it gather the information that would tell you what percentage of large truck traffic would be overweight?

Mr. Brooks: — We do blitzes on a regular basis with other law enforcement groups as well to gather information both . . . And this would be a complete sample for a certain time period on both vehicle weight, dimension, and safety inspection results. So we do do that.

We also employ some technological devices that we're using and we're even experimenting with some additions to that, that would allow us to remotely determine whether or not a vehicle was likely overweight, so they're running over a weigh-in motion sensor.

The Chair: — So then could you tell me what percentage of large truck traffic between Regina and Moose Jaw is overweight? Would you be able to give me that information?

Mr. Brooks: — I believe we would collect that at a certain period of time during the year. I haven't got that information available here today.

The Chair: — But you do collect that kind of information?

Mr. Brooks: — Yes.

The Chair: — I see somebody trying to get in. I am conscious of time. Just a quick question. Mr. Hart.

Mr. Hart: — Yes. Mr. Brooks, have you been able to measure any affect in the infrastructure of our highway system with regards to the dispute that you've had within your department with the highway traffic officers and the reduced level of enforcement that we've seen in this province in the last 18 months or so, since that whole issue has, has arisen. And as I said, have you been able to measure any difference or deterioration of the quality of our infrastructure, highway infrastructure?

Mr. Brooks: — No, we've not been able to have a measurable difference because of activities. During the past year when staff were on selected duties or on different duties and there was only a component of the staff doing that, they were diverted to other activities — education, safety inspections, things of that nature — that also contributed to the goals of the, of the unit.

We wouldn't expect actually over that period of time to see, you know, a system . . . measurable system difference. Certainly some of our activity with regards to fines levied was affected. But we wouldn't and did not actually measure the difference, any difference.

Mr. Hart: — Well perhaps, I guess the damage may not show up initially, but I would suspect because of the . . . You know, it was known in the trucking industry that there was less enforcement out there. And I would suspect then . . . Do you have any evidence that there was more overweight loads being hauled through on our highways in that period of time? Do you have any empirical evidence?

I realize it's difficult because you had fewer, fewer tickets issued and that sort of thing. But have you got any other method of gathering information from neighbouring jurisdictions that perhaps they saw an increase in overweight loads coming . . . crossing our borders and that sort of thing? What would your comments be with regard to that?

Mr. Brooks: — On the anecdotal side we would see and hear both aspects of that, in that generally truck fleets that are managed by central managers in essence obey the regulations and try and operate in a fashion that is consistent with long-term sustainability of the system and is consistent with the regulations that they operate under. And that forms the bulk of the fleet.

We have a number of major commercial trucking activities that operate in accordance with our transportation partnership programs, and those continue to be monitored and audited on a regular basis. And those would not, we would not expect to see any differences in their adherence to the rules under which they operate.

We certainly didn't hear anything coming from our neighbouring jurisdictions, either north-south or east-west, with regards to increased incidence of interprovincial movement that was above expected levels. So it's, having said that, on an anecdotal basis one hears this all the time, that there are . . . just like speeders on the highway. There are some incidents of non-compliance out there, and this is why we do invest in the transport compliance officers.

The Chair: — Thank you, Mr. Hart. Just one more quick question. In the auditor's report, it talks about comparing results to what was planned as being an important role that your department — and SaskEnergy, of course — would play in analyzing the value of their infrastructure. When you look forward to planning the highway needs of Saskatchewan, do

you project . . . What criteria do you use? Do you use population numbers? Do you use economic growth or lack of growth? Do you calculate need based on population moving from rural to urban Saskatchewan, or from our province to other provinces? Are those criteria you use?

Mr. Brooks: — Yes, we would certainly be very sensitive to the average annual daily traffic that's on the road system now and the type of growth that we experienced on the existing parts of the road system, and would use that growth as a measure for potential upgrades.

We work very closely with a number of stakeholders, whether that's chamber of commerce or the area transportation planning committees or others, to get information on future economic developments — whether that happens to be intensive livestock operations or forestry industries or mining or whatever it is — to try and get a sense of where we expect heavy truck movement to be occurring in the future, and try and plan for that. So there are a number of aspects that we do take into account.

At this point in time, we're trying to be very sensitive to the trade-off between the sustainability of the infrastructure that we have and the needs for economic development at the local level and for the province as a whole. And that trade-off I think is one that very much gets to the core of the weight-management regime that we operate in the province.

The Chair: — All right, thank you, Mr. Brooks. We have two recommendations now that we want to deal with. I would ask you as well just to stay for about another five minutes in case we need you.

Members of the committee, there are two recommendations from the auditor on page 14 of the Fall Report for 2002 Volume 2. And the first recommendation deals with SaskEnergy. The second deals with the Department of Highways.

The Clerk passed around a sheet of paper that tells us we have five options with dealing with these recommendations — that we can concur with the recommendations and note compliance; that's if the recommendation has been heeded and completed. We can concur with the recommendation and note progress, and that's when things are moving in the right direction but not entirely there yet. We can concur with the recommendation but not go farther if the department is unwilling to comply. We can disagree with the recommendation of the Provincial Auditor, or we can adopt an independent recommendation.

Those are the options provided to this committee. Perhaps I should . . . we should deal with no. 1 first because they are separate recommendations. Recommendation no. 1 states:

> We recommend that SaskEnergy give the public additional information about the condition of its natural gas transmission and distribution systems and the ability of these systems to meet peak demands for gas.

Is there comments or is there a motion?

I think we're actually not supposed to push those buttons; I think that someone else does that for us.

Mr. Hagel: — I see. That's why that little red light was flashing . . .

The Chair: — Mr. Hagel, you're being a bad boy. We had instructions . . .

Mr. Hagel: — When that little red light flashes off and on, it means get your doggone finger off the button, is what that means.

The Chair: — That's right. Mr. Hagel.

Mr. Hagel: — Mr. Chair, as I look at these two standards, I guess I'm not certain in my mind. It's either . . . For sure it's concur. And I think it would be note compliance as opposed to progress towards compliance, but I'm conscious of Ms. Ferguson's remark that they haven't gone back and verified. So perhaps, perhaps for that reason it would be note progress towards compliance. But could we just get a bit of advice as to whether it's compliance or progress?

The Chair: — I'll ask Ms. Woods to comment. But I also noticed that there were those two boxes where one, Highways, had been 100 per cent successful, but SaskEnergy could do a little better, and in the other one it was the opposite. So and again that would perhaps speak to no. 2 as the right motion, but I'll let Ms. Woods give us the technical explanation or . . .

Ms. Woods: — Essentially it's within the discretion of the committee. If they're satisfied that the department or the agency has for the most part complied with the recommendation and they're comfortable at that point, then they can indicate that they have complied. If there is some indication from the department that yes, they agree with it and they're moving towards it but the committee doesn't consider that it has fully complied with it, they could decide to note progress, but it's almost a splitting of hairs to some extent.

Mr. Hagel: — That sounds to me like compliance then. But, Ms. Ferguson, do you have a comment?

Ms. Ferguson: — As I indicated earlier, we actually have not had a detailed look. So we are aware that there has been progress towards compliance, but we're not sure as to if they have complied yet — as yet.

Mr. Hagel: — Well then, Mr. Chair, it would be my view that under the context of the expectations that it has been complied with, and therefore I would move:

> Concurrence with recommendation, and note compliance.

The Chair: — All right, it has been moved. Is there any comment on the motion? Mr. Elhard.

Mr. Elhard: — I think I . . . You know I would like to agree with that particular motion, but I don't know if we can go quite that far. And I guess the reason I am hesitant to second the motion would be that if the auditor's office looks at the reports and comes back and says, well they didn't quite meet compliance, then we're going to have taken a different position than the auditor's office.

I guess I would rather, much rather, err on the side of caution and say that we note progress toward compliance because I think the representatives here today indicated that they were making those efforts and gave us some examples of that. But I don't want to second guess the auditor's point of view on the full realization of that goal. If they haven't looked at the reports yet, it would be difficult for us to have superseded their point of view.

The Chair: — Mr. Hagel.

Mr. Hagel: — It's just that why I say compliance, because I note that the recommendation is that SaskEnergy give the public additional information, and it strikes me that that has happened, giving of additional information. I don't know that that necessarily means that it is deemed by the auditor to be where it should be as an end result. But the recommendation here is a fairly general one I think. And I'm not hung up on this, and I won't drag it out for a long time, but it was that giving additional information that seemed to me to be the key criteria.

The Chair: — Mr. Hart.

Mr. Hart: — Thank you, Mr. Chair. I would interpret those recommendations slightly differently. I would interpret them as the auditor asking the departments to give additional information so that they could meet the criteria. And as we've seen today, that the auditor feels they haven't quite met the criteria of providing the level of information that would meet all the criteria. I would commend both agencies for making, you know, progress on this. But I would suggest that we adopt no. 2 to note . . . concur with your recommendation and note progress towards compliance.

The Chair: — I would suspect as the Chair — and I'm just suspecting here — that if we voted on the first option, we may not have a unanimous vote. If we voted on the second option, we would have a unanimous vote. That's my guess. I am the servant of the committee, and right now I have the motion put forward by Mr. Hagel. If he chooses to leave that motion on the Table, I would then call for the question unless there's further comment.

Mr. Hagel: — No, I think I'll just leave the motion, Chair, for the reasons I stated. I don't think we have a significantly differently point of view, and it's a matter of how we choose to express it I think. And that's on the record. And it probably gives the context to it as well.

The Chair: — All right, are we ready for the question? All in favour? Opposed? The motion is carried by a vote of 4:2.

Second recommendation on page 14 of the report:

> We recommend that Highways give the public additional information on its key plans related to highway condition, safety, and reliability, as well as comparisons of plans to actual results with any differences explained.

The Chair: — Mr. Yates.

Mr. Yates: — Thank you, Mr. Chair. I would move concurrence with the motion and note compliance.

The Chair: — Any comments to the motion? Seeing none, are you ready for the question?

Some Hon. Members: — Question.

The Chair: — All in favour? Any opposed? 5:1 — carried. Interesting times.

Thank you, thank you both representatives of the Department of Highways and SaskEnergy for being with us. Thank you to the other officials that are sitting with us at the Table and all members of the committee. I declare this meeting adjourned.

The committee adjourned at 11:59.