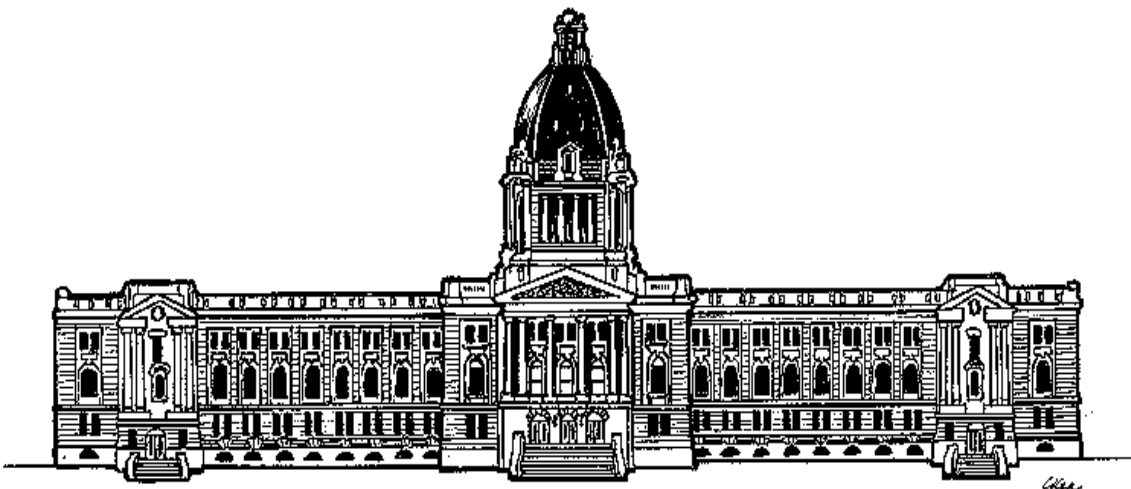




STANDING COMMITTEE ON PUBLIC ACCOUNTS

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**STANDING COMMITTEE ON PUBLIC ACCOUNTS
2004**

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Mr. Glen Hart
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Mr. Ken Krawetz
Canora-Pelly

Mr. Kim Trew
Regina Coronation Park

Mr. Kevin Yates
Regina Dewdney

The committee met at 13:00.

The Chair: — Good afternoon, ladies and gentleman. I'll call this meeting of the Public Accounts Committee to order. I want to welcome committee members and guests and officials to this two-day session. Should be the last major wrap-up session, cleaning off older items on the agenda. We've actually made some fairly good progress in cleaning up some of the business of the past and I think after today and tomorrow we will nearly have the older material looked after.

We are joined by people, live, through streaming video on the Internet. This is being recorded to tape for television purposes and will be rebroadcast at a later date, I understand when there's more people to view so our ratings will go up. Probably sometime in November we may be . . . we may see this broadcast of this very important session.

I would like to welcome the Provincial Auditor and his officials; the Provincial Comptroller and his official. I'd like to welcome our witnesses who will be participating, followed by other colleagues throughout the next day and a half to our sessions.

You all have agendas, I believe, and there was a revised notice of meeting with a very small change that came out just a few days ago. Nothing in the way of changes to the content but just a small change in the order. And we will try to stick as closely as we can to that agenda. We will have to be fairly disciplined.

What I will do is I will, as custom, ask the Provincial Auditor to just touch, or one of his officials to touch, on the reports under consideration and then get a follow-up response from department officials. And then we'll open up the meeting to questions by committee members and if there are any recommendations, we will deal with them before moving on to the next session.

Public Hearing: Community Resources and Employment

The Chair: — First item on the agenda is Community Resources and Employment. We have a number of chapters to discuss, beginning with chapter 10 of the 2002 Fall Report Volume 2. There are no recommendations in that chapter. We move on to chapter 9, 2003 Report Volume 1; again no recommendations. Then chapter 3, 2003 Report Volume 3, there are three recommendations. And we will conclude with chapter 15 of the 2004 Report Volume 1, which contains one recommendation.

And we will begin with the report from the Provincial Auditor. Mr. Wendel, you are making some comments or turning the floor over to your assistant?

Mr. Wendel: — Mr. Chair, I'm going to turn it over to my assistant, Mike Heffernan, to give the presentation.

The Chair: — All right. Mr. Heffernan.

Mr. Heffernan: — Thank you, Mr. Chair. I'm going to go through all the reports at one time, and I'm going to go quite quickly so you can attempt to follow along if you're fast at

turning pages.

We'll start with the 2002 Fall Report Volume 2. Chapter 10 starts on page 263. During 1995 we audited the adequacy of the department's processes to establish effective case planning procedures to achieve long-term independence for employable social assistance clients. We found the department did not have adequate systems or practices to effectively implement, update, or evaluate its case plans at that time.

Our follow-up in 2002 showed the department had made progress but more progress was needed. We were pleased to note that since 2002 the department has made good progress on case planning. The department's policy now is that case planning be done for all clients. In addition the department has prepared a template to be used for preparing case plans. The department still needs to design information systems to evaluate the effects of case planning.

The next report I'm going to talk about is the 2003 Report Volume 1 and that deals with Saskatchewan Housing Corporation, which is managed by the department. Chapter 9 starts on page 149. In this chapter we describe the key risks Sask Housing must manage well to be successful. It must understand the housing marketplace in order to identify the long-term housing needs for Saskatchewan people, manage its resources to deliver its mandate, manage its interest rate risk, and manage relationships with a variety of partners. I'm not going to go into those risks in any more detail, but just to point out that later on in this presentation we talk about an audit where we deal with the second risk — managing its resources to deliver its mandate.

In the 2003 Report Volume 3, chapter 3, which is a main chapter on the department . . . chapter 3 starts on page 93. On page 98 we continue to recommend the department follow its established procedures to ensure that only eligible assistance receive . . . eligible clients receive assistance and that they receive the correct amount of assistance. The Public Accounts Committee agreed with this recommendation. And as I'll discuss later the department is making progress in this area.

On page 99 we continue to recommend that the department receive timely internal audit reports. I'm pleased to note the department now receives timely internal audit reports.

In recommendation 1 on page 101 we recommend that the department follow its policies to ensure that children in its care are protected and that payments to care providers are authorized. The department has established policies and procedures for the placement of children in its care. We found the department did not always follow its procedures. For example, the department often did not do criminal record checks on care providers and other adults living in the home. And the department has made great strides in improving in that area.

On page 101 we continue to recommend that the department improve its records and document its procedures to ensure that custodial parents receiving social assistance pursue child support. The Public Accounts Committee has agreed with this recommendation.

On page 102 we describe how the department needs to improve its processes to use community-based organizations to deliver its services. In the recommendation 2 on page 103 we recommend the department strengthen its service agreements with CBOs (community-based organization) to ensure they meet the department's objectives.

On page 104 we continue to make three recommendations to improve the performance reporting by CBOs. The Public Accounts Committee has agreed with those recommendations.

In recommendation 3 on page 105 we recommend the department prepare a business continuity plan. The department needs this plan to ensure it can deliver, continue to deliver its programs and services if its facilities or people are unavailable or its IT (information technology) systems fail.

The next and final report is the 2004 Report Volume 1, chapter 15. Chapter 15 starts on page 203. On page 206 we explain the actions the department has taken to implement our recommendations related to payments for social assistance and payments for children in care. The department has prepared a quality improvement plan to ensure adequate compliance with its policies and procedures. If department management . . . if senior management maintain their long-term commitment to the plan, the plan should provide a reasonable basis for the department to achieve and maintain compliance with its policies and procedures.

On page 207 we report the results of our audit of the Saskatchewan Housing Corporation. Sask Housing must manage its resources to deliver adequate and affordable housing to people in Saskatchewan who cannot access such housing. In our audit we assessed whether the capital asset plan that Sask Housing had available at March 31, 2004 was adequate for decision making. We found that Sask Housing's capital plan contains most of the information necessary for decision making but needs improvement. The capital asset plan does not set out the specific measures Sask Housing would use to determine appropriate size, mix, and condition of the Housing portfolio and what Sask Housing expects to achieve with the portfolio and by when.

Saskatchewan Housing needs this information to operate and maintain its housing portfolio efficiently.

As a result we made one recommendation on page 212. We recommend that Sask Housing's capital asset . . . capital plan show the specific measures they would use to determine the appropriate size, mix, and condition of the housing portfolio; the starting point of each measure, i.e., its baseline; and what Sask Housing expects to achieve with the housing portfolio and by when, i.e., its targets.

On page 217 we describe a future audit which we refer to as moving people from welfare to work, and as one department says, no it's more like from work to welfare it seems sometimes. One of the department's long-term goals is to improve the economic independence and self-reliance of Saskatchewan people. The department has developed processes to measure its progress in helping low-income earners and welfare recipients find and keep work.

Our chapter explains the significance of these processes and outlines the criteria we will use to assess the department's processes. We plan to complete the audit and report our conclusions in December.

That concludes my remarks.

The Chair: — Thank you, Mr. Heffernan, for touching on all four volumes. That's a large amount of material and you very adequately briefed us on that.

We have from the Department of Community Resources and Employment, Ms. Wynne Young, who is the deputy minister. And would you care to introduce the officials you've brought with us today and then respond to the auditor's report before we open for questions.

Ms. Young: — I'd be pleased to do both. Sitting to the left of me is Bob Wihlidal, the assistant deputy minister of client services; behind me on my left is Shelley Whitehead, the assistant deputy minister of policy. Beside Shelley is Phil Walsh, executive director of employment and income assistance; beside him is Don Allen, executive director of finance and property management. And beside him is Darrell Jones, assistant deputy minister of housing and central administration. And then sitting back in the row behind is Marilyn Hedlund, the executive director of child and family services.

So thank you for that and thank you for the opportunity to make some comments.

In response, the Department of Community Resources and Employment has heard and takes the advice and comments from the Provincial Auditor seriously. Over the past two years these comments have addressed areas such as case planning for SAP (Saskatchewan Assistance Plan) clients, capital planning and key risks of the Sask Housing Corporation, internal audit reports, CBO accountability, information technology, financial statements, annual report, and business continuity plans.

I would like to comment particularly today on recommendations identified in the Provincial Auditor's 2003 Report released last December — specifically two recommendations regarding the department's adherence to its policies and procedures. The first relates to the need for the department to follow its rules and regulations and ensure that only those clients who are eligible to receive social assistance do, and that they receive the correct amount. The second relates to the need to ensure that children in the care of the department are protected and that payments to child care providers are properly authorized. The auditor's review of the file confirms that, while the department has policies in place to ensure children are safe, these policies need to be better followed and documented.

We took these recommendations seriously and immediate steps were taken to review our records and improve our practices. As a result the department has, as has been noted, developed a quality improvement plan that outlines how we will improve the quality of our service. In the short term, the plan outlines actions to ensure compliance to standards and procedures and to identify areas requiring improvement. In the longer term, the

plan outlines a course of action that enables the department to achieve ongoing accountability and improve and simplify the administration of programs and services and create a culture of continuous improvement. We asked the auditor to assess this quality improvement plan with respect to the issues of non-compliance, and he responded that it was a good base on which to move forward.

To date, a review of all 5,300 open child protection, child services, foster home, and alternative care files has been completed. These files were reviewed for compliance against a prioritized set of standards that are indicative of good case planning and child safety needs. Corrections are being made on the files that were needed, and an ongoing process has been established that will see a complete supervisory review of all child and family services files every four months.

A priority in this review was also to ensure that police record checks were carried out for all foster homes. We can confirm that 98 per cent of foster home files have a completed police record check at this point. The remainder are awaiting return calls from either the local police or the RCMP (Royal Canadian Mounted Police).

We also took immediate steps at income assistance and to date have reviewed over 4,500 files to ensure cases met policies and procedures and made sure corrections were undertaken. As well, new processes have been developed to ensure good case practice and compliance on policy with all cases at intake and as cases . . . cases that are submitted for their annual review.

These initial steps were taken to provide assurance that our practices met policy. We will continue to review files as part of a good case management practice. We will also continue to identify where staff require greater support in order to bridge that gap between policy and practice. In the longer term we want to sustain quality and focus on continually improving our programs and services. Results of the file reviews have identified further opportunities for us to strengthen our practice and improve, and the department is now working to take advantages of those findings.

Some of the medium to longer term actions within the quality improvement plan include: providing additional training to staff; enhancing our information technology strategy to support our policy and practice objectives; reviewing policies and practices within the department to see where simplification and improvements can be made; and, for example, in income assistance, the introduction of the simplified benefit structure will mean for us less time on benefit administration so that more time can be spent on case planning or transition planning with clients.

Another example, in child and family services, means reviewing the number of policies we have, bringing further clarity to the priority standards. Overall the initiatives of the quality improvement plan will be supported within a framework of quality that fosters an environment of continuous learning and improvement within the department. This will enable the department to meet its program and client outcomes, provide better client service, increase efficiencies, and ultimately move clients towards the goal of building independence — the department's strategy.

We have made good progress and improved our delivery of our services. We appreciate the Provincial Auditor's more recent comments which recognize the improvements that have been made within the department.

We also realize that there is more work to do and I can assure you that we are committed to the actions of the quality improvement plan and continuous improvements in the delivery of the department's programs and services. And I'll stop there.

The Chair: — Thank you, Ms. Young. Two things I neglected to mention in my opening comments. First of all when I was welcoming everybody I forgot to welcome our Clerk, Margaret Woods, who keeps everything organized; and I also forgot to mention Brenda Bakken, MLA (Member of the Legislative Assembly) for Weyburn-Big Muddy, subbing in for Glen Hart for this portion of the meeting.

With those two items out of the way, I will open the floor to questions. Mr. Krawetz.

Mr. Krawetz: — Mr. Chair, just for clarification, Ms. Young, or . . . and to the auditor as well. On page 100 and 101 of chapter 3 of the '03 Report — where our first recommendation will be when we get around to dealing with the actual recommendations — you indicated that you had 5,300 files that you checked, and then the auditor's report indicates about 1,700 children in foster care and 725 in alternate care. What difference exists between files and actual children in care?

Mr. Heffernan: — The 5,300 I think you're referring to are social assistance files and you're referring to children-in-care files.

Ms. Young: — The 5,300 would be four categories of files. They would be child protection, child care, alternate care, and foster care. And the total of that would be 5,300.

Mr. Krawetz: — Does that number change dramatically over year to year, or can you indicate to us for the last five years, has the number of files in these four categories increased, remained rather constant, or decreased?

Mr. Wihlidal: — The change is not dramatic. No, it's a reasonably stable number throughout the past five years.

Mr. Krawetz: — In the second recommendation that we're going to be dealing with, the department is encouraged to strengthen its service agreements with CBOs. Could you indicate what, in your analysis of your system, what changes you've made to strengthen those agreements with CBOs.

Ms. Young: — Certainly. I'll ask Shelley Whitehead to address that if I can.

Ms. Whitehead: — As you're likely aware, community-based organizations, we have a variety of them that we fund in the department including CBOs and housing authorities, First Nations and Métis organizations, and so on. And while we have many systems and practices in place, we do recognize the documentation is not always present.

And so what we've been doing, first of all in 2001, 2002, we

did a fairly extensive consultation process with about 450 representatives of boards and staff of community-based organizations from across the province. And we initiated a discussion about a new strategic relationship with those organizations, and as well initiated a discussion to focus on the department's strategic plan and a different kind of service agreement that would move towards a more outcomes focus.

As well, since that time we've been working internally to re-examine our contract monitoring process, again with a stronger focus on outcomes, and look at restructuring our service agreements to strengthen accountability processes. And as an example of that, in the last budget cycle we modified our CBO funding application, and we requested the CBOs to be more clear about identifying the client outcomes associated with their programs.

As well we are currently awaiting the results of evaluation of the Career and Employment Services community-based organizations in the department. And that evaluation is due within a month or so and will inform us about further strengthened approaches to CBOs.

Mr. Krawetz: — Thank you.

The Chair: — Ms. Bakken.

Ms. Bakken: — Thank you. I'll just ask a question while we're talking about CBOs. The regional intersectoral committees, how do they play a part in determining funding and accountability for CBOs?

Ms. Whitehead: — The regional intersectoral committees across the province are responsible for reviewing applications within their regions for funding through prevention and support grants, and the Community Initiatives Fund . . . new language. And they will review proposals that come forward in their regions and make recommendations for funding accordingly.

Ms. Bakken: — So, just to be clear, does the sectorial committee have the final say in how funding would be allocated, or how is that actually arrived at?

Ms. Whitehead: — There is a shift being made currently from last year to this year. Last year the final authority rested centrally; this year that decision making is going to lie with those regions.

Ms. Bakken: — And who makes up the actual committee?

Ms. Whitehead: — The membership on each of the regional intersectoral committees is slightly different from region to region. For the most part they're stakeholders like the school divisions, the health authorities, our department, Community Resources and Employment, police. Some community members participate in some locations but not necessarily in others.

Ms. Bakken: — And who makes the decision of who is actually on the committee?

Ms. Whitehead: — For the most part people who are willing and desire participation do participate, and each . . . but the final decision rests with each region.

Ms. Bakken: — Okay, so I'm still not clear. When you say rests with each region, who in a . . . I mean like we have nine regions in the province, and for instance Weyburn is within Yorkton region. Who makes the decision for Yorkton region? Who would be on that committee to make those decisions about spending of the funds?

Mr. Wihlidal: — The respective departments would identify which of their respective employees or officials would be at that table.

Ms. Bakken: — So then it's not members of the community at large. It's actually employees of the Government of Saskatchewan that are on the regional sectorial committees.

Ms. Whitehead: — It's a mix. For example, the police will have representation and the police would ask to participate. It's a committee decision ultimately about membership.

Ms. Bakken: — Well I think . . . I guess I'm having trouble because I think there's a grey area here of who actually decides . . . I mean because it's a huge issue in some areas about determining, you know, where the funding is going to go, and the accountability around it, and who makes that ultimate decision. And that's why I'd like it clarified.

In our area for instance we have a head of the sectorial committee and then — I'm not sure of her exact title, there's a lady that works under her — so they are obviously employees of the department. But then the group that they . . . the board that they answer to or work with, you're saying that most or all of those people are employees, other than the police? And would that gentleman, would he be the one that would determine who would be on that board? Or who would make that decision of who would be on the individual boards?

Ms. Whitehead: — The RICs (regional intersectoral committee) themselves are composed of participants. And each RIC has a RIC coordinator whose sole function, you know, is to support the activities of the RIC itself. The RIC committees or the representatives from the various organizations that participate make decisions, not the RIC coordinator.

Ms. Bakken: — I understand that. I'm just . . . I guess for clarification because this issue's come up several times in my riding, and I'm sure it has across the province, of who comprises this committee. And I've asked the question before about who makes the ultimate decision and I've got a variety of answers about who makes a decision, where the funding goes; or who makes the decision on who receives the funding within each individual RIC.

So I don't believe that we've got a clear answer. Are the people that are on it appointed by government departments other than the police?

Ms. Whitehead: — Sorry? Other than the . . .

Ms. Bakken: — You indicated that there was representation from police forces — RCMP or city police — on the RICs. Other than the law enforcement, are the people that are on the committees employees of departments of the government?

Ms. Whitehead: — Some committees would have First Nations representation as well.

Mr. Wihlidal: — School divisions and regional health authorities would also be represented and they would select their own membership from those agencies. It's a selection of human services agencies in a particular region so it's really those human services agencies who have an interest in being on the RIC — who express that interest and identify a person to be represented there.

Ms. Bakken: — Okay, and so for clarification on funding you said that funding comes from Community Initiatives Fund and what else? What other . . .

Ms. Whitehead: — Prevention and support grants.

Ms. Bakken: — And so, is so much allocated to each RIC above and beyond what comes through the Department of Social . . . or Department of Community Resources and Employment?

Ms. Whitehead: — Yes.

Ms. Bakken: — And they have their own pool of funding and determine what programs they will support?

Ms. Whitehead: — At this time I don't have . . . I'm not clear on the exact allocation process so we can follow that up with you if you like.

Ms. Bakken: — I'd appreciate that. Thank you. That's all I have on that. I have some questions on another issue.

The Chair: — Maybe before we move on to another issue, just on again chapter 3 of the 2003 Report Volume 3, I think that the . . . on page 95 I think the brief synopsis of spending probably reflects on the change in the structure of the department when it was changed from Social Services to Community Resources and Employment. For instance, now Sask Housing is under your responsibility. It wasn't in 2002. I notice quite a difference in the amount of dollars from the Department of Learning — I don't know why that is so significantly different — and also from the Department of Justice. Can you just quickly explain how that has changed the role of your department and how that might affect some of the auditor's recommendations that we're dealing with — the three recommendations we're dealing with in this chapter?

Ms. Young: — I will attempt to answer that. In February 2002, March 2002 there was a significant reorganization and it saw Sask Housing become . . . leave municipal and become a division of DCRE (Department of Community Resources and Employment). The department was moved from Social Services to Community Resources and Employment. Also the current employment centres, that system, moved from the Department of Learning to the Department of Community Resources and Employment. And what exited over was the young offenders, which moved to the new Corrections and Public Safety.

So there was a significant reorg, all with the goal of bringing together those areas that would help to build independence and move people towards employment.

The Chair: — The major concern in this chapter that I see from the Provincial Auditor was the department's failure to follow established rules and procedures so that only eligible persons receive the correct amount of assistance. And you've reported that you have made substantial progress in that area. I don't remember whether you suggested a percentage. I don't know, are you 100 per cent confident now that you . . . I would doubt you'd claim perfection.

When the auditor was concerned, raised this issue, he said 48 per cent of the client files that he examined did not contain adequate information for the department to verify the eligibility of the applicants. And then there was also a concern expressed about the percentage of benefits that were not the correct amount. Can you give me some idea as of today where those percentages might lie in those two areas?

Mr. Wihlidal: — The auditor's review examined 40 files, and the 48 per cent you speak of is correct. There were in approximately in half of those cases administrative errors of one form or another. The further percentage mentioned in the auditor's report around those 40 files was 15 per cent, and that was an indication that in 15 per cent of those 40 files there were errors of a type that created significant possibility of financial error. And what . . . that's an important number for us, and that's the one we really wanted to attack because it is an indication that there was some risk of public funds in the process of administering the program.

The sort of errors that make up that 15 per cent would be things such as missing ID (identification), SIN numbers, social insurance numbers, or utility bills that haven't been photocopied and put on file — things of that nature — rent receipts. Where they are missing, it indicates that there's a possibility that a financial error was created.

The more recent numbers that we have — and these are some numbers in fact that we've got from the Provincial Auditor around a more recent review they'd done — shows some good progress in terms of the lack of compliance in some of these error rates. Although not 100 per cent, it shows significant progress in some areas.

For example, around our completion of annual reviews, in 2003 in that area there was about a third of files that were audited that showed a lack of an annual review being completed on time. That number in the more recent review is down to 18 per cent; so a significant reduction there. Another example of that would be the existence of case plans where in 2003 the auditor observed in a separate review, 43 per cent of files not having a case plan; that number now being down to 21 per cent. So again, significant progress but certainly not perfect.

The Chair: — So can you give me a percentage — your best guess percentage today — of how many ineligible recipients there are of financial assistance?

Mr. Wihlidal: — I'll ask Phil Walsh our executive director of employment and income assistance to speak to that question.

The Chair: — All right, Mr. Walsh.

Mr. Walsh: — Thank you, Mr. Chair. As we're looking at

these files, what we're really trying to look at is what is the percentage of dollars that are paid that are in error as opposed to the percentage of files that might have an administrative error in them, which is the 48 per cent and the 15 per cent. As we looked at the files and followed up on the observations that were made, we found that in fact it was less than 1 per cent of the actual dollars that were in error on those files.

The Chair: — Is this back at the time when the Provincial Auditor came up with the 48 per cent number or is this today?

Mr. Walsh: — That was those files at the time; that's correct. So the 48 per cent wasn't incorrect. It just reflected the number of files as opposed to the actual dollars that were paid to those files.

The Chair: — So did that mean that the ineligible — I think it was recipients who were ineligible — the amounts were just minuscule for the percentage of error to be that high and yet the dollar amount to be that low?

Mr. Walsh: — It was a question of whether the administrative error actually resulted in an incorrect payment or not. So when we followed through on what was missing on the file or what could potentially lead to an error, and followed that information up, and then applied it to the case to see whether there actually resulted in a change in the entitlement.

The Chair: — So that's why you said you were more concerned about the 15 per cent because that was where there was actual potential for a wrong amount of money to have been paid out. Would I be correct in assuming that normally of that 15 per cent, there was more money was paid out than should have been paid out? Or is that a wrong assumption and in fact it was a 50/50 thing where sometimes the recipients should have received more?

Mr. Walsh: — It was a fairly small sample of 40 cases. We found six where there was an incorrect payment — five of them were paid too much; one of them was paid not enough.

The Chair: — Okay, well that's helpful. And the numbers are better today. You can assure it, but you don't have the actual percentages. You can't give me the comparable percentages today.

Mr. Walsh: — Right. That's correct. As part of our quality improvement plan and with the advice and the assistance of the auditor's staff, we're going to be establishing targets as we move along and measure them each quarter. And we've undertaken to do that during the balance of this year.

The Chair: — I wonder, Mr. Heffernan, if you could just update us from your office's perspective as to where those percentages might be or what you're looking for.

Mr. Heffernan: — If you look at on page 98, the fourth paragraph down, it says:

Also, because the Department did not adequately follow its rules and procedures, we are unable to determine that only eligible . . . (recipients) received the correct amount of assistance.

I think what we're saying is until they get their quality assurance processes in place to actually get compliance with their policies, it's really difficult to know what the error rate is. So we don't think it's possible to determine the monetary error rate at this point. But I think that's the whole point of the quality assurance plan is to get to the point where the department's practices are being followed to the extent where you can actually then assess the error rate.

The Chair: — So then you're saying the department doesn't have enough information to make a valid assessment of its error rate.

Mr. Heffernan: — Yes, right. But I think they're working towards that and I think maybe . . . Well I think that's really the whole point of the quality assurance plan, is to be able to at some point to come up with the monetary error rate.

The Chair: — Okay. Also in this chapter, on page 99, there is discussion about the internal auditor's reports not being timely, and Ms. Wynne you suggested that had been corrected. Am I correct in assuming . . . I think I saw somewhere that KPMG is the internal auditor? Is that correct or have I read that somewhere else?

Ms. Young: — KPMG is the auditor for Sask Housing Corporation.

The Chair: — Okay.

Ms. Young: — We have our own internal auditor that's looking at the reports that we receive.

The Chair: — And that's a person within your department?

Ms. Young: — Yes, it is.

The Chair: — And those are now more timely. Are they less than three months . . . Is it less than three months now from the time you receive the audit from the period of audit?

Ms. Young: — I'm just told it's about three months.

The Chair: — About three months. Is that a document that you could make available to the Public Accounts Committee so we could have some idea what an internal audit looks like?

Ms. Young: — We can certainly make something available to you.

The Chair: — Okay. Perhaps if you could send me a copy of your most recent internal audit and then I could forward it on to the committee members. I think it would be helpful to us, just to sort of know what your internal audit is comprised of. I think we'd be better at doing our jobs if we knew that.

Are there any other questions regarding this chapter before we deal with the recommendations? Mr. Krawetz.

Mr. Krawetz: — I have a couple of different issues. One still connected to social services and financial assistance provided to families. Clarify, do . . . The provision of financial assistance to a family, I understand that you have some restrictions as to

where monies would be . . . who monies would be payable to for, for instance, the rent of a property, that you may have joint names on a cheque that's issued. Is that the only category that actually has some control of, indeed, where the financial assistance finally ends up, that is maybe in the hands of a landlord, if there's a rental, or in the case of utility bills, to SaskPower, or those kinds of things? What categories or sectors within the financial assistance are controlled?

Mr. Walsh: — You're correct. It's basically the categories you talked about in terms of rent payments. In about 65 per cent of cases, those payments are made jointly to the landlord and the tenant, so they both have to sign the cheque in order for it to be negotiated. And then there's also . . . We do make direct payments to utility companies as well and that could be . . . It's not sort of across the board, it could be SaskPower, SaskTel, SaskEnergy, it could be municipal water corporations.

We also might, in the northern part of the province, pay for fuel oil, wood, other types of utility consumption.

Mr. Krawetz: — Okay. Thank you for that. The other part . . . And I'm sure as legislators we've had a lot of discussion with schools and lunch programs and the need to ensure that children who enter the school system, you know, are adequately fed. In many instances teachers have pointed out that children do come to school hungry and yet there are instances where those children, or the family, would be receiving financial assistance from Social Services.

Is there a category that would be provided for food and clothing, and has the department reviewed . . . or does the case worker who is in charge of that file, does that individual review to ensure that the finances that are provided for food — I'll use that category — actually end up purchasing food for that family?

Mr. Walsh: — We don't actually . . . There isn't a specific amount allocated for food, clothing, household needs; it's a composite amount that's provided. And through social assistance, the basic allowance is what we refer to that as the roll-up of the food, clothing, and household amount is for adults. Basic needs for children are now paid through the Child Tax Benefit program, a combination of provincial and federal payments.

So when this department is making a payment of social assistance in terms of food and clothing, that relates to those needs of the adult. And we wouldn't normally monitor how they spend that. We would make available services for budget management and we also in some cases may, if there's a potential issue in terms of safety, we may put the case on trusteeship and arrange for a trustee to manage the money for the family.

Mr. Krawetz: — The part that you've indicated, that there's a use of the child tax credit, is there an arm of government that is responsible both for the federal and the provincial allocations to ensure that that child tax credit is spent as indicated?

Mr. Walsh: — Not specifically, no.

Mr. Krawetz: — Has the department received concerns from

the Department of Learning, the K to 12 (kindergarten to grade 12) system, regarding monitoring of whether or not financial assistance . . . And I understand that you've said that there's a composite amount of money that's provided for the adult, but obviously they're . . . you know, if the family contains children, that sum will be larger.

Is there any concern by the public that the monies that you are, you know, taxpayer dollars that you are spending are indeed spent on the terms and the properties that should be purchased?

Mr. Walsh: — I think there's always concern, and we would undertake to . . . Although we may not individually manage families' monies, we would certainly make services available to those families to assist them in managing money. We also provide, in conjunction with Learning and other partners, child nutrition and development grants; and there's also funding available through the community schools program. It sort of all works together to address some of those needs.

Mr. Krawetz: — Thank you. Mr. Chair, I know time is of concern and I just have one question that will relate now to Saskatchewan Housing Corporation, if I might.

The Chair: — Is that part of this . . .

Mr. Krawetz: — That's in chapter 15 of the '04 Report.

The Chair: — Perhaps then we can just . . . before you go on to that, is there any more questions on chapter . . . Volume 3 of the 2003 Report? Is there any . . . There are three recommendations there. I think if there aren't any further questions . . . Ms. Bakken, did you have more questions on that chapter?

Ms. Bakken: — I'm just wondering, I had a question about 2003 Volume 1 Report, some questions about that. When would you like me to ask that or . . .

The Chair: — Why don't you do it right now. We'll get 2003 out of the way.

Ms. Bakken: — Okay. I just wanted to refer to the key risks under Saskatchewan Housing . . . manage relationships with a variety of partners. And in particular I'd like to ask about the relationship with housing co-ops and what safeguards are in place to ensure that money that flows from the province, and of course from the federal government, municipal governments in some cases as well, to co-ops is spent appropriately. That the money that is supposed to go to provide home ownership actually ends up achieving that goal.

Mr. Jones: — Certainly we have a lot of partners and stakeholders that we work with and co-ops are one of those. Our involvement with co-ops is on two fronts. One historical front, where a number of co-operative projects were built over the years and are sort of parallel, a rental arrangement only with co-op oversight and management. We receive annual audits from those groups, and we undertake on a regular basis operational reviews, and work closely with them to ensure that their operations are sustainable over the long term.

The co-ops you're most likely referring to are the co-ops that are formed in the inner-city neighbourhoods to establish an

opportunity for people to achieve home ownership. And that's certainly one of the key objectives also under our HomeFirst strategy in terms of sustainability and so forth of . . . and increased viability of the inner-city neighbourhoods.

We require that the funds that are provided, first of all, there's a close working relationship with the co-operatives and the non-profit organization that we partner with the co-operative in the development of the acquisition of the housing unit and ultimately the funding that is available there to help them over the first five-year period because we see that as the period of time where it's most critical to get the individuals that are — and families, I should say — that are going into these housing units ready for home ownership.

Most of the time the situation is that the co-op members don't have the ability to obtain financing at the outset, and so the co-op provides that opportunity, and then after five years they can migrate into full home ownership. As the co-op is in operation, we request that they have annual audits performed and submitted to Sask Housing Corporation.

Ms. Bakken: — Thank you. Just further on that: when someone, a family, determines that they want to become part of a co-op and purchase a home through it, I'm just wondering the part that they play in this. And specifically, do they have the opportunity to choose which home they want?

I'll ask you a few questions and then if you could answer them. Do they have an opportunity to choose which home from a variety of homes? Do they have an opportunity to determine which real estate company or agent that they want to buy through? Do they have an opportunity to be involved in their own mortgaging and banking to assume a mortgage, and if so, is that mortgage then in their name?

Also my understanding of the program is that there's a certain number of dollars that are allocated to the actual purchase and then further dollars that are allocated to repairs to bring the home up to standard. Do the potential . . . or do the homeowners have an opportunity to put sweat equity into those repairs if they choose, and if they do not choose but they choose to have others do the repair work, do they have an opportunity to have a say in who does those repairs?

Mr. Jones: — That's a lot of questions. Each co-operative can work somewhat differently. We typically group the co-operatives in about 10 households per co-operative. And we partner with a number of non-profit organizations. Riverbank in Prince Albert has been very active, Quint in Saskatoon, and Ehrlo Society in Regina. Each of those non-profits are critical to working with these co-operatives in the establishment, to give them the capacity and so forth at the outset, and the training in terms . . . and educational and support components of home ownership during the course of the first five years.

The non-profits take slightly different approaches from community to community. In most instances the homeowner has the opportunity to be involved — or I should say the co-op member, ultimately homeowner — has the opportunity to be involved in the house selection. We do though insist that the house meet some basic standards in terms of health, safety, and structural. And if it doesn't meet those standards, typically then

the renovation costs would push it up to an extent where it's not feasible under the program. So there is some discretion and influence that Sask Housing has on that.

There may be instances though where the non-profit identifies a housing unit and acquires the housing unit with the family not lined up as yet, because you're dealing with a marketplace where housing units come on and off routinely, so it's hard to always have it lined up so that the family has an opportunity to look at it and make their own assessment. They would still have a choice though if they didn't like the particular unit acquired to simply not take it.

What we've found is the non-profit organizations typically find a realtor to work with and they work with that realtor on an ongoing basis to acquire these units. It could vary from community and from non-profit relative to whether they allow potential applicants to use their own realtor. And I can't speak to that specifically, what variation may occur there.

Certainly in terms of an opportunity to get a mortgage, we certainly — after the five years co-operative model expires — we're looking for each of the folks to acquire a mortgage. I know the non-profits have worked very closely with lenders that they've borrowed the money from up front, and the mortgage exists there at the outset, and so it's quite beneficial to simply have that mortgage transferred to the client at the end of the five-year term, assuming the client qualifies at that point in time. I can't say specifically, but it certainly seems to me if the client says I have a lender that's prepared to give me the funding from a different lender, that certainly still accomplishes the objectives of the program and I don't see why that would be turned away.

It is a combination of purchase and repair costs that are covered under the program, and we try to bring all of the units that are under the program to a reasonable standard and that there is funding, some funding that we provide to the co-operative on an ongoing basis to help them out in the first few years with unexpected repair costs.

A number of the co-operatives have incorporated a sweat equity component, and again that can vary from co-operative to co-operative. Certainly if the client is prepared to put in some sweat equity that pushes down the ultimate cost of the home to them in the long run. And so we would certainly encourage that because it certainly also fits with the whole building independence and trying to develop skilled labour.

Ms. Bakken: — Thank you, just a couple of more questions on this. Who ensures then if the repair that . . . you know, what repairs are necessary and then that the repairs actually are completed as ordered or as needed? And secondly, when the co-operatives are working in conjunction with a non-profit organization are the non-profits then . . . are they allowed to charge a management fee? And if they are, are they accountable to the homeowner to reveal to them, you know, the ongoing bank balance within their co-operative, what the fees are, the more, you know, what their bottom balance is, because they also put the money in monthly for repairs on an ongoing basis?

So is there an accountability financially that happens between the non-profit organization and the homeowner themselves, so

that they're all in this together?

Mr. Jones: — First with respect to the question around repairs. Sask Housing Corporation undertakes an inspection on the unit prior to it being acquired, identifies the repairs that would be necessary, and then follows up with a subsequent inspection to confirm that the work has indeed been done in accordance with the original inspection.

Ms. Bakken: — Okay.

Mr. Jones: — With respect to a management fee, we provide some administrative fee allowance to the non-profit to provide that support to the co-operative over that period of time, that first five-year period of time. A co-operative is formed as part of the process and there's . . . the financial affairs of the co-operative should be available to all co-operative members.

Ms. Bakken: — Thank you. Thank you, Mr. Chair.

The Chair: — All right, thank you. Are there any other questions on either of the 2003 reports? Seeing none, there are three recommendations in the Volume 3 of the 2003 Report and I would be willing to entertain a motion. Mr. Yates.

Mr. Yates: — Thank you, Mr. Chair. I would move on recommendation 1 that we concur and note progress.

The Chair: — All right. Recommendation no. 1 states:

We recommend that the Department follow its policies to ensure that children in its care are protected and that payments to care providers are authorized.

There is a motion to accept and note progress. Is there any discussion on the motion?

Seeing none, all in favour? Any opposed? That's carried unanimously.

Recommendation no. 2 on page 103 states:

We recommend that the Department strengthen its service agreements with CBOs.

Again, is there a motion? Mr. Yates.

Mr. Yates: — Thank you, Mr. Chair. I move we concur and note progress.

The Chair: — All right, another motion to concur and note progress. Is there any discussion? Seeing none, all in favour? Any opposed? That's carried.

And the third recommendation is on page 105, states:

We recommend that the Department prepare a business continuity plan.

Again, I would accept a motion. Mr. Yates.

Mr. Yates: — Thank you, Mr. Chair. I move we concur and note progress.

The Chair: — Again a motion to concur and note progress. Mr. Krawetz.

Mr. Krawetz: — I have a quick question of Ms. Young there. When you talk about a business continuity plan and you talk about ensuring that a system is in place if IT . . . if the current IT system fails. Is that . . . I didn't note any comment in your report, or maybe I missed it. Did you make a comment as to how the department has proceeded on this?

Ms. Young: — No, but we'd be glad to comment now if you'd like.

Mr. Krawetz: — Yes, because Mr. Yates's recommendation indicates, you know, concurrence and noting progress, and I want to ensure that something has occurred in this area as well.

Ms. Young: — I'm going to ask Mr. Jones to speak to that. There certainly is progress and we can speak to that.

Mr. Jones: — We're in the process of establishing a operational working group and the development of a charter to basically tackle this issue of a continuity plan. We have essentially pieces of a business continuity plan for the department. For example, elements of an information technology failure and disaster recovery plan in pieces not, I would suggest to you, not in its entirety — and I think that's why the Provincial Auditor is indicating that we need a complete business continuity plan.

We've been actively preparing in terms of emergency relative to a particular failure in an office, for example. And we have plans in place as to how we would accommodate that, how it would . . . the workflow would maybe flow to another office and so forth. We're pulling this team together to work on a complete and comprehensive business continuity plan and we accept the recommendation of the Provincial Auditor.

Mr. Krawetz: — Thank you. And then as a follow-up to that comment, is the Provincial Auditor's office been in consultation with the department regarding this plan, and is it moving according to your direction?

Mr. Heffernan: — Yes. We've done another audit since then and we do note progress.

Mr. Krawetz: — Thank you.

The Chair: — Thank you, Mr. Krawetz. Is there any other questions or comments with regard to the motion to concur and note progress on recommendation no. 3? Seeing none, I call the question. All in favour? None opposed. That also is carried.

Mr. Krawetz, you indicated that you have some questions in regard to the 2004 Report Volume 1.

Mr. Krawetz: — Thank you, Mr. Chair. Mr. Chair, under the SHC discussions, there's a capital plan that is recommended that shows, you know, the age and the size and all the other factors that are built into determining the SHC plan. A number of communities change, and I guess as demographics change across the province I've had, as a Member of the Legislative Assembly, I've had communities come to me to try to have

SHC structures constructed within their community or at least moved from another community to their community.

And I'm wondering if there is a plan in place that determines, you know, what age of facility may be moved, what cost-efficiencies are there if things do get moved. And over the last year or two or three, have there been numerous moves of facilities? Could you bring us up to date as to what is occurring in that area of homes being provided in different communities?

Mr. Jones: — I don't have available to me today specific numbers that I'll be able to provide to you, but certainly agree with the observation that the demographics continue to change. And what we've seen is a number of vacancies occurring in some communities where the need and demand for social or affordable housing has dwindled and consequently we have vacancies.

So over the last, I would say, approximately eight years, we have relocated a number of housing units. Some of those housing units we've relocated to other communities where there is significant demand demonstrated. Last year we relocated a number of semi-detached senior housing units, which are one-bedroom units, to northern Saskatchewan and turned them at the same time through a redevelopment exercise into fourplexes so that there were certainly cost-efficiencies that made that very practical.

And certainly what we look at when we are doing a relocation, is we look to see what the cost would be relative to simply constructing new construction. And if the analysis proves to be cost-effective we will certainly do that to make good utilization of the existing housing stock. Often the stock that we have that is vacant has been maintained very well over the years and certainly has more life left in it combined with any improvements that we might do at the same time during the relocation. So we've moved a number of those.

We've also relocated housing units within the community and reconfigured them. And we did a number of those projects in the late '90s where we found that they were essentially what we call functionally obsolescent. The semi-detached senior unit was no longer appealing, could not facilitate the types of services that the senior required. And so we brought these units within the same community, relocated them, reconfigured them so that they had common space and common corridor and allowed for some provision of our support services package that we call the Saskatchewan assisted living services, and introduced them along that line. So another example of how we continue to modify based on the changing demographics of our communities.

Mr. Krawetz: — Thank you for that and I'm very pleased to hear that you consider, you know, the condition of the property and of course the expenses that might be incurred in a move because those have to be weighed against the actual new construction.

One final question. As the demographics of communities change, what criteria do you use to determine whether a community is eligible for any construction at all? And the example that I'll provide for you is the community does not have any current housing. Is the population of the community

used in the factor or are you talking an area that . . . the rural area surrounding that community? Or do you just use the clients that are, you know, that are signed up and would like to be able to access seniors housing primarily?

Mr. Jones: — We look at a variety of measures to try and determine and assess long-term housing need. To start with, whenever you're looking at any sort of major capital investment you do want to ensure that you have a long-term housing need because the units, the housing units will be there for the long term, whether there's a need there or not. Because even in a case where you can do some relocation, there certainly is situations where you can't relocate, it's not practical to do so. Or just simply the design makes it not practical to undertake the relocation. So we do look for long-term need and demand that we would see at least out beyond 15 years.

Now forecasting that far out is challenging, but it's an exercise that we do try to undertake. We look at the population trends, not only within the community but we look at the trends within the region, especially if that community does appear to be sort of a hub for that particular region.

We also look at the waiting list information that we do have. As you may know, we have about 285 housing authorities throughout the province with seniors housing, and family housing in rural Saskatchewan is predominantly seniors housing. And so we look at what kind of waiting lists we have, not only in that community but within the region. We encourage the community and work with the community in terms of doing surveys to see how much of an expression of interest we can get from the community, in terms of, if you know, if we build it, will the people move in.

Mr. Krawetz: — My final question, Mr. Chair, is: has the department ever indicated to a community that due to the population, the current population of that community, whatever number it is, 75, 100, 150, that because they have dropped below a specific level of population within that community, that they will not be considered for any housing units?

Mr. Jones: — We have not set any population as a base, and so I would think it would be unlikely we would undertake the process that I have described in terms of looking at the long-term needs and the demographics. We have not set a minimum population base for housing.

Mr. Krawetz: — Thank you.

The Chair: — Ms. Bakken.

Ms. Bakken: — I just have one question. Just on who is eligible for low-income housing. I know that one of the major issues that I have in my constituency is for single women who do not have children, or else their children are grown and gone, and yet they're finding it very difficult to find affordable housing, and to my knowledge they do not fall into the criteria. Now could you clarify that?

Mr. Jones: — We have a variety of . . . Certainly some of our programs are targeted specifically to families or disabled or seniors. We certainly . . . In communities where we are experiencing vacancies and so forth, we try to make the housing

units as available to the broader population as possible. So certainly singles . . . single women would be eligible. We try to maximize the utilization of the number of bedrooms that we have in a unit. So if it's a three-bedroom housing unit, we try to put a family in there.

Where we have one-bedroom units, if we don't have seniors that are looking, low-income seniors, we certainly will consider putting a single non-senior in and have many, many examples of that. We also consider the health and well-being of the person that is applying. If they are single and live a lifestyle similar to a senior, we may look for ways and means to assist that individual as well to access the seniors housing, which is often one-bedroom housing units.

Ms. Bakken: — Thank you.

The Chair: — We're doing quite well here. I'll have a couple of quick questions on this chapter as well. I noticed on page 211 the auditor recommends that Sask Housing Corporation should

. . . use the condition (. . . poor, good, very good) and the economic life (e.g. the number of years of remaining useful life) of the housing portfolio as ways to determine the extent to which it achieves its expected outcome.

Can you tell me what progress you have made in that kind of categorization and perhaps even tell me if the, you know, if the condition of your property on a whole is improving or whether it's remaining constant? As we know, everything degenerates over time and does take renewal.

Mr. Jones: — First of all, we're actually very proud of the condition of the housing, the social and affordable housing that we have throughout the province. We conduct annual inspections of the product. We have 285 housing authorities across the province that are keeping an eye on that housing product in every community where we have housing. And it's those local volunteers that sit on those boards. It's the local housing authority managers that probably have really stood the test of time in terms of a process and a system that ensures that we have good quality housing for the local residents.

We've agreed with the Provincial Auditor that what we should be doing is establishing some additional performance standards, and we accept that recommendation, and are working towards it.

The Chair: — But you haven't completed it to the point where you could tell me what percentage of your properties you would categorize as poor and good and so on and so forth?

Mr. Jones: — No I wouldn't be able to specifically state to you that we have a certain percentage in a particular category. As I've indicated, though, we feel very strongly that our portfolio . . . and I don't think the Provincial Auditor spoke to a deficiency in the quality of our product, just a recommended categorization.

The Chair: — Right, right. Further to Mr. Krawetz's question, could you tell me what your vacancy rate is at the current time amongst your properties? Perhaps while you are looking for that, do you have like a . . . What would your target be?

Obviously I suppose it's zero vacancies but that's an impossible achievement. Do you have a target that you try to keep your vacancy levels at?

Mr. Jones: — Zero vacancy would definitely be the target. We would accept that in a normal property management environment that you have a 3 per cent vacancy rate. That's considered a healthy market environment. And partly because of the 3 per cent is related to turnover. And so when you have turnover of tenants and so forth you have repairs to take place and so forth, so anything over 3 per cent then we would certainly consider that to be moving towards an unhealthy vacancy rate.

We certainly keep, in our communities where they're strongly in demand, lower than that. I would suggest to you we're typically in the 1 and 2 per cent vacancy situation and, again, related to turnover.

In terms of communities where we don't have the need and demand, certainly our vacancies are higher than that. And as part of the HomeFirst strategy that we've put forward, we're looking at a number of solutions.

One we spoke about earlier. Relocation, sale of housing units, and so forth, that will allow for a reduction in vacancies. And those are the types of initiatives we'll be undertaking to reduce vacancies, if rental of those units is no longer possible.

The Chair: — And on the other side of the equation, would you know how long your waiting list is for individuals and families applying for social housing?

Mr. Jones: — That would vary from community to community. Some . . .

The Chair: — I'm thinking provincial, on a provincial-wide basis when I ask these questions.

Mr. Jones: — I don't have a provincial average waiting list. And again, it would vary significantly from community to community. Where there's strong need and demand, you can have a higher waiting list.

Waiting lists for social housing, however, are not on a first-come, first-served basis. They're based on a point rating. And so a person may be on a waiting list for a long time, but it may be because when they're assessed on a point rating they're higher income. And so a lower-income person may apply at a later date but they would actually be placed in the housing unit prior to the person that may have already sat on the waiting list for a month or two.

Those people that apply to the housing authorities that are of a higher income, the housing authorities try to advise them based on where they sat relative to their point rating how long they may expect to be on a waiting list. But if they are of a higher income they may never access it if it's a strong need and demand community.

The Chair: — Right. And I understand that. I'm not trying to put you on the spot. But for the committee members, I think it would be helpful, just on a global basis, to understand, you

know, are there lots of people — dozens, hundreds — on a waiting list applying for assistance? And on the other hand, you know, what would the vacancy be on a province-wide basis in conjunction to how many properties you have?

So perhaps if you could find that information, you would also forward that to the committee?

Mr. Jones: — We can certainly undertake both to provide vacancy information and we certainly have waiting list information that we can provide as well.

The Chair: — The last point is on page 221 regarding the from work to welfare area and the analysing or evaluating of that; the Provincial Auditor makes note that staff independent of welfare to work program should do the evaluations and draw conclusions. Can you assure the committee that that is in fact happening?

Mr. Walsh: — Thank you, Mr. Chair. Yes, in fact, we are undertaking this in a couple of ways. We are doing some research into evaluating our service delivery system as well as looking at developing a new model for forecasting social assistance into the future.

The Chair: — And this is done by an out-of-department source?

Mr. Walsh: — The evaluation has been, and it's completed. We're in the process of determining how we're going to do the forecasting model, whether that'll . . . It'll likely involve a combination of outside resources and inside folks as well.

The Chair: — Okay. Thank you very much. I'm sorry to have taken this long asking questions. Are there any other questions before we go to the recommendation in chapter 15 of Volume 1 of the 2004 Report? I'm seeing none. The recommendation is on page 212 and reads:

We recommend that the Saskatchewan Housing Corporation's capital plan show:

- the specific measures the Corporation would use to determine the appropriate size, mix, and condition of the housing portfolio (i.e., performance measures),
- the starting point of each measure (i.e., baseline), and
- what the Corporation expects to achieve with the housing portfolio and by when (i.e., targets).

Is there a motion? Mr. Borgerson.

Mr. Borgerson: — I so move that we concur with the recommendation and note progress.

The Chair: — Again a motion to concur and note progress. Is there any discussion on the motion? Seeing none, I'll call the question. All in favour? None opposed. That's carried.

That brings us to the conclusion of our session with the Community Resources and Employment department. I want to thank you, Ms. Young, with your colleagues, for attending this Public Accounts Committee session.

And we will take a brief, about a 5- or 10-, well we'll say 7-minute break. When the big hand gets to 6 there on the clock, we will reconvene the meeting. We are now recessed.

The committee recessed for a period of time.

Public Hearing: Highways and Transportation

The Chair: — We will reconvene our Public Accounts Committee meeting. And we are moving to the second item on our agenda, which is Highways and Transportation. This afternoon we will be looking at chapters 16 and 17 of the 2003 and the 2004 Report. As far as the 2003 Report, it is Volume 3. I guess I have to clarify that because we have more than one volume.

And we have officials here from the Department of Highways and Transportation. We would like to welcome John Law, deputy minister; and a little later I will let you introduce the officials who are with you.

We will ask the Provincial Auditor's office just to do a quick synopsis of their findings in those two chapters. We have Leslie Wendel with us, who will be doing that. We will give you, Mr. Law, and your colleagues just an opportunity to respond and then we'll open the floor up to questions. So, Ms. Wendel.

Ms. Wendel: — Thank you. Good afternoon, Mr. Chair, and committee members. We have two chapters on the agenda for Highways and Transportation. And in my opening remarks, I plan to guide you through the risks identified in our 2003 Report Volume 3 and the recommendations made in our 2004 Report Volume 1.

I will begin with chapter 16 of our 2003 Report Volume 3. This chapter describes the key risks that Highways and Transportation must manage well to be successful. Highways must adapt to changing demands placed on the transportation system, identify and balance the transportation needs of Saskatchewan residents, operate and preserve the transportation infrastructure system, and obtain sufficient resources and effectively manage the use of those resources to meet Saskatchewan's long-term transportation needs.

We did this work to help the members of the Assembly and the public understand and assess the key risks facing Highways. We encourage Highways to report on those risks and its strategies to manage them.

The next chapter on your agenda is chapter 17 of our 2004 Report Volume 1. One of the risks we identified in our 2003 Report was that Highways must obtain sufficient resources and effectively manage the use of those resources to meet Saskatchewan's long-term transportation needs. Succession planning is part of overall human resource planning. In this chapter we report on the adequacy of Highways' succession plan for key positions as of December 2003.

Highways and Transportation expect 60 per cent of its total staff to retire within the next 15 years, with a significant loss of senior management in the next three to five years. Highways and Transportation also want to ensure its workforce represents a makeup of the general population. These factors make a good

succession plan critical.

Highways have developed a strategic framework that addresses the key elements of a good succession plan. Highways has documented action plans to enhance its leadership capacity, engage staff, diversify its workforce, and ensure effective human resource management. It has made progress carrying out the action plans, but some work still remains.

We have two recommendations on Highways' succession plan and these are set out on page 246. First, we recommend Highways develop and implement learning and development plans to ensure needed competencies are available. And we also recommend Highways implement its plan to recruit and retain staff for key positions.

That concludes my opening comments. We would be pleased to answer any questions from the committee.

The Chair: — Thank you, Ms. Wendel. And, Mr. Law, would you introduce your colleagues and please respond.

Mr. Law: — Thank you, Mr. Chair. I'd like to introduce, on my left, Curtis Goodfellow, who is the director of human resources in the department. On my right, Terry Schmidt, the assistant deputy minister of operations. Seated behind me on my right are Cathy Lynn Borbely, the manager of business development, and Gary Diebel, our director of finance and administration.

Perhaps just a couple of short remarks. I would first like to thank the Provincial Auditor's office for their comments and for the collaborative approach that was taken to this work, particularly the work in succession planning, which I think was a first of sorts in work that was going on in the department.

I'd like to say at the outset, as a relatively new deputy in the department, that I have been extremely impressed by the work that's gone on around public accountability within the department. The protocols and the voluntary approach to this kind of an initiative with the Provincial Auditor's office is I think characteristic of the approach that's taken within the department. I've been extremely impressed and proud to be a part of what I found in the department.

With respect to the overall approach within the department, we have had some additional funding in the last number of years, which I think is attributable in large part to the development of an articulate and clear strategic plan. I think it provides a solid framework for the work that we have to do in terms of sustaining the transportation system. There is a solid business cycle commitment within the department that provides for the development for strategic business and financial plans as well as performance planning within the department. Those are reflected in some of the public documents, like the annual report, that the committee will be familiar with.

I'm also, as I alluded to in my opening remarks, pleased to suggest that the department, I think, has taken a lead role within executive government in implementing the accountability framework through the work they've done with respect to planning and performance management and reporting. And we certainly welcome the input of the Provincial Auditor in these

areas that they've commented on in these two chapters and take their recommendations very seriously.

In the fiscal year 2002-03, as in previous years, the department received a clean audit report. And also I think the auditor's report was useful to us in the context of providing some substantiation of the key risks that we as a department had identified ourselves and which we know we have to be careful about in terms of managing for success in the future.

I mentioned that we worked with the Provincial Auditor's office to help detail some of the risks that we think confront us in managing the provincial transportation system that were documented in chapter 16, and we have addressed in our strategic plan how we intend to manage those risks and balance some of the competing demands and challenges that are in front of us in the management of the transportation system.

I'd also like to mention that I think the department has done an excellent job of working through this strategic plan, not simply as an internal management piece, but there is a broad stakeholder group that is consulted with across the province, and I think that that has contributed in large part to the success the department's experienced in the past.

There are a number of initiatives that I think the committee will be aware of. The province, through the department, has been doing work to accelerate twinning on Highway 1 West, completing this corridor in October 2003, five years ahead of schedule. We have increased the speed limit to 110 kilometres an hour on most provincial divided highways, and built a second bridge over the North Saskatchewan River, and completed 3.5 kilometres worth of twinning west of North Battleford. And we are undertaking to renew the strategy that we've been following up to date on an ongoing basis.

In chapter 17, I would just like to mention that we've been pleased with the input we've received from the Provincial Auditor in helping us to develop further. I think this is a critical area for us in the department. Leslie noted that we have some significant challenges in the demographics. I think those are consistent with other government departments, and certainly we think this is going to be an important piece of work for us in the next five to ten years.

We have initiated some plans in respect to this work within our human resource plan to address succession issues. We have a human resource strategy within the department that serves as a framework for our work in this area, and are working with our strategic plan to ensure that it's aligned with the Public Service Commission's corporate human resource plan.

We have a number of initiatives underway in this area. We have established a learning and development committee which helps to prioritize and focus on learning needs and make effective use of the resources we have available to us. There's an overall department learning and development needs assessment that has been completed. And we have adopted and implemented the Public Service Commission's performance management program including the management, learning, and development framework, and are in the process of finalizing our management competency framework.

So in conclusion I'd like to say that we are supportive of the recommendations from the Provincial Auditor and look forward to making progress on them. Thank you.

The Chair: — Thank you, Mr. Law, for that report. Because we have now whittled our way down to just two volumes instead of four, I think I'll just allow committee members to use either of the volumes in any order they choose to as a basis for asking any questions they might of the officials or of the Provincial Auditor's office. And I'd be happy now to open the floor for any questions.

Mr. Hart, who has now joined us, you have the floor.

Mr. Hart: — Thank you, Mr. Chair. In chapter 16, the auditor identifies key risks to our highways and one of the risks or at least one of the statements that the auditor makes is that your department must have a long-term . . . or you must balance resources for long-term transportation needs. In my mind, that would also say then that you must probably either have — and I think you do — a long-term plan as to highway construction, maintenance, and that sort of thing.

I wonder if you could just very briefly set out the criteria you use to determine, you know, which highway or which section of highway will be upgraded and repaired and that sort of thing, sort of an order of priorities that you would have for the upcoming year. And in fact, do you have a plan that will tell the citizens of this province when a particular highway is scheduled for maintenance and upgrade and repair? Does your department have a long-term plan and, if so, what are the criteria used to determine, I guess, the sequencing of repairs to highways?

Mr. Law: — Thank you for the question. And I'll ask Terry to help me out with this in terms of some of the details that he'll have a little more technical expertise in.

But first, I'd just like to comment on your question about the status of our long-term plan. And, in fact, we've been operating with a long-term plan since 2001. There's been previous iterations of the plan prior to that. But that was sort of the basis year that we established for our long-term plan and it does serve as kind of a road map for us in terms of the prioritization of our work.

And there are, at a broad level, three general objectives that we're trying to satisfy in meeting the long-term plan. The first is a significant challenge for us and that is that we are trying to provide for a sustainable transportation infrastructure in the province. The challenge, of course, is that we have a lot of roads and perhaps not quite the level of resources that we might like to have to be able to keep them all at the same levels.

We also, as a second criteria, look to provide for the strengthening of our economic base within the province. The transportation system is critical of course in terms of being able to get goods to market and particularly for a province of our nature where we rely so heavily on exports. We're always conscious of trying to get goods to market and, in addition to that, serving the social needs of the province.

The third major objective that we've laid out in terms of the broad strategic plan for the transportation system is a safety

objective. And we, in short, look to provide for the safe movement of goods and people throughout the system in the province. Each year, because we do capital planning, we try and provide for a . . . it's like a rolling plan that we do over a multi-year framework; it's subject every year to the budget review that each department goes through. There are a number of criteria we use around the prioritization of those roads, and I might have Terry explain that in a little bit more detail.

Mr. Schmidt: — Certainly. Thank you, Deputy. We have several management tools and decision-making processes that we use in helping us determine what is the best program to deliver, under the umbrella of meeting our strategic management plan goals. And asset management is one of tools we rely on for our preservation projects. And it is based on a needs-based budgeting, on the conditions of the roads. And it is set up in such a way to maximize the investment over the life cycle of the project.

So the asset management is one tool that we use. As well, as the deputy mentioned, we look at projects as well that will invest in the infrastructure, that will help support economic development and social needs. And that is based on criteria that is set out, and then the projects are rated and followed based on that criteria. So what we look at is projects that consider maximizing utility for the taxpayers, and working within the framework of our strategic management plan as well as overall government direction and strategy.

Mr. Hart: — I wonder if you could elaborate briefly on the whole concept of asset management. What does that concept involve when you talk about asset management? I think I have a bit of an understanding of it, but I wonder if you could just perhaps elaborate for the committee what you mean by asset management and what it involves or entails.

Mr. Law: — Terry refers to asset management in the context of . . . we look at our expenditures on the road system as investments in which we try and make an assessment of the long-term viability of a particular asset. So for any particular road in this case that we're looking at, and any particular investment that we make in that road, we want to understand how any particular investment in either the maintenance or capital upgrading of that road will affect its long-term viability.

And so there are a number of different criteria that are used to assess that. Everything from the nature of the project that we will undertake in terms of the materials, and we're looking at different technological approaches to how we do our work in those different areas, and make assessments about how each one of those investments will affect the viability of the infrastructure.

Terry, do you want to talk a little bit more about the detail?

Mr. Schmidt: — Certainly. There's basically four components to the asset management process, and the first one is the condition of the existing system. So we have processes in place whereby we rate the conditions of all the roads within our network and we measure certain things such as ride and rutting and surface cracking.

And then when we've gathered all that data, we use

computer-based systems and modelling that will optimize the treatments on the system, that will provide the best value for the dollars that we have available. And once we've determined the optimal program, then the third component of that is implementation. And then we work with our managers to develop an implementation plan to ensure that we will deliver the program.

And the fourth component in that then is the performance measures. And that's where we've developed the performance management plan where we set out certain criteria, and performance measures, and targets at the beginning of the year. And then at the end of the year we measure them again as part of our condition rating system and compare them to our targets to measure our performance and how we made out.

Mr. Hart: — When you're evaluating a road under your asset management program what . . . Do you have sort of a minimum of kilometres that you would evaluate in one section as such? Because I frequently get complaints from constituents and residents of the province that it just seems that there doesn't seem to be any rhyme or reason quite often to . . . I mean, I'm relaying the comments I'm hearing from you and I guess I'm looking for your rationalization to these and answers to these comments that there doesn't seem to be any rhyme or reason to repairs in some instances that are undertaken.

You know, a short section of highway will be resurfaced or you'll . . . or whatever, and the rest of it is left. You know, we're talking in terms of 3 or 4 kilometres. And then another section on that same highway will be redone when, from the casual observer's eye, it seems like all the highway, prior to the work being done, was in about the same condition. And the question is asked, well, I mean if these intermittent repairs are done over a length of 30 kilometres, why weren't just the whole 30 kilometres done? Realizing of course that that means they'll be less repair work done in another area. But at least that section of highway is all brought to the same standard. And then the following year move on to another area. What would your reply be to those observations and those comments? And why do you do that sort of thing?

Mr. Law: — Well there actually is a lot of rhyme and reason to what we put into it despite what I know a lot of people might perceive from the outside. Terry was alluding to some of the criteria that we use in this area, so one of the measures that we would start with is to understand the percentage of the highway system that we were considering that would be considered to be in good condition.

And then, you know, at the next level, one of the things we look at is, you know, what proportion of that section of road that we're looking at might be beyond, is currently beyond its serviceable life. And based on that a determination would likely be made as to what sections of the road were most urgently in need of repair, assuming that there were differences between, you know, different sections of that 30-kilometre stretch you use in your example. But it is actually a very rational and organized analysis that leads to the conclusion of which sections of road we would choose to do as opposed to the others.

I should say also that we do have limitations obviously in terms

of the available financial resources, so oftentimes we are faced with the challenge of trying to decide amongst competing initiatives where under an ideal circumstance you might be doing an entire 30-kilometre section or you might otherwise be doing two competing sections of the road network.

We are — and people can help me if I get this not quite right — but I am always struck by the number of kilometres of highway in our province in comparison to other jurisdictions. We continue to have by far the greatest number of kilometres of infrastructure within our system — in the highway system — in comparison to much larger jurisdictions.

And consequently I think in many instances, because we have such a mobile population in terms of use of the road network in our province, it's not uncommon for us to . . . And we do get a lot of very good input. I should say our area planning transportation committee groups do a very good job in providing the department with I think a front-line source of input as to where they believe we should be doing this work. So in addition to sort of the criteria that we talk about from an engineering standpoint, a lot of input is gathered and goes into the strategic plan that we talked about from people who are essentially living in these communities on a day-to-day basis and provide us with direct input as to what they believe those priorities should be.

Mr. Hart: — I guess the question is: do you have, as a rule of thumb, talking about an average situation where you're going to upgrade, and then most of the comments I believe are around resurfacing and you know upgrading from thin membrane to granular pavement and that sort of thing, where people are quite often I guess, wonder why, you know, only so many kilometres — whether it be 10 kilometres or 15 kilometres — get done in one year and then two years later a contractor is brought back and then does an additional six or eight kilometres where the people, the citizens are wondering about the efficiencies of that type of a operation whereby, you know . . . And I think, with some justification, the thought is that if that whole section is done in one year there could be some efficiency just because, I mean, it costs money for contractors to move and that sort of thing. And what is the rationale behind, you know, that type of a construction process and that, you know . . . As you said, there are demands throughout the province.

And I guess the question I would have is, on the average, under these types of improvements to the system, do you have a minimum amount of kilometres that'll be done on a particular road as a minimum or is it left wide open? I'm not talking about, you know, patches and repairs but sort of resurfacing and rebuilding. Have you got any guidelines as far as on a particular project throughout the province that we won't start a project unless we do a certain amount of kilometres?

Mr. Law: — I'm just consulting here to see if there's anything like a minimum amount of road, and I'm told that we don't have a particular minimum threshold that we look at in a project. The example you used where we might do, say, a 10- or 20-kilometre stretch and come back and do 6 kilometres — unless it was related to some financial limitations in terms of the annual budget process, and now with some of the changes that have been introduced around how we can manage capital within government — I would suspect that those would be

hopefully fewer and far between.

We would tend to look at sections of road on the basis of . . . Terry was reminding me that, you know, one of the criteria that we use explicitly is to look at specific corridors where there are traffic patterns associated with economic activity and so it would be unusual for us unless there were some financial limitations, or some timing associated with the changes in seasons, in terms of the construction season, where we wouldn't probably try and do consecutive kilometres of road as a single initiative or a single project. But as of right now there are no minimum thresholds that I'm aware of.

The Chair: — Mr. Krawetz.

Mr. Krawetz: — Thank you, Mr. Chair. Mr. Law, some specific questions I guess regarding some of the areas. You mentioned continued twinning of No. 1 and twinning of No. 16. Are there any federal dollars? Has the province been successful in getting some federal funding from Department of Transportation federally to assist in completing the jobs on No. 1 and 16?

Mr. Law: — Yes actually, the programs that we're currently engaged in are in fact joint programs with the federal government. And again I'll have Terry speak to the details of our current scheduling with the federal government.

We just returned from some discussions in Quebec City at the meeting of deputies and ministers of transportation, and have been pushing very hard to try and encourage the federal government to consider some additional infrastructure that we think should be qualified or eligible for federal funding support, with I think many good supporting arguments around the reasons for that. And we are not alone in that approach.

One of the real challenges, despite some increases in funding that have come from both the federal government and in terms of provincial resources going in here, is that in order for us to take advantage of the federal cost sharing, we have to dedicate our provincial resources on a matching basis to some of the specific sections of road that you've alluded to within specific time frames. And this of course has a direct bearing on our ability to be able to deal with some of the other priorities within the provincial system.

But at the same time we recognize that these twinning initiatives are a priority. They're certainly a priority within our strategic plan and in terms of some of priorities that have been laid out more broadly within the province in terms of economic and social development. So we're doing our level best to take advantage of those and are currently encouraging the federal government to consider extending some of the funding that was originally provided to help us get the twinning work underway on the No. 1; and certainly in a couple of the other areas that are considered to be part of the primary national highway system within the province of Saskatchewan, which does include No. 16.

Mr. Krawetz: — Thank you. Mr. Law, in light of additional funding, and you've indicated of course that the section from Regina to the Alberta border is officially done. Is the date . . . what is the anticipated date for completion of No. 1 east to the

Manitoba border? And do you have an anticipated date of completion for the section North Battleford to Lloydminster?

Mr. Law: — I'm going to need some help here, but my understanding is that our completion date for the remainder of No. 1 is 2007. Can you help me with the month?

An Hon. Member: — Both of them, 2007.

Mr. Law: — Do we have a month?

An Hon. Member: — That would be the end of the construction season.

Mr. Law: — So the end of the construction season 2007 for both of those particular stretches of highway that you've alluded to.

Mr. Krawetz: — Great. Thank you very much. The auditor makes reference to the number of kilometres of highway that exist in the province of Saskatchewan and also indicated 800 bridges. Is that 800 bridges within our highways system only, or are we talking additional municipal road bridges?

Mr. Schmidt: — That would be . . . those 800 bridges would be only on the provincial highway systems.

Mr. Krawetz: — Okay. If that is correct then, could you clarify what role the department has, the Department of Highways and Transportation has in the reconstruction or the rebuilding of municipal roads? And it's a question that maybe Mr. Law recalls that I asked in the Legislative Assembly during estimates.

When we have a municipality that is dealing with oceans and fisheries and coast guard and the environment and Sask Ag and Food and the Department of Highways, there's just endless hoops to jump through. And they've just . . . they've determined that they've hit a brick wall and they're not proceeding. And I'm wondering if the Department of Highways has any jurisdiction over municipal bridges.

Mr. Law: — Terry was just reminding me that we do in fact not have any mandated or jurisdictional responsibility for those roads, but we . . . for those bridges rather, but what we have done as a matter of practice is provide both technical and engineering support to municipalities around the work that is often . . . where they do not have the resources perhaps to do that. And we do have a program. Can you speak to the program, Terry?

Mr. Schmidt: — Yes, we do have a bridge program that I believe is run through Government Relations and administered through the department. So we do assist in some ways with rehabilitation and construction of certain bridges on the designated grid system.

Mr. Krawetz: — Okay, thank you. Mr. Deputy Minister, also I noticed that you . . . the department crews of course are responsible for activities like "crack filling, sealing, and patching" and I'm quoting out of the auditor's report. And you said that you do analysis.

And I note that — I won't say recently, but in the last number of years — a new system of resurfacing using concrete has been tried. And I also note that you still practise or the department still uses the practice of sand sealing or I'll call it rock throwing as some of the constituents who have come into my office wanting to have their windows replaced.

Are there regulations regarding the type of aggregate that can be used for sand sealing — that's number one question — and then second question, does the department evaluate the efficiency and the cost effectiveness of sand sealing versus this new method of using concrete mixed into the asphalt?

Mr. Schmidt: — I can speak to that. Maybe just a little clarification. The concrete on asphalt — is that what you're referring to as the micro surfacing?

Mr. Krawetz: — Yes.

Mr. Schmidt: — The thin black sand and asphalt mixture. Okay.

First I can speak to your question on seal coat. Yes, we do specifications on seal coat for the aggregate with a maximum top size to reduce the amounts of flying stones and damages due to windshields. And we've done a lot of research on this to determine and try to strike the balance because of course if you use too fine an aggregate it does not withstand the traffic and it will not provide the extended treatment that you would like to see from a seal coat. So we've done some research on that and determined that the best balance for that is the aggregate that we are currently using on the road.

As far as comparing that to the micro surfacing treatment, the two treatments are actually done for somewhat different reasons. The seal coat aggregate is done mostly as a maintenance treatment for surface cracking whereas the micro surfacing is done mainly for repairing the ruts. Now you do get the added benefit as well with the micro surfacing of repairing the cracking.

So to compare the two would be somewhat difficult because they are being done for different reasons, but we are finding that the seal coat aggregate is one of the best ways and most economical ways to treat cracking. We are looking at a five- to seven-year life on the seal coats.

Now when we get on the higher volume highways, the flying stone issue does become more prevalent. So when we start getting into the higher traffic volumes of 2,500 and 3,000, we tend to go more to the micro surfacing because it does eliminate that and it does provide the added benefit of rut fill. So again on the micro surfacing we are looking again there at anywhere from a seven- to ten-year treatment there to repair rutting as well as surface cracking.

Mr. Krawetz: — A follow-up question, Mr. Schmidt. What is the optimum size diameter of that aggregate that's used in the seal coat?

Mr. Schmidt: — We have two different gradations actually. One where we use, on the higher volume highways, which I believe is a top size and . . . of three-eighths of an inch or nine

millimetre. And on some of the lower traffic volume highways we do use a half inch top size. As well we have changed our specifications in the last few years where we now do . . . on the higher volume highways we will do a sweeping within, I believe it's four hours, and then we will do another sweeping, two more sweepings after that to get rid of the excess aggregate. So that is to try to reduce the amount of flying stones and damage to the vehicles from that.

Mr. Krawetz: — The microsystem sealing on average, what is the cost per kilometre of doing that; if you have that data available today?

Mr. Schmidt: — I have the dollar value per square metre and we're running at about \$4 to \$4.50 a square metre on the microsurfacing.

Mr. Krawetz: — Thank you. In one of the other sections the auditor has indicated of course the department is responsible for allocating a wide range of services, one being signage and the other one of course being mowing. Maybe it's because it's been a dry summer in areas, but also the fact that the preservation of the posts for signs, but I just noticed just a terrific amount of signs have been blown over and there doesn't seem to be an immediate attention to those signs.

Is there a program in place that addresses this instantaneously when someone reports that you know three signs, three large signs have been blown over? Is there a program that takes this into account immediately or do you wait for a fall program?

Mr. Schmidt: — No, we have an ongoing program for the maintenance of our signs, and it is based on a priority system as well. Whereas when we are made aware of regulatory signs, which are the speed limit and the stop signs and those type of signs, they of course are of first priority. So as soon as we can get a crew in the area we will do that. In many instances we will ask our maintenance crews to temporarily replace them. So you may see them just put on a steel post or on a shorter post until such time as the sign crews can come there and do the more permanent fix.

The warning signs would then be our next priority, so these are the yellow-faced signs, the curve signs and that type of sign. And again the priority there would be that we would look to our local crews to do temporary, like put them up first, and then when the sign crew comes in to permanently replace them.

And then the third priority would be the guide signs and the green signs and those larger signs, the two-post signs that I think you were referring to. So it is ongoing, based on a priority system like that as we become aware, looking to our local crews to do the temporary fixes first until our permanent crews can come by.

Mr. Krawetz: — Have department crews assessed the material that is used for the posts? Is there better material that can be used? Because I've noticed that signs that have been erected, you know, let's say 8, 10 years ago are already in danger of being blown over again. Are there better materials that can be used or are you using better materials already?

Mr. Schmidt: — I believe we just made a change recently and

we have gone to what we believe to be the best material for value for the wooden posts. On some of the larger two-post signs we have now moved to, you may have noticed some of the steel I-beams on breakaways to . . . because the larger the sign, of course, the more probability there is they could blow over.

We are finding too that many of our signs are also getting . . . I shouldn't say many, but some of the signs are being run over as well too and hit — so it doesn't matter what type of material you use; they're going to go down. So we believe now we've done the proper research and we've made some recent changes in the material we use, and you can probably notice them because they are now the unpainted signs that are going up . . . the posts. We believe that with the changes we've made we're getting the best product out there for the best value.

Mr. Krawetz: — Thank you, Mr. Schmidt. Yes, definitely constituents have noted the pressure-treated lumber that is being used that is not painted and once they realize what material it is of course they don't have a problem with it.

Another question regarding providing of services: how are mowing contracts awarded and who are they awarded to?

Mr. Schmidt: — Mowing contracts are set up in the department based on a hectare basis on highway corridors and they are publicly tendered, and then they are awarded to the lowest tender providing they can guarantee they can satisfactorily do the work.

Mr. Krawetz: — When you talk about the amount to be mowed, are conditions or regulations the same for all secondary highways and all primary highways are, you know . . . the category of secondary highways, do they receive the same type of mowing treatment? Or should they receive the same mowing treatment? And I understand that moisture will play a factor in that as well.

Mr. Schmidt: — Yes. I believe the way it's set up is there's different levels of service for the mowing and near the urban areas or large urban areas receive a certain level of service, and then our major arterial and primary highways will receive a certain level of service, and the secondary or regional highways will receive somewhat lower a level of service. And again it is based on conditions, weather conditions, when we can get out.

And as well too we also want to work closely with the local landowners in ensuring that, if they want access to the hay and salvage it, we will give them opportunity to do that. So other than in our urban areas, we have a policy in place that we will not start mowing or harvesting the hay until after July 15, to give local landowners ample opportunity to harvest it and salvage it.

Mr. Krawetz: — And I want to commend you on that policy because there are a lot of farmers this year that have used that. But the other side . . . and you've just triggered a question that was raised to me by a constituent regarding the fact now that farmers have taken advantage of baling that forage but the bales still remain along the highways. And I've had a number of complaints from travellers who indicate, is there a regulation that says that that material should be picked up within a certain

time after it has been baled. Especially the round bales that are quite large and cause a bit of a safety factor when driving along, especially as we have wildlife that can jump out at you, at a vehicle very quickly.

Mr. Schmidt: — We do have them, but I don't know them offhand, so if you would like I could get that information back to you.

Mr. Krawetz: — Sure, I'd appreciate that. Another question — I don't know whether it will be directed to Mr. Schmidt or not — is when we see repair of highways and resurfacing, it obviously . . . I think that the contract, you know the people working on the contract want to ensure that safety is upheld first, and then movement of traffic continues. One of the concerns that has been expressed too, not only the business owners in Fort Qu'Appelle but myself as a traveller who uses Highway 35, is that the bridge through Fort Qu'Appelle on Highway 35 has been closed now for, I don't know what it is — maybe you'll have the numbers — but I believe it's around four or five months, not just weeks. And there is great concern of businesses who have had, you know, a diversion of traffic and a flow of traffic that normally comes by their business is not there.

And I'm wondering, when a repair of that magnitude is being done to the bridge on Highway 35 at Fort Qu'Appelle, was that anticipated that the bridge would close in May or whenever it did close, and still remains closed as of last night when I travelled through?

Mr. Law: — The work on the bridge at Fort Qu'Appelle was in fact planned work, and there was consultation in advance with the community about what our expectations were for how long the bridge would be closed. So it was all planned, and we worked through with the community what our expectations were around that.

In this particular instance, we have encountered some additional challenges with the federal government around some navigable waterways regulations, and consequently we are working as best we can to expedite what is an approval requirement of the federal government which has caused some delay for us.

Mr. Krawetz: — Thank you, Mr. Law. Now you note why the RM (rural municipality) of Sliding Hills is frustrated with navigable waters, and whether or not a canoe can travel down a river that has a foot of water in it. But I digress.

Another question, and I want to first of all, Mr. Law, indicate to you that I passed on my congratulations to the official at the Department of Highways in Yorkton, but while I commend them for what they did, I also want to raise a concern. Because during the summer a large moose was hit and killed on Highway No. 5 just between Invermay and Canora. And the moose, of course, the body, the carcass was on the side of the road, still very visible, very large, and it remained there for three days. And other people had called the department, and I didn't find out who they called, and they were instructed that the department wasn't responsible for anything that was no longer on the lane. And that concern was brought to me and I felt that was unacceptable because this was a large carcass that was going to decay eventually and that it was not something

that we want tourists to be seeing as they travelled down the highway.

So I went in to Yorkton, directly to the office, and I spoke to officials there on an afternoon, and the very next morning a unit was out and a backhoe and they hauled the carcass for disposal somewhere else very, very quickly. But the concern that I have is that the public called and no response. And it took, you know, a trip by the Member of the Legislative Assembly to say, guys, get at this because this is not good for the department nor the people of Saskatchewan, and it was done. It was done very quickly and very efficiently.

So is there a policy that is followed that says at no time if a member of the public calls and says, you know, there is a carcass on the side of the highway, that your officials are not responsible for cleaning it up? Or what policies are followed?

Mr. Law: — I'm not aware of . . . I'll have to check for you, Mr. Krawetz, in terms of what the circumstances may have been in this particular instance. In this instance I'm not aware of what the distinction would be between certainly the response you got or the public may have received, regarding this not affecting travel or the right of way wouldn't normally be the case. But I would suggest that we would probably try and apply the law of reasonableness in most instances. So I'm just not familiar with the circumstance that you are talking about here and we'll have to get back to you on that.

Mr. Krawetz: — No, I understand that. And my last question, Mr. Chair, will be, you know, as maintenance crews are responsible for certain, you know, sections of highway, do they travel those highways and report to management a failure in a piece of highway or conditions that I've just identified, an animal has been struck or those kinds of things? Do they do that on a regular basis?

Mr. Schmidt: — Yes, we have surveillance that goes on a regular basis from the local maintenance section headquarters, and they will then look at things where we talked about before — signs that are down, wildlife on the side of the road, maybe signing some repairs until the crews can get there and do more permanent repairs. So we do have surveillance that goes out on a regular basis from the local section headquarters.

Mr. Krawetz: — And sorry, Mr. . . . Terry, I note that you do a good job of advertising driving conditions during winter and you have a 1-800 number and you call that in. You know, as people travel certain sections of road on a daily basis, because they travel to and from work in various communities and they travel highways, you know, I think that there could be a better reporting by the public.

And I think that you as a department could make better use of the public to encourage that kind of calling because, you know, your officials . . . and I know that there are, you know, maintenance crews that cannot get to every mile of or every kilometre of highway maybe once a week at most. And yet things happen due to weather, due to driving, due to a whole host of things — they happen on a daily basis.

And maybe a job, a public relations job, of communicating to the people to ensure that when they see something like that, that

they can call it in and that it will be not met with opposition, first of all, that says oh no, that's not my job; or something as simple as, we will check into it and thank you for reporting it and we know now that we can have someone go out and look at it.

The Chair: — Mr. Hart.

Mr. Hart: — Thank you, Mr. Chair. Mr. Law, I'd like to go back to a question that was raised by my colleague, Mr. Krawetz, dealing with that bridge on Highway 35 at Fort Qu'Appelle. You said there's some issues that you're dealing with the federal government, dealing with navigable waters.

Are you at liberty to expand on what those issues are and, you know, why . . . and the cause of the delay, just for information for this committee and for the general public?

Mr. Law: — Yes. The federal regulation stipulates that they have a requirement for a notice period whenever there is to be construction over a navigable waterway of that sort. And it provides for a . . . I think it's a 30-day waiting period before the construction can actually get underway.

In this particular instance we had ongoing discussions with the federal government around our plans in this particular area, and I think we're under the impression that we had satisfied the requirements with the federal government and learned only as we were moving into the early phases of the work that they were going to be a little bit more formal about the notice period.

And so I think the community and ourselves were a little surprised. We made some further inquiries of the department because there has been a change in federal responsibility between departmental jurisdictions as to which part of the federal government organization is overseeing this particular section.

And as it turned out, we tried to impress upon them that we thought that we had complied with the spirit and intent of the regulation, particularly as Mr. Krawetz points out, the regulation is intended to concern itself with commercial traffic on the waterway. And in this particular instance we were struggling to find out where that canoe might have been carrying something of some value, besides the passenger obviously. So we were unable to get relief beyond what we had undertaken in the first instance, and that was the cause of the delay.

Mr. Hart: — Just for the record, you're not constructing a new bridge there. There has been an existing bridge there for a long time, and I would understand that you're merely repairing the existing structure. So even though you're doing that, you still have to comply with this 30-day notice and all those regulations and that sort of thing?

Mr. Law: — Yes, sir.

Mr. Hart: — And that's with . . . Which federal department is wielding its heavy hand in this situation?

Mr. Law: — I think Fisheries and Oceans is in the process of transferring that responsibility to Transport Canada.

Mr. Hart: — Okay, good. Thank you.

The auditors identified one of the key risks that your department is faced with is adapting to changing demands placed on the transportation system. And I guess one of the questions I would have dealing in that area is, I believe we're seeing an increased volume of containerized products moving to their destinations by containers. And that is in fact being evident on our highway system.

You know, I know there are a number of specialty crop processing plants who are now shipping via containers and we've seen the operation of a new facility in the fair city of Moose Jaw just very recently — a container terminal. Is the department looking at the implications of the growing volume of container . . . shipments via containers, and what do you foresee in the future in that whole area and what you doing to prepare the transportation system for that growing trend in the future?

Mr. Law: — Well it's a big question. This is a subject of some considerable interest and concern across the country because Saskatchewan is part of a national transportation system and so it's not only those container shipments that are originating in our province but also a lot of the traffic that's going across the province on its way to or from some of the port authorities and so on, that is at issue here. Again this a relatively new area for me, but I'm led to believe that this is a significant challenge in many respects.

One of the first that I understand has been significant is that we in some ways have been challenged by the success of our economy, in that in the past where there have been significant increases in one particular bulk commodity requirement associated with having a good year, where you may have had some room as a result of some of the challenges that we have faced in this province as a result of drought perhaps making more room in the system for forest products, or potash, or whatever it is.

That what we're seeing now in terms of a return to more normal activity levels, in terms of things like grain movement, are also competing with, you know, extremely buoyant activity levels in the other areas. So that what's happening is that we have some limitations in terms of the routes that can be travelled by these carriers and the system as a whole is under some significant pressure.

A second factor which I'm told is significant here is that there is a significant international demand coming back into . . . through our ports as a result of the buoyant economy, for example, in China, having a direct impact on the traffic volumes through the port systems and of course that comes directly back to us where we have limited options in terms of where we can go with that traffic.

So consequently, I think we are faced not only with the challenge of understanding how to maximize the use of our existing provincial transportation system in terms of the routes that we think are the best, in terms of being the most expeditious to get product to market, and for the efficient movement of goods and service and the preservation of our transportation system within the province, but there are some

national trends that are also changing. Some of the traffic patterns, I am told, are also in some instance even reversing themselves.

So that we have not only the challenge of understanding what we need to do within Saskatchewan, we have the challenge of getting an appreciation for what is happening on a national and international basis. And there are some, I think, much more aggressive discussions now currently underway with a variety of the major stakeholders. And we're trying to bring those back in to the province and give consideration in terms of our proposals and how we formulate our strategic plan and our budgets on an annual basis to provide for those things.

Mr. Hart: — So what you're saying is that there's a trend developing where containers will be shipped . . . full of products will be shipped from the ports into the heartland which Saskatchewan is part of. And although most of the container traffic that I see is on rails, you know, the containers crossing our province . . . And in my mind at least I guess that probably is whether a hopper car full of wheat or a container full of whatever happens to be in those containers.

But where I think, you know, we need to be concerned is, it seems that there is a growing trend of bulk commodities that previously were shipped via rail, you know, as I'd indicated coming from processing plants. But even more than that with the recent implementation of the Bioterrorism Act in the US (United States), it seems like there will be a growing trend to have even our normal bulk commodities such as . . . like food products, whether it be wheat or barleys and oats and that sort of thing, we may see that there may be a greater requirement in the movement to ship those products by container. And if in fact that does happen, I see very few loading facilities out in rural Saskatchewan that can put these containers on the railroads. So that means that there'll be more bulk commodities moving the longer distances by truck, which will increase the truck traffic.

And I guess my question is, first of all, how can . . . Are you able to see evidence of this already and are you able to monitor and actually determine whether we're seeing an increase in that type of traffic? And if that in fact is happening, as I think it is, what are your plans to deal with that in that perhaps we need these traffic areas where all modes of transportation connect into an area so that we can deal with some of this intermodal traffic and shipments and those sorts of things? Is there anything in the long-term planning in your department that is looking at that? And I realize I'm talking, you know, 10 years down the road perhaps, perhaps not. But are you devoting some resources to looking at that whole area and as it evolves how are we going to handle it in this province?

Mr. Law: — Well, first let me say that I think I would agree with your analysis generally speaking that we . . . this is a significant challenge for us in the province and it's . . . I don't think it's questioned that this is something that we are going to have to be cognizant of. I know that there's been a lot of work going on in the department's policy shop on this specific issue. I don't feel that I'm sufficiently briefed to be able to give you the details of what the longer term strategic plan is in this area, but I would be happy to make that available to you at a future date.

Mr. Hart: — No, thank you very much. I didn't expect that you'd have all the details of that but I'm glad to hear that that is being looked at and that you're recognizing that that is a challenge that we're faced with and there is work ongoing.

I would just perhaps shift gears to another area. One of the responsibilities of your department is to operate and preserve the transportation system and one of the tools that your department has to . . . as far as preservation, we talk of preservation we normally think of resurfacing and that sort of thing.

But enforcement of trucking regulations, traffic regulations primarily dealing with the trucking industry is also an important part of the preservation, in my mind. And recently there was a review I guess and perhaps a change in scope of duties of the highway traffic officers. I wonder if you could explain what the current scope of duties are for highway traffic officers and how they differ from some of the things, some of the duties that they were performing prior to this recent change.

Mr. Law: — I'll ask . . . look for assistance here. I don't think that I can probably do an adequate job of providing that explanation at this point.

Mr. Schmidt: — I can provide a general overview of how things have changed. And I don't know all the specifics, but recently the transport compliance branch completed a new mandate, and that mandate focuses on commercial vehicles.

Before there was some enforcement of regulations and legislation to all highway users. And they have now, I believe, either they've entered into a partnership or are negotiating with the RCMP on defining roles and responsibilities for the RCMP, and roles and responsibilities for transport compliance with the focus of transport compliance being that on commercial vehicle safety and commercial vehicle weight enforcement and compliance, and as well working with shippers and as well on the shipper liability legislation that was recently passed.

Mr. Hart: — So as far as the commercial enforcement of regulations and weights and measures and those sorts of things, there's been no diminishing of these scope of duties or mandate that the highway traffic officers have? There's been some concern expressed that these . . . that the compliance branch and their people, the highway traffic officers, are being, their scope is reduced and that a lot of their work centres around our weigh stations and that sort of thing. Is there any truth to that type of statement at all in your mind?

Mr. Law: — There has been no . . . aside from the reference that Terry made to trying to provide a more focused direction to the priorities within the branch, there's been no substantive change in the responsibilities with respect to the enforcement branch's work in terms of compliance around commercial activities. It's essentially the same as it has been in the past.

Mr. Hart: — So the number of tickets that are written and the number of fines that are levied in this past year would compare to . . . I know there was some problems with some slowdown of work and there was some safety issues that the department had to deal with and that sort of thing. But if we go back to, say, two years ago and compare the amount of enforcement activity,

I guess, this year as compared to two years ago, how would they compare? Would you have an idea as to what the comparison might look like?

Mr. Law: — I don't know that but I'd be happy to get you the data.

Mr. Hart: — If you could do that, I'd appreciate that.

Mr. Law: — Yes.

Mr. Hart: — Good, thank you. Thank you, Mr. Chair. That concludes my questions.

The Chair: — Thank you. Mr. Borgerson.

Mr. Borgerson: — Yes, thank you. The auditor has commented on the succession planning within your department, and you responded to it in a general way. But I'm curious to know if you could give some examples of specific initiatives that you are using, particularly with respect to youth and Aboriginal people.

Mr. Law: — Well, I'll have Curtis speak to some of the specifics because in fact this is another area where I think the department has done some very good work, and it's been in place for some time. As far as succession planning is concerned, I can tell you just in terms of some of the challenges that were articulated in the auditor's report that talked about the need for us to do some work at the senior management levels, that we have essentially a new senior management or executive team at the department, and we're looking forward to working together collaboratively. It's a very positive work environment. The team has come together well.

And so from that perspective, from an executive management perspective, I can tell you that we are a new team and, I think, with still a few years left in terms of our ability to contribute down the road here. So I think as a first step I can tell you that I think the department's in reasonable shape that way.

The department, I think, has also got a very good story to tell in terms of some of the specific initiatives that have been undertaken with respect to representative workforce and efforts to try and provide support to some of those less fortunate in the community to participate in terms of work opportunities.

And I'll just have Curtis . . . Rather than giving you my broad level of review, I'll have Curtis perhaps give you some of the working level examples that we have because there are some very good ones.

Mr. Goodfellow: — I guess the first comment I would make is to reiterate, John, one of the comments that the auditor had made was when we're actually in a situation where we had two assistant deputy ministers who were both approaching 35 years and we were starting to worry a bit about replacing them. And that was sort of where the three-year window came out. That actually ended up being about a one-year window, and so we actually have made some pretty significant strides in changing the executive.

In terms of the succession planning, we actually have a model

of overall HR (human resources) planning that sort of has four components to it that recognize each have to sort of interact with each other.

When you talk about specific initiatives, we spent quite a bit of time last year kind of going through all of our managers, making sure diversity was in a forefront to all of them. We actually have more of a plan. It runs through divisions, right up, down to the local level.

I think that what I'd like to probably mention though, too, is two specific programs that we have that were actually partnership arrangements that we have. One has been in place for several years, and that is a partnership with Saskatchewan Community Living and the SGEU (Saskatchewan Government and General Employees' Union). That relates to having eight individuals with intellectual disabilities working, one in each of our repair depots. That has turned to be extremely successful, not only in gaining . . . or having these individuals gain some skill sets and some valuable work experience. My own perspective is it's also changed a lot of attitudes in the workplace.

More recently and since this audit, if you notice, there was also mention that we have had some difficulty in recruitment of heavy-duty mechanics. We, in the spring of this year, entered into a partnership with some Aboriginal groups under the umbrella of the Prince Albert tribal council and the SGEU, that would now start an Aboriginal apprenticeship program that allows for sort of six cost-shared placements that with . . . A goal is obviously to (a) have them work under a journeyman to obtain journey status — to actually look for some of our future recruitment needs in both that trade area, plus in the diversity group area. So those are two very sort of specific partnerships we've actually formally entered into.

Mr. Borgerson: — Now in terms of retention, of course the culture of the organization is important, and the auditor mentions two programs that it considers as best practices: one being an employee recognition program, which I understand; the second being an innovation registry which . . . I'm just curious to know what that is.

Mr. Goodfellow: — Let me speak to it, Terry, a little bit. The innovation registry has been something that has been in place for quite some time in the department. And it's really a forum that is very valuable when you talk about shop operations, where we get our trucks in and we fabricate and modify them a lot. Well a lot of our mechanics have a lot of good ideas, and when they come up with certain new ways of developing equipment, we actually have a process in place where they actually can register various different innovations.

It doesn't have to be . . . We've tried to expand it a little bit more than being just technical innovations. But they can come forward, and it's a place to register these innovative techniques, of whether it's adapting a piece of equipment . . . and to recognize those people that do come forward from the shop floor or elsewhere in the organization with some innovative ideas.

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

The Chair: — I have scrawled down just a few quick questions I'd like to ask, and it's hard for a politician to ask a quick question, and probably harder for you to give a quick answer, but I don't require a long explanation. Many times I've heard about Saskatchewan having a lot of roads, and I think you alluded to that in your opening comments. I think oftentimes a lot of roads is considered be a liability rather than an asset. I just wondered what the philosophy of your department might be regarding the inescapable fact that we do have a lot of roads.

Mr. Law: — We, as part of the strategic plan, have tried to bring some rationality and order to the assessment of the different categories of road systems that we have and how we go about assessing their continued viability. Philosophically, we, I guess, would say we think that we've got . . . we definitely have an . . . I think the question probably has an answer on both sides. We definitely see this as an asset from the perspective of the infrastructure that's out there. The challenge of course is in the application of limited resources to its maintenance and to some of the changing dynamics in the province.

So I think we look at the building program that took place largely through the '50s and '60s in Saskatchewan as something that was definitely far-sighted in its sense of the importance of us being able to export products as a means of generating economic productivity and growth in the province, and recognize that as one of the important criteria that we use in trying to make a determination about where we're going to invest in supporting our transportation needs in the province.

So the challenge for us, I think, is that financially there is a rub there. And we are challenged to meet that each and every year in terms of going through the process of making a determination about which of these roads we're going to sustain and try and maintain. And I suspect that that will continue to be the case for some period of time.

The Chair: — Well, thank you. And I'd encourage you to look at it as more of an asset than a liability because we have a lot of people who drive in Saskatchewan. A lot of people who drive across our province on two national highways and invest in our gas stations and pay provincial gasoline tax, which we have to invest in our infrastructure.

We have industries that put on a lot of miles on non-provincial roads, but yet they're paying the provincial tax to help maintain the provincial highway structure. So I would hope that we wouldn't have the mindset that we have too many roads, but rather that we have an asset that is a revenue generator for the province and we need to make sure that we maintain them, you know, to the best of our ability.

And that's a personal concern of mine that the philosophy be right when it comes to roads and that we see them as a unique — in a positive sense — unique part of Saskatchewan; that, you know, that we don't have to worry about harbours. We don't have a lot of huge airports. There's other things that we don't have, but the one thing we do have to look after are our roads.

The auditor talks a bit about adapting to changes in the transportation system and my colleagues have touched on a number of those. A couple that perhaps they haven't, one is the need for north-south corridors. And could you just quickly tell

me whether you've mapped out any north-south corridors that will be receiving additional attention in the next while to take advantage of north-south trade?

Mr. Law: — I'll maybe let Terry speak to the specifics of the corridors. The answer to your question at a general level is, yes, that's certainly a part of the corridor system that we look at, as to specific investments. Terry, are there some you'd want to refer to?

Mr. Schmidt: — Sure, I can. Probably two of our main corridors that . . . Well, not probably. Two of our main corridors that we are focusing on as part of our strategic management plan is Highway 6 corridor, which we have recently, I think this year, we completed the last leg of that multi-year project. So we have now completed the last component of that to upgrade Highway 6 from Regway to Regina to a paved class standard, north-south trade corridor.

As well Highway 39 is our busiest north-south trade corridor and we are currently doing some work on that, resurfacing and preservation work on that, and we are hoping to work with the federal government on that as part of our national highway system to obtain assistance financially to help do more work on that corridor.

So those are our two corridors that we are focusing on at this time.

The Chair: — Is there a potential that traffic, north-south traffic, could increase to the point where there would be even twinning of some these north-south routes. We think of, you know, the Trans-Canada and the Yellowhead as sort of the potential, and of course Regina to Saskatoon, the two larger cities. But you know, is there a potential, you know . . . Do you forecast, I guess, increased trade to the point where there may be a need to twin those highways. And also what is your . . . do you have a proposed north-south corridor on the west side of the province and what would that be?

Mr. Law: — I can answer generally that with respect to our forecasting of economic activity we've, in our department, focused for the most part on the actual traffic itself and try and base our projections on, it's essentially a historical straight line set of projections as opposed to any sort of future economic model that would suggest something different than that. That tends to be the basis for how we look at those things.

The economics of looking at twinning in some of those areas is part of the rationale for us undertaking to encourage some broader consideration by the federal government of the primary highway system at the national level. And while there's nothing on the books at this particular time, I think that could change quickly if there were a willingness on the part of the federal government to share in the development of some of those routes.

We don't have anything at this juncture that I'm aware of, in answer to your question, Mr. Chair, with respect to any major north-south trade corridor on the west side of the province. We do have . . . Highway 4 is a corridor but is at this juncture not one of the principle corridors in terms of our current investment strategy.

The Chair: — I guess my concern is that, given the considerable amount of transportation traffic — commercial traffic — done with the Western United States; you know, if we don't have a proposed corridor, the corridor will become Highway 7 to Calgary and then down into the United States and we'll perhaps miss out on some potential. So I again throw that out as something for you to consider.

The federal government is again considering the sale of hopper cars to a producer group. The province of Saskatchewan owns some government hopper cars. Are you in negotiations to include the provincial government's hopper cars in a sale if one occurs? Can you update us on what the latest is in this regard?

Mr. Law: — There are some discussions that are part of our agenda at the present time with the new federal Transport minister, including a visit within the last two weeks. I'm not privy to the outcome of those discussions, but I know I can provide you with an update if you would give us a short time to get that back to you.

The Chair: — Yes, I would very much appreciate an update on that area.

What is the government's . . . or the department's position on thin membrane surfaces? They are not very well received in Saskatchewan. Is it something that's going to be continued or are you looking at alternatives to the thin membrane surface program?

Mr. Schmidt: — Several years ago we had about 8,600 kilometres of thin membrane surfaces highways in the province and today we have around 6,900 or 7,000. So there's several strategies that we've undertaken to address some of the concerns and challenges with the thin membrane surface highways.

As many of you are probably aware, most of that highway system was developed in the '50s and the '60s and, you know, as early as the early '70s. And it was meant to provide dust-free, mud-free travel for rural Saskatchewan with light vehicles. And it served that purpose well for 30, 40, 50 years; a very economical way to provide transportation to rural Saskatchewan.

Then with the changing dynamics of the province and the shift from road to rail and the increased demand on truck traffic, those roads weren't designed to take that kind of tonnage. So through negotiations with the federal government, we have been able to address some capital improvements on the thin membrane surface highway system through the Prairie Grain Roads Program and prior to that through the CAIP (Canada/Saskatchewan agri-infrastructure program) program — I can't remember the exact acronym.

But we have upgraded roughly 1,500 or 1,600 kilometres of thin membrane surface highways through that program which was based on a strategic program where we developed corridors together with local governments, with area transportation planning committees, and funding was then invested in those corridors. And so strategic investment in capital upgrading is one strategy.

Another strategy that we feel we've been very successful on is partnerships with local governments. And again we look to area transportation planning committees for their input there and that is several partnerships. One is haul route management agreements whereby we will work with the local governments to designate a municipal heavy-haul road that is constructed for carrying the weights, and they will then weight restrict the thin membrane surface highway to light weights. That allows us to maintain it and sustain it as a thin membrane surface highway without huge capital construction costs and at the same time provide an increased level of surface to both systems. So that has been very successful. I think we have close to 500 kilometres of thin membrane surface highways that we are managing through haul routes.

As well we've been quite successful with some construction partnerships with local governments and industry as well, where we look to opportunities where they can bring certain things to the table that they do well, and we can bring certain things to the table that we do well, and through joint efforts we can come up with a solution that is the best, most cost-effective way to upgrade and improve that road.

Of that 7,000 kilometres, about 3,500 of it is what we categorize as sustainable. And by that we mean it will operate at a good level of service as a thin membrane surface highway, mostly because it does not carry a heavy . . . high volume of heavy traffic. So there is another 3,500 kilometres that we are going to continue to work within the framework of our strategic management plan with our partners, with local governments, with the area transportation planning committees as well as continue negotiating with the federal government for assistance for capital improvements, look for opportunities for further partnerships. And that is a strategy we have in place to manage that thin membrane surface system.

The Chair: — In the reduction of the TMS (thin membrane surface) kilometres, what percentage is going back to gravel and what percentage is going to a better-quality, dust-free surface?

Mr. Schmidt: — I don't have the exact numbers for what has been upgraded versus what has been reverted to gravel. The vast majority has been upgraded and if you would like, I can get those numbers to you.

The Chair: — Oh yes, I would like to have those numbers. Just again a general question. You talk about your planning is more the here and now than looking to the future, but nevertheless sometimes to get to the kind of future we want we have to do the right things to get there.

Tourism is a real potential growth sector for Saskatchewan's economy. Does the Department of Highways consider that and are you investing more dollars in roads that . . . highways that would be . . . you know, I'm thinking of the North, I'm thinking of Lake Diefenbaker, roads that go to provincial parks, that sort of thing. Are you investing more, even though the traffic count might not justify it, to try to increase the tourism industry in Saskatchewan?

Mr. Law: — We have clearly articulated that as one of our priorities and one of the key criteria that we use in making an assessment about investments we would make in the highway

system. To answer your question directly, we do have a program that is dedicated to seeking out partnerships in circumstances that are representative of opportunities that we think meet those criteria, and Terry's talked about them in a different category. We have them in areas where there's opportunities for us to realize a return for the province in areas outside the highway system. So my earlier comments about the here and now are really in terms of our traffic forecasting as opposed to . . . I think the department has done a pretty good job in terms of looking forward on their capital plan.

The Chair: — I guess I'll get back to my old complaint, which I may have made to you. I've made it to your predecessor, I know that, and to the ministers, but that's the fact that at the Saskatchewan Landing Provincial Park there are not passing lanes going up each bank. And particularly one bank is a very steep grade; it's a danger, let alone the fact that it's an inconvenience. I'm sure the traffic counts are much higher than they are around some other resort areas where they do have passing lanes out of valleys, and I would encourage your department to take that as a serious concern and to rectify it as soon as possible.

I have some other questions, but I'll forgo and try to keep us on schedule. With a bit of tongue in cheek, because you're the experts on our highways — they have all these worst roads in Saskatchewan contest — and I wonder if you'd give me the inside what the worst one is. What's number one on your priority list? I'm just joking.

Are there any other questions? Mr. Hart.

Mr. Hart: — Mr. Law, you mentioned earlier this afternoon that recently you were in, I believe, in Quebec at a minister . . . at a meeting of ministers and deputy ministers of Transportation. Has there been any discussion about standardization of our national highways in that, you know, sort of criteria . . . like I'm thinking of, oh, this summer we made a trip to east to our neighbouring province and part of their highway, No. 1 Highway, they have gravel shoulders and that sort of thing. Has there been any discussion about sort of standardization as far as quality of our two main national highways, No. 1 and No. 16?

Mr. Law: — The general answer to your question is that there are a number of working committees structured, I believe below the Transportation Association of Canada Board of Directors, which is comprised of deputy ministers from across the country and a number of private interests and stakeholders from the private sector. And there are, in addition to some standardization, Terry reminds me around weights and so on, that they are looking at this issue across the country in a number of different categories in terms of performance.

In many instances the challenge in terms of the relative priorities from jurisdiction to jurisdiction are a significant factor. So to give you one small example, where we have been working at a particular standard in the twinning of our highways across the province in Saskatchewan, in Manitoba they have been unable to dedicate anything like the proportion of resources to that particular initiative in their province because of priorities associated with the floodway system and other things.

So there will continue to be those kind of challenges, but there are very specific working groups operating on an ongoing basis that are looking at these precise questions that you raise.

Mr. Hart: — Thank you. I would just make the observation, Mr. Chair, that perhaps this is an area that the federal government could show some leadership in and not only show leadership, but perhaps open the purse strings a bit. It seems to me that in this country we need, with our national highways and transportation system I think we'd all benefit if there was some additional funding from the federal level to our national highways.

I just referred to that trip we made. We happened to make it on a long weekend, and the portion of untwinned Highway No. 1 East here, in my opinion driving conditions on that particular weekend were not only inconvenient, but they were dangerous. It was a summer weekend with lots of truck traffic, lots of holiday traffic, and I just urge that we get that section of highway twinned as fast as possible.

Thank you, Mr. Chair.

The Chair: — All right. Are there any other questions on the two chapters on Highways and Transportation?

Seeing none, we have a couple of recommendations with regard to chapter 17 in the 2004 Report Volume 1. The first recommendation reads, on page 246:

We recommend that the Department of Highways and Transportation develop and implement learning and development plans to ensure needed competencies are available.

I would entertain a motion. Mr. Yates.

Mr. Yates: — I move we concur and note progress.

The Chair: — Motion to concur and note progress. Are there any questions or comments on the motion? Seeing none, I will allow the question. All in favour? None opposed? That's carried.

Recommendation no. 2 on the same page:

We recommend that the Department of Highways and Transportation implement its plan to recruit and retain staff for key positions.

Is there a motion? Mr. Yates.

Mr. Yates: — I move we concur and note progress.

The Chair: — Again a motion to concur and note progress. Is there any discussion on the motion? Seeing none, we'll call the question. All in favour? Again, carried unanimously.

Thank you, Mr. Law, and your officials for appearing before the Public Accounts Committee. I think we've all found it very useful and we wish you well in your ongoing responsibilities to the province of Saskatchewan.

Mr. Law: — Thank you, Mr. Chair.

The Chair: — I think, Mr. Hagel, you would prefer that we bash on?

Mr. Hagel: — If it's not inconvenient.

The Chair: — We only have one item left.

Mr. Hagel: — I'm all in favour on onward and forward.

The Chair: — And the witnesses are all present in the room, so I mean if someone needs a break I'm prepared to allow a five-minute break, but if we're ready to move on, certainly then we'll be finished a little sooner. Is it agreed that we'll move on?

Some Hon. Members: — Agreed.

The Chair: — The third item on our agenda is the Standing Committee on Public Accounts, whatever in the world that is. I think it's a critique of the committee prior to 90 per cent of the members of this current committee sitting on it. So we only have one expert who may be in a conflict of interest with regards to the auditor's report on the Standing Committee on Public Accounts. Nevertheless I'm sure we will with great anticipation want to get a little insight on what happened into the past so that we'll be able to press on and do greater and more wonderful things in the future.

Mr. Wendel, does the Provincial Auditor have some comments?

Mr. Wendel: — Well I'm going to turn it over to Rodd to say a few words, but it's difficult for the auditor to critique his legislators so . . . But I was reading something in an accounting paper just yesterday by the Auditor General of Manitoba had quite a negative comment about the Public Accounts Committee in Manitoba because it has not been functioning, but ours is quite positive. So I'll turn it over to Rodd; he's going to take you through the chapters.

The Chair: — Mr. Jersak.

Mr. Jersak: — Thank you, Mr. Chair, and members. Chapter 20 of our 2004 Report Volume 1 has two main purposes. It responds to a prior request of the Public Accounts Committee regarding monitoring the status of its recommendations, and it highlights the work and accomplishments of the Public Accounts Committee since the spring of 2003 when we last reported the status of PAC's (Public Accounts Committee) recommendations.

During 2003-2004, the committee met three times to discuss our reports. At the time this chapter was released, the committee's most recent report to the Assembly setting out its recommendations was its fourth report of the twenty-fourth legislature which was presented on June 25, 2003. It included over 60 recommendations including those where the Public Accounts Committee concurred with our recommendations.

The Public Accounts Committee asked our office to monitor compliance with its recommendations and to advise it of the status of them. The exhibit in this chapter lists all of PAC's recommendations that were not fully implemented by the

government as at the date we last audited the organization or area prior to issuing this report in the spring of 2004.

We note that the committee's reports during the previous five years contain 369 recommendations. Some of these recommendations may take a number of years to implement; however, as of March 2004 the government has fully implemented over 83 per cent of the committee's recommendations. Also the government has partially implemented 57 per cent of the remaining recommendations.

About five months have gone by since this chapter was made public. As a result, the exhibit may not reflect the current status of certain PAC recommendations because the government may now have dealt with some of them.

That concludes my overview. We would be happy to answer any questions you have.

Mr. Hagel: — Mr. Chair, to tell you the truth, in high school I never got 83 per cent.

The Chair: — It shows. I can hardly wait to watch this being rebroadcast as a member. Thank you, Mr. Jersak, and I apologize for the behaviour of some of my colleagues sitting around the table. The report, I think, is useful and while it may be 83 per cent I still notice of course, sitting from the opposition side, that there are a number of recommendations that are not yet implemented. And that, of course, calls for the ongoing scrutiny of this fine committee. I am also tempted to call on my colleague, Mr. Krawetz, who is the only surviving member of the 24th version of the PAC to be on the witness stand in here. We'll ask him questions but perhaps you would like to make a few comments, Mr. Krawetz.

Mr. Krawetz: — No. As indicated I think in this report and a lot of times I think as legislators, we're asked, you know, what role do we play? And I think very clearly you can see the results of a Public Accounts Committee that attempted to do its work and produced, you know, a huge number of recommendations that were dealt with.

I want to congratulate the auditor's office for completing the exhibit that you see at the end. We asked for that as a Public Accounts Committee because there's always uncertainty and I'm sure new members on this committee, you know, you're not sure what you discussed last week, never mind three years ago. And this allows Public Accounts Committee members, and we do have change in committee members from time to time, to be able to understand what is still before the committee in terms of whether it's completely rejected or it has been completely rejected by government and is not implemented at all, or whether it's partially implemented and proceeding with the plans.

So I want to thank Mr. Wendel and your staff for keeping this report, you know, up to date and to allow committee members to be able to review at any moment this chapter and be able to understand recommendations of the various departments and where they're . . . (inaudible) . . . So I want to thank you, Rodd.

The Chair: — Are there any other comments? Mr. Borgerson.

Mr. Borgerson: — Well like the Chair I'll maintain my neutrality on this. I'm just curious . . . I have a question for the auditor, if he has a sense across Canada of whether these kinds of summaries are done in terms of the works of public accounts committees and, of course, how we would line up compared to other provinces.

Mr. Wendel: — I haven't done a study of that, but just from the conversations at various national meetings I would say Saskatchewan's had a well-functioning committee for many, many years. And it makes a difference. Things get changed and without that it's difficult to get change. So your work is very important and I would say the committee's a good committee.

I've been going to the committees for a long, long time — sometime in the early '70s — so I've had a lot of experience and the committee's a good committee.

The Chair: — Mr. Hagel.

Mr. Hagel: — Well I was just wondering, given that the auditor says that this is a good committee, I was just wondering how would this committee compare to say the last committee.

Mr. Wendel: — You've already done much better work. You make it very difficult on . . .

The Chair: — If the officials didn't have to answer which was the worst highway in Saskatchewan, I don't think the auditor has to answer that question either.

Mr. Hagel: — No. Just seriously, I would just concur and say it's in my view a good indication of a good, functioning committee. And it is actually I think noteworthy, when I look at the last committee, that Mr. Krawetz is the only continuing member from the previous committee. And that I think speaks well to a common political commitment that you can have that kind of personnel turnover and continue to have a committee that continues to function, I think reasonably effectively. It speaks well for the political culture of the province, I would think.

The Chair: — Any other comments? I want to also thank you, Mr. Wendel, and also Rodd Jersak, for the work that you do. The general public wouldn't know and probably the many committee members wouldn't know that Rodd is one of the key facilitators in making sure that our agenda is put together and we have the witnesses show up that need to be here to answer the questions. He works with our Clerk, Ms. Woods, and with Mr. Borgerson and myself to ensure that we do have an agenda and we do have people show up, and that we accomplish something.

So I want to thank you, Rodd, and also Fred Wendel, the Provincial Auditor, for your co-operation with this committee over the years. And thank you for a relatively gentle critique of our Public Accounts Committee, at least the predecessor of this one.

If there are no further comments, I just want to remind you that we are back at this again at 9 o'clock tomorrow morning. *Hansard* is recording everything but the verbatims will not be out for a couple of months due to, is it either a change of locale

or renovations to the *Hansard* department facility. So don't expect the verbatims and to read your great words of wisdom tomorrow or the next day, but they will be coming.

And with that, the closing comment I want to make is that four of the committee members — three from this committee and one from the Crown corporation and central agencies committee — had the privilege of attending a conference in New Brunswick about a month ago, I guess it was. And for tomorrow perhaps Lon and Glen and myself, if we could have about a two-minute summary of what impressions we had out of that that we could share with the other committee members, I think that would be appropriate. And if Mr. Iwanchuk from the other committee is in town and would like to sit in on that and also share his observations, Lon, he would be welcome to join with us.

I think it's only fair to the committee members that didn't have the opportunity to go just to hear at least a brief summary of what was accomplished and what we did and that. So be prepared to express your observations of our conference sometime in tomorrow's agenda.

With that, I declare the meeting adjourned.

The committee adjourned at 16:11.

