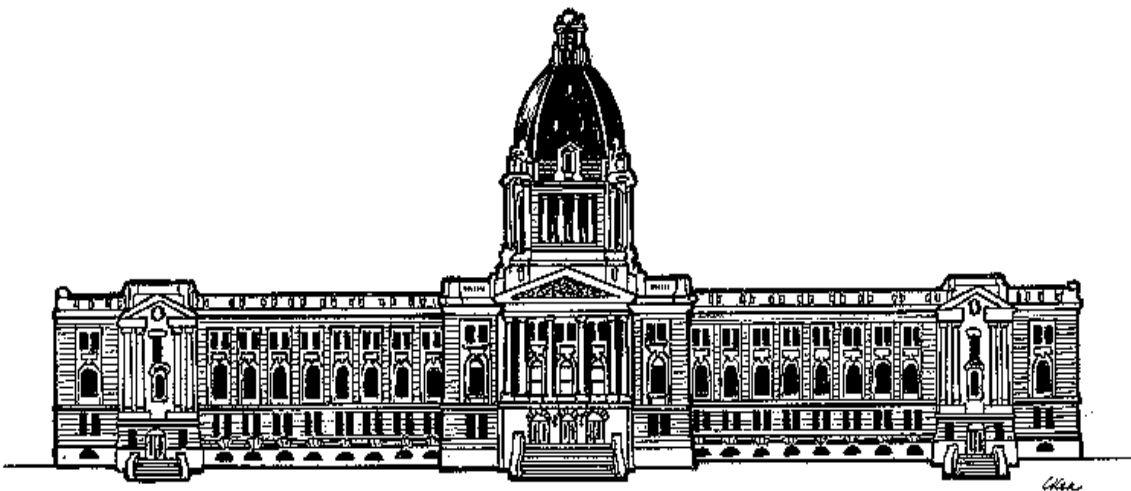# STANDING COMMITTEE ON PUBLIC ACCOUNTS

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STANDING COMMITTEE ON PUBLIC ACCOUNTS
2005

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Mr. Ken Krawetz
Canora-Pelly

Mr. Kim Trew
Regina Coronation Park

Mr. Kevin Yates
Regina Dewdney

The committee met at 09:00.

The Chair: — Good morning, ladies and gentlemen. We'll call the Public Accounts Committee meeting to order. I'd like to welcome my colleagues to this morning's meeting, also welcome the Provincial Auditor and officials from his office. We have our Clerk with us so that everything will run smoothly and we have a number of witnesses that will be appearing before us this morning. If you've got your agenda with you, you will note that we first of all deal with the Liquor and Gaming Authority. That's covered in chapter 5 of the auditor's most recent report, volume 3 2004. Then later in the morning we'll be looking at the processes needed to manage information technology and the Chief Electoral Officer.

I would point out to you that we will try to, as closely as we can, stay to our schedule so that we'll be able to adjourn by noon and therefore put in a good morning's work. I would also just point out to everyone here that this committee is being broadcast live. We're back in the month of March so we again have television coverage because the legislature will be sitting later in the month, and this committee hearing will also be carried or is being carried through the Internet through the avenue of streaming video. So we're right in where the action is this morning.

Public Hearing: Saskatchewan Liquor and Gaming Authority

The Chair: — I would like to first of all ask the Provincial Auditor's office to give us a summary of his presentation regarding Liquor and Gaming Authority. I understand that Bashar Ahmad will be presenting that for us this morning. And then we will ask the deputy minister for Liquor and Gaming to introduce her colleagues who are here this morning, provide a response if she chooses, and then we will open up the meeting for questions. So Mr. Ahmad.

Mr. Ahmad: — Thank you and good morning, Mr. Chair, and the members of the committee. I will provide an overview of chapter 5A and 5B of our 2004 report volume 3 relating to Saskatchewan Liquor and Gaming Authority, that is Liquor and Gaming, and Saskatchewan Indian Gaming Authority, that is SIGA, for the year ending March 31, 2004.

First I will talk about our findings about Liquor and Gaming. We are pleased that Liquor and Gaming has revised its policies to address all of our past recommendations to strengthen management of public money under SIGA control.

At March 31, 2004, SIGA had proposed and Liquor and Gaming had approved all of SIGA's spending and operating policies. Because it was done close to the year-end, Liquor and Gaming could not ensure that SIGA followed those policies during the year. Next year we will assess how well Liquor and Gaming is doing that.

Also Liquor and Gaming has now established a policy to more frequently audit SIGA's expenses, determine expenses that may be unreasonable, then recover those expenses from future payments to the First Nations Trust Fund. Again next year we will assess how well Liquor and Gaming implements this new policy.

In 2004 Liquor and Gaming completed a review of SIGA's 2003-2004 expenses for staff travel, promotions, and sponsorship, to assess the reasonability of those expenses and SIGA's compliance with policies approved some three years ago. It determined SIGA had charged Liquor and Gaming with expenses totalling approximately $480,000 that did not comply with policies or were unreasonable. At the time of our audit, Liquor and Gaming had begun the process to recover its portion of this amount.

We also report three other matters in this chapter. Those matters relate to testing of electronic gaming devices, timely reconciliation of bank accounts, and preparing contingency plans for computer systems. We also reported these matters in our past reports. Your committee considered these matters in May 2003 and June 2004 and concurred with our recommendations. Liquor and Gaming has not fully addressed those recommendations.

Now I will go to chapter 5B on SIGA.

Most of the matters we report in this chapter were also reported in our earlier report. As I said earlier on, near the year-end SIGA proposed and Liquor and Gaming approved most of SIGA's spending and operating policies. However because the policies were not in place until the year-end, SIGA continued to make payments without due care and weaknesses we reported on previous reports continued.

Now that SIGA has approved policies, it needs to pay more attention to ensuring compliance. We noted that some of SIGA's policies have been in place for more than three years, but compliance with those policies is poor. SIGA management told us that SIGA has now clarified spending policies to staff and has taken steps to ensure staff comply with those policies. We will report next year how well SIGA's staff comply with approved spending policies.

Liquor and Gaming has determined that in 2003-2004 SIGA incurred expenses totalling $480,000 on staff travel, sponsorship, and promotion that did not comply with approved policies or were unreasonable. Liquor and Gaming is recovering its portion of these expenses for the First Nations Trust Fund. On pages 171 to 173 we provide examples of those expenses.

On page 174 we make one new recommendation requiring SIGA to provide annual audited financial statements to Liquor and Gaming and the director of the corporations branch in accordance with the casino operating agreement and The Non-profit Corporations Regulations, 1997.

SIGA should provide its audited financial statement to Liquor and Gaming and the corporations branch by June 30 and July 31 respectively each year. For 2003 SIGA did not do so until July 23 and August 20. Also, at November 9, 2004, SIGA had not provided its 2004 financial statement to Liquor and Gaming and the corporations branch. Accordingly, SIGA did not comply with the casino operating agreement and The Non-profit Corporations Regulations.

The exhibit on pages 175 to 180 shows the status of our past recommendations as at March 31, 2004. Your committee had previously discussed these matters and concurred with these recommendations. There are 26 recommendations. Of those, twelve are fully implemented, eight are partially implemented, and six are not implemented.

That concludes my overview for both chapters. Thank you.

The Chair: — Thank you very much for that report, Ahmad. And I would now turn the floor over to Ms. Morgan if she would care to respond and also introduce her colleagues.

Ms. Morgan: — Okay. Thank you very much, Mr. Chair. I have with me this morning on my left Barry Lacey, who is the vice-president of corporate services, and on my right is Jim Engel, who is the executive director of policy and planning at SLGA [Saskatchewan Liquor and Gaming Authority]. Also with us this morning is Paul Weber, our vice-president of liquor operations; Lisa Ann Wood, executive director of human relations. Dale Markewich is the vice-president of regulatory compliance; Jolene Beblow, vice-president of our gaming operations division; Faye Rafter, the executive director of the compliance branch, and Brian Keith, who is the executive assistant to the president.

And, Mr. Chair, I have just a few short comments.

As you know, SLGA continues to work on a continual basis with SIGA to address the past recommendations of the Provincial Auditor. We are committed to ensuring that public funds generated by SIGA casinos are properly accounted for and appropriately spent and managed in such a way to maximize SIGA's net income.

SLGA is pleased that the Provincial Auditor in his fall 2000 report recognizes the work SIGA has been doing with regards . . . SLGA has been doing with regard to SIGA. We're also pleased that the auditor has noted progress made by SIGA in the areas of policy work and record keeping.

Indeed SIGA has developed and approved more than 100 policies as the Provincial Auditor mentioned, and these policies relate to human resources, marketing, finance, and ancillary operations. All of these policies have been approved by SLGA. As well in '03-04, SIGA also prepared and approved a strategic plan, a human resources plan, and a business and financial plan which were submitted to and approved by SLGA.

We know and recognize that there is more work to be done and we are committed to working with SIGA to ensure it complies with all of these approved policies. And we have a number of mechanisms in place, we believe, to ensure that SIGA is complying. These include regular audits, monthly reviews of SIGA's financial statements, and close scrutiny of SIGA's budget proposals.

As you will be aware, SIGA plans to build new casinos in the Whitecap First Nation near Saskatoon and in Swift Current. These casinos as expected to create more than 800 long-term jobs and spur economic spinoffs to those communities. In approving these new developments, further safeguards were put into place to ensure SIGA remains committed to fully

implementing the recommendations of the Provincial Auditor.

We are proud of the progress SIGA has been making and we're confident they will continue to work to further strengthen and develop strong accountability measures. Thank you.

The Chair: — Thank you, Ms. Morgan. We'll open the meeting to questions. Mr. D'Autremont.

Mr. D'Autremont: — Thank you, Mr. Chairman. I'd like to welcome Ms. Morgan and her officials here. I was going to say the minister. I normally sit on Crown Corporations and we have a minister present. I'd like to welcome as well the Provincial Auditor and his officials here today.

I note with interest, Ms. Morgan, that you say that you work closely with SIGA, and that the mandate of Liquor and Gaming in the auditor's report is to develop, support, operate, and regulate beverage alcohol and the gaming industry in this province.

How do you work with SIGA in developing, supporting, operating, and regulating the gaming industry?

Ms. Morgan: — I can report that we have a gaming operations division at SLGA, for electronic gaming in the main, but their major job to this point in time has been the ongoing work with SIGA.

SLGA is the owner of the slot machines that are located in the SIGA casinos. So therefore we have staff dedicated to working on a daily basis; there are numerous phone conversations that take place. There are monthly meetings between SLGA and the board of SIGA. There's ongoing audits. There's just continual interaction between the two agencies with respect to the policies that have now been developed and the need to have them implemented. And we work with the head office of SIGA in Saskatoon. And the meetings sometimes take place face to face between me and the president of SIGA, between our . . . [inaudible] . . . and SIGA over the telephone. It's just a continual communication.

Mr. D'Autremont: — Has this working together with SIGA taken place since the beginning of the start of the Native gaming industry, which was approximately what — '94, '95, somewheres in that neighbourhood? Has there been close work to develop the gaming industry with the First Nations and to develop the accountability by SLGA?

Ms. Morgan: — Well I can certainly speak for the period that I've been there; that's the case. I'm sure my predecessors as well worked very closely with SIGA. But it has been . . . And I would admit that during the last three and a half years there's been a big improvement in the ongoing relationship between the two organizations. But I think that it has been continual from the beginning.

Mr. D'Autremont: — Well the reason I ask that is it makes me wonder, if SLGA was working closely with First Nations in developing the gaming industry, why all of these problems came about. What role did SLGA play in this? Were you giving advice to the First Nations as to how to develop the proper protocols for accountability and were they not following them?

Or were you not providing them with the information that was needed for them to develop a proper accountability procedures for their First Nations gaming, for SIGA?

Because obviously there was something went wrong there. Why did that happen? If SLGA was working closely with SIGA to develop the proper protocols, why has it taken so long for them to start to be developed and get into place?

Ms. Morgan: — Well I can't really answer the questions for the period from 1993 to 2001. None of the people in this room were at the Liquor and Gaming Authority at that time, not anybody who's involved on the gaming file.

But I can advise that there were changes made after the fall of 2000 with respect to the composition of the board. Before that, it's my understanding that the SIGA board was comprised entirely of First Nations representatives and now there are four First Nations representatives and three government representatives on the board. Prior to the fall of 2000, the Provincial Auditor was not the auditor of record. He now is the auditor of record.

So the key here for changes was the 2004 . . . or 2000 rather, at which time there were the directives issued. But I can't really state with any certainty, Mr. D'Autremont, what occurred in that period before 2000 and 2001. I don't know what the ongoing relationship was.

Mr. D'Autremont: — Amongst your officials here, do they know one who was with the corporation at that time that would be aware?

Ms. Morgan: — Well there's one person who was with the corporation, but that individual had nothing to do with the gaming file. So nobody at SLGA today was there during that . . . on the gaming file was there during that period. I'm sorry.

Mr. D'Autremont: — Sounds like a federal program. So you're now working closely with SIGA to develop their proper accountability. I note that the new agreement with First Nations gaming came into place in 2002. Since that time how have you worked to ensure that the proper accountability is taking place?

We're doing the 2004 report and the Provincial Auditor continues to report that there is still some inadequate reporting, some inadequate policy placement in there. So how closely is SLGA working to ensure that First Nations and SIGA know what's expected of them, have the proper procedures in place to provide the information that is expected of them, and then is providing that information? It's taken two years since the signing of that agreement and we're still lagging behind.

Ms. Morgan: — Well as I say, we work on an ongoing basis — whether it's verbally, in writing — but the reality is every policy that SIGA develops is seen by us usually in advance of its going to the Board of Directors of SIGA. We provide input at the beginning with respect to their policies.

We don't have responsibility for getting the casino managers together, say, to implement policies, that is the policy of the management of SIGA. But we have, as much as we can and as hard as we can, tried to get SIGA organized in a fashion that

they have the processes in place whereby this will occur. And we do that through initially directives, then through the development of their policies, then through sharing information with them on what processes they can implement.

We have for the last four years been working very hard with them with respect to capacity building. I mean, this was a very young organization that needed every position filled. And just walking them through how you hire people and get them in place and make sure they are the right people — we have worked with them on that front in every regard. In fact one of the directives is if they hire a CEO [chief executive officer] or a chief financial officer, we have to be involved in the process, we have to be on the interviewing committee. So these are some of the things we do just on an ongoing basis, and it's done through directives; it's done through ongoing liaison and communication; it is done through developing policies.

And we sometimes get frustrated that they don't respond in quite the way we would like. But we believe that by continuing to work together, eventually it will have the desired outcomes. They've come a long ways in the last four years. And we have every reason to believe that these policies that they've initiated will be implemented. And we just continue to work on that and we . . . Sometimes they believe they hear from us a little too frequently, but it's just the constant communication, however that communication occurs.

Mr. D'Autremont: — Thank you. My concern with this is that, was the information provided to SIGA as to what the expectations were, as to what the rules were, what the expectations were? Was information provided to SIGA as to how to come into compliance, that SLGA could provide the assistance in aiding SIGA to develop the proper procedures and protocols to be in compliance?

It's one thing for the regulator to say, here's the rules; it's another thing for SLGA as the developer and supporter of gaming to say, here's how we can help you to come into compliance and to be in compliance of the rules. And I'm just wondering whether SLGA was playing more of a regulator role — here's the rules; meet them — versus becoming an aid or an educator to SIGA in how to come into compliance to aid them to meet the proper protocols, to meet the proper accounting standards that are needed. And if SIGA was part of that education, that promotion, not in the sense of more gambling but in promoting proper accounting, why has it taken so long?

Ms. Morgan: — I would have to say the answer is yes, we've been as you've described. We haven't been the regulator in the major sense. We have been working with them to educate them as well as get their co-operation on a number of files to implement good accountability processes. And as I say, part of our frustration was that for a number of years they did not have a full-time, permanent CEO. Mr. Bellegarde assumed that position in 2001, I believe. They did not have a chief financial officer until January 2002. So it has been a difficult task to bring them along when they haven't had all of the people in the right spots.

But I would say that for the last couple of years now the people have been in place and we have been working with them. Our audit services division has been physically with them on any

number of occasions — going through their records, their accounts, stating what is needed with respect to an expenses, you know; they have to have the proper documentation, they have to be able to make the business case, this is how you do it. So we have been doing that.

And it had taken a while, yes, but that's in part because not all of the people were in place at SIGA. But we believe they now have the team of people that they will have for some time. They had people coming and going there for a while but there's been some stability the last little while. And so we're hopeful that that will help immensely.

Mr. D'Autremont: — Well having the staff on a regular basis — I don't like the term permanent, because nobody's there permanently — but . . . is always a benefit because you get some experience and some continuity. But surely in the developing of the gaming industry, SLGA should have had the experience to be able to provide advice to the First Nations in SIGA in the proper development of their protocols, etc. And it seems to have taken, to me, you know, almost 10 years now to develop that. And I'm wondering where SLGA fell down in providing that advice and direction to SIGA to develop the proper protocols in place, that it's taken this long to develop. And I know you're saying you weren't here prior to 2000 and therefore you can't answer for that but it seems to me that SLGA has been lagging behind the curve on this rather than being proactive and in front of the problems.

Ms. Morgan: — I guess the best way I can answer that question is the fact that SIGA was structured, as was SLGA, very differently prior to 2001, and I honestly can't say where the problems might have been. I would argue probably on both sides, given that events unfolded as they did, but we have been working very hard since then to work together in a more collegial fashion and to develop the policies that they need; for them to phone us, feel comfortable enough to phone us and ask advice, and they do that now to get our input. And all I can commit to doing is making sure that we just continue to work in that direction because that's the way we have to work.

They are a First Nations organization and we have to be respectful of the issues that they have to deal with on an ongoing basis, and we do as best we can to make sure that we are working collegially. And I can't speak to the issue of where this might have fallen off the rails.

Mr. D'Autremont: — Well thank you. I think from the little bit that I've had to deal with SIGA is that they're looking for positive advice and means by which that they can develop the proper protocols because it's beneficial to them as well, not just to the province and the taxpayers of the province. It's beneficial to them as well that things be done properly and they're looking for that advice and wondering why, early on in the system, they may not have received it. And so I think they're open to that kind of support, advice — not telling them, but advice.

Ms. Morgan: — Right.

Mr. D'Autremont: — I'd like to move on to something else from the auditor's report. It talks about SLGA determining what expenses SIGA can reasonably deduct. How does SLGA go about determining what is reasonable?

Ms. Morgan: — Well we use as standard the standard accounting principles as well as what would be a reasonable expense in the public service. I mean, we hold the view that the monies that SIGA is managing are public monies and therefore they need to be accounted for in the manner in which SLGA itself accounts for its public monies. So we apply, in essence, accounting principles based on the provincial government experience with respect to what is reasonable. SIGA also has an internal auditor, who is a private auditor from Saskatoon, who also on a continual basis is monitoring the expenses and determining whether or not they are appropriate. And the Provincial Auditor's office also liaises with SIGA on an ongoing basis.

So there are several of us that are monitoring appropriate expenses. And what we look for is whether or not the business case can be made for the expense they've made and whether there is appropriate documentation to support the expense. I think that's the two basic issues that we view.

Mr. D'Autremont: — Was the necessity for proper reporting indicated to SIGA early on in the development of the gaming industry, that they needed to maintain proper records?

Ms. Morgan: — Yes. I can say that unequivocally, to the best of my knowledge, that has been something that was made clear from the very beginning.

Mr. D'Autremont: — So what did SLGA then do to ensure that that record keeping was being carried out?

Ms. Morgan: — Well for starters we asked them to develop policies that they would adhere to by which they would make the appropriate expenses. They have to have travel expense policies, they have to have business expense policies, they need hotel expense policies. All of the issues that they have to deal with they require a policy such that you can measure their expense against that policy. For example, if they can spend X amount of dollars for a hotel room and they spent an amount greater, well we need an explanation as to why.

So the key is to get the policies developed and then get them adhering to those policies. And that certainly goes a long ways towards the regulator, in this case us, being able to determine if they have followed the policies and are making the right expenditures.

So the first key is to get the policies developed and then implemented throughout the system such that everybody understands what's acceptable and what's not.

Mr. D'Autremont: — Thank you. Well if the key is policy development — and yourself and your officials have been involved with this now since 2000 — this is 2005 and the Provincial Auditor is still reporting in 2004 that not all of those policies are in place. So again, where is the role of SLGA in bringing forward those policies and having them in place? This is obviously four years later since you have become involved and your team have become involved in this, and yet we're still waiting for some of these policies to come forward.

Ms. Morgan: — I think it's fair to say all the policies are in place. Now the key is the implementation of those policies. And

what we do now with respect to inappropriate expenditures is we recover. We identify what's an inappropriate expenditure and the province recovers its share of that expenditure from the First Nations Trust. I suppose you could say we gave them a period of grace in order to get policies in place and start adhering to the policies. But we're now to the point that when we identify inappropriate expenditures we will recover those monies from the First Nations Trust, which is what we did last September.

Mr. D'Autremont: — If you're in communications with SIGA on an ongoing basis, I think you said that you review their budgets on a monthly basis. Is that the case?

Ms. Morgan: — We go through their financial statements every month.

Mr. D'Autremont: — So shouldn't you then be able to identify areas where they have stepped out of bounds of the policy within a month . . .

Ms. Morgan: — Yes.

Mr. D'Autremont: — . . . and be able to then go back and try to correct that situation? Is that happening?

Ms. Morgan: — Yes. The answer is yes. But I think it's fair to say that there are some issues on which we fundamentally disagree, especially with respect to their sponsorship and marketing programs. And this continues to be a tension, I think it's fair to say.

However, having said that, as I said earlier we hold the view that if it's an expense that we think is inappropriate we will recover the monies and hopefully that will assist in making the point about what's inappropriate and what isn't. Much of it is adhering to the policies that exist and when they don't do that, it's necessary to take action. And we are now doing that.

Mr. D'Autremont: — I just note as sort of an aside that there are times when government managers and auditors disagree with the Provincial Auditor on exactly how things should be done. So I don't find it surprising that SIGA would have a disagreement with SLGA from time to time as well since it happens in all areas of government.

When you go about recovering monies that have been expensed inappropriately, you proceed to recover that from future revenues.

Ms. Morgan: — No, we recover it from monies that are deposited in the General Revenue Fund by SIGA. That is the monies they make. And we recover the government's thirty-seven and a half per cent from what is deposited in the GRF [General Revenue Fund].

Mr. D'Autremont: — Okay. Thank you. Do you recover the full amount immediately or is there some other more of a longer time frame to recover those monies?

Ms. Morgan: — Well we recover it immediately. Last September it was determined that, as the Provincial Auditor mentioned, there was $480,000, I believe, inappropriately spent.

Of that the province's share was 180,000 and we recovered it all in one payment in September.

Mr. D'Autremont: — So there are no terms extended; it's, you owe the money; pay now.

Ms. Morgan: — Yes.

Mr. D'Autremont: — Thank you. On the testing of electronic gaming devices, why did Liquor and Gaming not provide those standards to the independent testing laboratories initially?

Ms. Morgan: — I'll just ask Faye Rafter, who is responsible for our compliance branch, to come forward and to specifically respond to that question.

Ms. Rafter: — We did provide them as soon as they were approved by the SLGA board. They were approved in March 2004 and we provided them to the labs in April, April 22 or 23 of the same year. And throughout the process of developing them we were working with all the casinos and working with the labs in terms of developing appropriate standards for Saskatchewan.

Mr. D'Autremont: — So why would the Provincial Auditor then report, and maybe I should direct this to the Provincial Auditor — why did the Provincial Auditor report that Liquor and Gaming did not provide those standards to the independent testing laboratories?

Mr. Wendel: — Thank you. At the date of this report, this goes up to March 31, 2004, at that time they hadn't yet gone to the independent testers.

Mr. D'Autremont: — Thank you. This standard testing by Liquor and Gaming, when did it come into place and when did you start utilizing it?

Ms. Rafter: — We've always tested the machines, the slots and the VLTs [video lottery terminal] but historically we used standards from other jurisdictions until we developed our own. All that means is that the difference is that now the labs and the suppliers are required to test against standards that are specific to Saskatchewan. They're not different from other jurisdictions but now when they test they take our documents. They test against our documents and they issue us a letter to say that the machine or whatever the gaming product is has been tested and meets Saskatchewan requirements.

So it needs to be tested to meet our requirements before anyone in a gaming environment can purchase the equipment or the supplier can sell it to Saskatchewan.

Mr. D'Autremont: — So whose standards were you using previously?

Ms. Rafter: — They varied. They were basically industry standards that are used across the country — Manitoba, Ontario, Nova Scotia — various jurisdictions. But there are industry standards that are applicable to the electronic gaming.

Mr. D'Autremont: — So how are Saskatchewan standards different from industry standards?

Ms. Rafter: — They're not significantly different. We have some additional pieces that deal with our climate because we have a dry climate and a cold climate so there are some different electronic pieces that are required in the machines.

Mr. D'Autremont: — Was the Provincial Auditor aware of the standards you were using and that those standards . . . if they had been provided to the independent labs?

Ms. Rafter: — They were aware that previously we didn't have specific standards for Saskatchewan and that we were using industry standards, yes.

Mr. D'Autremont: — And so why then would the Provincial . . . Let me ask the Provincial Auditor again then. Why would your office be concerned about the standards to the independent testing laboratories if SLGA was using industry standards to provide that testing prior to the development of the Saskatchewan standards?

Mr. Wendel: — I'm going to ask Mr. Ahmad to respond.

Mr. Ahmad: — Mr. Chair, yes, Mr. D'Autremont. What standard they were using was not specific to any jurisdiction. When we asked them what standard they were using, they said the industry standard and we asked what industry standard. The answer was gaming industry standard, but they couldn't tell us which regulator had approved those things. That was done by the laboratories themselves so there was no independent regulation of those standards. And when we asked SLGA, they were not quite aware what standards they were using. So there was a confusion — whose standards were they and what those standards were supposed to achieve.

Mr. D'Autremont: — And when did the Provincial Auditor first report this as a problem? Was it the 2004 report was the first one or was there previous reports that there was a lack of understanding on what the standards were?

Mr. Ahmad: — It was reported in 2003.

Mr. D'Autremont: — And so that's been in the book then, 2003 and 2004.

Mr. Ahmad: — Right.

Mr. D'Autremont: — Thank you. SLGA developed its own set of standards for implementation in late March 2004. Is that correct?

Ms. Rafter: — They were approved in March 2004. We'd been developing them for about 18 months. We developed . . . took industry standards, looked at other jurisdictions, consulted with the casinos, looked at what we had used previously. When any of the machines were ordered in Saskatchewan you need to order them through a purchasing process and there would be a set of standards that would be, set of criteria that would be set out in that RFP [request for proposal] and we went through all of that. We worked with WCLC [Western Canada Lottery Corporation]. So it was a process of developing standards that were specific, as I said, and appropriate to Saskatchewan. We developed them, and then there would be an internal process of having them approved internally and taking them to the board.

So that took us to March 2004. There was a bit of a gap, only a few weeks really, before we sent them out to the gaming labs and all of the casinos — the approved standards — but everyone was part of the development.

Mr. D'Autremont: — Having Saskatchewan's own standards on this, what has that meant to the gaming industry? What has it meant to the revenues of the province of Saskatchewan?

Ms. Rafter: — It's not had a significant impact on the revenues of the province. It puts everybody on a level playing field. People know what the expectations are in this jurisdiction with respect to the kind of gaming product and the criteria that we would use to assess it.

Mr. D'Autremont: — Thank you. When you say, puts everybody on a level playing field, were different machines being assessed differently previous to that, to the establishment of the Saskatchewan standards?

Ms. Rafter: — No, I wouldn't say they were. I would just say that it clarifies what our expectations are.

Mr. D'Autremont: — Well shouldn't that expectation, though, have been clear to everyone if you were using one standard or were there different standards being used prior to the development of the Saskatchewan standard?

Ms. Rafter: — I think that the significant difference is that now we have a document that says you will meet this criteria, and this is what has been approved and accepted in Saskatchewan. That's the most significant difference.

Mr. D'Autremont: — So other than the changes, because of climate, to the machines, everyone should have been meeting the same standard prior to the establishment.

Ms. Rafter: — They were. They were.

Mr. D'Autremont: — So it was only a matter then of adding some small part to the standard to deal with climate.

Ms. Rafter: — That's true except now that we have a document that puts everything in one place that says this is what's acceptable in Saskatchewan.

Mr. D'Autremont: — So actually not that much different than SIGA's problems. You hadn't developed the proper . . . or policies in place yet. And you have developed that now.

Ms. Rafter: — We've developed them now.

Mr. D'Autremont: — Thank you. The Provincial Auditor reports that there was some account, some bank account difficulties on page 161 with Liquor and Gaming, that the bank reconciliations were not completed and reviewed for six months. Why was that happening?

Ms. Morgan: — I'll let Mr. Lacey answer that question, our VP [vice-president] of corporate services.

Mr. Lacey: — The primary reason why the bank accounts weren't reconciled on a timely basis to the fiscal year '03-04,

there were a number of staff changes within the unit that was responsible for the bank reconciliations. New staff assumed positions within that unit that weren't familiar with the bank reconciliation procedures, and as a result, the bank reconciliations did fall behind and weren't performed on a timely basis during that fiscal.

Mr. D'Autremont: — It seems though to me that six months is a bit long. I can see it happening maybe for a month when you have someone new come in place. But I know when my chequebook doesn't get balanced on a regular basis, I get into difficulties. And an organization like SLGA, how can you go for that length of time without having the proper reconciliations done?

Mr. Lacey: — It is SLGA's policies and procedures to have timely reconciliations, and that there's recognition that when you do fall that far behind there is increased risks to the organization. In part, in recognition I guess of that increased risk, SLGA did recognize that fact and brought in extra resources during the year to attempt to get those records back up to speed as quickly as possible.

The bank reconciliation process within SLGA is a fairly — not to excuse falling behind by that length of time — but the bank reconciliation process within SLGA is a fairly complex process, with respect to there's over 80 liquor stores in the province, all of which have separate bank accounts and separate reconciliation procedures. There's gaming bank accounts that are separate as well that require reconciliation, and then finally bringing all those accounts together into one overall consolidation.

So not to downplay the seriousness of falling behind in the bank reconciliation process; for new staff entering the process, it is a fairly complicated process. And we recognized the fact that we were falling behind, dedicated the resources, and in this fiscal year we are up to date and we have been up to date since the beginning of this fiscal year. And bank reconciliations are occurring on a timely basis.

Mr. D'Autremont: — How long did it take SLGA to recognize that it was falling into difficulty with not having the reconciliations done on a timely manner?

Mr. Lacey: — I think it's fair to say that we were aware of the issue for a good portion of the '03-04 fiscal year. There were a number of steps that were taken to attempt to get the accounts back into timely reconciliation. Part of that process was undertaking additional training for the staff that were assigned to those accounts. When time passed and we continued to see that we had an issue in that area we brought out some outside consulting help — basically additional horses, man horses to bring those accounts up to speed.

And I guess, thirdly and finally, when we weren't progressing as quickly as we felt we needed to to get those accounts up to speed, we reassigned further staff within the authority to get them basically up to date. As the Provincial Auditor notes in his report, by year-end they were up to date. And we've been . . . I guess we took progressive steps is what I can say to try and get those up to speed. And we have had a change. We've made some changes in addition to that with respect to the personnel in

that unit. And I think we do have the right people and the proper training in place to ensure that bank reconciliations do occur on a timely basis.

Mr. D'Autremont: — What kind of a time frame was involved from the time the reconciliation started to fall behind to the time that you brought in outside assistance to start to move it forward and then to bring on more full-time staff to deal with the issue?

Mr. Lacey: — I have to go by recollection here and I have to go back to my notes. But by recollection, I believe probably intervening intervals there were probably in the neighbourhood of one or two months. Giving staff an opportunity to receive additional training, that would take a period of time, two to four weeks. And then we would give additional time for those individuals then to monitor their progress and that probably would take an additional . . . to an additional month or two. So I would imagine probably two or three months would have lapsed between the additional training that would have been provided, the additional direction that would have been provided, to moving to contracting outside resources to come in and assist the organization.

Obviously once again, bringing in the outside resources they have to learn the system as well; that takes time for them to learn. You have to give them an opportunity to see what progress they can make once they've learnt the procedures. And my recollection would be it's likely a couple of months, further months had passed before the next assessment was made with respect to where were we at. And at that point in time we would have then looked internally to see what other resources we could apply to the piece.

So I would speculate that this probably occurred over a period of four to six months, the progressive process that was applied to this issue.

Mr. D'Autremont: — It seems like a long period of time, but I can understand with the need for training to get people up and then to recognize that it still wasn't enough and then to bring people in, so hopefully it won't happen again but . . .

Ms. Morgan: — It won't.

Mr. D'Autremont: — I'd like to move on to chapter 5B and in the introduction the auditor talks of ancillary operations carried out by SIGA and that those ancillary operations include gift shops, restaurants, and lounges. How are those factored into the determination as to what are reasonable expenses by SIGA in determining their operating costs in relationship to these operations? And has there been any expansion beyond gift shops, restaurants, and lounges?

Ms. Morgan: — The answer is no, there has not been any expansion. It is tradition in the industry to do your ancillary operations as part of the ongoing operations and it's my understanding, based on information we have from elsewhere, that these operations are never big money-makers, if you like, but they are a part of doing the operations. It's part of what a casino requires, i.e., a restaurant, a lounge. And they are included in the ongoing costs associated with operating SIGA.

Mr. D'Autremont: — Loss leaders.

Ms. Morgan: — Pardon me?

Mr. D'Autremont: — Loss leaders.

Ms. Morgan: — Yes.

Mr. D'Autremont: — How does SLGA go about determining though whether or not these ancillary operations are, expenses of them are reasonable?

Ms. Morgan: — Well again you base it on experience elsewhere. I mean, clearly if there was a big jump in the cost to operate the restaurant in Yorkton vis-à-vis what it costs to operate the restaurant at the P.A. [Prince Albert] casino, it would send off a pretty big signal that there was something wrong. So there are some, there's budgeting done every year with respect to what they think the costs of operating their restaurant and lounges will be and we hold them to that budget and we make our determinations based on whether they are significantly over the budget, whether they may be under. But at any rate they do have a budget that they establish every year for these costs.

Mr. D'Autremont: — And there has been no expansion beyond gift shops, the restaurants, and lounges?

Ms. Morgan: — Not that I'm aware of. I don't think so, no. I don't think there's anything.

Mr. D'Autremont: — Is there any proposals for any expansion beyond those three?

Ms. Morgan: — They have talked to us about this in that . . . expanding to include a hotel, say, but the casino operating agreement as it is currently worded does not contemplate hotels being a part of a casino operation. There is specific language. Jim can give you the exact language here with respect to what the casino operating agreement as it's currently constructed includes, and it doesn't include hotels.

Mr. D'Autremont: — Would the agreement exclude SIGA from owning a hotel, but operating it separate from their gaming industry?

Ms. Morgan: — Yes, that would have nothing to do with the casino operating agreement. I mean, if they had a hotel somewhere else in Saskatchewan, that's totally their call. But SIGA can't own a hotel.

Mr. D'Autremont: — Oh, SIGA cannot own it themselves.

Ms. Morgan: — No, right. But First Nations could. Sorry, yes, to clarify that.

Mr. D'Autremont: — Thank you. When SIGA submits its policies for review by SLGA, what kind of time frames are we talking about? You've said previously that you work with SIGA to develop their policies, but at some point in time they have to submit a policy for approval. What kind of time frames are involved in that submission and return from SLGA either approving or recommending changes?

Ms. Morgan: — Clearly, the complexity of the policy

determines the length of time that it might take us to deal with this. I don't think we can set a one size fits all, given that on some policies we have input from the . . . right from the initial stages. With respect to other policies, they may send them to us after a few phone calls with us.

But the minute we receive them, we review them immediately such that I don't like there to be much more than a month go by. Because what we try to adhere to is they have monthly meetings of the SIGA board, and these policies that they implement have to be approved by us and by that board. So it really works well in terms of SLGA and the timing of the SIGA board meeting being coordinated such that they can either send a policy to us before the board meeting or send the policy to us immediately after a board meeting.

So we do it as quickly as we can, but it depends on the complexity of the issue. I mean it would take us a little longer to review, say, a financial plan than it might be a change to the per diems they're paying for travel. You know, that's much, much simpler.

Mr. D'Autremont: — I'm just trying to understand why it's taking so long to develop the policies and if there was any difficulty in the communications going back and forth that SIGA would present a policy, SLGA would review it, return it to SIGA for changes — either agreement that this is acceptable or changes — and how much toing and froing was taking place.

Ms. Morgan: — Well in some instances there's a lot of toing and froing. I know that with respect to one policy, they sent us a draft, we sent a letter asking a number of questions. It took them two months to get back to us having answered the questions. Then we reviewed it again in the overall context and I think we had one or two questions to follow up and they responded to those fairly quickly and the policy was implemented.

But the policies that are outstanding at this stage . . . Like, I mean, the policies are all in place. It's just that we haven't got agreement completely on everything. And I think it's fair to say there's a lot of toing and froing going on right now with respect to what they're proposing and what we believe should be there, and suggestions we make and then suggestions they make. It's almost like a negotiation in a way, so we are working on these outstanding issues in the sense of implementing the policy.

The policies are in place in large part but there are a couple that we've still, as I said earlier, the sponsoring and marketing policies in particular where there's a difference of opinion on whether SIGA is a revenue generator or a revenue disseminator and that's the hair pull we're having right now.

Mr. D'Autremont: — Now from SLGA's point of view, which one is it with SIGA — are they a generator or a disseminator?

Ms. Morgan: — Well we've always held the view they're the revenue generator. The First Nations Trust and the community development corporations are the disseminators, but from time to time we have differences of opinion on that.

Mr. D'Autremont: — I've noticed, as I mentioned earlier, that sometimes government and the Provincial Auditor also have

difference of opinions on these types of issues.

On page 171 of the report it talks of, and I'll quote:

Some of SIGA's approved spending policies have been in place for more than three years, but SIGA's compliance with these approved policies is poor.

What is SLGA doing to try and improve that?

Ms. Morgan: — Again I can only repeat what I've said previously and that is we continue to emphasize to both the board and SIGA management that it is vital that their internal communications network with respect to the implementation of these policies is critical. And they have begun, I think for approximately a year — somebody can correct me — monthly meetings with their casino managers with respect to informing them about policies and how those policies have to be implemented.

The management at SIGA is meeting on an ongoing basis with their casino managers. We are meeting with them; we are writing to them. We are talking to their board. We are talking to SIGA management emphasizing as much as we can the need to communicate that these are the policies and this is how you comply.

I think in some instances they are developing manuals for their casino managers similar to, say, the administration manuals that exist in the province in the Government of Saskatchewan on how you do this and how you do that and here are the per diems for this and here's the policy with respect to hotels. And we believe all of this will help.

It's only been in the last year since they appointed a manager of operations or a vice-president of casino operations that this has been occurring and this is critical. It's getting the information from SIGA head office to their four casinos, and so they're starting to be better at that. And I'm hopeful that next year in the Provincial Auditor's report he's able to report that some of this is starting to improve and that is not poor, because we recognize that it has been in the past but we're hopeful that this will change.

Mr. D'Autremont: — Yes, I'm hopeful as well that it won't be a poor rating. I think in large part it's education and support rather than regulation that needs to take place here so that there's an understanding from everyone involved of the importance of these issues and willingness to participate.

Ms. Morgan: — Right, I think it's very critical that the SIGA management put everything into context for their managers at head office and in the casinos such that they understand why these policies are in place and why they are worded in the fashion that they are and what it means in the long run with respect to the accountability of their own unit at SIGA or their own branch, as well as the casinos. And that takes time, but very hopeful.

Mr. D'Autremont: — Thank you. I think my colleague has some questions he wants to ask.

The Chair: — Thank you, Mr. D'Autremont. A couple of

housekeeping items that I failed to mention at the beginning. First of all, I forgot to welcome officials from the comptroller's office and the Department of Finance, Terry Paton and Chris Bayda, welcome here. And secondly, I forgot to inform all the committee members that Mr. D'Autremont had chitted in I believe for Mr. Hart, and that Mr. Dearborn has chitted in for Mr. Krawetz. And my understanding is that Mr. Dearborn and Mr. Cheveldayoff will not become permanent fixtures, but shall we say, ongoing fixtures of the committee. So that is for your information. On the speaking list I have Mr. Dearborn, Mr. Yates, and I also have my own name down. So, Mr. Dearborn.

Mr. Dearborn: — Thank you, Mr. Chair. Thank you, Ms. Morgan. I have a question just arising from some of your statements. SLGA sees any policies prior to SIGA's board receiving it — I think that's a statement that you made. I take it that this is in writing. You provide templates for policy before it goes to SIGA.

Ms. Morgan: — I don't know as I can say with everyone we go so far as a template for every policy. But as much as we can, we encourage the SIGA management to share with us those issues and policies that they wish to take forward to their board. And the sooner they get us involved in the process, the better in the long run. Because what we've found in the past hasn't worked is when they develop a policy, the board approves it, and we are totally out of the loop. So we try, through written communication, to get ourselves involved early on in the process. And Ed Bellegarde and I, the president of SIGA and I, meet every month and share information. You know, he's saying, well this is what we're thinking about and what do you think, and I will let him know what's going on at SLGA. So it's formal, but it's informal too.

Mr. Dearborn: — Well thank you. Could you put that into context? There were 26 recommendations put forth and six were determined to be not implemented. So for those six which were not implemented, would SLGA have provided a policy template for SIGA?

Ms. Morgan: — I think the answer is no on the outstanding six. I mean these are six issues on which we are in disagreement, and we are trying as best we can to work our way through all of the issues associated with those policies and hopefully the check mark will have moved a couple of columns next year.

Some of them, they may have consulted with us in advance. Some of them they didn't; we know that. And we are now trying to come to an agreement on these policies.

Mr. Dearborn: — Perhaps I need some clarification then just on . . . Rather than on agreement, if we took for example recommendation no. 15 — this just happens to be random; one that's not implemented — would SLGA have provided what they wanted, what your expectations for this recommendation? And then maybe SIGA wouldn't have accepted it or the banter would have started back and forth. But would the template have been provided for them from the point of view of your department?

Ms. Morgan: — Yes. And the answer is that with respect to no. 15, we have marketing and promotional policies in place that we've approved. And now the issue is the period of time for

SIGA to demonstrate that they can live up to those policies. Right.

Mr. Dearborn: — Thank you. I think that kind of clears, it clears for me the understanding of SLGA and where it's done its due diligence in part. And if there's a failure of implementation, that's somewhat separate, and obviously as you've described here, an ongoing process.

Just with regards to that then, if these . . . SLGA has put forward its recommendations and templates for, you know, complying with what the auditor has set out here and you're having monthly meetings, you're reviewing the financial statements monthly, what is the timeline then when there appears to be a shortfall and SLGA's made aware of this, I would take it even before the Provincial Auditor is, that this is brought to the minister's attention? Would it be quarterly, would it be after a month, you know, month by month, we're still not there?

Ms. Morgan: — Yes, well in terms of our board, which includes the minister and one other member, that would be quarterly because we have board meetings quarterly.

Mr. Dearborn: — Okay. And then that would just be recorded on the board's minutes, in your reporting.

Ms. Morgan: — Yes, it would be recorded that we've reported. But if we . . . if you're talking about expenditures that they may have made that didn't comply with the policies at some point during the course of the year, we would also be reporting to the board our intention to recover some monies.

Mr. Dearborn: — Right. Thank you. That cleared up some of the process for me. Thank you, Mr. Chair. I don't have any further questions on this.

The Chair: — All right, thank you, Mr. Dearborn. Mr. Yates.

Mr. Yates: — Thank you very much, Mr. Chair. I notice as we've been dealing with this issue for the last two or three years, that we've had similar questions come up year after year, but that's helpful for all of us to get to understand the issue.

My question, Mr. Chair, is for the Provincial Auditor. As you indicate in your report, SIGA has developed numerous policies pertaining to human resources, finance, and other areas. Are you satisfied that these policies do what they're intended to do?

Mr. Wendel: — The policies are all approved near the year-end. In our minds, most of those would be appropriate. I don't think . . . none come to mind that we would have a concern with at this point.

Our concern is with the implementation of the policies. That's the next big step, making sure that they comply with the policies. And as Ms. Morgan was saying, you can't make people do things, that there will be cases of non-compliance, in which case Liquor and Gaming has put the proper practices in; they recover any differences . . . [inaudible] . . . that way.

Mr. Yates: — Well thank you very much. As a follow-up then, you're comfortable and in agreement with the policies that

Liquor and Gaming have put in place to deal with any non-compliance with those policies?

Mr. Wendel: — Yes. They put those practices in place in 2004.

Mr. Yates: — Thank you.

The Chair: — Thank you, Mr. Yates. We're moving right along. I have my own name next on the speaking list but I will recognize Mr. Cheveldayoff, as long as he gives me some time before time expires.

Mr. Cheveldayoff: — Okay. Thank you, Mr. Chair. It's been indicated that there's been $480,000 in expenses that did not comply with approved procedures and SLGA's in the process of recovering those expenses. How much has been recovered to date? Can you tell us the number?

Ms. Morgan: — The $480,000 was the total amount we identified as inappropriate expense. The province's share of that is thirty seven and a half per cent or $180,000. And we've recovered it. The remainder of the $480,000 is money that went to the First Nations Trust and the community development corporations, and those are the purview of the First Nations community. But the province has recovered its money.

Mr. Cheveldayoff: — Entirely. Good. Just a question regarding the sponsorship and marketing portion and the excess expenses. Do you look at the expenses incurred in other provinces, in other similar types of bodies, and compare those expenses?

Ms. Morgan: — The comparison we've used in Saskatchewan is with other Crown corporations. If there is a hockey team being sponsored, for example, we determine what the policy is in other Crown corporations vis-à-vis what SIGA may be doing. SIGA always wants to be assured that they're not being treated any differently from anyone else and especially Casino Regina because that is their direct competition. So that is the comparative we use, rather than other jurisdictions.

Mr. Cheveldayoff: — So you don't see any unique nature of this business that would necessitate higher expenditures in this area.

Ms. Morgan: — We certainly understand the rationale and need for marketing and sponsorships. And SIGA has policies in that regard. And hopefully now they'll start complying with the policies that they have made and approved, and that we have approved for them. And again, as I say, SIGA's comparator itself is always what SGC (Saskatchewan Gaming Corporation) is doing.

So the answer is yes, there is some need for both, but it becomes a question of adhering to the policies that they've developed.

Mr. Cheveldayoff: — Are those tied to overall revenues, a percentage of total revenues that this would be tied to?

Ms. Morgan: — I don't believe they develop the number based on percentage of revenue. It's when they present their budgets to us on an annual basis, they do it based on the year ahead and what may be on their agenda. For example, there was a national

Aboriginal event last year, so that they make special budgetary consideration for sponsorships associated with that event.

They have a budgetary process that I'm not knowledgeable about, I will admit, but it is part of their annual budget that they do based on their expenditures as opposed to their revenues — you know, what they anticipate having to spend.

Mr. Cheveldayoff: — Okay. Different question here regarding human resources and an HR [human resources] plan. We've heard some concerns about training that has taken place, the need for additional training. Have all managers followed proper HR procedures and come up with a training plan and a way to implement it?

Ms. Morgan: — Are you talking about SIGA's management?

Mr. Cheveldayoff: — Yes. Well, yes. Actually on both sides, I guess we've heard.

Ms. Morgan: — SLGA.

Mr. Cheveldayoff: — Yes.

Ms. Morgan: — Well I can certainly have Lisa Ann Wood come forward to speak about SLGA.

And while she's coming forward, I'll just say with respect to SIGA, their HR plan has just been approved. So they are now in the process of implementing it and they have a significant amount of training to do in that area. It's been in their budget. We've approved it. So I know it has gotten under way. I just don't know what the status is right
now as to how many of their managers may have been in training or are in training at this time.

Mr. Cheveldayoff: — Okay. Would it be fair to say that they're experiencing some difficulty finding that training?

Ms. Morgan: — I don't think so. The board has approved SIGA management hiring the outside expertise they need to work their way through these issues. And I know that there's a firm in Saskatoon, for example, that has been doing a lot of work for them in this area and working with SIGA management to develop human resource plans and do the proper training.

Mr. Cheveldayoff: — Yes. I guess that's where I'm going. I've had some previous responsibilities in post-secondary education and I know that both the public and private post-secondary educators here, they're quite flexible and will come up with programs when a need is demonstrated.

Ms. Morgan: — There is a program that exists at FNUC [First Nations University of Canada] here in Regina to train casino employees.

Mr. Cheveldayoff: — Right, yes.

Ms. Morgan: — So that exists. But I also know that the SIGA management has contracted outside organizations to help them with HR planning. Now Lisa Ann will discuss SLGA.

Mr. Cheveldayoff: — Very good.

Ms. Wood: — Yes, we have HR policies and our managers are trained as part of their development of their managerial expertise in terms of how to use and implement those policies.

Mr. Cheveldayoff: — Okay. I notice on page 170 it talks about the casino operating agreement requires SIGA to comply with directives by August 15, 2005. And we've seen some targets that haven't been met and some improvements that have been made along the way. I'm wondering how things look for the August 15 date? There's some pretty strong language that follows that saying, "Liquor & Gaming may not allow SIGA to continue to operate Liquor & Gaming slot machines" if those directives aren't followed.

Could you just give us a progress report.

Ms. Morgan: — Okay. I'll let Mr. Lacey answer that question. He's the individual that monitors this on an ongoing basis and reports to the SIGA board regularly with respect to their progress on sustained benchmarks.

Mr. Lacey: — Yes, thank you. SLGA has a process in place where we monitor SIGA's progress on a six-month basis. As part of monitoring that process at the end of that six months we meet with SIGA's senior management team as well as the board, and provide them an update with respect to where they are with respect to meeting those benchmarks, keeping in mind the August 15 deadline that you've referred to.

I guess overall, I think consistent with the general comments the Provincial Auditor makes in his report, is that SIGA is continuing to make progress towards addressing the outstanding benchmarks or directives that exist for it to meet. Having said that, it is recognized that there still is a gap and I think SIGA is very conscious of the fact that the clock is ticking, so to speak, and August 15 is fast approaching. And to that end SIGA is undertaking significant effort to be in full compliance by August 15.

Mr. Cheveldayoff: — Okay. Thank you. I had a question just regarding the slot machines that are in the province. I've looked at some of the numbers here. I see that they have increased from 620 in 2002 to 995 in 2004. Revenues have also increased from 41 million to 52 million in that time period. Just doing a little calculation I see the average net return per machine has gone down from about $60,000 per machine to $52,000 per machine.

We know that there has been approval for expanded gaming in the province, and just wanted to get your comments regarding . . . Will there be further dilution to that net profit per machine?

Ms. Morgan: — I'll let Mr. Engel, who is director of policy and planning, is also on our responsible gaming file as well and also is very familiar with saturation numbers and that sort of thing, so he'll answer this question.

Mr. Engel: — Thank you, Sandra. Basically the observation is correct that as we're moving forward and there's more electronic gaming machines being added in the province, the revenue per machine is decreasing — which is indicative as the market approaches or becomes more saturated that your net proceeds per machine decrease. Certainly in terms of the estimates that were used in developing forecasted revenues for

the two new casino sites, recognizing there will be additional machines added into the marketplace, the expectation was and the estimates were based on a decreasing amount of revenue from those machines.

So I guess the short answer to the question is that, yes, we recognize that the revenue per machine is indeed falling and that has been accounted for in revenue projections.

Mr. Cheveldayoff: — The total net revenues across the board will increase.

Mr. Engel: — Correct.

Mr. Cheveldayoff: — Okay, that's all, Mr. Chair.

The Chair: — Thank you, Mr. Cheveldayoff. Just a . . . there's three areas I just want to briefly touch on before we get to the recommendation.

The first issue is regarding page 168 and the net profits and losses from SIGA's casinos. My question is actually to the auditor. I noticed that it's been noted that ancillary operations experienced losses and that's because the items that fall under that category were sold as loss leaders. But I'm a little puzzled about table operations also experiencing consistent losses.

So my question to the auditor is, is that normal gaming procedure? Would that be what you would expect? Is that normal that you would have your profits in the slot operations and that you would experience losses in the table operations? Is that common practice?

Mr. Ahmad: — Mr. Chair, table operations usually make a profit. And here we are showing a net loss that's after the expenses. SIGA generally have more people looking after their table games because they want to train people and they want to provide employment, and that's the reason for this loss.

The Chair: — So then the Casino Regina and Casino Moose Jaw would have profits as well on their table operations.

Mr. Ahmad: — They generally have profits, yes.

The Chair: — They generally have profits. So then the entire losses would then be attributed to additional staff and training of staff.

Mr. Ahmad: — They have more staff working for their table games, yes.

The Chair: — All right. And is that . . . I guess then my question to SLGA is, has that issue been discussed? Is there policy or is there direction? I mean does SLGA support this? Do they see this would be an ongoing situation or is this a temporary situation until people are trained? I guess how many years have the table operations been losing money and do you project that to continue on into the future?

Ms. Morgan: — Well I'll let Mr. Engel answer the question in more detail. But I will say that part of the goal of SIGA is the employment of Aboriginal people. And the employment of large numbers of Aboriginal people and training them is very

important to them. And they believe table games to be a very real part of that training process, as Bashar has indicated. But I'll let Jim speak to the specific clauses in the game work framing agreement that might more address this.

Mr. Engel: — Thank you, Sandra. Just a point as well, if I could comment. Generally speaking in most markets in North America, table games, if they do make a profit, the profits are very small. There are some exceptions that largely arise out of cultural differences around the bulk of the players.

For example, casinos on the West Coast of Canada in the lower mainland typically do make considerable profit from their table games, but that has to do with some cultural factors of the players that come there and their interest in table games relative to electronic gaming. But again, in most markets outside of some very isolated cases, generally speaking table games sort of teeter on the brink of making a profit or not making a profit. Just to put that in some context, that there isn't generally speaking in North America an expectation for considerable profits to arise out of table games; that generally speaking isn't the norm.

As Sandra mentioned, the sort of two of the paramount objectives of the province's framework agreement with First Nations around gaming, revolve around capacity building. We've had a little bit of discussion around that here this morning. And the second one is employment generation. And if you look at a typical casino operation, the bulk of the employment operation does in fact come from table game operations because they are generally speaking manually operated and much more labour intensive than the operation of electronic games.

So certainly, I guess where SIGA has been trending in terms of the long-term operation of their table games isn't at all inconsistent with what the SLGA has in terms of expectations for their overall operations.

The Chair: — Yes, that's interesting. Because the reason I ask the question is I was thinking when you have machines . . . We talk about standards. Well you can set the payback ratios on machines but for the table games, I mean the odds should be the same no matter whether that table game is played in Las Vegas, on the West Coast, in Windsor, or in, you know, in the casino in Yorkton or North Battleford. So in effect it's entirely the cost of operating the table games that affects the losses. And you're saying that you anticipate that this will continue in Saskatchewan with the SIGA casinos because it's an ongoing training program for First Nations people?

Mr. Engel: — Yes. The other thing . . . There's a cost side to this but there's also a revenue generation side. So for example if you have a given table game that's operating, whether or not that particular game is profitable or not will have as much to do with the nature of the wagers on that game as it will with the cost of employment. As you say, to run a particular game the number of staff generally are fairly consistent. But if for example you have players and the average wagers are considerably higher, then that will enhance the ability of, the profitability of those games. So it's actually a combination, I think, of both the labour inputs on the supply side but also the value of the play that the players bring to the table. So both

those factors are relevant.

Again in the Saskatchewan market, in the context and the nature of the gaming market in Saskatchewan, we wouldn't really have any expectation of table games, be they SGC games or SIGA games, making significant profit at any point in the foreseeable future.

The Chair: — So you're saying that in Saskatchewan the bets tend to be smaller? Is that what you're saying?

Mr. Engel: — Correct.

The Chair: — And are the bets smaller in SIGA casinos than they are in Casino Regina and Casino Moose Jaw?

Mr. Engel: — I don't have specific information on that that I could answer. I wouldn't expect there would be significant difference between SGC casinos or SIGA but I can't conclusively answer whether there are or not.

The Chair: — All right. Well thank you for those answers. Secondary I wanted to touch on . . . There are 26 listed recommendations from the auditor's office in chapter 5B and I've noticed of the 26 that 12 are fully complied with but there are 14 that are partially implemented or not implemented at all. That's as of, I believe, March of last year. Can you tell me what the current — in your opinion at least — what the current results are of those recommendations?

Ms. Morgan: — Well in some instances — and I'll let Barry speak more specifically — but since the Provincial Auditor's report there have been significant changes and policies put in place and we're now working on implementation. As I said earlier, I hope next year the check marks have moved a couple of columns over. I think it's fair to say that the outstanding ones are those that are still contentious and on which we are having difficulty agreeing, shall we say. But we're hopeful that this will change during the course of this next year. There has been some marked improvement in the last few months. And Barry, if you want to elaborate a little bit, go right ahead.

Mr. Lacey: — Yes, I think the only thing I can add is I would say there is probably two items and why we're not seeing those move to the fully implemented piece. The first piece is that they needed to get some approved policies in place before being able to go to the next step. And I would point to no. 6 and no. 8 where it speaks to performance reporting and setting out planned results against actual results. As they didn't have a strategic plan approved until the very end of the year, it's hard to have performance reporting items that you can measure against until you have that plan in place. So it's our hope now that they've taken that step that they can take the next step and have full compliance.

And I think the second piece Sandra has referred to is in most cases now where we have not fully implemented the policies that are in place, the issue I think, as the Provincial Auditor has pointed out, now is the full compliance with those policies. And our observation would be with respect to what we've seen at SIGA over the last year or year and a half is that the compliance rates have been going down and they have been making progress. What needs to occur is for the compliance rates to get

to acceptable levels. I think at that point we will see full implementation and our hope is they're . . . Well we're seeing them move in the right direction. Our hope is that, as we mentioned earlier, by August 15 they will be there.

The Chair: — So you're telling me then that you're not certain how many check marks have moved to the left in these boxes. I think you're suggesting that under no. 6 and no. 8, since the auditor's report there has been significant progress. Are those the only two that you can comment on or can you just, can you give me some more information?

Mr. Lacey: — I think that quickly looking at the, and just having a chance to look at it quickly here, most of the outstanding items — and we have quite a few partially implemented — most of the outstanding items do relate directly to the fact there are policies in place but the policies aren't being fully complied with. And so the issue there really is the scale of magnitude of how much deviation from the policy is occurring.

And the reason that I'm not able to say definitively here today is that we've seen significant movement fully to the implemented column is because we haven't gotten to the point yet where we can say there is an acceptable deviation rate occurring or a low deviation rate occurring. What we can say is that progress is being made to move those check marks to the fully implemented column.

The Chair: — Okay, thank you. And the last item is more of a current item of issue. Can you tell me, Ms. Morgan, whether or not SLGA has been asked to play a role in determining the outcome of whether smoking would be allowed in SIGA casinos?

Ms. Morgan: — No, we haven't. We have only been asked by the Department of Health in one instance to review actions according to our mandate. That's all.

The Chair: — So you haven't looked into the gaming agreement to see if there is a basis upon that to try to negotiate compliance in SIGA casinos? You're totally out of these discussions entirely, is that what you're telling me?

Ms. Morgan: — Oh, no. Sorry, I misunderstood. I thought you meant formally from the Department of Health. There have been some discussions. I've not been the one doing it. Mr. Engel has, so I'll let him answer that question.

Mr. Engel: — Thank you, Sandra. We have been asked for interpretation of the gaming agreements, the casino operating agreement and the provincial gaming framework agreement, with respect to SIGA's obligations under those agreements. So we have provided some advice and some interpretation in that respect.

The Chair: — Are you free to tell us what that advice or interpretation would be at this time?

Mr. Engel: — I think so because the agreements are all in the public domain and it's a fairly straightforward process of interpreting them. Under the casino operating agreement, SIGA is obliged to apply with, the term that is used in the agreement

is applicable law. And that was language that has been in place in agreements with respect to First Nations gaming since 1995.

So the obligation for SIGA, again, clearly is to comply with applicable law. At issue has been what is applicable law, and that has been a matter that we have not provided advice on because that does not fall into the purview of our organization.

The Chair: — So it would be another area of government, mostly likely Justice, that would be reviewing that?

Mr. Engel: — Correct.

Ms. Morgan: — Correct.

The Chair: — All right, very good. Thank you. Are there any other, I would suggest, brief questions because we have just about used our allotted time and we do have a recommendation to deal with.

Seeing no hands, I would point out that on page 174 there is one recommendation from the auditor. The recommendation reads:

> We recommend that the Saskatchewan Indian Gaming Authority Inc. provide annual audited financial statements to the Saskatchewan Liquor and Gaming Authority and [that] the Director of the Corporations Branch in accordance with the 2002 Casino Operating Agreement and The Non-profit Corporations Regulations, 1997.

Is there a motion? Mr. Yates.

Mr. Yates: — Thank you very much, Mr. Chair. I'll move that we concur and note progress.

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

Take a break. All right. We have concluded this portion, a fairly lengthy portion of our deliberation; a lot of material. I want to thank you, Ms. Morgan, and your colleagues for answering the questions of my committee members. And we wish you well in your future responsibilities to the province of Saskatchewan. Thank you for appearing.

We will take a 15-minute break and we will resume just prior to 10:45.

[The committee recessed for a period of time.]

The Chair: — All right. We will resume the Public Accounts Committee meeting. Mr. D'Autremont.

Mr. D'Autremont: — Before we move on, I would like to propose a motion for the committee to consider in relationship to, not directly, but in part to our previous discussion on SLGA. And I have presented a copy of the motion to the government members. And I'd like to read the motion in and then discuss some rationale of it. I move:

> That the Public Accounts Committee express its

unconditional support for the office and role of the Public Auditor in ensuring that the taxes collected, the finances, and financial position of the province are properly accounted for and accurately reported to the legislature and the people of Saskatchewan; and that the Public Accounts Committee recommend that the services of the Provincial Auditor and the Provincial Auditor's office be made available to provide advice, if requested, by the Federation of Saskatchewan Indian Nations (FSIN) to assist FSIN with the establishment of an auditing institution and that this offer be communicated to FSIN.

The news has reported lately that FSIN is interested in establishing their own auditing procedures and the Provincial Auditor provides that kind of service to the province of Saskatchewan. I think it would be a valuable offer for this committee to assist in offering the services of the Provincial Auditor to FSIN if they so wished to ask him for advice on establishing their own auditing procedures. I know that that's part of the role that SLGA plays with SIGA in developing the gaming policies and procedures with SIGA and SLGA, and I think it would be a valuable role as well if the Provincial Auditor's office was made available if FSIN wished to seek some advice from that office.

The Chair: — Thank you, Mr. D'Autremont. We have a motion on the floor. Is there further discussion? Mr. Yates.

Mr. Yates: — Thank you very much, Mr. Chair. Well I strongly concur with my colleague's recommendation regarding the Provincial Auditor and that our support, unconditional support, for the Provincial Auditor. I also would have absolutely no difficulty with the other part of the motion as to providing, if requested, support.

I do though, however, want to note that I think . . . at least this came to us without advance notice today, and I would very much like the opportunity to consult and understand all the potential implications of the motion. So at this point I would move we adjourn consideration.

The Chair: — All right, I suppose a motion to adjourn supersedes any other motion on the table. Am I correct in that?

All right. So then without debate we will have a vote on the motion to adjourn. All in favour? All opposed? You only have two votes there. It is carried by a vote of four to two.

Are we finished with the session on SLGA? All right, very good.

Public Hearing: Information Technology

The Chair: — We'll move on to the next item on our agenda which is the processes needed to manage IT [information technology]. And we have presenting a summation of the auditor's report, Jeff Kress, a principal with the Provincial Auditor's office. Mr. Kress, the floor is yours.

And then, we'll ask the deputy minister to respond and then open up the floor to questions. Mr. Kress.

Mr. Kress: — Thank you, Mr. Chair, and good morning

everyone. I am here to discuss chapter 7 of the fall report. It's entitled processes needed to manage IT and the chapter can be found starting on page 199 of the report. In chapter 7 we outline key IT management processes that we plan to use as criteria when auditing the government's management of IT systems.

Now in the last number of years, there's been very significant changes to the IT environment within Saskatchewan. These changes include implementing a new central finance system called MIDAS [Multi-Informational Database Application System]. MIDAS is used by many government departments for payments, revenues, and budgeting. CommunityNet is also widely used by government and the people of Saskatchewan. In addition, there have been significant changes to the Information Technology Office.

In light of the significance of IT in Saskatchewan and the changes that have been made and are continuing to occur, we think it's important to inform legislators, the public, and the government of the best practices to ensure the integrity, confidentiality, and availability of IT systems and data.

As this was an informational chapter, we have no recommendations. Therefore my goal here this morning is to briefly walk you through the chapter, highlight some of the key points in the chapter, and make myself available to committee for any questions you might have.

The key overriding theme in this chapter is the need for good information management practices. On page 201 of the report, we highlight some of the key risks faced by the government. This isn't intended to be an exhaustive list but rather to inform legislators and the public about why IT is important and why we did this chapter.

So what are a couple of the key risks? The first one that's listed there is unauthorized access, so making sure that someone can't get inappropriate access to systems or data. And the reasons, there's lots of reasons for that good control to be in place: confidentiality, there might be sensitive information; social insurance numbers; personal health information. As well, ensuring access to prevent inappropriate access to financial systems could help to prevent inappropriate payments. If that occurred the government could incur a financial loss.

Another key risk is the availability of systems and data. If a system or data is not available an organization may not be able to achieve its objectives or deliver its services.

The risk related to IT systems in the government are very significant, therefore it's important that the government have good IT management processes in place to make sure that these risks are managed appropriately.

We have summarized the processes in the chapter under five categories. The first is IT planning supervision, followed by change management, IT operations and support, security, and IT contingency planning. And for the remainder of the presentation, I am briefly going to walk through each one of the five process areas.

For IT planning and supervision there are a few keys to making sure that that's possible. They include a strong organizational structure that ensures accountability, planning processes that support the agency's goals and objectives, risk identification and assessment techniques, and processes for ensuring compliance with authorities.

I find that when I try to speak about these topics, that it's helpful to speak to it in more general terms. The processes set out in IT planning and supervision are the same as they would be for non-IT aspects. So accountability, assessing risks, setting performance targets linked to the organization strategies are needed for IT and are needed for the organization as a whole.

The second key process as I mentioned is change management and change is the one constant in IT — new systems, changes to existing systems, changes to how services are delivered or who is responsible for those services. In the chapter we provide additional details on management processes such as new systems development, policies and procedures to acquire and dispose of systems, and processes for how to make changes to existing systems.

Now so far in the presentation I've briefly gone over some risks. I've talked about IT planning and supervision and change management. And that takes me to the next area of IT operations and support. These are the processes and people involved that help to make sure the computer systems run. And while it probably seems seamless to us when we turn on our computer — we maybe type in a user name and password to get access to systems or data or send an email — there are a lot of detailed processes behind the scenes to make sure that those transactions can occur and that the confidentiality, integrity, and availability will be maintained.

The fourth key process is security. Without security, the government cannot ensure the confidentiality, integrity, and availability of systems and data. Security also needs to be in place to ensure privacy issues are appropriately addressed. In the chapter we describe two categories of security controls: user access controls and physical or environmental controls.

Now a good way to think about the user access controls are those username and passwords that we're all probably comfortable in using. Physical security is probably something we're also comfortable with — locks on buildings, buildings closed at night, maybe guards giving out ID [identification] badges somewhat to what I'm wearing today. Those controls need to be in place to make sure that physical controls will provide adequate safeguards.

In terms of environmental controls, computer equipment — whether it be the desktops or laptops we're used to using or sophisticated network equipment — they are electronic devices, so excess heat or humidity or contact with water could cause these devices to fail. Therefore it's important to have good environmental controls in place to make sure that systems will be available when they're needed.

The last process I'll very briefly talk about is contingency planning. The government and its agencies need to have strong plans to recover systems and data in the event of a disaster. Without this plan, the ability to continue to deliver services or meet objectives may not be possible.

So where do we go from here? Well we use the key processes as criteria when performing IT audits. Our planned audits include the MIDAS system, CommunityNet, and the Information Technology Office. We will report our findings to the committee and the Legislative Assembly in future reports.

I hope this provided you a brief overview of the key processes needed to manage IT and why these processes are important. And after the ITO [Information Technology Office] members have an opportunity to provide their overview, I'd be happy to answer any questions that you might have.

The Chair: — All right. Thank you, Mr. Kress. Welcome Don Wincherauk, deputy minister and chief information and services officer for Information Technology for the Government of Saskatchewan. If you'd introduce your colleagues and if you care to respond, we would let you do that and then we'll open the floor to questions.

Mr. Wincherauk: — Well thank you very much for the opportunity to appear before the committee and to discuss a number of issues related to IT services in government, such as management and business processes. These are important issues that the ITO is actively addressing through initiatives like the transformation of IT services across government to shared services.

With me are members of my team. Richard Murray is executive director of policy and planning; Fred Antunes, executive director of corporate and customer services; and behind me, Rory Norton, executive director of corporate information services.

The ITO welcomed the Provincial Auditor's comments in his 2004 report. We agree that strong IT management processes are required to protect IT investment and minimize risks. The ITO's initiative to transform IT service delivery incorporates many of the best practices outlined by the auditor, and future ITO initiatives will be based on solid processes for government security and change management.

The additional chapter in the auditor's 2004 report provided even more guidance to help the IT further align it's processes with best practices and demonstrate that we are on the right path. The service delivery model we are implementing incorporates many of the elements described by the auditor. By consolidating IT services into a larger organization we will better be able to focus and coordinate our efforts across government. Consolidation is just one of the many initiatives that we have undertaken to help with the points raised by the auditor's report.

Briefly there are some other steps we have taken and highlights of what we are working on. One of the key steps our office is undertaking is the development of an IT strategic plan. When approved the ITO will work with departments to ensure their IT activities are aligned with the government's overall IT agenda. Regulations were passed giving the ITO the legislative authority to implement security policy that govern CommunityNet. The auditor had previously expressed concerns over both these areas.

An IT governance model has been created and a business advisory council has been struck. The council, comprised of senior members of executive government, will play a key role in ensuring that IT initiatives meet government's corporate objectives and that departments take advantage of the opportunities to collaborate on initiatives that can solve similar business needs.

IT management committees are being established within each department as governing bodies for those departments that have joined the IT service delivery partnership. These ITMCs [information technology management committee] are responsible for aligning IT investment with corporate business needs and government objectives. They are accountable for IT within their department and they hold the ITO accountable for its delivery of IT services.

The ITO has established service level agreements with our clients and partners, departments, that include security and performance criteria. Reports and agreements are made to departments on a regular basis.

The ITO has developed security policy based on ISO [International Organization for Standardization] 17799 that is currently being implemented and expects to audit this sometime in the spring. Physical security is a key part of an RFP that was issued for a new facility that will host our data centre.

The ITO has developed and implemented change management practices for application development and process for client desktop and network management. The ITO involves business units to get a clear understanding of business needs and business processes so IT development can fit within the overall corporate business plan. Documented processes are in place for users' access . . . controls within the ITO partnership. And the ITO is developing a project management office based on best practices.

The ITO supported the auditor's report and believe that the activities mentioned today and the overall consolidation of IT, which is well under way, will advance the majority of the issues outlined in his report.

Our IT is a very complex environment. As a result, we need to review best practices, policies, and standards on an ongoing basis. This will ensure threats, risks, opportunities, and challenges are being addressed fully in the government's IT service delivery process.

And when we look at the five items laid out on page 202, we are very comfortable that we'll be meeting and managing both of those. The principles of governance and security will be included in future IT initiatives, and the auditor's chapter provides guidance and support for the ITO and we look forward on reporting on these in the future.

The Chair: — Thank you, Mr. Wincherauk. I would just for members' information note that Mr. Cheveldayoff is now substituted in for Mr. Hart and he has been the first one to ask for the floor. Mr. Cheveldayoff.

Mr. Cheveldayoff: — Thank you, Mr. Chair. Welcome to the deputy and your officials. A few questions that I have here. Certainly a reoccurring theme through the information we've

been provided is risk and risk analysis and certain standards that go along with that. Has the government and its agencies developed or adopted the standards that were recommended?

Mr. Murray: — In terms of . . . Sorry. We have indeed. As I listened to the Provincial Auditor speak here, and look at the five areas that have been identified, we have addressed in many cases exactly what was referenced in the chapter. In terms of risk management, we've established appropriate policies and standards guidelines for all aspects of our service delivery, not just our services but also our application development. We're in the process of developing business continuity planning guidelines for all government departments in conjunction with a number of other agencies. So we believe we're addressing the risk management aspect of this quite well, yes.

Mr. Cheveldayoff: — Okay. On page 207 of the auditor's report it says:

The Government and its agencies need to do a risk assessment to ensure they have reduced their risks to an acceptable level.

I guess that's a formal risk assessment that I take it has been undertaken and completed?

Mr. Norton: — Yes, we do threat and risk assessments, again, based on all the changes that occur in our environment or, again, when we implement processes. There's risk assessments done through that process.

As well, we're right now going through implementing the security policy based on the ISO 17799 standards and have stages of vulnerability assessments and risk assessments all through that process. Taking us out to August, again, assessing right from the physical security threats that we have to intrusion detection around having access from outside citizens and that coming into our websites and all that stuff, an assessment of all that occurs and the security around that. We will then be looking at an audited third body to again come in and assess all of our vulnerability and do a full assessment on the environment to ensure that it is appropriate for the risk, the data we carry, and availability and requirements we have from our clients.

Mr. Cheveldayoff: — Sure. So when you do assessment, what were your findings? Were most things within a general acceptable range?

Mr. Norton: — Yes, again I think there is a basic risk done in most areas of IT. There's always areas for improvements on that, again, which we're putting into place. Again, as we go through, all project selection now going forward has risk rating and risk factors associated with it as well as any risk that could occur to the existing environment based on new projects.

Mr. Cheveldayoff: — Okay. At the top of 207 it talks about the Information Technology Office lacking the authority to enforce information classification standards. I wonder if you can elaborate on that a bit and why that is the case.

Mr. Murray: — I'll just note that we've recently received our regulations for our office and so we do now have the authority

to implement information classification and security standards, privacy standards. That's now part of our mandate, so that was true when this was written, but it is not . . .

Mr. Cheveldayoff: — All right. Any other changes that need to be in place?

Mr. Murray: — In order to give us that authority, no. We now have the authority to do that and are proceeding with development of the information classification standards, again for use by all departments not just our partnership agencies, and we expect to have that finalized this fiscal year.

Mr. Cheveldayoff: — Is that departments and Crown corporations?

Mr. Murray: — Only government departments, line departments . . .

Mr. Cheveldayoff: — Executive . . .

Mr. Murray: — . . . executive government departments.

Mr. Cheveldayoff: — Okay. Are you working towards the Crown corporations as well?

Mr. Murray: — We do some level of collaboration with the CIC [Crown Investments Corporation of Saskatchewan] Crown corporations wherever possible. Treasury Board Crown corporations, we work very closely with most of them. CIC Crown corporations at the moment, no. Perhaps somewhere down the road, but they are not under our purview at the moment.

Mr. Wincherauk: — Although we do sit on working committees with them.

Mr. Murray: — Absolutely, yes.

Mr. Cheveldayoff: — What were the pros and cons to this authority? I guess, if you could just walk us through, was this a decision that took some time for a reason or . . .

Mr. Murray: — No, I think just normal process. I think the pros are quite evident, that responsibility for information classification, security, privacy, I think is why they agreed should be the responsibility of a central agency. And certainly our office with the IT mandate would be an appropriate place for it. And so I don't think there are any cons, just the normal process to get those regulations established.

Mr. Cheveldayoff: — Okay. You talk about outside service providers and the role that they play and the valuable service that they provide. And I know it mentions their role and the service standards and the high account that they're held to. I wonder if you could just comment on your overall feelings towards the outside service providers. Have they been providing that function? Do you have a high level of comfort that they've been meeting that? And have they been helping you do your job?

Mr. Norton: — So from a security aspect or in the overall delivery?

Mr. Cheveldayoff: — Overall. Security is just a part of it.

Mr. Norton: — Overall delivery of services? Yes, again . . . You know again, I'm very confident in the vendors that we do use. We go through a rigorous process in the selection in that, ensuring that, you know, they have the processes in place that we would expect for the types of service levels and the confidentiality of the data we have. So again we're very rigorous in that in our . . . Again the selection out there in the market is very good. Again there's a lot of vendors that do have the capabilities and the processes in place to, again, achieve the requirements we need for availability and data confidentiality.

Mr. Cheveldayoff: — That's good to hear. I've spoken to many small businesses who indeed are vendors and appreciate the business and appreciate the expertise they've gained by undertaking that role with you. Certainly the Saskatchewan Advanced Technology Association and its members appreciate the business.

As far as the Department of Health, is there any particular challenges that Health and IT pose, or is there a special recognition of the needs of the Department of Health? We all know about SHIN [Saskatchewan Health Information Network] and information Telehealth and things like that.

Mr. Norton: — I think each department has its specific needs around data being confidential as well as the uptime and availability they require. Obviously the health system is more 24-hour related, higher uptimes, more catastrophic possibilities again if there is disruptions in the service. But really, again, with people on the Internet nowadays and the availability of the service required to do our day-to-day business in government, most of us are at that high availability already. So again it's just a different unique set of circumstances around their data and maybe some more classification and rigour around it, more availability on the uptime, but again nothing unique to the rest of government.

Mr. Cheveldayoff: — Okay. One final question. It says, currently the government is replacing the payroll and human resource systems used by departments. This is quite a major undertaking. Could you comment on the systems that were in place? Did they provide the service that was required of them? And maybe talk about the new systems and what some of the improvements that they'll be able to undertake.

Mr. Norton: — Okay. Again I think the old systems really did do their job while they were doing it. Those systems would have been probably 20 to 25 years old at the time. So again, as you all know things have changed significantly not only in the world around us and how we operate and interface but as well as in technology. So again I think it became a point in time that, again, through risk assessment and some other things, that it was time again to move to something that would more enable more current business practices and those types of things.

And again, you know, more current technology, easier to support. The people who could support those type of systems aren't as readily available and the newer folks aren't wanting to support those old systems either. So it really becomes an assessment along the lines of the maintainability, supportability of the system. The new system that they're moving towards is based on Oracle financials. It's a very mainstream system out there, well accepted as one of the industry's top performers in that area. Finance has been undergoing a lot of project management and rigour around the implementation of that to ensure that it is a smooth implementation. And again, it has been very successful so far.

Mr. Cheveldayoff: — Thank you. That's all, Mr. Chair.

The Chair: — Thank you, Mr. Cheveldayoff. Mr. Dearborn.

Mr. Dearborn: — Thank you, Mr. Chair. I have some questions for the auditor. I'm looking at page 202 and the Information Systems Audit and Control Foundation. The main question, or my questions arise around value for monies put into IT and how that is assessed and audited. You pointed out on page 201 key risks faced by the government:

- IT planning and decisions do not achieve agency objectives . . .
- IT systems are late, over budget, or do not achieve intended benefits or objectives . . .
- [and finding] ineffective use of public IT resources.

And the question I have, if you could maybe comment on what the ISACA [Information Systems Audit and Control Association], how that allows your office to be able to . . . Do you actually look at the programming that's done, relative to other programmings . . . other programs of a similar type of product and make a determination of whether this, you know, program's put together, you're actually getting value for the money being spent on them?

Mr. Kress: — They're good questions. In terms of the ISACA, or Information Systems Audit and Control Association, it's an organization that's put together a number of standards to try to provide a basis and consistency when you're auditing IT. And that's an organization that I'm a member of and a professional part of. It is a very good organization.

Really its processes start at a high level. So it says, let's rely on governance first and foremost. Do you have a plan as to what you're trying to do? Do you know where you're going? Do you have the basis for moving forth? So good IT planning, IT operational procedures, you know, as the members from the ITO stated, would change management, things of that level. That standard does not get down to an individual program level, at a very low, technical — shall we call it — computer-person level.

Now your question that you're asking about how do we ensure value for money or how do we do these types of audits. One of the ways we do it is through our project management audits. And we've done a number of them. We'll also look at things like, as part of that work, cost-benefit analysis. So really our view is that management should go ahead and should have prepared the plans to assess the cost benefit of moving forward with the project, set out the risks, set out the benefits to be achieved, and then what are the costs going to be.

And I think it's something that we've reported publicly in a few chapters — one of the largest that comes to mind is the Delta Project over at SaskPower — and really set out the need, not

only just to identify the benefits, but after a system has been implemented to follow through and to track the benefits and report against to see did the system deliver what we had hoped to intend, to make sure we are using public resources in an effective way. And then to see well, if not, what changes can be made or what was it that caused us not to realize those benefits.

So those are the ways that we try to go ahead and audit is through the processes, rather than at a very technical, low-level, detailed way. And that is consistent with ISACA being one of the organizations and some of the other audit research and literature that is around.

Mr. Dearborn: — I thank you. Just following up on that, we've seen in this province where we've gone in-house, Len, ISC [Information Services Corporation of Saskatchewan] for example, supposedly you know, a product needing to be delivered, could have been purchased from Alberta for a couple million dollars, and the end product ended up costing a 100 million dollars plus, and you know, cost overruns. Do you see a need for your department as auditors to have more tools at your disposal to be able . . . I mean, the percentages are just so out there. It's not unlike federally, the gun registry, right? It's supposed to be a couple million dollars and it's 1 billion dollars at the end of the day.

And one of the problems I'm having as a legislator is, I don't know anything about computer programming, I don't know anything about, you know, text and script. So if there was a program printed out, not electronically, this thick and one this thick, I wouldn't know how to tell what was necessary and what wasn't necessary.

But it seems that this is an aspect of public spending that is not going to go away. I mean, IT is here. It's going to be prolific in all departments. And it seems that accounting for good use of that money, especially when there's an ongoing . . . It seems a pattern of having, for whatever reason, so much of it done in-house, right? We just don't know if the programming is necessarily value for its money. And at the end of the day, sometimes these things don't necessarily work all that well, right? And so I'd like an opinion on that because as . . . being a member of Public Accounts Committee, this is a grave concern to me.

Mr. Kress: — In general terms, you know, a good way to address this might be once again through project management. And when you look at the costs of a system and how they're developed and planned, we look at very rigorous processes for project management. And in the appendix I'm sure we've referenced to something called the Project Management Institute, and one of their main guides is something called the project management book of knowledge. In project management there are defined standards that are out there for how you plan, how you implement, or how you execute a program, through making sure you've hired good people to override and oversee the project to making sure you've adequately evaluated the risk.

And it's at the early stages, if there's good project management processes, it's very early . . . very easy early on in the project to identify the costs of the project and to identify the processes that are going to be in place to manage that.

Now at the end of the day when you're coming down to project management, the individual developers in that time, it is a factor in terms of these products. But the biggest thing that will determine the cost is, what exactly is the system intended to do? And what's the functionality that's been built into the system? And when you're trying to compare different systems, different systems will have different functionality, different abilities, might have different ways of doing things. So really once again, it comes back to that cost-benefit analysis. And has there been a good business case done that clearly sets out the cost?

And then throughout the project to try to reduce the risks of, you know, cost overruns or things of that nature. It's very important to manage the cost, to evaluate the variances, and to track the project very carefully to see, well what is in fact causing the problem. Now that's the type of work that our office has done before and I don't think we're at any shortcomings to be able to do that work and I can tell you right now, I'm involved in an audit to do that very thing. And in a future report to the Legislative Assembly we'll be reporting on what type of project management processes they had in place, where maybe they could have had stronger processes, and how that potentially could have impacted public resources at risk.

The Chair: — Mr. Wincherauk also wanted to make a comment on this point.

Mr. Wincherauk: — Thank you. I think when, as we are developing what we call the new ITO, we develop that strategic plan for IT, where it is going, how initiatives will compete against each other to see which one gets cabinet's approval, then it's sort of managing that decision, managing the project. And by that, that's one of the reasons we're establishing a project management office within the ITO plus a business process improvement branch within the ITO and then rigorously evaluating and following through on all the projects that we're involved in, you know. So I think very much what the auditor is talking about is what we want to put in place.

The Chair: — I'd like to point out to members we are starting to slip a little bit behind schedule, but I will not cut off discussion because I know we only get one shot at this as a Public Accounts Committee under this volume. So are there any other questions? Mr. Dearborn.

Mr. Dearborn: — Yes, I do have a question for the deputy minister around security and specifically if you could comment about having data stored outside of province or even international. Is that happening? I'm given to understand that there have been some problems in British Columbia storing health records in a company, you know, physically not located in Canada. And there may be a necessity for this down the road. How is your office dealing with this potential situation?

Mr. Wincherauk: — This is a serious issue. Richard has been working on this file for us. Richard.

Mr. Murray: — Yes. Of course many of these concerns come about because of the USA PATRIOT [Uniting and Strengthening America by Providing Appropriate Tools Required to Intercept and Obstruct Terrorism] Act. We've put a fair amount of effort into assessing potential risks here within the province. We've surveyed all departments and compiled

data. We believe that our risk is very low, that we have very little information that could be subject to the PATRIOT Act, and that the bulk of our data is not stored. I mean there are some odd exceptions, very, very limited exceptions, but the bulk of our data and our most confidential data is not stored or not subject to the PATRIOT Act.

Mr. Dearborn: — Thank you. And the last question I have — I asked this in estimates to the minister last year — just what kind of progress is being made on standard procurement across government departments so that all our systems that Health and Ag and everyone else is using can talk to each other, are going to be upgraded, you know, in turn, one with the other so that everything . . . What kind of kind of progress are we making on that? And what barriers to that progress exist now that, as legislators, we could possibly help with?

Mr. Wincherauk: — I'll ask Mr. Norton to speak to that.

Mr. Norton: — It isn't really on the procurement side that has allowed us to interface. Again, depending on the vendor, systems are able to interoperate pretty well out there. So it's really about how we architect our systems going forward. And I think a lot of the progress that we're making now in moving to the shared services model allows us to architect it in a similar way, where again, rather than more independent IT shops, the ITO is now taking a collective approach to the development of architecture and things that are, again, put into the environment. It does include some procurement pieces where we want to stay, you know, to particular models to, again, for efficiencies and effectiveness but also to communicate together. But again, most of that is in the selection of the architectures which we have now centralized.

Mr. Dearborn: — A final question I would have is, has there been work done for your office identifying savings and program costs when the IT infrastructure is all absolutely compatible? And has this been done in-house or out-of-house and could you share that with the committee?

Mr. Wincherauk: — At this point in time as we move towards the integration of the IT, we're basically dealing with about $120 million that is spent in government, government IT. Ultimately what you get at through your business process improvement, is starting to look at that other $5.9 billion that revolves around program review and how IT will start allowing government to deliver that in a different way to the citizens.

Mr. Dearborn: — So do you have a cost projection per annum once that's up and running — what that's going to mean to that nearly $6 billion budget, what kind of savings?

Mr. Wincherauk: — At this point in time I wouldn't even want to guess.

Mr. Dearborn: — Okay. And there hasn't been any work done around that either by private company or by . . .

Mr. Wincherauk: — Since I've been at the ITO, no. Richard, I can't recall any.

Mr. Murray: — No.

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

The Chair: — Thank you Mr. Dearborn. I assume there are no other questions but I'll have a quick look on either side here. Thank you, deputy minister Wincherauk and your officials for appearing before us and to expedite our time I would wish you well as you go and as our new witnesses come to replace you so that we can attempt to stay somewhat on schedule. Thank you very much.

Mr. Wincherauk: — Thank you.

Public Hearing: Chief Electoral Officer

The Chair: — Committee members, we are now moving to the final item on our agenda, the Chief Electoral Officer under chapter 16 of the 2004 report volume 3. And joining us from the Chief Electoral office are the Chief Electoral Officer, Mr. Jean Ouellet, and his assistant chief electoral officer, Dave Wilkie. We welcome you to Public Accounts, particularly Mr. Ouellet. This is your very first appearance before our Public Accounts Committee. We're kind of an amiable bunch and we look forward to hearing your first report.

However before we do that we will turn to the Provincial Auditor's office and if I can find my . . . yes, here we are . . . and Judy Ferguson, a familiar face from the Provincial Auditor's office, will summarize the findings in chapter 16 and then, Mr. Ouellet, if you would like to respond briefly we'll do that and then we'll open up the committee to questions. Ms. Ferguson.

Ms. Ferguson: — Thank you, Chair, members, and officials. I've just got some very brief comments because it's not a very long chapter. We're looking at chapter 16 of our 2004 volume 3. It starts on page 300 of that report.

In that chapter we report that for the year ending March 31, 2004 the electoral office had adequate rules and procedures to safeguard public resources and comply with the law with one exception. The Assembly had not yet received the 2003 or 2004 annual report of the office as required by the elections Act. In addition we record an inconsistency between the reporting date the electoral office used in its prior annual report of December 31 and its reporting date used in its estimates or planning presented to the Board of Internal Economy of March 31.

On page 303 we make two recommendations and if you just turn to that page they're set out on . . . they're the only things on that page, actually. First we recommend the electoral office table in the Assembly an annual report within the time period required by the Act. And second we recommend that the electoral office use a consistent reporting date of its planned activities and results. From discussions that we've had with the electoral office, we understand that they are undertaking some steps to address these recommendations, and we look forward to working with Jean and the office and the upcoming audits. This concludes our presentation.

The Chair: — Thank you, Ms. Ferguson. Mr. Ouellet, if you'd care to respond, we'd be happy to hear it.

Mr. Ouellet: — Thank you, Mr. Chair. I'll be brief as well.

Members of the committee, representatives from the public, from the Provincial Auditor, it certainly is my pleasure for the first time since my appointment to address this committee.

I have reviewed chapter 16 volume 3 of the 2004 *Report of the Provincial Auditor*, and my office concurs with both recommendations 1 and 2 stated therein. In order to implement the recommendations of the Provincial Auditor, my office will put in place the following three measures.

One, on about 120 days following the end of fiscal year 2004 and '05, the office will table an annual report covering its activities during the period of January 2003 through to March 31, 2005. This will close the loop on that standing report. It'll be the last of the narrative reports from my office as well.

Measure number two, the office is developing a strategic plan in order to forecast its activity for the period of 2005 through 2011. It's Peter Drucker that once said, "The best way to predict the future is to create it." And this plan should be in place at the beginning of the fiscal year 2005-06. As an aside I would certainly like to take this opportunity to thank the Office of the Provincial Auditor who has provided invaluable assistance in developing our plan.

Third measure, future annual reporting by my office beginning with the annual report covering the activities of fiscal years 2005 and '06 will include a measure of our performance, will show how we're meeting our goals, and will disclose what financial resources have been allocated to these activities. I thank you.

The Chair: — Thank you, Mr. Ouellet. I know that's not the way you intended it, and I would never suspect that, but I have to laugh when the Chief Electoral Officer of Saskatchewan says the best way to determine the future is to create it, not to predict it. So we may have to chat afterwards, just find out exactly what you have in mind.

Committee members, the floor is yours. Mr. D'Autremont.

Mr. D'Autremont: — Thank you. I'd like to welcome Mr. Ouellet here and welcome back to Saskatchewan as well. I'm not normally part of this committee so you'll have to deal with others, but I do have an interest in the Office of the Chief Electoral Officer. And just wondering, you talked about a plan to outline your . . . the future for 2005, 2011. How far along are you in developing that plan and what kind of assistance can we as members or as the committee provide in assisting in that?

Mr. Ouellet: — Certainly, the plan is in its almost final stage. I expect that the plan will be formalized by the middle of April. Already some parts of it are in place at this time. Since you have . . . A strategic plan will include short-term activities, mid-term, and long-terms. The plans for an office such as the Office of the Chief Electoral Officer must abide by different schedules since, generally speaking, governments will go to the poll about every four years or so. So the first part really is to 2007 and then 2011 would be the other subsequent electoral event.

A strategic plan is not a document that is usually cast in concrete. If it is, it's not useful. It must constantly evolve. It must be updated and it generally is complemented by an estimate that would state what particular activities you're looking in this particular fiscal year, and it reports on whether you have met those goals or not or you have completed those activities.

Members are a stakeholder indeed in the strategic plan, and one of the main goals of the office is always to make the electoral system far more accessible to all. And for that purpose one of the roles of the Chief Electoral Officer is to recommend modification or changes to any legislation that he must put in place or administer. And therefore the role of the legislature would be to obviously respond to those recommendations. Okay.

Mr. D'Autremont: — Thank you. In your previous role and employment with Elections Canada, you dealt with a permanent voters list as part of your long-range plans. Are you contemplating taking a look at a long-term or a permanent voters list for the province of Saskatchewan?

Mr. Ouellet: — Well that would be merely a recommendation that the Chief Electoral Officer would make. The final decision would rest with the legislature. There is provisions in the current Act that would permit an enumeration outside an electoral event, outside a writ period. But there is no provision or no regulation for which to maintain the currency of that particular data, and that would have to be put into place prior to calling it, if you wish, a register of electors.

Mr. D'Autremont: — As well, in discussions with the previous Chief Electoral Officer, in your long-range plans are you looking at any way of ensuring that the staff you may need to carry out either by-elections or general elections are available on a more regular basis and better trained?

Mr. Ouellet: — As part and parcel of a strategic plan, one has to look at the organization because a strategic plan will identify activities that ought to have been, you ought to carry to move forward. And along with that would come resources that are required, both financial and in terms of also human resources. This process is in the final part of the strategic plan which hasn't been looked at at this time but will be looked at.

Mr. D'Autremont: — Okay, thank you. To go back to the auditor's report, the report for 2003 was late. The reasons for that, I suspect — and you can correct me if I'm wrong — is the fact that there was a general election in November 2003 making for a short period of reporting. I know that various members have had concerns as to the information that needed to be provided or the form in which that information needed to be provided.

Have you taken a look at the events that led up to your report being late and what measures might be available to you through the Chief Electorals office to ensure that all the candidates seeking election are aware of what the rules are, what the proper reporting procedures are, and what is needed to report properly?

Mr. Ouellet: — Yes, indeed. I've, you know . . . With all due respect to my predecessor, things have to be somewhat different. To be able to report to the nature or the extent that the Provincial Auditor requires it to be reported, you must have a

mandate, visions, and goals, and but you have to have activities. You also have to identify activities that will support those goals. And those activities are the part of the strategic plan and those are the items that are measured whether you meet those criteria or, you know, what you said you were going to do.

There's also a question of planning. A report needs not to be started at the end of the fiscal year. It's a document, again, that is ongoing through the entire period so that no information is lost and that once it's time to finalize your report, then you have all the information there without having to, you know, look for things that were not there.

So I intend to, you know, to make it an ongoing process so that whenever the deadline is met, then the report can be issued.

Mr. D'Autremont: — And compliance on behalf of the candidates, though, in your . . . As you foresee moving forward, how will you aid them in being in compliance, aid them in knowing exactly what is needed? I'll just give an example that has happened to a number of the candidates across the province. The Chief Electoral Officer asked in some cases that cancelled cheques be provided to verify payments. And yet at the beginning of the campaign, I know in our own case the request was made, do we need that? It was indicated, no. And yet at the end of the campaign it came time to report; it was needed. So those kind of little things like that become an annoyance and slow the process down. So have you or will you be looking at those kind of things to ensure that all of the candidates are familiar with what is exactly needed?

Mr. Ouellet: — Sure. Two activities that we're looking into are strategic plans that could certainly help this particular point that you're raising. One is we intend to see if we're able to provide automation of certain of those processes that will reduce the amount of errors that could occur in a return that is filled by hand as opposed to a computer that reports the proper number where they should be reported. That's one thing.

Two, we also looked at providing some training either through either what we call a road show in various locations or what was developed federally, which is a DVD [digital versatile disc], and then you can look at this particular presentation that tells you the A to Z of a campaign from the point of view of The Election Act and what needs to be reported. Those are the points that we're looking at in our strategic plan.

Mr. D'Autremont: — Thank you. I'll turn it over to the colleagues on either side.

The Chair: — Mr. Cheveldayoff.

Mr. Cheveldayoff: — Thank you very much, Mr. Chair, and welcome, Mr. Ouellet. Good to see you.

Referring back to some of the comments made by the Provincial Auditor, it was discussed the fact that different reporting periods have been used in the past — December 31 date, March 31 date. Have you come to a decision on how future reporting is going to be done?

Mr. Ouellet: — Sure, yes. We will report by fiscal, which is from the period of April 1 through to March 31 of a year. So

that's why I say the particular report that will be filed at the end of fiscal year 2005, which will cover 2003 and '04, but will completely cover 2004 up to March 31, 2005.

Mr. Cheveldayoff: — Okay.

Mr. Ouellet: — Is that clear?

Mr. Cheveldayoff: — Maybe you could just repeat that for us . . . the fifth . . .

Mr. Ouellet: — Yes. We're going back, we're going to a fiscal year report.

Mr. Cheveldayoff: — Okay.

Mr. Ouellet: — But I need to close the loop on what hasn't been reported on and that's what I'll do with the first report.

Mr. Cheveldayoff: — Okay. So the 2003 report, has that been completed?

Mr. Ouellet: — By June I will issue . . .

Mr. Cheveldayoff: — By June.

Mr. Ouellet: — . . . a report that will cover the period of January 2003 . . . from January 1, 2003 through to March 31, 2005 . . .

Mr. Cheveldayoff: — Okay.

Mr. Ouellet: — . . . which will cover both periods and bring the reporting to the fiscal.

Mr. Cheveldayoff: — Right. Will there be financial statements included with that report?

Mr. Ouellet: — In consultation with the Provincial Auditor's office, I will include as much financial information as I can, yes.

Mr. Cheveldayoff: — Okay. Does reporting on the fiscal year, does it pose any special challenges for your office?

Mr. Ouellet: — No, no.

Mr. Cheveldayoff: — I'm just wondering why in past it hasn't . . .

Mr. Ouellet: — My predecessor did it that way.

Mr. Cheveldayoff: — Pardon me?

Mr. Ouellet: — My predecessor did it that way.

Mr. Cheveldayoff: — Okay.

Mr. Ouellet: — As I say there was no . . . In The Election Act itself there is no periods specified, really, as I . . . Because we work estimates on fiscal years, then the auditor suggested we probably should report in fiscal year as well. And I do accept that recommendation.

Mr. Cheveldayoff: — Being new in the position and back in the province, are you looking at best practices of other provinces across the country and the federal government, and coming up with a wish list, if you like, of what you'd like to see changed here?

Mr. Ouellet: — We're looking at everything. We're looking, you know . . . The federals certainly have some great activities recently that have been very good and very well received by people.

We're looking at other jurisdictions. I mean it's, there's not always a need to reinvent the wheel if the wheel is already there. So we can just adapt it to a made-in-Saskatchewan solution. And that's why we're looking at everything.

Mr. Cheveldayoff: — I think it's fair to say that, you know, from a member's perspective, there's some things that the office does very well and there's other things that need improvement. My colleague touched on it, the permanent voters list. It's something that I've lobbied for with your predecessor, I guess, and will again try to make a case for.

But could you tell us, do you see any cons to the establishment of a permanent voters list?

Mr. Ouellet: — Well I think there's, federally, there's two members of the Conservative Party which would have a different opinion than probably yours since they were maintaining at some point in time that the federal register was not precise as to who were voting where. There was a court case, if you recall, that was obviously discontinued with respect to Regina-Lumsden-Lake Centre and also Palliser, where each other's electors were voting in the wrong place, according to the list. So you know, there is advantage and there is disadvantage as well.

You know, a list must be accurate and you must have the means to maintain it. A list, for example, when we use the term a register of electors, we're talking truly of three registers. One is a register of names and addresses . . . sorry, names and birthdate and any other information you may want. Then you have a register of addresses in the province of Saskatchewan. And then you have a combination of register of names and address because basically individuals move. Address never moves; the addresses are fixed. So you have to be able to establish those parcels to have an accurate register.

At this point in the province of Saskatchewan I'm told that there is no database of address. There is no complete database of address. There's parcels here and there with the municipalities, with the rural municipalities, and all other areas.

A register is also a very expensive proposition because it's got to be put together, it's got to be maintained so that it's accurate. So you would need . . . you need partnerships to be able to share the costs. You can have partnerships with municipalities. You can have partnerships with the federal government as well. And so, you know, all those aspects have to be considered.

Mr. Cheveldayoff: — I guess I would just envision an agreement with the federal government, using their list, and updating it from . . . on an annual basis or from time to time. I

come from a constituency, the brand new one, Saskatoon Silver Springs, where 40 per cent of the people who voted in the last election, who were eligible to vote, weren't on the previous list. They voted in that constituency for the first time. It was just a horrendous task trying to, for the enumerators trying to do their job. And it fell around Thanksgiving, and it was just very, very difficult for all of them to do. And as a result many, many people were missed. And I just think an ongoing system where we can try to update . . . For example, there's probably 1,000 more people that have moved into my constituency since the last election which I have no official record of. I think beyond the election it would help me do my job as a member of the legislature if I was able to receive that information from your office on an annual basis. If all members or all political parties were able to do that, I think it would help us do our job.

And you mentioned civic governments and First Nations and others. I think they would benefit from any work that your office would do and any leadership that you'd show in that area.

One other question just on your work plan, I guess, for the coming year. I understand that maps are redone every couple of years; polling information is changed — is that right? — mid-term between elections.

Mr. Ouellet: — Generally we look at all the maps of each constituency to see if there's a need to readjust the polling divisions because of growth, because of new housing developments, and so on, new civic plans. However, generally most of the ridings in the province, the rural as well as the core city, rarely change very much. The growth usually comes in the surrounding areas, such as yours in Silver Springs, for example, where you have to look at certain readjustment of boundaries. And that is an exercise that is done before, you know, undertaking a general election, that's for sure.

Mr. Cheveldayoff: — Okay. Well now I'll test your knowledge of Saskatchewan's streets and alleys. I understand that poll lines are drawn according to streets for the federal government and alleys by the provincial government. Is there . . . Or the other way around . . . poll lines . . . alleys in the province?

Mr. Ouellet: — That's possible and, I'm sorry, I'm not a mapping expert. I have a mapping expert in my office for this purpose. But there's generally . . . they're done with the assistance of Information Services Corporation. They help us a lot in determining where the boundaries are. We tend to use actually either physical boundaries or streets or sections, as opposed to, you know, federally used projections, often where it becomes a little more fluid.

Mr. Cheveldayoff: — You mentioned earlier technology and, of course, the improvements in technology. Are they helping you do your job? Do you find that, as time goes on, the technological advances help your office?

Mr. Ouellet: — It certainly will inasmuch as right now very few of the processes that returning officers in their electoral . . . in their constituency do are automated. We certainly have to look at that very seriously in terms of, you know, paying their workers, in terms of being able to respond to all the needs of the stakeholders. Yes, we have to look at automation everywhere with, you know, reasonable . . . bearing in mind that cost is a

factor. And also I'd certainly like to talk to the gentlemen that were here before, how they can assist us in our endeavours.

Mr. Cheveldayoff: — Right. Well I hope those conversations do take place. And I thank you for your frank answers to the questions and wish you well in your new position.

Mr. Ouellet: — Thank you.

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

The Chair: — All right. Are there any other questions? Seeing none, I think, Mr. Ouellet, you probably determined by your comment about creating the future rather than predicting it, they all want to talk to you afterwards and privately.

But nevertheless, we do have two recommendations that we want to deal with this morning, as has been mentioned. They are on page 303 of chapter 16, the Office of the Chief Electoral Officer.

Recommendation no. 1:

We recommend that the Electoral Office table in the Legislative Assembly an annual report within the time period required by *The Election Act, 1996*.

Is there a motion? Mr. Borgerson.

Mr. Borgerson: — I'll move that we concur and note progress.

The Chair: — A motion to concur and note progress. Is there any discussion on the motion? Seeing none, we'll call for the question. All in favour? Any opposed? It's carried unanimously.

Recommendation no. 2:

We recommend that the Electoral Office use a consistent reporting date for reporting of its planned activities and actual results.

Again, is there a motion? Mr. Yates.

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

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

Thank you, Mr. Ouellet, and Mr. Wilkie, for appearing before our committee. I told you we'd be a pretty agreeable group, and we look forward to future constructive meetings with the people that make it possible for us to be here because of the mechanical work you do to facilitate our elections. Thank you very much.

Ladies and gentlemen, there are a couple of documents — I believe you've received them or will receive them — that are tabled with our committee. The first one that I have is a memorandum from Len Taylor, Minister of Government Relations, regarding a review and renewal of The Northern Municipalities Act. As you recall, there were a number of questions on that, in that regard in our last meeting, and this

information is here for you to read.

The second memorandum is from . . . Okay, this is . . . It's regarding the auditing of SaskPen Properties. The memorandum is from our Clerk, but there was some discussion about exactly what SaskPen Properties were and why the auditor was not allowed to, or has not been invited to audit these holdings. And the report which was dealt with by an earlier Public Accounts Committee is here also for you to review.

And I believe that brings us to the end of our deliberations. So I certainly want to thank all committee members for participating. We had a good session yesterday where we actually contributed and were asked questions rather than asking of from the official of CCAF [Canadian Comprehensive Auditing Foundation].

Today we covered three chapters within our time frame. In fact we have five minutes of leeway so we're glad for that. We want to thank the Provincial Auditor and your staff for support, the comptrollers for being here. I didn't forget you in the windup, and I now declare the meeting adjourned.

Mr. Wendel: — Just one more comment. Rodd Jersak used to attend all your meetings, and he was my liaison with the committee. Kim Lowe has taken over Rodd's duties, and she is here today and she'll be attending all the meetings.

The Chair: — Thank you, Mr. Wendel. I forgot to mention that and we welcome you, Ms. Lowe, to our committee. And we will look forward to some of the facilitations that you make to ensure that we cover the material and have all the right people here at the right time. Welcome as well.

And sorry I jumped the gun there but I usually get commendations for my ruling and here I was in such a hurry to hear those good words that I adjourned the meeting prematurely. So I now declare the meeting adjourned.

[The committee adjourned at 11:54.]