



# **STANDING COMMITTEE ON PUBLIC ACCOUNTS**

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**STANDING COMMITTEE ON PUBLIC ACCOUNTS  
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Rosetown-Elrose

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Regina Rosemont

Hon. Lon Borgerson  
Saskatchewan Rivers

Mr. Ken Cheveldayoff  
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Mr. Michael Chisholm  
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Mr. Andy Iwanchuk  
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Mr. Kim Trew  
Regina Coronation Park

[The committee met at 10:00.]

**The Chair:** — Good morning, everyone. I'd like to welcome everyone to this meeting of the Public Accounts Committee. For those of you who will be watching this at a later date on television, it is Monday, June 25. Those of you in the building and on the Internet will be live with us; others will see this later if they're watching.

We have a full two-day agenda. We will run from 10 o'clock this morning until 5 this afternoon. And then tomorrow we will start an hour earlier at 9 o'clock and adjourn an hour earlier at 4 o'clock.

I believe you've all seen the agendas. I have one item that I would like to include that's not on your agenda. At some point in time if we get ahead of schedule — if we don't get ahead of schedule, we'll tack it on at the end — but the Clerk has prepared an update of the Standing Committee on Public Accounts procedures manual. I believe it's been circulated to committee members. Does anyone here on the committee not have a copy of the draft? Everyone has that? All right. So hopefully you've had a chance to look it over. If you have any questions before we bring it forward, you can come and talk to myself or to the Clerk. But we'll try to insert that at some point into the agenda to be approved, if it does have your approval. Ms. Crofford.

**Ms. Crofford:** — Yes, and on other business I would just want to spend a moment on this briefing that I think we all received an invitation to from Finance for Thursday.

**The Chair:** — Okay sure. We'll try to include that as well. That's right. I did see that, and it's good you brought that to the attention of the committee.

#### Public Hearing: Saskatchewan Gaming Corporation

**The Chair:** — The first item on the agenda is Saskatchewan Gaming Corporation, chapter 14 of the 2005 report volume 3 and chapter 9 of the 2006 report volume 3. We have Mr. Wendel and his colleagues from the Provincial Auditor's office with us, and I believe Mr. Bashar Ahmad will give us a summary of those two chapters.

Representing the Saskatchewan Gaming Corporation is its president and chief executive officer, Marty Klyne. We welcome you to the committee. And following the summary by the Provincial Auditor, we would invite you to introduce your colleagues, respond briefly if you care, and then we will open up the floor to questions from members of the committee.

With no further ado then, Mr. Ahmad, if you would bring your summary.

**Mr. Ahmad:** — Thank you and good morning, Mr. Chair, members. I will provide an overview of two chapters that are chapter 14 of 2005 report volume 3 and chapter 9 of 2006 report volume 3. This chapter report is a result of our audit of the Saskatchewan Gaming Corporation — that is SGC — for the years ending March 31, 2005 and 2006 respectively.

Chapter 14 begins on page 290 of our 2005 report and describes the result of our audit for the year ending March 31, 2005. In this chapter, we make three recommendations. These recommendations require SGC to ensure employees comply with SGC's approved policies, better monitor table games, and have an approved IT [information technology] strategic plan. SGC addressed the recommendations regarding the table games in 2006, and we have repeated the other recommendations in our 2006 report.

Therefore I will go to chapter 9 in our 2006 report. This chapter begins on page 272 of our report and describes the result of our audit of SGC for the year ending March 31, 2006, including SGC's project management processes to implement its new casino management system. In this chapter we make six recommendations.

The first recommendation requires SGC to comply with approved policies. We made a similar recommendation in 2005. In 2006 we did not find any non-compliance with policies relating to delegation of authority and purchasing; however employees did not always comply with policies relating to performance evaluation, code of conduct, and marketing promotions.

The second recommendation requires SGC to improve its human resource plan by privatizing key human resource risks, analyzing human resource gaps, and setting out plans to address those gaps. SGC has prepared a human resource plan that includes some information about key human resource risks but does not prioritize or analyze the identified risks. Also this plan does not identify SGC's future human resource needs and identify gaps. It should do so.

The third recommendation before SGC, to promptly establish and communicate revised rules and procedures when it makes changes to its systems — SGC implemented a new slot machine operating system but did not promptly revise its control processes to reflect the new system.

On page 278, we continue to recommend that the SGC board approve an IT strategic plan. We are pleased to inform that SGC now has an IT strategic plan.

The last three recommendations relate to improving SGC's project management system. To implement this new casino management system, these recommendation require SGC to improve its report on the project progress to management and the board; establish a process to monitor and track how well it received the benefits it set out for the project; and establish processes to document the result of testing of new systems and track all risks before the system becomes operational.

That concludes my overview. Thank you.

**The Chair:** — Thank you very much, Mr. Ahmad. Can I just clarify before we go to the president, do we need to deal with all six recommendations in the earlier chapter as well as the three in the second chapter, or is there some duplication?

**Mr. Ahmad:** — There's a repeat.

**The Chair:** — There's a repeat. So which recommendations does the committee need to be prepared to deal with?

**Mr. Ahmad:** — The second book.

**The Chair:** — Just in the second book.

**Mr. Ahmad:** — Yes.

**The Chair:** — And none in the first chapter.

**Mr. Ahmad:** — They have been taken care of by . . .

**The Chair:** — They've been taken care of. Very good. I wanted to clarify that. Thank you very much. Again welcome, Mr. Klyne, and we give you the floor.

**Mr. Klyne:** — Thank you, Mr. Chairman. And I am joined by my colleagues. I have senior vice-president of finance and business development, Twyla Meredith; our vice-president of corporate affairs, Mr. Bill Davies; and our controller, Wendy Hutchison.

And thank you very much for the opportunity to appear before the committee. With regards to the '05-06 and the first recommendation that was provided by the auditor, we would agree with the recommendation and say that with regards to employee performance evaluations and the code of conduct, the two are linked in terms of we do the same process at the same time. So we do the code of conduct when we do the performance evaluations. And I would have to say that openly we are behind in performance evaluations at that then time. That gap is being closed, and the code of conducts are being completed.

We also have introduced new performance evaluations processes and a monitoring process around the same. And we're aligning both performance management to the organization's. We're aligning with the organization's goals and value of the corporation.

The IT department is currently looking at our HR [human resources] information service system. And we are finding some chinks in the armour there and addressing those at the same time with a full review of the HR information systems, again to address the monitoring and make sure that we get that automated versus a manual process.

On the code of conduct side, again that is part of the performance evaluation, and we do undertake to do that with all new employees. And so there should be no concern on that front. It's the ones that are tied to the existing employees with their performance evaluations.

On the marketing, promotion side, again we would agree with the auditor. And I'm pleased to report that significant progress has been made in the completion of those promotional recommendations and post-evaluations, and we've closed the gap significantly on that front.

The other recommendation, we are working towards a comprehensive HR plan, and that has been an ongoing work-in-progress. We share the same observations and

recommendations as the auditor, and pleased to report that that HR plan, a comprehensive plan has been approved by executive, will now go to the HR committee in the next coming meeting and on to board for its approval.

With regards to communicating revised rules and procedures, in the future . . . And we adopted that and agreed with that immediately. And in the future, the Gaming Corporation will ensure that policy and procedure changes are considered and in place and communicated before any significant system change is fully implemented.

The fourth recommendation, I believe that has, as the auditor has pointed out, has been satisfied.

With regards to the fifth recommendation, in the future . . . And we adopted . . . there's kind of a two-part recommendation with that regard. We agreed with both fronts and, effective immediately upon that, instituted follow-up that in the future each project plan and project charter which are done on a case-by-case, project-by-project basis will prescribe or recommend the reporting process, the level of reporting — including frequency, timing, and content — relative to the scope or magnitude of the project. And the reporting process will adhere to that approved reporting process for the project.

Any changes in that process mid-project will require appropriate approval and/or acknowledgements. And our project charters will identify all documentation approval processes required which will ensure adequate documentation of risks and budget and approval requirements throughout the life of the projects. So we have taken the auditor's recommendation, and we are including that in our project management henceforth and effective immediately.

Similarly with the second part of that recommendation, each project plan in the future will outline the process or methodology to monitor and track expected outcomes or benefits of the project. And again we adopted that immediately upon receiving the recommendation from the auditor.

The final recommendation, again that was accepted and agreed and responded to, effective immediately. And when risks are identified, a process to test and manage risks throughout the project will be formulated and outlined or articulated in the project charter. Any deviation from that prescribed process will include a rationale for deviation which will require the appropriate approvals and/or acknowledgements. Thank you, Mr. Chair.

**The Chair:** — Thank you, Mr. Klyne. We will open up the floor to questions. The material from both chapters certainly are appropriate for discussion. Then we will deal with the three recommendations in the second volume. I recognize the official opposition critic for the Saskatchewan Gaming Corporation, Mr. D'Autremont.

**Mr. D'Autremont:** — Thank you, Mr. Chairman. I'd like to welcome Mr. Klyne and his officials here today. I guess my first question though is for the Provincial Auditor. In chapter 14 of the 2005 report, you list the number of slot machines, gaming tables in both Casino Regina and Casino Moose Jaw. How were those determined?

**Mr. Ahmad:** — I didn't quite get that question. What was that?

**Mr. D'Autremont:** — The slot machines and the gaming tables in both Regina and Moose Jaw, how were those numbers determined?

**Mr. Ahmad:** — Mr. Chairman and member, I think they have been determined by the regulator — that's Liquor and Gaming Authority — and they determine how many machines they're going to allow on these casinos.

**Mr. D'Autremont:** — So the numbers here are what's allowed or what's actually on site?

**Mr. Ahmad:** — They are allowed and in place.

**Mr. D'Autremont:** — Okay. Thank you. I'd like to direct a question to Mr. Klyne. In the 2004-2005 annual report, you list the number of slot machines and gaming tables in both Regina and Moose Jaw. How were those numbers determined?

**Mr. Klyne:** — In terms of the allowed numbers, they're established by SLGA, Saskatchewan Liquor and Gaming Authority, and we are at capacity and running with the full amount allowance.

**Mr. D'Autremont:** — So the numbers in the 2004-2005 report would reflect the number of slot machines and gaming tables actually in place in those casinos . . .

**Mr. Klyne:** — It should, yes.

**Mr. D'Autremont:** — As of March 31, 2005.

**Mr. Klyne:** — It should, yes.

**Mr. D'Autremont:** — Okay. In the auditor's report for the end of the fiscal year, March 31, 2005, it lists 780 slot machines in Regina and 33 gaming tables. Yet in the annual report for the same time period, it lists 788 slot machines and 25 gaming tables. Which numbers are right?

**Mr. Klyne:** — Mr. Chair, just a cursory answer to that, I would say the 33 is right for both properties combined, and that the 25 is for Casino Regina in regards to the table games. The total number of machines, the 780 should be correct, plus 215 at Casino Moose Jaw for a total of 995 as approved for both locations.

**Mr. D'Autremont:** — Well your annual report lists 788 in Regina for slot machines and 207 in Moose Jaw, and yet the auditor's reports say 780 slot machines in Regina and 215 in Moose Jaw.

**Mr. Klyne:** — That could be a timing issue because we're approved for 995 for both properties, so we may move those numbers. We may move those numbers, Mr. Chair, but stay within the 995 slot machines. So what we reported at one point may be different from another point of the actual or physical day of count.

**Mr. D'Autremont:** — Is your report not reflective of March 31, 2005, your annual report?

**Mr. Klyne:** — I would say it should be. But at the time of writing it, we may have received information from the director of slot machines at the point of providing that report, and that's likely what we would have used as opposed to a snapshot in time at the end of that fiscal.

**Mr. D'Autremont:** — Well is the annual report not supposed to be a snapshot in time as of March 31, 2005?

**Mr. Klyne:** — It should be, and we'd be pleased to go back and look at that and see where we did source that to get the total of 995.

**Mr. D'Autremont:** — Well if you would, please, because one assumes that these annual reports are accurate, that they reflect the actual case at point in time of March 31, 2005, and that the auditor's report reflects the same thing at the same time period of March 31, 2005. And there's a discrepancy in the numbers here. So when you have discrepancies in one set of numbers, then it brings into question the entire report. Are those numbers accurate as well?

**Mr. Klyne:** — Mr. Chair, we'd be pleased to come back with an answer to that.

**The Chair:** — Thank you.

**Mr. D'Autremont:** — Okay. Thank you. If you go to the 2006 report, those numbers are the same: 788 in Regina, 2007, and a change in the number of the tables — one table dropped from Moose Jaw, one table gained in Regina. So I understand your explanation but it's supposed to be a snapshot in time.

I also note that there was a significant change in the revenues for Saskatchewan Gaming Corporation overall — a drop of \$3 million from 2005 to 2006 and a significant reduction in revenues while there was a significant increase in expenses. What was that related to?

**Mr. Klyne:** — Mr. Chairman, the drop in revenue is in direct correlation with the smoking ban that was instituted. And our strategy on that was we felt that this was no time to pull in our horns, and we actually ramped up our marketing efforts and our customer service efforts. We did not go into kind of a reaction mode that we've seen in similar properties.

And I'll use Manitoba for instance. On the heels of the announcement that Manitoba would be introducing a non-smoking ban, the reaction of that management was to cut back significantly on the marketing side as well as the number of FTE [full-time equivalent]. And essentially they've pulled in their horns, and they augmented a downward spiral, if you will, and prolonged the negative impact of that smoking ban on a revenue side.

And we in learning from that experience — again at the expense of being repetitive — our approach to that was not to pull in our horns, to mitigate that downward spiral, and come out of it as soon as we could. And so I'm pleased to report to the committee that the downward trend that Manitoba and other properties have experienced from the non-smoking bans, ours was not as deep, and we also had a rebound sooner than others, comparatively speaking.

And so I think that the strategy was well worth the investment, and we're pleased to report today that we're well on track with an upward swing and a positive momentum of growth.

**Mr. D'Autremont:** — Was the change of the eight slot machines from Moose Jaw to Regina and the one table from Moose Jaw to Regina, what impact did that have on revenues and the bottom line?

**Mr. Klyne:** — In Regina it was probably to address the capacity needs of the property and would be to address immediate customer satisfaction. And while it was important to do that, there was probably little impact on that Casino Regina property overall. Casino Moose Jaw probably would have felt that impact. And we're trying to address some capacity needs there, but again it would have been of no material or significance in revenues one way or another. It was just purely to address capacity needs on the time.

**Mr. D'Autremont:** — So would there have been a positive or negative impact in Moose Jaw?

**Mr. Klyne:** — Mr. Chair, we would not have done anything to materially impact either property in a negative way, so I imagine it would be inconsequential. But we can pull out the correlation of time to revenues on that and provide information in that regard.

**Mr. D'Autremont:** — In a 2007 article by Neil Scott in the *Leader-Post*, you're quoted in there as saying that both casinos are approaching capacity for machines and tables but that the situation was particularly acute in Moose Jaw. Reducing the tables, the slots and the one table, did that help reduce that negative impact, or do you need to put machines back in there again?

**Mr. Klyne:** — Mr. Chair, the table game industry is very popular at this time, and in response to increased demand for poker, we had to . . . And we have a fixed amount of floor space for table games. And what we would have done is taken two regular table games out and put in one large poker table to address the demand for poker. And because we're fixed by the numbers and the space, having to put in a poker table took up a significant amount of space with the initial table that we did put in there. And so we would've had to take a table out to accommodate that, to address the poker demand. So we would've taken one out, put it in Regina to make room to have one large poker table.

Just to bring you up to date on that, we've since gone to two smaller poker tables now and so that we would've had to have taken a table out of the system to do that in Regina. So again it was to address the demand on poker. We were experiencing a significant request to have a number of table seats around for the table game of poker, and that would be why we took up so much space.

Again we are experiencing a significant demand on our capacity there, and we are working towards a master plan to address this. Table games are at capacity in Moose Jaw, and you need to have a certain number of table games in variety but as well in terms of number. And what we're experiencing is table game players coming in looking for a certain game, and when it's not

there, they leave disappointed. They don't go to a slot machine and play that game. They just leave because they came to play a table game — and not necessarily just table games — and that is something that we're experiencing on a reoccurring basis. And we need to get more floor space and look at a business case for more table games.

Slot machines is the same situation. We're very much at capacity there, and when one tour bus comes in, we're able to handle that. When two tour buses come in, that has a significant impact on the floor and the level of customer service because we simply can't accommodate two tour buses plus our regular customers. And it pushes capacity to a level of some dissatisfaction to our local players. And so again we are addressing the need to expand our gaming floor and develop a business plan for requests for additional machines and table games.

**Mr. D'Autremont:** — In the auditor's report, the auditor talks about the hold from table games. Not being an experienced gamer, I'm not familiar on how you would run a hold on a poker table because the house is not part of the game at that point as it would be like in blackjack or . . . So how do you, would you do a hold on the poker tables?

**Ms. Meredith:** — On the poker table it is not a traditional hold as you find like on a blackjack table. It's a house rake where you take a set dollar amount per table plate, is how we make our revenue on the poker tables.

**Mr. D'Autremont:** — So the house takes a percentage of each hand.

**Ms. Meredith:** — Right.

**Mr. D'Autremont:** — Okay. How do you monitor this hold for all of the table games? So the Provincial Auditor is talking about the need to set goals, what your expectations are, and how you measure that expectation and how you meet that expectation and what reasons you have for either exceeding it or falling short on it. And how do you measure that? What is your current practice?

**Mr. Klyne:** — Up until the auditor's recommendation and observation, we were looking at verbal discussions within and not documenting the same in terms of explaining the variances from actual. Since then we've resorted to a monthly variance comparing actual and budgeted and the revenues, including actual and budgeted, hold percentage being created for each significant variance. The hold percentages are established somewhat on an industry competitive basis, and we certainly want to be competitive with the industry and follow that hold percentage in terms of the rake, if you will.

**Mr. D'Autremont:** — When you establish that hold, is that based on days of operation, simply the kind of table it is, the hours of operation? How is that established?

**Mr. Klyne:** — All table games and the varying games there, in terms of baccarat or blackjack or roulette, they all have their different measurings and variances — when we'll open them, when we'll close them, when we'll put on two. And again it's all in anticipation of guest demand and certainly looking to

maximize revenues and also minimize the costs of labour around those.

**Mr. D'Autremont:** — When you put your new, large poker table in, you obviously had some expectations of what kind of revenues that would generate for the casino. It's a draw for the customers, but obviously you were expecting to make a return on it. That return, is it based on the number of days that you would operate that table? Or is it based on the number of hours in each day that it's operating? So if it doesn't operate on Saturday and Sunday, let's say, well that's two out of seven days of the week, so you can't include those days in there. So your hold, is it based on a month, a week, or a daily or an hourly operation?

**Mr. Klyne:** — The hold? Or the decision to keep them open?

**Mr. D'Autremont:** — No, the hold.

**Mr. Klyne:** — That's reported monthly.

**Ms. Meredith:** — It's budgeted monthly. And it's based on what their budgeted hours at the table opening would be as well as in what they do in poker, for example, because it isn't a house hold percentage. They would try to estimate the dollars in play as well too — so the hours and then the dollars in play.

On a blackjack would be a different way. They'd look at the table opening hours. But then you also look at the hold percentage. And as Marty had said, most of those are relatively set by industry, based on house advantage as well your rules of play.

**Mr. D'Autremont:** — Well you would obviously have a different hold on a \$2 table versus a \$10 table on blackjack because you're going to be having different values going through there. So one would hope that at least you had a different hold value on those rather than simply a hold on the table, regardless of whether you were playing a \$2 table or a \$10 table.

**Ms. Meredith:** — It should be roughly about the same hold percentage. But the actual absolute dollars taken off there for revenue, yes, would be very different.

**Mr. D'Autremont:** — I'm thinking actual dollars, not percentages. So on the poker table though, do you estimate . . . You say you do your estimate based on the month, based on an hours of operation. So how do you determine then what that hold for the month would be so that you know whether you've met that expectation or fallen short or exceeded it by a significant amount? How do you make that evaluation? Do you have to know ahead of time what is happening for that month, what kind of specials or promotional items you may have going on on the poker table?

**Mr. Klyne:** — The opening and closing of tables is based on predicted demand. And certainly we want to, we have to be cognizant of the labour costs involved in having a table open. And so we try to anticipate when the demand will be for table games, and we would staff them up accordingly.

We do run promotions around varying table games. If we're

hosting one of our large poker tournaments, certainly we'll have more table games, poker tables open at that time to accommodate the number of table players that would be in the house. Not just for the tournament but just because of the interest of the tournament, we know that will have to get staffed up.

And as well, our poker players or table game players are pretty much accustomed to the set games in terms of when we open them. They don't all open at the same time. Poker room opens at one hour versus the craps table will open at another hour, and the other tables are open at earlier hours. And again the hours of operation for the table games . . . and then when they are open are all again based on trying to predict the need and demand so that we don't have guests waiting to play or no tables open. And if we would see that some guests are queuing up and we don't have a table open, we'll try to address that as quickly as we can.

**Mr. D'Autremont:** — Well the Provincial Auditor's recommendation is that the corporation document the explanation and differences between the actuals and planned revenues on the game tables. So are you meeting that recommendation now?

**Mr. Klyne:** — Yes, we are. And we agreed with the observation because largely it was a lot of internal discussions taking place and some planned openings and closings of tables and bringing them online. And since then we have adopted a reporting process, looking at it monthly and also discussing and documenting variations between actual and budget.

**Mr. D'Autremont:** — Who would this report go to?

**Mr. Klyne:** — It would go from the director of table games to the VP [vice-president] of marketing. And then it's provided in a monthly report in terms of documenting variances, and we actually discuss all table games and the performance of them.

**Mr. D'Autremont:** — To the Provincial Auditor: in reporting these variances and the reasons for them, when you made the recommendation that these should be documented, who should that documentation, in your opinion, go to?

**Mr. Ahmad:** — Mr. Chairman, member, I think that goes to the executive committee as they have, the operating committee. And then from then on to the board if the variance is significant.

**Mr. D'Autremont:** — And in your view what would be a significant variance?

**Mr. Ahmad:** — That's the decision for the board to make, what they see as significant, who will say that if it's way out of whack from what they were expecting and what they are actually getting, they should have some reason explained. I will say probably 10 per cent in my mind.

**Mr. D'Autremont:** — Okay. Thank you. Mr. Klyne, are these variances or the actuals and the planned revenues, the actuals and any variances, you say they're reported to the director of financing, to the vice-president of finance. Are they reported to the board as well?

**Mr. Klyne:** — They are reported monthly to finance and audit

committee and then the finance and audit committee makes recommendations or presents them to the board of directors — again, monthly.

**Mr. D'Autremont:** — Has the board made any decision as to what would be a significant variance?

**Mr. Klyne:** — In terms of definition, the board has not prescribed a defined significant variance. And we report on all of the variances. And in terms of discussion, we'll note, if there's something that we think the board should be made aware of in terms of any significance, we'll so provide the information.

**Mr. D'Autremont:** — When you make a note of it for the board, what level of variance do you start to indicate to the board that there is an issue here to be looked at?

**Mr. Klyne:** — Largely it would be based on if we think it's out of trend or we think that it's peculiar to the operation, we would make the board aware that we are looking at it. If it looks like it's something that is not peculiar to any expectation or that requires us to delve into it further, we probably would not make a note of it to the board if we were satisfied that it was an anomaly that we know has been addressed.

**Mr. D'Autremont:** — At what level though do you make that determination that there is a variance of significance that needs to be addressed? So in your own mind or whomever is making that determination, is it a 2 per cent variance, a 5 per cent variance, a 10 per cent variance? What level would trigger a question?

**Mr. Klyne:** — Again I think there is no, on that, with regards to this question, there is no prescribed set limit of whether it's \$2,000 or 2 per cent. Because we go through such a rigorous reporting on the financial side of things where we are addressing significant revenue numbers monthly and expense numbers and if there are some variations, we would want to explain those to the audit and finance committee and the board. If they're immaterial and have no significant impact and particularly there's no negative or significant impact on the net profit on a monthly basis, we would not be inclined to report that if it's immaterial.

But again in terms of an absolute dollar amount or an absolute percentage amount, there is no prescribed amounts that we would be reporting on. Largely there is no minimum amount. And again if we thought it was peculiar to the operation or out of trend or otherwise, we would certainly want to bring that to the attention of the audit and finance committee.

And one of the things that we are recently looking at and adopting is on the hold percentage with regards to table games. We would look at them on very short windows and we're now looking, continue to look at them on a short window, monthly. But we're wanting to track now longer-term trends to pick up the, look at the volatility and seasonality of hold percentages, which can be volatile.

And when you're looking at the small snapshots monthly, you don't always pick those trends or seasonalities up. And so now we're reverting to, in addition to looking at the monthly — and

this is a recent process — is looking at longer-term trends to see if we can, and trailing tracking to make sure that we can pick up the anomalies to see if indeed there is something out of peculiar, whether it goes against a trend or is going against a seasonality of a hold percentage.

**Mr. D'Autremont:** — Well it seems that you're allowing things though to be . . . You're basing it intuitively on what you feel is maybe a variance worthy of investigation and that you don't have any firm guidelines as to when a variance should be actually noted and brought to the board's attention; that some individual is doing this intuitively — you know, I feel that this is a significant change or a change worthy of note.

Who would be in the position of making that decision to include a note in the report to the board of directors that this is a variance worthy of consideration?

**Mr. Klyne:** — From the initial report that would be conducted by the director of table games, that would then be brought through the VP of finance, but would be brought through to the executive team which then would be in a position where they could respond to something in terms of . . . All the reports are there. They could request at any time some discussion or analysis about any variance on any game because the numbers do come to them.

And we do get at the executive level the discussion monthly on all games, whether it's baccarat or craps or blackjack. And at that time they have, the executive has the opportunity to discuss and request any further information.

The report is compiled for a monthly basis to the audit and finance committee. They too can ask for additional information, and we would certainly comply as management. And then that report, not requiring any further analysis, would go on to the board, being recommended by the audit and finance committee..

The volatility of hold percentages again is something that we monitor. We try to always meet performance and I'm pleased to report to the Chair that today we are ahead of budget. Last year we were ahead of budget. And we're trending upwards and it looks like we'll continue on a trajectory or rate of travel that we will continue to exceed budget. So we're always trying to tweak and fine-tune the performance of these things. And we look at table games overall, and overall we are meeting and exceeding budget.

**Mr. D'Autremont:** — Okay. Thank you. To the Provincial Auditor: in the chapter 14, you state that Saskatchewan Gaming Corporation was not always in compliance with its policies and that employees did not always follow those policies. What kind of examples do you have of where employees were failing to follow the proper policies?

**Mr. Ahmad:** — Mr. Chairman, there was a couple of things we noticed. There was budgeting policy they were not following. And the policy requires that when you purchase goods and services exceeding \$5,000, you have to seek proposals. And we saw there was not documented evidence of what went out, what came back, although we were told that there was some discussion. But there was no documentary evidence that we saw. That was one thing.



And then we also saw there was a delegation of authority issue with, as we say in the chapter, the president signed some cheques and contracts which he was not supposed to do that. Oh, he was supposed to do that but somebody else signed it on his behalf. So those were the couple of things we noticed.

And of course there was the code of conduct and performance evaluation, as management informed you, that they have still ongoing.

**Mr. D'Autremont:** — A couple of the items that the Provincial Auditor has reported was the purchase of a shuttle bus for \$180,000 that was not done with the proper written proposals, requests for proposals, as well as the \$8.1 million to replace the slot machine computer system. Why did this happen? Why were the proper policies not followed in these two particular cases?

**Mr. Klyne:** — This recommendation as far as the policies, the policies regarding purchasing limits were followed. The cheque signing policy was not followed versus the payment not approved, as stated in the management letter. The cheque signing process is not a preventative control. By the time the cheque is signed, the goods and services have been ordered and received.

With regards to the purchasing and the two items, one being the shuttle bus and the other one being the financing, on the shuttle bus we did a search in Canada looking for any Canadian suppliers or distributors of shuttle buses and vans. We were only able to find two of them and from there we asked the two suppliers to provide us with pricing. And it was determined on the information that was brought back from the two suppliers that the Saskatchewan supplier provided the better price and was selected as the vendor for the bus.

With regards to the financing, the Gaming Corporation did contact two vendors who did submit written rates and terms for the loan, and the bank — our current bank and lender — offered the best rates and terms in a comparison of the two proposals. And a recommendation was presented to the finance and audit committee and the board, recommending that we accept the proposal and pricing from our existing bank.

As far as in response to the recommendation, we agree, and methods of procurement policy will be reviewed and revised where appropriate. And indeed we did do that and that went to executive in January 2006 and on to the finance and audit committee in February 2006.

**Mr. D'Autremont:** — So that has been corrected and will now be dealt with properly?

**Mr. Klyne:** — Yes.

**Mr. D'Autremont:** — Okay. Thank you.

**The Chair:** — I think as the Chair I'm just going to interject. I want to remind members we have about 10 minutes left if we're going to stay on time, so just for those of you who have questions, if you'd let me know. Thank you. Mr. D'Autremont.

**Mr. D'Autremont:** — Okay. Thank you. As the Provincial

Auditor pointed out, the employee performance evaluations were not being kept up in a timely manner for employees that were already employees, not for new employees. In the 2005 annual report, 61 per cent did not have this performance evaluation included in their files. In the 2006 annual report, you have improved — it's now 60 per cent do not have the evaluation forms in their employee files. So it's a 1 per cent change. It seems that's been going on now for two years. What steps are you taking to correct this situation?

**Mr. Klyne:** — We have developed a quarterly performance evaluation checklist for in-scope employees, and those are being conducted on a regular basis. That information, on a quarterly basis, is used to have discussions on a go-forward and constructive basis with employees and also serves as a lot of the information will go into the final or annual performance evaluation. We've closed the gap significantly on the in-scope employees and we continue to make progress on the out-of-scope performance evaluations.

The recommendation made by the auditor was accepted and we agreed. And we, along with trying to make some strides in the interim of having a more full, comprehensive HR plan come out, we have been making progress in terms of closing that gap. And I believe that with filling a little bit of the . . . We're missing two key people in our HR department. Filling those two plus continuing to work on performance evaluation and performance management, our organization . . . which is largely a work-in-progress, we do make some forward progress on that front.

**Mr. D'Autremont:** — Do you think it's appropriate though that it take two, perhaps three years to — after being notified that this has been a problem — to get it corrected?

**Mr. Klyne:** — I certainly do not endorse that. At the same time I recognize that with 1,000 employees and making sure that we have first of all a full understanding as an organization why it's important to do this — and not just for the sake of doing it, but why do we need to do this — and ensuring that we do it in a meaningful basis, a regular basis, and that it's done on a constructive basis to continue to advance and develop our people to make sure that we're going to meet the current and future needs of the organization, I'd probably be the first one to suggest that we can't simply flick a switch and it will just happen.

It's more important, I believe, and our approach to this is make sure we do it in a methodical and purposeful way, and more importantly, a meaningful way so that when a performance appraisal and evaluation is taking place with an employee it's not simply being done as kind of a check, check, check, well thank you very much, next. We want to make sure that they're meaningful for employees in regards of wanting to make sure we have engaged employees but also making sure that they feel that they've had a meaningful evaluation.

And then we're also looking at ways for advancement opportunities or fulfilling aspirations in terms of coming up with a development plan. So it's something that is, I would say, a work in progress. We're getting much better at it.

We would submit for information that we have a number of

employees which are in supervisory or management positions that have been very successful and come up through the ranks. And I would have to say that we are now getting better at equipping these people with some supervisory, management, and leadership skills and training so that when they're conducting performance evaluations, they're doing them with a sense of purpose and — if you will — some passion and that it's a beneficial process for both the supervisor conducting the interview, appraisal, and evaluation, and also for the employee that's receiving the evaluation.

**Mr. D'Autremont:** — Thank you. The Provincial Auditor also talks about the need to ensure that the employees understand the code of conduct desired by the corporation, and would this not be an appropriate time as well — during that evaluation period — to reinforce what the code of conduct, the expectation is of the employees for the corporation and how they deal both with the resources of the corporation and the customers of the corporation?

**Mr. Klyne:** — That is the appropriate and intended time. And prior to the new process, they were to be done at the same time but two separate documents if you will. We've now incorporated them into the same document, and that is part of the process — the same process, if you will, as opposed to being two pieces brought together.

**Mr. D'Autremont:** — In the chapter 9, the 2006 report, one of the concerns that the Provincial Auditor talks about is the necessity to ensure that the corporation receives and correctly reports all slot machine revenues. What are you doing to ensure that that occurs?

**Mr. Klyne:** — With regards to the slot analysis point, we did agree with that, and that has now been completed. And in the future the Gaming Corporation will ensure that these things are brought forward on a monthly basis or prepared on a monthly basis and that the slot performance for both properties are reviewed by the executive committee. And this includes a comparison of actuals to the budget forecast numbers with explanations for variances as well as other performance indicators. That action is now being taken.

**Mr. D'Autremont:** — Okay. Thank you. And I believe either yourselves or the Provincial Auditor said that you now have an IT plan in place that is going to the board for approval.

**Mr. Klyne:** — It has been approved by the board.

**Mr. D'Autremont:** — So is it being implemented then currently?

**Mr. Klyne:** — Yes.

**Mr. D'Autremont:** — Okay. Thank you. I know the chairman is probably getting nervous so . . .

**The Chair:** — The chairman doesn't get nervous. The chairman just watches the clock. Are there any other members that want to ask questions of Mr. Klyne or his colleagues? Mr. Chisholm.

**Mr. Chisholm:** — I just have a couple real quick ones. I'm not

involved in the gaming business at all, and I'm just wondering, on the poker thing, how does it actually work that the casino receives its fair rent or whatever? I don't understand it. It looked to me like people were playing against each other and with that money. I just don't understand how that worked.

**Mr. Klyne:** — There will be . . . we take a rake as it's called or a percentage of the pot, and so the money that's on the table, we will take a percentage of that. And so we hope that there's lots of money on the table when we take our percentage.

**The Chair:** — If there was \$1,000 in the pot, how much percentage would you take?

**Mr. Klyne:** — It's in the couple percentage.

**The Chair:** — That's it? Any other questions? Just following up on Mr. D'Autremont's question with regards to the employee files that do not include completed performance evaluations, which was nearly 60 per cent, what is the percentage to the best of your knowledge today?

**Mr. Klyne:** — I don't have that readily available, other than I know we've made significant strides, and I'd be pleased to bring back that number to you, Mr. Chair.

**The Chair:** — If you would bring that back to the committee, I think it's always good for us to have a clear picture of what the progress actually is. And then on page 277 of the same report, it said that you had not completed all the established procedures to monitor slot machine revenue, and as a result you couldn't determine if there had been any loss of slot machine revenue during the year. I suppose that could be through miscalculation or theft, either way. Is that now totally corrected, or is it in progress, the corrections in progress?

**Mr. Klyne:** — It is fully implemented now, and we were in a bit of a transition between systems where it wasn't accurate . . . or I shouldn't say accurate, but they fulfilled reporting on that which has now been since corrected after the transition.

**The Chair:** — All right thank you very much Mr. Klyne, I don't see any other members wanting to ask questions.

I think I misinformed the committee saying that we had to deal with three recommendations, that the six had been dealt with previously. It's the other way around. We have six recommendations to deal with out of the 2006 report volume 3.

The first recommendation by the Provincial Auditor is on page 275. The auditor states:

We recommend that the Saskatchewan Gaming Corporation comply with approved policies relating to employees' performance evaluations, code of conduct, and marketing promotions.

Is there a motion? Ms. Crofford.

**Ms. Crofford:** — I'll move that the committee concur and note progress.

**The Chair:** — A motion to concur and note progress. Is there

discussion of the motion? Seeing none, we'll call the question. All in favour? That is carried.

By the way, I should mention we have received a substitution notice at the meeting that Mr. Prebble has now substituted for Mr. Borgerson. So I just want to inform all members that Mr. Prebble is a voting member — I believe it will be for both today and tomorrow.

**Mr. Prebble:** — That's correct.

**The Chair:** — So we welcome you to the committee and welcome you to participate.

**Mr. Prebble:** — Thank you.

**The Chair:** — That was carried unanimously.

The second recommendation is on page 276. The recommendation reads:

We recommend that the Saskatchewan Gaming Corporation improve its human resources plan by prioritizing its key human resource risks, analyzing human resource gaps, and setting out plans to address human resource gaps.

Is there a motion? Ms. Crofford.

**Ms. Crofford:** — Again I'll move that the committee concur and note progress.

**The Chair:** — Again a motion to concur and note progress, is there discussion of the motion? Seeing none, we call the question. All in favour? Again that's carried unanimously.

Recommendation no. 3 on page 277:

We recommend that the Saskatchewan Gaming Corporation promptly establish and communicate revised rules and procedures when it makes changes to its systems.

Is there a motion? Ms. Crofford.

**Ms. Crofford:** — I move to concur and note progress.

**The Chair:** — Again a motion to concur and note progress, is there a discussion of the motion? Seeing none, we call the question. All in favour? Again that's carried unanimously.

Recommendation no. 4 on page 279:

We recommend that the Saskatchewan Gaming Corporation provide complete and accurate reports on the project's progress to senior management and the Board of Directors.

Is there a motion? Again, Ms. Crofford.

**Ms. Crofford:** — Again to concur and note considerable progress.

**The Chair:** — Okay. A motion to concur and note progress, is

that good enough?

**Ms. Crofford:** — Okay. We'll stick with that.

**The Chair:** — All right. Otherwise we could start fighting over . . .

**Ms. Crofford:** — A little bit of bargaining.

**The Chair:** — We'll start fighting over degrees which I don't think would be beneficial in the long run. Is there discussion of the motion? Seeing none, all in favour? Carried unanimously.

Recommendation no. 5, same page:

We recommend that the Saskatchewan Gaming Corporation establish a process to monitor and track how well it achieved the benefits it set out for the project.

Is there a motion? Ms. Crofford.

**Ms. Crofford:** — With more caution, Mr. Chair, to concur and note progress.

**The Chair:** — All right, thank you. A motion to concur and note progress, is there discussion of the motion? Seeing none, we call the question. All in favour? Carried unanimously.

And the final recommendation is on the top of page 280. It reads:

We recommend that the Saskatchewan Gaming Corporation establish a process to document the results of testing of new systems and to track and document the follow up of all risks before systems become operational.

Again is there a motion?

**Ms. Crofford:** — I'll try it again, Mr. Chair.

**The Chair:** — Ms. Crofford.

**Ms. Crofford:** — To concur and note considerable progress.

**The Chair:** — Again a motion to concur and note progress, is there discussion of the motion?

**Ms. Crofford:** — I'll go with the Chair's interpretation.

**The Chair:** — All right. Thank you. Seeing no one wanting to speak to the motion, all in favour? Again carried unanimously.

Thank you, colleagues, and thank you, Mr. Ahmad, and thank you, Mr. Klyne, and your officials, for appearing before our committee. It was informative. I think most of the questions were answered, and we wish you well in your future endeavours. We will now just take a very short recess while these witnesses depart and a new set of witnesses appear before our committee. Thank you very much.

**Mr. Klyne:** — Thank you, Mr. Chair.

[The committee recessed for a period of time.]

### Public Hearing: First Nations and Métis Relations

**The Chair:** — All right ladies and gentlemen, we will resume our deliberations. We are now on item no. 2 on our agenda which is First Nations and Métis Relations, chapter 5 of the 2007 report volume 1, by the Provincial Auditor. I would just bring to the attention of members and also the deputy minister that we have received from Minister Sonntag a document updating the payee list that was tabled on May 14 in the Clarence Campeau Development Fund report. So members should have the revised and latest numbers there, just for the information of everyone at the table.

This morning we will have representing the department, Deputy Minister Richard Gladue. And in a few minutes we would like you to also introduce your colleagues, if you would, and also respond to the auditor's summary of chapter 5 which we would ask occur right now. We have Ms. Judy Ferguson with us from the Provincial Auditor's office, and she's prepared to give us that summary. Thank you.

**Ms. Ferguson:** — Good morning. Thank you, Mr. Chair, committee members and officials. I have with me today actually Jane Knox who led the work reported in this chapter. This chapter includes the results of the audit of the Métis Development Fund for the year ended December 31, 2006. The department has oversight responsibility for this fund. We conclude that for the year ending December 31, 2006, the fund had reliable financial statements and adequate processes to safeguard resources and complied with governing authorities.

The rest of the chapter reports on the status of recommendations related to the Aboriginal employment development program. We made these recommendations early in 2003. In 2003 we found that the department had weak processes to measure participation of Aboriginal people in the provincial workforce. We recommend that the department collect more consistent and reliable information and report to the public its progress towards achieving the results it set for the Aboriginal participation in the workforce.

We are very pleased to report the department has implemented these recommendations. It has improved its processes so that its information is now more consistent and reliable. Although it does not publish its targets, it now better reports its progress. For example it now reports in its annual report and on its website trends in the number of Aboriginal people employed by its partner agencies.

That actually concludes my presentation, and we'd be pleased to respond to questions. Thank you.

**The Chair:** — All right. Thank you, Ms. Ferguson. And again welcome, Mr. Gladue, and the floor is yours.

**Mr. Gladue:** — Thank you, Mr. Chair, and good morning to everyone. And just a quick introduction of the people that's with me, my staff. I have John Reid who is my acting deputy, assistant deputy minister to my right; and Laurier Donais who's the director of finance and accountability and corporate services for my department. Also in attendance are my officials: Seonaid MacPherson, executive director of strategic initiatives; Kerry Gray, director of gaming and trusts; Doreen Bradshaw, director

of our Aboriginal employment development program; Trisha Delormier-Hill, executive director of lands and resources; and my executive assistant, Jennifer Brass, to my office.

So good morning. In short, the department just appeared before Public Accounts in April, and therefore I will keep my opening comments very brief. Again First Nations and Métis Relations main initiatives include policy and Aboriginal relations; land and resources; negotiations, for example on TLEs [treaty land entitlement] and administration of existing agreements; administration of the 2002 gaming framework agreement and related funding; Aboriginal employment development program; First Nations and Métis economic development program; establishing the process of First Nations and Métis consultation.

In terms of the Provincial Auditor's 2007 report volume 1, I would like to make the following points. We are pleased that the Provincial Auditor has audited the Clarence Campeau Development Fund, and the results of that audit were clean audit opinions with no recommendations for follow-up. We believe that the CCDF [Clarence Campeau Development Fund] is a well-managed fund that is providing an important service not only to Métis people but all of Saskatchewan.

On the AEDP [Aboriginal employment development program] recommendations, we are pleased to see that the Provincial Auditor has recognized our efforts to comply with previous recommendations. Specifically we will continue to strive to provide consistent and reliable information to evaluate progress towards increased participation of Aboriginal people in the provincial workforce, and we will continue to report this progress through our annual report and website publications.

In summary, First Nations and Métis Relations takes its duty to manage and protect public money very seriously, and we value the work done by the Provincial Auditor and the relationship we have with the auditor's office. With that we would be pleased to answer questions of the committee. Thank you.

**The Chair:** — Thank you again, Mr. Gladue. Just before I open the floor for questions, could you just very briefly tell us what the Clarence Campeau Development Fund is used for and what requirements there are to spend the money allocated. I see that you have revenue of 2.5 million, but expenses of only 1 million and net assets of 14.5 million. Are there certain parameters that that fund must remain within? And just very briefly, what are those funds used for?

**Mr. Gladue:** — I think in terms of just the Clarence Campeau Development, we have a good and very important working relationship with that fund. And they provide loan and equity programs for business proposals which contribute a lot to the economy of Saskatchewan.

Part of that is they use . . . start-up businesses, start-up purchases for new businesses, purchase of existing businesses, or business expansion or renovation that is required. And obviously they support and also administer a portion of our economic development program which is basically used for that purpose.

And they're also a fund that contributes a lot in terms of supporting Métis businesses in the province of Saskatchewan. I

think Laurier will want to add a little more comments.

**Mr. Donais:** — Yes. I'm not sure how much more that we can add. Our department is responsible for . . . Well actually there's two ex officio board members that sit on the board of the Clarence Campeau Development Fund. One is from our department, and one is from the Department of Industry and Resources. And Industry and Resources really is the department that's responsible for the operational agreement of the funding. Our department provides the funding to the Clarence Campeau Development Fund, and then we get involved in terms of tabling of the annual report and that so . . .

**The Chair:** — So does the 2.5 million come entirely from the General Revenue Fund?

**Mr. Donais:** — Actually it's 2 million, I believe, that comes from the General Revenue Fund under the gaming umbrella, I guess.

**The Chair:** — Okay. And the other .5 million?

**Mr. Donais:** — I think the other .5 million is probably through contracts or like, for instance, we do have — as my deputy mentioned — we do have our contract with the Clarence Campeau Development Fund regarding our economic development program. And so they sort of take care of that side of it and so we flow, we flow that half a million dollars directly from our department to recipients. But the Clarence Campeau Development Fund puts forward proposals to our department for consideration.

**The Chair:** — So this is a bit like a venture capital fund with some other economic development components in there.

**Mr. Donais:** — Right.

**The Chair:** — Are there requirements that you spend a certain amount every year, or could you spend nothing if you felt that there was no projects that warranted funding? Like are there any constraints around how much or how little you can flow through the fund?

**Mr. Donais:** — Yes. Not to my knowledge, there's no requirements. And in fact, I think in early years, the fund, they didn't spend, they didn't invest a lot of the money. I think they wanted to make sure that they had their own internal processes in place and a good application program before they started flowing funds out.

**The Chair:** — So is it considered then a good, the right amount of net assets at 14.5 million? Is that considered high and do you expect that to be reduced over the, you know, the upcoming years?

**Mr. Donais:** — Well I guess, I mean the net assets, I guess, would depend on the quality of the investments that they actually invest in and, you know, I would expect that that would grow, you know, into the future, especially because they would continue to get funding — the \$2 million in funding — from the gaming agreements.

**The Chair:** — Okay. I just wanted that general outline. I'll

open the floor to questions. Mr. Cheveldayoff.

**Mr. Cheveldayoff:** — Thank you, Mr. Chair. I have a number of questions regarding the Métis Development Fund, the Clarence Campeau Fund, along the same lines as the Chair. I want to begin by welcoming Mr. Gladue and his officials. It's good to see you again in a short period of time at Public Accounts. Yes, the Clarence Campeau Fund, or the Métis Development Fund, \$14.5 million in assets. Can we get a listing of the assets of the fund from you?

**Mr. Reid:** — I have the annual report here that I can certainly leave with the committee if need be. It has a detailed breakdown of the cumulative funding approval report that breaks down the type of funding, also by year and amount. That answers all your questions, I believe.

**Mr. Cheveldayoff:** — That would be good if you could provide us with a copy of that. That would be very good. The \$2 million that the fund receives every year, it comes from the gaming corporation Act, as mentioned earlier. Can you outline the reasoning, like why \$2 million? Why was that number determined? And again, is that the appropriate number in that it seems that a large amount of the contribution is going to increase the assets and not increase the activity necessarily?

**Mr. Gladue:** — Yes. I think in terms of just the amount, it was negotiated at the time and it was legislated and it still hasn't changed in terms of that fixed amount. So that amount is fixed.

**Mr. Cheveldayoff:** — Okay. And is that the appropriate amount? It hasn't been changed I guess, but I just see, relative to the amount of the contribution, the increase in activity hasn't been there from what I can see. So is that in effect too much money that's going into the fund?

**Mr. Gladue:** — Well I think the MNS [Métis Nation of Saskatchewan] or the board hasn't come forward and indicated in a clear way whether there's more money or less money required.

At that time when those type of requests possibly could come forward — and maybe not — I leave that to that particular mechanism to be able to move that forward. And then if there is an increase or a decrease — obviously, I would expect that they would want an increase if that is the case — and legislation would have to change to deal with that request.

**Mr. Cheveldayoff:** — Thank you. Just concerning when we look at the statement of revenue, expenditures, and net assets that revenues exceeded expenditures by 1.2 million in '05, 1.475 in '06. And the budget estimates \$1.7 million in excess revenue over expenditures. On a \$2 million contribution, I just see that as somewhat excessive.

Also in 2006, the fund received \$2.051 million. What was the additional \$51,000 for?

**Mr. Gladue:** — The 2 million is for revenue received from the gaming agreement. The 51,000 is for the contract that they get to administer their portion of the economic development fund that is allocated to the Clarence Campeau Development Fund, to do the due diligence to administer our ec dev program

through our department. The other percentage goes to the Saskatchewan Indian Equity Foundation.

**Mr. Cheveldayoff:** — Okay, thank you. It's just then, the budgeted amount reverts back to \$2 million for what the anticipated budget is.

**Mr. Gladue:** — Yes.

**Mr. Cheveldayoff:** — So it just seems to flip up there and then come down. Can you tell us how many loans and what amount of money was given out this year, both repayable and non-repayable loans?

**Mr. Reid:** — Now I'm looking at the, again, the annual report here. And again I'm looking at the breakout and they show an amount of 2.6 million is the amount for . . . Total. Sorry, that was the total amount. Let me see here. Oh. I think the 2006 . . . Sorry, I've got . . . 54 is the number of initiatives and the total amount being 2.7 million.

**Mr. Cheveldayoff:** — Does it break it down between repayable and non-repayable?

**Mr. Reid:** — Oh, sorry. Let me break down the two different types of monies being spent. The one is, the first type, if you will, as I call it, the community business development program that my deputy referred to earlier. Last year the amount in that was quite small. It was \$36,000 for one application. Most of it is in the form of the loan equity contribution program. That's where most of the activity occurs. And in 2006 there was 2.7 million, as I indicated earlier, creating 144 jobs involving 54 applications or businesses, rather, and the total leveraged, involving funding from other sources, was 8.5 million.

Again it's that loan equity which is by far the largest portion of their activity. And again I'll be leaving this with the committee after. It breaks this all out . . .

**Mr. Cheveldayoff:** — Okay. Thank you.

**Mr. Reid:** — By year and everything.

**Mr. Cheveldayoff:** — All right. Of the businesses that have received money from this program, have any of them been asked to repay the money because they immediately sold their business after receiving the loan?

**Mr. Reid:** — I'd have to check further with them to get that information for you. I don't have that before me.

**Mr. Cheveldayoff:** — Okay. You'll undertake to get us that information in written form later on?

**Mr. Gladue:** — Yes.

**Mr. Cheveldayoff:** — Okay. Thank you.

Again it may be listed there, but how much money was given out under the development of management and marketing skills program and to how many companies?

**Mr. Reid:** — That was called the MSD [management and

marketing skills development program] program, and that last year was quite small — 11,829 just for two of them.

**Mr. Cheveldayoff:** — That was for two companies?

**Mr. Reid:** — Yes. They were quite small.

**Mr. Cheveldayoff:** — And how much under the business plan assistance program?

**Mr. Reid:** — That would be, under that program — that was for 2006 — 46 for a total of 130,353.

**Mr. Cheveldayoff:** — So 46 different entities?

**Mr. Reid:** — That's correct.

**Mr. Cheveldayoff:** — Okay.

**Mr. Reid:** — For 130,353. So if you look at the cumulative total, members of the committee, over all years, you're looking at 16.1 million, and the amount's been disbursed in total from 1998 to the present, 2006. Again I find this one table that they've got in the report quite useful in sort of summarizing all the questions you've asked by year and by type and by jobs created and leverage.

**Mr. Cheveldayoff:** — Okay. And the support for the aftercare program, well can you outline that for us as well?

**Mr. Reid:** — Yes, that's all included in the BP [business plans] program. Again that BP again was 46 businesses, involved \$130,353.

**Mr. Cheveldayoff:** — So the aftercare program is part of the business plan assistance program?

**Mr. Reid:** — That's my understanding.

**Mr. Cheveldayoff:** — Okay. Thank you. Can you tell us how many arrears were written off last year?

**Mr. Reid:** — Let me read again from their statement from 2006 in terms of other expenditures: non-payable contributions to community projects, 217,953; and defaulted contributions receivable, 86,464; additional provisions for contributions under receivable losses, 165,000. So other expenditures of this type, 469,799. So it's very small in proportion to the total amount of revenues and expenditures.

**Mr. Cheveldayoff:** — In looking at the investments there's a long-term investment of 286,000 against the land and buildings owned by the Provincial Métis Holdco Inc., and it's due to be repaid on July 1, 2007. Is there any question whether this debt will indeed be paid? Is it expected that it will be paid in full in just a matter of days?

**Mr. Reid:** — My expectation is it will be paid, but I'd have to check with them to see if there's anything . . . If I find it's contrary to that, I'll let you know.

**Mr. Cheveldayoff:** — Okay. If you could include that with the correspondence back to us. And also the shareholders of

Provincial Métis Holdco Inc., do you have that information available?

**Mr. Reid:** — I don't have it with me right now, no.

**Mr. Cheveldayoff:** — Okay. And you'll undertake to get us that as well?

**Mr. Reid:** — Yes.

**Mr. Cheveldayoff:** — Thank you. I understand that one of the holdings of the Clarence Campeau Fund is a bond, a province of Saskatchewan bond, for \$1.167 million, so \$1,167,000. I guess that my question goes back to some of my original questions. How is this increasing economic development for Métis people in Saskatchewan if we've got a bond, a Government of Saskatchewan bond for 1.167 and then we're giving additional money of \$2 million a year? Can you explain the rationale for investing in a bond like this?

**Mr. Donais:** — My suspicion on this — and we'll have to check and find out if this is in fact true — but I suspect that they put that money into that long-term investment early on in the fund because they wanted to generate some kind of return on the money instead of just having it sit in a bank account. And so now, you know, my earlier comments, now that they've got sort of their application process in place and they're receiving applications, I would expect that they would redeem that when it comes due and then use that money for investments in the future.

**Mr. Cheveldayoff:** — Thank you. You know, the point has been made that it's somewhat of a venture capital fund. And in the private sector, in the venture capital world, you know, if you're receiving 2 million and you've got a bond of 1.167, you know, I suspect there would be some criticism of that. And you know, for a short-term basis, I could see it. But if it continues in the long term, I think it would certainly raise some questions about the fund itself and the necessity of the \$2 million per year.

On a policy note, has the fund been affected in any way with the government's decision not to fund the Métis Nation of Saskatchewan after the last Métis election problems? Has that had any impact whatsoever on the fund, to the operation of the fund?

**Mr. Reid:** — No.

**Mr. Cheveldayoff:** — None to your knowledge at all?

**Mr. Reid:** — No.

**Mr. Cheveldayoff:** — Okay. Has there been any money given to the Métis Nation of Saskatchewan since the two levels of government stopped funding them two to three years ago, any money coming from the Clarence Campeau Development Fund at all?

**Mr. Gladue:** — Not that I'm aware of.

**Mr. Cheveldayoff:** — None that you're aware of. Okay. And along that line, has any money from this fund been given to

anyone elected in the last Métis election?

**Mr. Gladue:** — No, I'm not aware of that. But we can certainly follow up and check that for you.

**Mr. Cheveldayoff:** — Okay. They're important overall global questions but just to make it for sure on the record that indeed no money has transferred in that direction, I think would be important.

I also was given a copy of the payee list for the fund and it indicates that . . . Well first of all it outlines goods and services suppliers of 20,000 or more; individuals and agencies who received \$5,000 or more; or personal services, salaries, honorariums from \$2,500 or more. It indicates that Ramp Consulting was paid \$46,637 and yet the statement of revenues and expenditures states that \$1,277 was paid. Can you outline what indeed services that Ramp Consulting provided. And any type of breakdown of the \$46,000 that you could provide would be helpful.

**Mr. Gladue:** — A fair question. I will have to get back to you on that one to get the details.

**Mr. Cheveldayoff:** — Yes. I guess our questioning is going along the lines of where we would find that in the financial statements as well.

**Mr. Reid:** — It's not in the document that I have but they'd have that detail. We can get that from them, hopefully.

**Mr. Cheveldayoff:** — Okay. So you're undertaking to provide that information as soon as possible. Do you have any information on who Ramp Consulting is — the principals of Ramp Consulting?

**Mr. Gladue:** — No.

**Mr. Cheveldayoff:** — Okay, can you provide that information as well?

**Mr. Gladue:** — Yes.

**Mr. Cheveldayoff:** — Also in the financial statements it talks about transactions with related parties. It talks about \$1,830 paid to the Nipawin Local and Northern Greens Resort, a company owned by one of the fund's board members. It goes on to explain, I think it was for a summer retreat. And I'm just wondering, is this an annual expenditure or was this a one-time expenditure and . . . If you could answer that question to begin with, I guess.

**Mr. Gladue:** — No, we don't know that detail — if it's an annual or a one-time expenditure. I know it's in the notes and we can follow up the details on that one again.

**Mr. Cheveldayoff:** — Thank you. Yes. If it's a one-time expenditure, I see no problem with it, you know. It shouldn't exclude certain areas just because there's an inclusion of a board member. But if it is indeed an annual thing, I think we should see some evidence of tendering or a rotation of where the retreat is actually held.

**Mr. Gladue:** — Okay.

**Mr. Cheveldayoff:** — Well thank you very much. There's a number of questions that you've undertaken to get back to me on, so we'll look forward to receiving that information.

I want to turn now, Mr. Chair, to the Aboriginal employment development fund, if we could talk about that for a while. One of the recommendations last year and again this year by the auditor's office was to ensure that consistent and reliable information was used to evaluate the progress towards increasing participation of Aboriginal people in the workforce and informing the public of the targets. I understand that the Aboriginal employment development fund now has approximately 76 members. Is that correct?

**Mr. Reid:** — There's 77 partnerships were signed as of 2006-2007, 66 of which are active because there was some amalgamation with other partnerships.

**Mr. Cheveldayoff:** — Some amalgamations.

**Mr. Reid:** — Yes.

**Mr. Cheveldayoff:** — So it's really 56 then to be . . .

**Mr. Reid:** — No, 77 in total, but 66 are actually active.

**Mr. Cheveldayoff:** — Okay. Now what type of information do you ask these members to provide to enable you to judge the amount of Aboriginal individuals hired? What sort of establishes your baseline, if you like?

**Ms. Bradshaw:** — Good morning. In the forms that we send out to our partners March 31 of each year to obtain progress that they are making under the Aboriginal employment development program, we want to, we ask them how many hires they've had in the past year and we also ask how many are actually working with the employer at that time.

We also ask the number that are taking misconception training. That's one of the elements of the program that is very important. It looks at attitude change to develop a friendly workplace and we like to know how many have participated in that.

We also look at on-site training. We encourage our employers to work with the training institutions to focus training to their needs, so they may partner with Dumont Technical Institute or Saskatchewan Indian Institute of Technologies and work together on a training program that would fit their needs. That is the main one that we have.

We also ask them for what are their accomplishments for the year, because we work with them on a plan for the year, and so what have they achieved. So by the end of the year that we like to have that. And then we do put that on our website as well, some of the achievements that have been made by our partners.

**Mr. Cheveldayoff:** — Thank you. So this plan that you work on, do you provide goals? Or do you mutually set goals together about where you would like to see the company be in the next year?

**Ms. Bradshaw:** — We work collaboratively to develop that and . . . Now smaller employers do not do that as diligently as our larger employers do. But our larger employers do look at strategic planning so that they can look at what are the five areas that we like to work in and how their work that they're doing in each of those areas.

The five areas that we work in are building organizational commitment to the process; we look at education and training; we look at employment enhancements; and we look at economic development and also community relations. And we work together and work in all five of those areas, and what we feel there is we've got a wholesome project where we should not have any gaps at the end of the day.

**Mr. Cheveldayoff:** — Well thank you. That sounds very reassuring. Do you monitor the length of career and length of employment of First Nations versus non-First Nations individuals in the companies? Is that something that you, information that you ask for and indeed see as important to monitor?

**Ms. Bradshaw:** — Yes. We do look at full-time and part-time employment. And we're pleased to report that the majority of the employees, Aboriginal employees with an employer are now full-time employment, and we find that very exciting.

The program is looking more at sustainable employment in that where we want careers rather than boom-bust job opportunities. We want to look at where they get the necessary skills such as nursing, you know, doctors, that sort of thing. And that way we know that they're going to be there for the long term and not the short term.

**Mr. Cheveldayoff:** — Getting back to the number of partners, how many are private businesses themselves?

**Ms. Bradshaw:** — We do have a few private sector partners that we have right now. What we have done is we are encouraging to work with the chambers of commerce and that way we can get to small- and medium-sized businesses. We are a small group and to work with all business in Saskatchewan would be most difficult, and so we have found good success working with the chambers of commerce so that we can reach small business.

**Mr. Cheveldayoff:** — Do you have a number of how many private sector businesses would be in there — partners?

**Ms. Bradshaw:** — In there? Well for instance the chamber of commerce out of North Battleford would have about 300 members. That way we communicate with them and we work with them and they do a number of projects that would enhance Aboriginal employment. I think North Battleford has made some good strides in that area.

**Mr. Cheveldayoff:** — Okay. Mr. Gladue, did you have some other information there?

**Mr. Gladue:** — Well we were just looking at our numbers and in terms of the private businesses we have — the big ones — we have working on IPSCO, for example, as a large employer. We also indirectly, through the partnership with Nipawin,



obviously that chamber is looking at a whole variety of private sector pieces in that community. So we would like to see more community initiatives that are partnered with three First Nations there, and we've managed to move that forward. So we're embarking on a, sort of a regional type of, and when we look at larger partnerships, to hit the whole piece across each community.

**Mr. Cheveldayoff:** — Sure. So it sounds like one of your goals is to increase the participation of private sector businesses in this program.

**Mr. Gladue:** — It is. It is a priority of ours this coming year and obviously how we engage the private sector is very important. So we're doing some real good, I mean, due diligence on that.

**Mr. Cheveldayoff:** — Right. Can you tell me, are any of the partners Aboriginal businesses themselves?

**Mr. Gladue:** — We, in terms of just Aboriginal organizations, we have several tribal councils who have, own businesses. We have some First Nations who also own some businesses, and also some regions in terms of the Métis Nation of Saskatchewan that we have partnerships with. The way this particular program works is, I mean, obviously, you know, the challenge is to marry the supply side of labour — the Aboriginal supply side of labour — to the demand, which is the employers. And we've started to take up a lot of interest on the First Nations side, which is the supply side that has to be organized and trained to be able to marry the demand side of the whole initiative.

So I think we're embarking on that whole piece where First Nations are very much interested in looking at the AEDP program and how they can organize the supply side with the training institutions so they can have the relationship they need to do the employment side with the private sector and the public sector.

**Mr. Cheveldayoff:** — Thank you. Do you request feedback from your partners on different areas where you should be focusing — sort of reverse feedback with them — and does that help you set your corporate goals as a department?

**Ms. Bradshaw:** — Yes. I'd like to give you an example and that is, when working with our employers and with the First Nations and Métis community, what we found is . . . In economic development we encourage our employers to look at their procurement, where they buy goods and services, and where can they buy goods and services from Aboriginal people. We want to encourage that because then Aboriginal people would be providing goods and services to the provincial economy. And that's good economic development.

In doing that, what we've found is that Aboriginal people did not know what contracts those employers were embarking on so that when that RFP [request for proposal] came out they weren't aware of them. So what we need to do is get advance information out to the Aboriginal community so that those businesses can prepare themselves and be ready to compete with everybody else. And that's the work we do.

**Mr. Cheveldayoff:** — Good. Thank you. Mr. Chair, that

completes my questioning this morning.

**The Chair:** — Thank you, Mr. Cheveldayoff. Mr. Chisholm, I think you indicated you wanted to ask some questions.

**Mr. Chisholm:** — The auditor's report indicates that, as far as the measurement of the success of the Aboriginal employment development program, that as a result of delays, when your annual report is published that portion of the measurement is always a year delayed. And I'm just wondering, are you planning to try to obtain the information that you need to include that as part of the annual report or is this something that you see that cannot be accomplished?

**Mr. Gladue:** — Fair question. What we're doing is the mechanism that we're using at this point in time and we're looking at very, very seriously is how we update our website in terms of keeping that information up to date because . . . even though the annual report is behind. So there's various ways to do that. So the website is one of the pieces that we are looking at to be able to update that type of information.

**Mr. Chisholm:** — Do you anticipate in the future that that information will be available on time to be included in the annual report?

**Ms. Bradshaw:** — We are working with our employers to develop better tracking systems so that that information would be available right at March 31 rather than the delay sometimes of three or four months before they can provide some of that key information. So some of it could be available, but it's important to get the number of hires and that, and there is always that delay after March 31 to receive that information from our partners. But they are working on better tracking systems so that that would be available.

**Mr. Chisholm:** — What is the period of time from March 31 until the date of your annual report, when your annual report is actually published? Is that usually six months, a year?

**Mr. Gladue:** — Four months is what we're looking at — by July 28 of that year.

**Mr. Chisholm:** — Okay. Thank you.

**The Chair:** — Are there any other members that wish to ask questions? I want to ask a couple of questions. With regard to the Métis relations development fund, the Métis Development Fund, how is the board selected that administers that fund? I think you mentioned there's a couple of people from government departments. How large is the board and who sits on the board?

**Mr. Reid:** — The board of directors — and I'll mention who they are — is Ron Rivard, who is the Vice-Chair of the board; Mr. Philip Tinker, who is a businessman from Pinehouse; Kathy Palidwar, who is a member at large, a businesswoman from Nipawin; Geordy McCaffrey, who is ex officio — he is the executive director of the Gabriel Dumont Institute; Greg Fofonoff, who is ex officio who is the CEO [chief executive officer] of SaskNative Economic Development Corporation; and two provincial representatives which are ex officio. One is Mark LaRocque from our department; another is Hal Sanders

who is ex officio from Saskatchewan Industry and Resources. So one, two, three, four, five, six, seven members of the board.

**The Chair:** — So is that board a self-propagating board or does some body make appointments to the board?

**Mr. Reid:** — My recollection, to be clear, is that the MNS is involved in the initial appointments. And of course we know there's been those challenges, but they were involved in the initial appointment. We get to, in terms of the provincial representatives, the province picks who those two ex officio members are.

**The Chair:** — So has the board remained intact, especially the MNS?

**Mr. Reid:** — Yes it has.

**The Chair:** — It's remained intact through all of the turbulence and . . .

**Mr. Reid:** — It has, and in my view it's functioned very admirably and has conducted business with due diligence as reflected in the annual report and the auditor's statement.

**The Chair:** — So do those members then serve at the pleasure of Métis Nations? Do they have a term and would that term expire? Or is it an ongoing term as long as they are seen favourable by their appointee?

**Mr. Reid:** — We'll check into that, but I believe, unless directed otherwise, there's not a term to it, I believe. But we'll check to see if that not be the case.

**The Chair:** — Sounds a little bit loosey-goosey then. It's . . .

**Mr. Reid:** — Like I don't know if there's a limit. I don't believe there is, but we'll check.

**The Chair:** — So these members then wouldn't know how much longer they would be serving. Who would terminate them if they were to be terminated?

**Mr. Reid:** — Well I'd be, I guess . . . Of course with MNS not being functional this last while, you know, they've remained intact, and we'll have to see now with the election coming up this weekend, hopefully a new stable entity created. They'll perhaps want to look at these issues. But we'll check to see if what I said is accurate or not, just to make sure.

**The Chair:** — All right. And so really given some of the trials and tribulations facing Métis Nations, they'd basically be . . . they've pretty much unaccountable to the body that appointed them because that body really is not a functioning body right now. So that these members are a bit in limbo — not answerable to their appointee and not knowing how long their term is and there's no constitution. There's no rules and procedures that determine how they're to function, who they're to respond to, how long their term is. Is that correct?

**Mr. Reid:** — Well I think that's exactly why we're hoping for this democratic election to occur and to restore the confidence of the Métis people in Saskatchewan to elected . . .

**The Chair:** — So after the election, if it's deemed to be a properly constructed and carried out election, then would these members be answerable to the new body. Would they determine whether they would continue to serve or whether they would, you know, be given staggered terms? I just, I'm putting myself in these people's places. It's a bit tenuous, isn't it?

**Mr. Reid:** — Yes.

**Mr. Gladue:** — I guess maybe I could make some comments to that, Mr. Chair. We know that there is an election this week, and obviously, you know, the institutions . . . What we've done is managed to create a good working relationship, not only with this institution but other Métis institutions that have functioned fairly admirably through this whole process. In the end when the election is completed and there is a new executive elected, obviously some of the issues that you're asking, Mr. Chair, will obviously be part of those discussions as part of the post-election business that has to be done with the new executive.

So fair questions, and it is part of restoring the whole mechanism and relationship with the Métis Nation of Saskatchewan and with this government and also those institutions.

**The Chair:** — Thank you, Mr. Gladue. I'm just surprised that some of that wasn't nailed down prior to the disintegration of the organization. Just a second question, the Aboriginal employment development program, is that a program that is totally under the control of your department, or is there also an administrative board that's involved with that program.

**Mr. Gladue:** — No, it's underneath the department.

**The Chair:** — That's what I thought. All right, very good. Are there any other questions? Yes, sir?

**Mr. Reid:** — Just to add, I just understand from a colleague of mine, we've been told by the staff of Clarence Campeau that after this election process occurs and duly elected and things are in place, then they'll revisit the whole situation of appointees to that board and potentially some new board members will be appointed.

**The Chair:** — So that will be reviewed by the new elected body?

**Mr. Reid:** — Right.

**The Chair:** — All right, very good. Yes, that's a bit strange. Mr. Cheveldayoff, you had a . . .

**Mr. Cheveldayoff:** — Thank you, Mr. Chair. Just very quickly, would it be fair to expect an answer to those questions that I posed by the end of July, give you one month to answer those?

**Mr. Gladue:** — Oh, that's plenty enough. Thank you.

**Mr. Cheveldayoff:** — We'll expect it by then. Thank you. Thank you, Mr. Chair.

**The Chair:** — All right ladies and gentlemen, I don't see

anyone else that's wanting to ask any questions, and we have no recommendations to deal with, so that brings us to a conclusion of our review of chapter 5, First Nations and Métis Relations, of the 2007 report volume 1 by the Provincial Auditor. I want to thank you again, Mr. Gladue. We've had you two times in rapid succession. I promise you the summer off. Public Accounts will not pester you for several months, and you're free to go. I just want to do a little bit of internal business again. Thank you.

I don't think we have time before lunch to deal with the procedures manual but, Ms. Crofford, you raised the issue of the Department of Finance wanting to give us a presentation on public accounts. I thought it was a good point because it caught me a bit by surprise too; it hadn't been included on my calendar. So what was your comment?

**Ms. Crofford:** — Well just my thinking was that if this is to be of benefit to members, it would be useful to coordinate it with a meeting of Public Accounts and invite other members into a Public Accounts forum or at least when we're here, because I don't know how many people are going to drive back on Friday for a meeting. But I'm kind of saying that, as our Chair, perhaps you might look into that.

**The Chair:** — I received the notice just, I think, a couple of days ago, and I thought well this is strange, right before the July long weekend, we're suddenly . . . something that I should probably be at but wasn't planning to be at. And now I see our comptrollers here would like to intervene, and what can you tell us? Mr. Paton.

**Mr. Paton:** — Yes, Mr. Chairman, I didn't realize that this notice had gone out last week. I just got a copy of it myself. What the presentation is about is, we plan on releasing the 2006-07 public accounts this coming week on Friday. And as part of that release, there'll be a short presentation provided by the Minister of Finance during the release. We're also providing a technical session that's being provided to the media, and I think the standard procedure is whenever we provide these presentations, we offer it to all MLAs [Member of the Legislative Assembly], not just the Public Accounts Committee.

**Ms. Crofford:** — Oh so this is specific to the release. But the memo we got didn't even tell us that; you know we didn't know what it was.

**The Chair:** — It was very strange.

**Mr. Paton:** — Yes, I just got a copy of it myself, so I wasn't aware of what the content is or was, but it is the release of the public accounts for the current year. They're being released on Friday morning, and this is part of the presentation that's provided to all MLAs, not just the Public Accounts Committee members.

**The Chair:** — Thank you and . . . [inaudible] . . . Ms. Crofford.

**Ms. Crofford:** — Do we know how long it is? It doesn't tell you that either.

**Mr. Paton:** — I think it's planned for half an hour.

**Ms. Crofford:** — Okay. I may be able to attend, but typically

before I was in this role, I have not always attended those.

**The Chair:** — And, Mr. Cheveldayoff, are you able to attend? I don't think I'm able to attend.

**Mr. Cheveldayoff:** — I can certainly try I guess, but it wasn't my first . . . But coming the Friday before a long weekend from an opposition point of view . . .

**The Chair:** — Makes you wonder if it's bad news in the public accounts. This committee is actually mandated to review the public accounts. It's something we haven't done, and perhaps at some point we should determine whether for our own benefit we'd be well informed to take another stab at looking at the public accounts after they've been released. It's something we might want to talk about, Madam Vice-Chair, at some point down the road. We've pretty much limited ourselves to the fine work of our Provincial Auditor, but we are mandated to look at the public accounts as well. Mr. Paton.

**Mr. Paton:** — Mr. Chairman, just one more comment on the release of the public accounts, the government for — I'm guessing — five or six years has made a public statement that they will release the public accounts prior to August 1 of each year. And I think for the last three or four years we've released them around June 28, 29 with the co-operation of the Provincial Auditor's Office. That's about the earliest we can get them out, is the last week of June. So that's more or less the target that our two offices have is to release in the last week of June. I believe a couple of years ago they went out, I think, the second week of July, but it's usually the last week of June that we try to make them available.

**The Chair:** — So you're telling me this is not unusual and not to expect bad news in it.

**Mr. Paton:** — It's the exact same . . . It turns out I believe they were released on June 29 last year as well. The same date.

**The Chair:** — Very good, I appreciate that information. Thank you for clarifying that. All right I think we then will let members at their own discretion determine whether they'll be able to attend that announcement. We will recess for one hour and about three minutes and resume sitting at 1 o'clock this afternoon. We are recessed.

[The committee recessed for a period of time.]

### Public Hearing: Corrections and Public Safety

**The Chair:** — Well good afternoon. We will reconvene our Public Accounts Committee meeting. As you are no doubt aware, we are to the third item on our agenda for today — Corrections and Public Safety. We will be reviewing chapter 3 of the 2007 report by the Provincial Auditor. And representing the auditor's department is Kim Lowe, principal. But before we get her summation of the chapter, I'd like to welcome the assistant deputy minister, Maureen Lloyd and several of her colleagues.

In just a few minutes, we'll let you introduce your colleagues to the committee, and you can respond to the auditor's report — briefly we hope — so that committee members will have time

to ask questions. So Ms. Lowe, the floor is yours.

**Ms. Lowe:** — Thank you. Good afternoon, Mr. Chair, committee members, and government officials. I am pleased to present chapter 3, Corrections and Public Safety of volume 1 of our 2007 report, and this chapter starts on page 35 of the report.

The chapter contains five new recommendations for the committee's consideration. First the department needs to follow its policies and procedures to properly safeguard and control money held in trust for inmates and young offenders.

We make two recommendations on page 40. We recommend the department follow its policies and procedures to promptly reconcile its recorded bank balances to the bank's records, and we recommend the department segregate the duties of staff so that one staff member cannot record payments in its accounting records to suppliers, access blank cheques, and prepare bank reconciliations.

On page 40 we also note the department needs to strengthen its information technology security. We recommend that the department secure and monitor access to information technology systems and data.

On page 41, we recommend the department complete, approve, and test its business continuity plan to help ensure that it can continue to deliver its critical services in the event of a disaster.

Finally the department needs to improve its human resource plan to ensure it has the right people in the right jobs at the right time. On page 42 we recommend the department's human resource plan quantify its human resource needs, provide details on the human resource gap, and provide measurable indicators and targets for all strategies.

This concludes my presentation. We would be pleased to respond to your questions.

**The Chair:** — Thank you very much, Ms. Lowe, and again welcome to Ms. Lloyd, and would you introduce your colleagues and respond.

**Ms. Lloyd:** — Thank you, Mr. Chair. I'd like to introduce Mae Boa who is the executive director of management services; Duane McKay, director of public safety and Sask911; and behind me, Mieka Torgrimson, coordinator, provincial disaster assistance program.

I have very brief comments to make at this point and turn it back to questions. As a department, Corrections and Public Safety appreciates the work of the Provincial Auditor and have had a good working relationship with the office since the formation of the department in 2002. A number of situations have arisen for us through the auditor's report, and we've taken those very seriously, and we have actions under way in all of the areas that are within the recommendations.

**The Chair:** — Thank you. You were both extremely brief, and that's nice because it allows me to turn the floor over to members who might have questions. I see the critic for the opposition for Corrections and Public Safety, Mr. Toth. I give you the floor.

**Mr. Toth:** — Thank you, Mr. Chair, and welcome to the auditor and your staff and to department officials as we review the Corrections and Public Safety and the auditor's report.

First of all, a couple of questions to the auditor. On page 38 you did mention that the department does have certain policies and guidelines in place in dealing with funding or monies under its control. And you mentioned that the department needs to follow these guidelines.

In your review, what caused you to . . . or what was the determination that you came up with this recommendation in regards to following procedures? Was it your opinion that, while there are procedures in place, they weren't adequately followed? Is that what I'm reading into your comments here?

**Mr. Wendel:** — That would be correct, Mr. Chair. There were policies there, and the department was not following them.

**Mr. Toth:** — Thank you. So I'll direct some questions to the department. In the auditor's report, page 38, we see the comment about control of cash under the heading control of cash and bank accounts needed, where the *Financial Administration Manual* requires the department to follow certain policies and procedures for handling cash and managing bank accounts. And The Correctional Services Trust Account Regulations sets restrictions for the use of trust money and requires adequate accounting records for trust money.

And as I just indicated to the auditor and from the recommendation, they acknowledge that there are policies and procedures in place, but it's their sense that they haven't been adequately followed.

Now I believe, Ms. Lloyd, you indicated earlier that you have also read the report, and you acknowledge the fact that there are some issues that you're still working on. And if you could just expand a little bit on what the department is indeed doing to address these issues and what procedures you have put in place and when do you hope to — if you will — basically feel you have reached the point of complying with and following the rules and procedures you've put in place?

**Ms. Lloyd:** — Thank you. Yes, I think I'll refer this question over to Mae Boa, as executive director of finance and admin to answer this question.

**Ms. Boa:** — Thank you. Yes, we did review all of our policies and procedures as we currently have them in the department. We did this with a view to ensuring that our practices and policies and procedures did in fact match what is required under the *Financial Administration Manual*. And the auditor is quite correct in the observation with respect to some of our locations not following some of the policies.

We undertook to do an internal review with respect to all of our adult corrections, our young offender, and our central office locations with respect to mail handling and cash handling to ensure that we (a) had the policies and procedures documented appropriately to ensure that we were following them appropriately and to ensure that for example the bank reconciliations were done in an appropriate manner, in a timely manner. And actually that's noted in the report, page 39 as: "At

March 31, 2006, the department had properly reconciled all bank balances to the bank records.”

We also went through and reviewed job roles and responsibilities to ensure . . . for example we always had two people opening cash mail and recording it appropriately as is required. In some of our smaller locations across the province when we don't have two administrative staff available to undertake this function, we've assigned those specific tasks to youth workers or adult correction workers, probation officers, etc., because we recognize the importance of our vigilance in this area to ensure that we don't have future instances of financial irregularities.

So that review was undertaken. It was completed. We actually, when we were on site doing the reviews, amended the current practice. We documented everything. We are now in the process of developing the work plan. People will be back out in the field. I have assigned two of my staff members to go out into the field to actually review the current practice to ensure that we are in compliance.

We also — if I might just take another little minute here — we've developed a fraud awareness program in the department, and we've presented that fraud awareness program through to our senior supervisors, managers, directors, front-line staff. So we have, we believe, a fairly good program in place with respect to the ongoing awareness and education. Thank you.

**Mr. Toth:** — Thank you. You referred to page 39 where you mentioned that the auditor did acknowledge that the department had properly reconciled all bank balances to March 31, '06. However the auditor, in recognizing that, did point out the fact that through '05-06 there was a fairly wide period of time where there wasn't a lot of reconciliation, that in fact comments are the department:

. . . did not complete and review some bank reconciliations for several months. [And] Some bank reconciliations were not completed accurately as [and this is a point here] as staff did not know how to prepare the reconciliations . . .

I guess the question that I have in this regard is . . . And maybe there's even lots of individuals who take a while to sit down and go through their bank accounts . . . which probably anyone in the monetary sense would not recommend that as good, sound policy because you could certainly have your bank account being siphoned out without even being aware of it. So the fact . . . While you did by March 31 reconcile the accounts, how do you address the issue of the fact that it took that long, if you will, yet at the end of the year everything was addressed? But there was a good period of time . . . And it would seem to me that every effort should be made, even on a monthly basis, to ensure that the accounts are reconciled. And that's the one question.

Secondly, the response to staff not knowing how to prepare the reconciliations — what has been done to address that?

**Ms. Boa:** — Thank you. Yes. With respect to the reconciliations not being done in a timely manner, that is quite correct. Part of our review identified that as a gap, and we have put internal controls in place with respect to ensuring those

bank reconciliations are reviewed, and they're received and reviewed in our head office. And so we do have that control in place, and they are monitored coming in. They're reviewed for appropriate signatures and authorizations. And if in fact someone is a little late in getting them in, we actually have a process in place whereby we go back out, and we ensure that we do receive them.

Your second question had to do with the lack of familiarity with respect to the process around reconciliation, and so we did on-site training with respect to how to complete the bank reconciliations, and also that's documented in policy, so it's part of the operating manual for the desk, for the individual that is responsible.

**Mr. Toth:** — Thank you very much. I guess we'll have to wait and see until the next auditor's report to see how well you've done, but certainly I want to say we appreciate what you're endeavouring to do to address the concerns. No doubt there have been individuals within the department may have had some concerns before the auditor brought them to our attention, but I think that's appropriate.

And when I look at the fact when you have \$343,000 in 30 different bank accounts, I guess the question arises . . . And here again you mentioned earlier that you now have, whenever there is money being handled, that there are two people to verify — one can verify with the other one that indeed so many dollars were placed into the account or so many dollars were taken from the account to cover whether there's expenses or what have you. But when at the central office when you have 30 different bank accounts all flowing in, what staff component do you have to ensure that these bank accounts certainly are reconciled and are indeed up to date?

**Ms. Boa:** — We have a financial manager that's assigned to each of our program branches, and so we do have a financial manager in our young offenders branch and also in adult corrections branch. And the bank reconciliations with respect to the trust accounts and the collective accounts that do come in on a monthly basis, they're assigned the responsibility to ensure that they are received. A clerk may follow it up with respect to the program branch, but nonetheless it comes to the attention of the financial manager. The financial manager, while that individual is assigned to program branches, reports directly to me as executive director of management services.

**Mr. Toth:** — Thank you very much. So what you're saying is the accounts would come in, and the manager would then go over the accounts to ensure that indeed proper procedure's been followed, that the accounts are reconciled, and then they would report to you to confirm that that's taken place. Is that correct?

**Ms. Boa:** — That's correct.

**Mr. Toth:** — Thank you. As a result of, I believe the fourth paragraph down, it talks about in September '05, it mentions the department followed up on complaints from inmates of a correctional facility that their account balances appeared to be misstated. And from that follow-up and investigation, we were informed that \$25,000 of inmates' money was missing. At that time a staff member was terminated and the case has been referred to the RCMP [Royal Canadian Mounted Police]. That

was September '05.

We're into the end of June '07. At this point what action has been taken, if any, and were any of those funds been, were you able to recoup any of those funds or where does, what's the status on this case?

**Ms. Boa:** — The case has been referred to the RCMP detachment in La Ronge. That was on the recommendation of the Department of Justice. The \$25,000 is outstanding, still outstanding basis the loss. However, we were able to recover \$20,000 from SGI [Saskatchewan Government Insurance] under the government blanket bond that we have. The case, as I say, is still in the hands of the RCMP for follow-up.

**Mr. Toth:** — So as you indicate, this is an ongoing case.

**Ms. Boa:** — Yes, it is.

**Mr. Toth:** — An ongoing file. It still hasn't been completed, so.

**Ms. Boa:** — That's correct.

**Mr. Toth:** — Okay. We also noted in July '06 — this is following the '05 incident — another situation arose where staff members were allegedly writing fraudulent cheques and at that time there was about \$18,000 missing. Can you tell us whether or not that case has been dealt with or is this another one of those that's still under investigation, and whether or not you're able to recoup some of the \$18,000 that was lost?

**Ms. Boa:** — The case was also . . . Oh I should indicate that the employee was terminated. The case was referred to the RCMP. Actually it was the Prince Albert Police Service; I stand corrected. The staff person involved did appear in court, pled guilty to one charge of fraud over \$5,000. And the individual is to make restitution to reimburse SGI for the \$18,462.50 that the department on behalf of the government claimed back to the GRF [General Revenue Fund] through the SGI blanket bond.

**Mr. Toth:** — At this time or to this point, do you know if any restitution has been made by the individual who pled guilty to the fraudulent charge?

**Ms. Boa:** — I am not aware of that.

**Mr. Toth:** — You are not aware of that. You have indicated that the department carries a bond through SGI. So how large is that bond? And like I think you indicated in the original question about the \$25,000, you made it an application for \$20,000 of the 25. And then in the 18,000 of course you would probably then have been able to apply for the total amount and have received that monies.

I would take it that, first of all, is the bond large enough in view of the two situations you've had? And secondly, the money when it was received from SGI, that went then directly back into the trust fund for the inmates?

**Ms. Boa:** — The money that came back to the department through the SGI bond payment actually went into the General Revenue Fund. The blanket position bond is actually carried by

the Department of Finance and so I would need to refer that question through really to the provincial comptrollers. We just access that.

**Mr. Toth:** — So when you indicate it went to the General Revenue Fund, what happens to the trust account for inmates when, as has been indicated here, those monies have gone missing, but the bond money goes to the General Revenue Fund? What actions are then taken to ensure that the inmates' account is brought back up to speed as to where it should actually be?

**Ms. Boa:** — What we needed to do was put a request through to Treasury Board with respect to recouping the money back through to the inmate and collective trust accounts. We processed that. It was approved. And then we received the money back through to those accounts. So it was taken care of through the normal process of government, yes.

**Mr. Toth:** — So at this time all those monies have been reinstated in the inmate trust fund.

**Ms. Boa:** — The books and records have all been balanced. All the money has been accounted for and returned appropriately.

**Mr. Toth:** — A moment ago I asked about policies and procedures, and you indicated that you've taken a number of steps to address that issue and to ensure that proper policies and procedures are followed up on. You also indicated that, I take it in response to the second recommendation, that Department of Corrections and Public Safety segregate the duties of staff so that one staff member cannot record payments in its accounting records to suppliers, access blank cheques, and prepare bank reconciliations.

I take it that from your comments earlier about two individuals now to be responsible to follow up and ensure that all monies are handled correctly, that's in response to this second recommendation from the auditor?

**Ms. Boa:** — That's correct.

**Mr. Toth:** — The auditor goes on to point out the fact that they've got some concerns regarding the "secure and monitor access to its information technology systems." First of all I need to ask of the auditor, exactly what concerns are you raising in recommendation no. 3, page 40, regarding the IT systems?

**Ms. Lowe:** — Well first of all they do have the processes in place but they're not following those processes. So they need to monitor their information technology systems and access to those systems, and they have to make sure they're adequately updating their systems.

**Mr. Toth:** — So in your response and your observations, is it your concern that there could be personal information that might be possibly accessed or an individual who could use them in an illegal manner would access this, and there's this recommendation the department take a more serious look at how they monitor their systems? Is that the . . .

**Ms. Lowe:** — There is some personal information on there so it is of a more serious nature then.

**Mr. Toth:** — Well thank you. Given some of the most recent comments we've had in regards to I think even police statements, really telling individuals that they need to be more serious in how they protect their private information, I think that's certainly a sound recommendation.

And I guess the question to the department in response to the auditor's concerns about having proper security in regards to IT systems, what has the department done to date and do you feel you've been able to move to the point where you've got the adequate protections now in your technology systems to ensure that private information is not easily available or accessible to individuals who might misuse that information?

**Ms. Lloyd:** — I can speak to that initially and possibly Mae may add more as well. In an ongoing way we pay close attention to how people access information within our information systems. And we have a number of systems that span the emergency services area and adult corrections and young offenders. And we're looking quite closely at our systems and what we needed to do in order to monitor them in and a way that that kind of information is protected — not available to people who shouldn't have access to it and so on.

But at the present time we have moved over to the Information Technology Office, to ITO, and as a result of that move to ITO we've got a process now happening where we're in partnership with them and the security and ongoing maintenance of our systems is covered in that partnership. And so we feel really good about the kind of processes that, some in place already and will be in place for the future.

**Mr. Toth:** — When it comes to when we're talking of private information, are we talking of all of the individuals, not only employees within the department but all of the individuals who would be under the security, like inmates and what have you? Is that the information we're talking about?

**Ms. Lloyd:** — That's correct. Our systems would contain relevant information on both youth and adult offenders in particular in the corrections system.

**Mr. Toth:** — Another question that arises from that: when you've had someone that's placed in your security as an offender and then becomes an inmate of one of the facilities and that person has served their time and is now back in as a private citizen, what happens to that information? Is that information put on back, you know, background disc and being held on to or is that information then discarded? Or what steps do you take to ensure that individuals who now have served their time and it doesn't . . . I guess the concern I have and — or I shouldn't say concern but the question I'm raising — is you can have a lot of files in the system and having a lot of files that are still, I don't know, do you call them active or do you call them inactive, and put them in a storage file?

**Ms. Lloyd:** — In the case of adult corrections, we have the corrections management information system — CMIS it's called — where all offender information is stored and that information remains on file. And, you know, I just can't say off the top of my head the time limit and archiving processes that are in place although I know we are reviewing it in terms of an integrated information system. But what we are looking at is

ensuring that individuals who can't, who shouldn't access that information, are not able to access that information and it is a need-to-know basis.

**Mr. Toth:** — Thank you. The Provincial Auditor also talks about a business continuity plan. And first of all I'd like to ask of the auditor exactly what, when we talk of a business continuity plan and your reasons for a recommendation that the department complete, approve, and test its business continuity plan.

**Ms. Lowe:** — They have significant pieces already in place for their business continuity plan. Now they just have to integrate it all together and then they have to have it approved and tested. So they're on their way of getting it completed, but again they just need to approve and test the business continuity plan.

**Mr. Toth:** — Thank you very much. In response to the comments from the Provincial Auditor, where would you say that the department is in addressing this question and moving forward and having the business continuity plan in place and the concerns addressed?

**Ms. Boa:** — Thank you. The department does have an emergency plan. And within the context of our emergency plan that encompasses all of our young offender facilities, all of our adult correctional facilities, all of our other locations that we have across the department, we have developed what I would call some subsets of those plans.

For example — and I think a very good example — would be the recent work stoppage that we had, the 47-day work stoppage. It certainly gave us an opportunity to activate the emergency plan that we have in place at all of those centres and certainly that is a piece of business continuity, as has been pointed out by the Provincial Auditor.

There's some other examples I could use as well. I would highlight that in October 2006, we did take a broad continuity policy approach to our senior management committee. We have a business continuity policy that is now signed off by the deputy and in place. As well we have a work plan. And we're hoping to have our business continuity plan completed this fiscal year and hopefully we'll have another opportunity to activate some of the elements of business continuity planning. It is very important to us as a department.

**Mr. Toth:** — So this is basically an ongoing, developing process, if you will, developing a plan that you can, the department can feel comfortable with and feel that down the road even the Provincial Auditor will recognize the efforts that have been made. Is that correct, right?

**Ms. Boa:** — Yes. Thank you.

**Mr. Toth:** — Just a couple of more questions in regards to fraud. While we've had the two incidents that have been brought to our attention over the past two years, have there been other incidents that have been, the department's had some concerns in regard to, and what has the department done to deal with these issues, if they've been additional issues that have cropped up and concerns that you would have in regards to proper handling of the financial resources that are at your

disposal?

**Ms. Boa:** — The department has not become aware of any other financial irregularities with respect to operations. We do have the fraud awareness program that has been developed. We have a joint internal audit program with the Department of Justice as part of our shared services. We have reviewed all of our signing authorities to ensure that we have the appropriate signing authorities in place in the department at the appropriate levels and that they're followed. There are a number of pieces that we have put in place with respect to hopefully avoiding these instances in the future.

**Mr. Toth:** — Okay. Thank you very much. Some of my colleagues have some questions as well, so I'll defer to them.

**The Chair:** — Thank you, Mr. Toth. And Mr. Chisholm.

**Mr. Chisholm:** — Thank you. The first question is, it's mentioned that there's \$343,000 held in account, 30 different bank accounts on behalf of inmates and young offenders. Can you tell me why there's that many accounts? Are they spread out throughout the whole province or . . .

**Ms. Boa:** — Yes, they are spread out throughout the whole province. For example each young offender facility will have both an inmate trust fund and a collective trust fund, so monies that are held on behalf of the collective group per se — it might be from a work project or whatever — as well as individual young people deposit their money into this account. In our system, every young person gets a small allowance every week. Part of that allowance is placed in a trust account for them to have when they leave or for special needs while they're in custody.

The same situation exists in the adult correctional system. So we have those in terms of both the personal side and the collective side in our work camps such as Besnard. Inmates do work projects. That money can go into a collective trust fund. That collective fund assists in purchasing materials for work projects, other materials for the camps. So across our system we have quite a number of young offender facilities and adult correctional facilities, and they generally account for the majority of those funds.

**Mr. Chisholm:** — Okay. On an individual fund, do they receive a statement on a periodic basis as to the, that summarizes the activity that's gone through their fund and the ending balance and that kind of information?

**Ms. Boa:** — When an individual makes a deposit into their trust fund, their practice is that they receive a receipt at that time. They sign for the money they've deposited. It's signed for by the supervisor worker who places it in the account. Now they can ask for an ongoing statement of the balance in their account at any time but I don't believe that there's an automatic, every month you get a statement, that kind of process. Generally of course, offenders are very aware of what they have in their accounts but we also are very sure to give them . . . The process is that you get a receipt. You put the money in. You get a receipt. If you take money out, you also get a receipt that shows money withdrawn. You sign for that as well.

**Mr. Chisholm:** — So there would be one person responsible in each facility where this information would be kept and where they would go to deposit, if that was the case, or withdraw funds?

**Ms. Lloyd:** — It would vary from facility to facility depending on the size and nature of the facility. A small facility might have a supervisor who's involved in the depositing and withdrawing of money. In a larger facility there's a larger process that can involve financial admin staff within the offices and people who are specifically assigned to manage the trust accounts. In a small facility we wouldn't have someone who has that as the sort of sole purpose or majority of their job.

So it does happen at a number of levels, which I think is why it's so important to have the segregation of funds and to ensure that the kind of process is in place where two individuals account for that money. And it certainly could be a corrections worker and a supervisor or it could be a manager or clerical staff.

**Mr. Chisholm:** — Thank you. I've got a question for the auditors. Bank reconciliations weren't being done on a regular basis. Had they been done on a regular basis, do you suspect that would have triggered the noticing that the monies were missing any earlier than it did happen, just a bank reconciliation being done properly on its own?

**Mr. Wendel:** — The way the report reads it sounds like the staff member was not making deposits into the bank account . . .

**Mr. Chisholm:** — Right.

**Mr. Wendel:** — But making it and recording receipts. So that if someone had checked the receipts to the bank statements, they would know that money was missing.

**Mr. Chisholm:** — So if I understand correctly, that if the segregation of duties is probably more crucial to these two types of incidents not happening than just simply whether or not bank reconciliations were being prepared on a regular basis.

**Mr. Wendel:** — I think with respect to the first item, the \$25,000 . . .

**Mr. Chisholm:** — Right.

**Mr. Wendel:** — The reconciliations would have discovered the loss before it got larger or it got to the size it was. With respect to the second, the \$18,000, there was a need to segregate the duties, you know, to a greater degree.

**Mr. Chisholm:** — Right. And I guess I'd just like to confirm again that both these bank reconciliations and the segregation of duties, you've addressed as being things that have been addressed throughout your department. Is that correct?

**Ms. Lloyd:** — Yes, they have been addressed.

**Mr. Chisholm:** — You had mentioned the emergency plan that was put in place during the work interruption that we experienced. Does the department have a cost on the work interruption on that whole situation?



**Ms. Boa:** — Yes, we do. The cost as it relates to the Department of Corrections and Public Safety as what we call, quote, “the struck department” includes costs incurred by the Department of Corrections and Public Safety. It encompasses costs that were charged back to us from other departments, and so staff, out-of-scope staff that were reassigned to our department would be included in these numbers. So the overall net cost, the overall net cost with respect to the work stoppage is \$12.271 million. Of that, the largest portion of cost has to do with the RCMP officers and staff that were reassigned to the various young offender facilities and adult correction facilities across the province.

**Mr. Chisholm:** — But if I understand it correctly, it was in excess of \$12 million was the total cost to . . .

**Ms. Boa:** — To our department.

**Mr. Chisholm:** — To your department.

**Ms. Boa:** — That was to our department. The other costs for other departments, I’m not aware of. But for Corrections and Public Safety, the net cost to our department is \$12.271 million.

**Mr. Chisholm:** — And are you aware of what would have occurred in other departments that would add to the total cost of that work stoppage?

**Ms. Boa:** — Well this has been all-in costs, including those costs incurred by the RCMP as relates to CPS [Corrections and Public Safety], and any of the other out-of-scope staff from any other departments that were reassigned to us. So this is the total, all-in net cost. Now other departments were struck and I don’t have information on those departments such as the Department of Highways. They were out for a while, etc. etc. And I’m not aware of those costs, you see.

**Mr. Chisholm:** — Okay. I thought those other departments that incurred direct costs as a result of the work stoppage, just in the correctional facility, but . . .

**Ms. Boa:** — Yes, and this includes those costs. They were transferred over to us. Those costs were transferred over to us and that’s included in this number.

**Mr. Chisholm:** — Okay. Thank you.

**The Chair:** — All right, members. Are there any other questions? I have a couple of questions. On page 38 of the auditor’s report in table 1, which is the original estimates versus the actual spending, I notice that in the public safety category that estimated was 5.3 million, spent was 19.8 million. So that’s almost four times more than was originally estimated. Can you tell me why the high increase in that area?

**Ms. Boa:** — The increased costs with respect to the provincial disaster assistance program is based on the amount of the actual eligible claims that were either paid or were accrued as paid, as paying out in the following year. So it includes actual payments and accruals at year-end.

**The Chair:** — So is this particular incident an incidence in the province that triggered this . . .

**Ms. Boa:** — That would be based on the flooding and the activity with respect to emergency management and emergency planning as it relates to the various communities affected through natural disaster in that year.

**The Chair:** — So it would be primarily in the northeast part of the province. Is that . . .

**Ms. Boa:** — At Cumberland, etc.

**The Chair:** — Beg your pardon.

**Ms. Boa:** — Cumberland, Red Earth, those areas.

**The Chair:** — Okay, okay. All right. So how does your department handle that? Do you just go to the legislature for supplementary funding?

**Ms. Boa:** — Yes. We receive supplementary estimate funding, as well as special warrant funding — unfortunately, both in that year.

**The Chair:** — Okay. And then the second question I have is, the new correctional centre in Regina, is any of the funding for that represented in any of these . . . Would that be under capital asset acquisitions, and has it started by this time? Or is that funding to be seen in subsequent years after this year, after 2006-2007?

**Ms. Boa:** — The capital construction was under way in year 2005-2006. It would be recorded as a capital item.

**The Chair:** — So that would be in the . . . Would that be then in the negative \$5.3 million? I’m just trying to figure out where that is.

**Ms. Boa:** — I believe so, yes. It’s originally expensed and then it’s backed out because it’s amortized.

**The Chair:** — Okay. Okay. And again just by way of information, can you tell us whether that project is on time and on budget?

**Ms. Boa:** — It absolutely is, we’re delighted to say.

**The Chair:** — Okay, very good. Are there any other questions by any other members? Seeing none, I think we have absolutely . . . Oh yes, we have five recommendations. Absolutely five recommendations. I’ve got so many chapters on the go here that I’m not sure where I’m at.

The first recommendation by the Provincial Auditor is on page 40. It reads as follows:

We recommend the Department of Corrections and Public Safety follow its policies and procedures to promptly reconcile its recorded bank balances to the bank’s records.

Is there a motion? Mr. Iwanchuk.

**Mr. Iwanchuk:** — That we concur with the auditor and report progress.

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

Second recommendation right below it:

We recommend the Department of Corrections and Public Safety segregate the duties of staff so that one staff member cannot record payments in its accounting records to suppliers, access blank cheques, and prepare bank reconciliations.

Is there a motion? Mr. Iwanchuk.

**Mr. Iwanchuk:** — Yes. Concur and note progress.

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

We go to the bottom of the page. Recommendation no. 3:

We recommend the Department of Corrections and Public Safety secure and monitor access to its information technology systems and data.

Is there a motion? Again, Mr. Iwanchuk.

**Mr. Iwanchuk:** — Yes. Concur and note progress.

**The Chair:** — Again a motion to concur and note progress. Again is there any discussion of this motion? Seeing none, we'll call the question. All in favour? And that also is carried unanimously.

And we will go to the next page, 41, recommendation no. 4:

We recommend that the Department of Corrections and Public Safety complete, approve, and test its business continuity plan.

Is there a motion? Mr. Iwanchuk.

**Mr. Iwanchuk:** — Yes. Concur and note progress.

**The Chair:** — Again a motion to concur and note progress. We seem to be on a groove here. Is there any discussion of this motion? Seeing none, we'll call the question. All in favour? That's carried unanimously.

And the final recommendation is at the end of page 42. Recommendation no. 5 reads:

We recommend that the Department of Corrections and Public Safety's human resource plan:

quantify its human resources needs

provide details on the human resource gap

provide measurable indicators and targets for all strategies.

Is there a motion? Again Mr. Iwanchuk.

**Mr. Iwanchuk:** — Yes. Concur and note progress.

**The Chair:** — Again a motion to concur and note progress. Is there a discussion of this motion? Seeing none, we call the question. All in favour? Again that is carried unanimously.

And that brings us to the conclusion of our deliberation of chapter 3 of the 2007 report volume 1. I would like to thank you, Ms. Lloyd, for appearing before our committee. And we will take a brief recess if our . . . I beg your pardon. Mr. Toth.

**Mr. Toth:** — Thank you, Mr. Chair. I would just like to extend my thanks to Corrections and Public Safety for their work and efforts, to the Provincial Auditor for the work you do. I think you're probably the one government agency that the public actually revere a lot higher than politicians. And also Corrections and Public Safety. It's certainly been a pleasure to address a number of the issues as critic for the official opposition, but also looking forward to some of the changes that we've discussed in regards to dealing with young offenders. And as you indicated a moment earlier, Ms. Lloyd, the fact that the Regina correctional centre is on schedule, and I know that there are a lot of people looking forward to the opening of that expansion. Thank you.

**The Chair:** — All right. Thank you, Mr. Toth, for those comments. I understand that our next delegation of witnesses are here, so we'll pause for, let's say, seven minutes, and at about 5 to 2 we'll try to be under way. That way we'll have gained a little bit of time.

[The committee recessed for a period of time.]

#### Public Hearing: Industry and Resources

**The Chair:** — Thank you, ladies and gentlemen. We will reconvene our committee meeting. We are down to item, I think it's 4 on the agenda, Industry and Resources, which is contained, the report by the Provincial Auditor is contained in chapter 21 of the 2006 report volume 3.

I would like to welcome Acting Deputy Minister Glen Veikle to the committee. And he's brought along Hal Sanders, executive director of corporate and financial services. Is there just two of you today? So when there's only two, the Chair takes the prerogative of introducing you and welcoming you to our committee.

We will hear from you in just a minute, but first of all we will get a summary of chapter 1 from the Provincial Auditor's office and Mr. Bashar Ahmad will provide us with that summary, I believe. Mr. Ahmad.

**Mr. Ahmad:** — Thank you, and good afternoon, Mr. Chair, committee members. At this time I will provide an overview of chapter 21 of our 2006 report volume 3. This chapter begins on page 411 and describes the result of our audit of the department and its special purpose fund called the Oil and Gas Environmental Fund for the year ended March 31, 2006.

In this chapter we make three recommendations relating to the

department's human resource plan. Those recommendations require the department to improve its human resource plan by documenting, no. (1) its human resource needs including the number, type, and location of employees and their required competencies; and (2) what resource is required and when so that it can meet its human resource needs. In addition it must assign responsibility of staff to implement planned strategies to meet its human resource needs.

At the time of our audit the department's human resource strategic plan contained information about its current employees but not the department's future human resource needs, nor did the plan set out the required resources or make someone formally responsible to carry out the plan. And that concludes my overview. Thank you.

**The Chair:** — Thank you very much. That was indeed brief. Before we get on to the primary subject matter of this chapter we will hear a response from the acting — is it acting? — deputy minister. Yes, please, Mr. Veikle.

**Mr. Veikle:** — Yes it is. Thank you and good afternoon. I'd like to thank you for the opportunity to present to this committee and appear before this committee. And I'd be pleased to answer your questions. We are, as always, appreciative of the due diligence that the auditor undertakes in looking at our plans and our activities.

In 2006, as has been identified, there have been three recommendations on our human resource plan for the '05-06 year. And based on those recommendations we have revised our '06-07 human resource plan and have incorporated those recommendations into our '07-08 human resource plan.

The process used to develop the human resource plan in our department is not unlike other departments. The initiatives result from human resource needs identified through a review of department performance plan, through consultation with senior executives of Industry and Resources, through analysis of statistics and demographics, and through directives within the corporate human resource plan developed by the Public Service Commission. We at Industry and Resources are doing everything possible to ensure that our human resource needs are going to be met.

In reference to the three specific recommendations, first of all the auditor recommended that we improve our human resource plan by documenting our future human resource needs — that is the number, the type, the location of employees and their required competencies to meet our goals and objectives. And so in our '06-07 human resource plan we've revised it to take that into account. And we've also incorporated that into our '07-08 human resource plan so that we would be identifying our full human resource needs, again including the number, the type, and the location of employees and their required competencies.

The auditor recommended that we improve our human resource plan by documenting what financial resources are going to be required for it to meet those human resource needs. And so we have, in our '06-07 we revised our plan, and '07-08 we have taken those into account and documented all of the financial resources that are going to be required in order to meet those human resource needs.

And thirdly, the auditor recommended that we improve our plan by assigning responsibility to staff to implement planned strategies to meet our HR needs. And while I'd say that that's not typically included in a human resource strategy, we have included that in our human resource branch work plans for '07-08.

So we continue to monitor and measure our progress on our human resource plan, and we think we've made good progress so far, and we think that we have responded to the helpful recommendations that came to us from the Provincial Auditor. Thanks.

**The Chair:** — Thank you, Mr. Veikle. Before I open the floor for questions from the members, I have a couple of questions on revenues, which is at the beginning of the auditor's report on page 414 — quite an underestimation of revenues from natural gas and oil, which left you an embarrassment of riches of over a half a billion dollars more than you had estimated. Have you changed your estimating processes to try to come closer given some of the, you know, the new price structure that natural resources seems to be in, in the last little while? Or are we going to see this kind of variance in the future as well, to the best of your knowledge?

**Mr. Veikle:** — I'd say that we haven't changed the framework within which we operate. We still look to outside observers and take into account their forecast on price. And the big miss in '05-06 was largely attributable to the change in price. We're pretty accurate with respect to volume of production and the number of wells drilled for example, but it's with respect to price where the big change occurred in '05-06. And as is always the case, we look to the outside observers or the outside experts and take into account what they're, what they're saying. When we can, we try to look to Alberta and British Columbia and make sure that we're going to be in alignment with their forecasts.

But you're quite right in indicating that we missed in '05-06. And you know, I think it's fair to say that everybody missed in '05-06. It was a very volatile year in terms of the price of natural resources.

**The Chair:** — Apparently Alberta just missed again with their projected surplus. Would you say that, you know, in using all of those sources to set price or to set projections that you would then scale it back and try to be a bit on the conservative side? Is that the nature of the department? Or do you try to hit the nail right on the head? What's your objective in putting this forecast in place?

**Mr. Veikle:** — Our objective is to hit the nail on the head. We try not to be conservative, but as everybody knows there is a natural tendency to be a bit conservative. In the '06-07 budget I don't recall exactly what the price forecast is that we published in the budget, but we felt as though we were going a way out on a limb with the price forecast that we had included in that budget. And I think, if memory serves me, that it was somewhere in the \$60 a barrel range, and we thought we were being . . .

**The Chair:** — Ungovernmental.

**Mr. Veikle:** — We thought we were being unconservative in that estimate.

**The Chair:** — All right, and just a last question. I'm not sure. Some of this I guess is good news; some of it might be bad news. You have the Oil and Gas Environmental Fund which had revenue of . . . is that \$80 million, \$81 million? Oh it's 80,000. And has assets of \$2.9 million but no expenditures which means I guess there were no environmental problems which is good. But also it's to clean up abandoned wells, and so obviously there were no abandoned wells cleaned up. Do I read that correctly?

**Mr. Veikle:** — Yes, I would say that is correct. I think part of the issue there is that we're working with the industry to try and put in place a plan that would allow us to, with industry co-operation, to clean up those wells.

**The Chair:** — Okay so it's for futures. Thank you. Sorry, committee, for sort of getting a little bit off the main subject matter, but I wanted to clarify that. I will now open the floor to questions. Mr. Chisholm.

**Mr. Chisholm:** — Thank you and good afternoon. Before we get into the actual audit conclusions and findings, I've got a couple of questions too. On page 413 where it talks about the spending of the department, non-renewal resource sector went up considerably, close to \$8 million. Could you tell me what made up that increase of the actual being that much more?

**Mr. Veikle:** — I don't have the full explanation as to why it increased by seven, eight million. A partial explanation would have to do with the energy rebate program that we undertook that year where there was a rebate program operated out of SaskEnergy that applied to your utility bill to ensure the lowest-cost utility bundle in the province, or in the country. And Industry and Resources undertook a program that would apply to the non-natural gas consumers out there — that is, propane and fuel oil heating — and that program cost about 4.2 million.

In terms of the remainder of the increase, I don't have it broken down in the manner in which you would like to see it, but we can go through on a subvote basis if you would like and provide an explanation that way.

**Mr. Chisholm:** — Well I think that that certainly explains one-half, more than one-half of it all in one . . . So I can certainly get that information. Thanks.

The second thing, the chairman referred to the Oil and Gas Environmental Fund, and it had revenues of \$80,000. Could you tell me how those revenues are assessed? Is it on new wells or . . .

**Mr. Veikle:** — The increase in revenue that you see in that fund is related to the interest that's earned on that asset. We've gone through a very extensive consultation program with the oil and gas industry culminating in a new oil and gas — and I don't have the title correct on this — but a new orphan well program which is supported by the industry which is to take effect this year. And so the legislation for that would have been tabled in the House this spring, and that new program will be the one that

imposes a levy on the industry and starts to grow that fund with additional fees and give us the resources that we need to clean up what we know is already out there and what is potentially going to come on to our books as time goes by.

**Mr. Chisholm:** — Now in a situation where there's no dispute, an oil company decides to abandon a site, notifies the landowner that they've made that decision and they go through a procedure — sometimes it takes three to four years before perhaps the landowner is prepared to sign off and say, yes, it's back to the way it was — is there any government involvement in that process if everything goes well? Or does the oil company pay for all the costs of abandoning? Or where's the government involvement in a deal like that?

**Mr. Veikle:** — The government does not provide any funding for . . . If that's an active business, an ongoing business, then we would anticipate that that business would have set aside sufficient funds from the revenue that it generated from that property to be able to put that site back into an environmentally acceptable state at the point that it wants to walk away from it.

And the government's involvement would be that we would have to review and approve that company's plan for abandonment, and then we would inspect that site at the time of abandonment and give the company the okay or, you know, tell the company what else it has to do in order to meet its environmental obligations.

**Mr. Chisholm:** — So this fund is available in situations where the oil company, if you like, is either out of business or there's some problems. Is that right?

**Mr. Veikle:** — Yes, it's specifically intended to cover those situations where you can't find what was the owner of that property or, even if you can find them, that the owner of that property perhaps has no asset left to be able to pay for a cleanup. It's correctly titled orphaned wells.

**Mr. Chisholm:** — Okay thank you. One more question, and that is on page 414. It states that:

. . . the Department complied with the authorities governing its and the Fund's activities regarding financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing except the payments to NewGrade Energy Inc. [which] were without authority.

Could you explain what payments were made to NewGrade Energy Inc. that are being referred to?

**Mr. Veikle:** — At the time that the NewGrade upgrader was going to undertake its expansion, we entered into an arrangement whereby we would remit revenue to companies who agreed, to companies who were supplying feedstock to NewGrade. We would remit to them taxes on the agreement that they would flow that through to NewGrade. We have a difference of opinion as between the Provincial Auditor and ourselves. The Provincial Auditor takes the view that that funding that flows to NewGrade should be properly titled as a grant, whereas we have the view that that is a remission of taxes. And so I believe that we have legal opinions on both sides of this issue, and so we are in a position where we agree

that we're going to have to disagree.

**Mr. Chisholm:** — Just so I can get this clear, so money flowed from the fund to supplier companies and the condition was that . . . What was the condition?

**Mr. Veikle:** — The funding is to those companies that supply feedstock to NewGrade, and the condition is that that funding would flow through to NewGrade. It was all part of the arrangement that, you know, led to the expansion of the upgrader.

**Mr. Chisholm:** — The Husky Upgrader in Lloydminster is looking at a fairly major expansion in the next number of years. Would that type of a program be available to more than one upgrader in the province?

**Mr. Veikle:** — The Husky Upgrader has had a remission on heavy oil that has been supplied to its upgrader, and that's been in place for some time. There is currently no plan to provide some type of future remission on further feedstocks that would go into any expanded upgrader at Lloydminster; but as is always the case, you know, we're open to discussion.

And you know, we'd like to see the expansion occur there in Lloydminster, and we think that that would be a valuable thing for the province. And so anything could happen with respect to future financial incentives that would facilitate and accommodate that expansion.

**Mr. Chisholm:** — Thank you.

**The Chair:** — Mr. Cheveldayoff.

**Mr. Cheveldayoff:** — Thank you, Mr. Chair. Welcome to the officials. Got a few questions touching on some topics already that my colleagues have mentioned. I guess the title, "Better human resource plan needed," it always concerns me when it's a large department like yours with 331 full-time equivalents, and there's concerns about the human resource plan. I know you've addressed it in your opening comments that, you know, it's something you're aware of and that you're taking very seriously. Can you just outline for us, give us a bit of a breakdown, the 331 full-time equivalents, are there full-time versus part-time and just some general areas that these individuals work in?

**Mr. Veikle:** — I'll let Mr. Sanders give you the detail on that.

**Mr. Sanders:** — I can't swear to these specific numbers because of course they change from day to day, but I did recently look at our current staff complement. Right now we have an FTE count of 338, but we also have about 357 people working for us in various degrees of work over the course of the year. So we have a summer program with geologists right now, where they'll only be employed for four months over the summer. Our numbers are largely split between — for the most part — engineers, geologists, and then financial component to the department, fourthly an industry development group, and you could say that there's roughly 25 per cent split amongst all of those different areas.

From a human resource plan, we're actually — with only 338

people — small enough to have a fairly good handle on where we are from a staffing perspective without a full documentation. The Provincial Auditor had asked for it to be in writing, and certainly we've complied with that.

But we do continue to be challenged in many different positions like the geologists and the auditors, for example, where we've had to introduce supplements to try and retain them. We've introduced under filling which allows us to bring people in at a lower level to try and develop them to a point where they also can meet the requirements of the more senior jobs to try and accommodate the department's human resource needs.

**Mr. Cheveldayoff:** — Right. Some information I've received from the Department of Finance and from the Public Service Commission says that about 40 per cent of the public service will be eligible to retire on average in the next five years. Would your department be relatively on track with that? Would you say, would you be above or below that rate?

**Mr. Sanders:** — I've had opportunity to look at it against the government's average, and we're very close to that number. We have again had the opportunity to bring in some younger people into the department. I believe of the last 22 hires for permanent staffing, eight have been under the age of 30, and we've also got 41 individuals under the age of 30 that are working for us either part-time or seasonal.

**Mr. Cheveldayoff:** — Yes. Thank you. That's where I was going with that. I think that your department would be someplace that a lot of young recent graduates would want to work, and I would hope that you're working together with the post-secondary institutions and others to try to ensure that you make that happen as quickly as possible.

I wanted to talk about the revenues that are stated here and some projections on revenues and just to see where we are today if we're on track. The most recent information that we have is from the budget, and can you just outline for me if the information that the budget has given us if that's changed at all or if we're seeing any wide variances?

I guess oil would probably be the component that we would like to have the most information on. From my analysis of it, oil has been above the rate outlined in the budget for most of the first quarter here so, I guess, how many millions of dollars are we above what was estimated in the budget on oil?

**Mr. Veikle:** — We will not actually be complete in our new forecast. We're working towards putting the new forecast together, but that won't occur until July that we'll have that first-quarter forecast done up.

I would note that we've had the most recent land sale; I believe we generated \$14 million worth of revenue which was perhaps on par or maybe a little bit below par as to what we would have anticipated. Having said that, the April, mid-April land sale generated something like \$74 million which was far in excess of what we had anticipated. So from that perspective on land sales alone, we would be up a little bit as compared to what we would have anticipated.

But I can say that potash prices and sales seem to be moving

very well, and oil and gas seems to be moving fairly well. So on balance . . . There'll be some ups and some downs, but on balance I'd — if I had to say right now — I'd say we might be up a little bit in our first-quarter report.

**Mr. Cheveldayoff:** — Thank you. Regarding potash, we've seen some difficulties in previous years with sales to China and some backlog and as a result some inflated numbers for this year. I believe \$324 million was the last we've seen in the budget. Have those sales taken place to your knowledge? Is everything on track? Can we expect, you know, 324 or more from potash sales?

**Mr. Veikle:** — Yes, I'd say we're on track with respect to potash. Price is quite robust, and we really — not we — Canpotex really broke a logjam when it was able to sign an agreement with China around potash sales, and in so doing has really opened up the market, and to my understanding that the industry is going flat out with respect to production because sales have been quite strong.

**Mr. Cheveldayoff:** — Thank you. The other topic that comes to mind is uranium — a hundred and thirty-six bucks a pound I guess now, something like that, and record exploration taking place in Saskatchewan. I understand most of northern Saskatchewan is claimed now. Can you have any comments that you can offer and the impact on the revenues that the province would expect to receive from this industry?

**Mr. Veikle:** — Well first of all we had not anticipated Cigar Lake coming on stream this fiscal year, so the fact that Cigar Lake ran into trouble and was flooded, at least temporarily, doesn't impact on our revenue forecast for this year.

I can say . . . Well with respect to exploration I can tell you that as early as 2002, you would have seen about \$20 million worth of exploration going on in northern Saskatchewan around various different minerals, predominantly uranium. And this year we expect that we will have \$280 million spent on exploration — so you know, a huge increase in the level of activity. The number of acres under active exploration has doubled since 2004, so there is a tremendous amount of activity going on in the North, and we have every expectation that that will lead to new mines being developed in the North.

As far as this year's revenue goes, you know, we started the year with the price, with the spot price quite high, and so we had anticipated that the price would be up in the range that it currently is. The reason that you won't see a radical shift in our uranium revenues this year, with the price up as high as it is, is that most of the sales agreements that the companies are engaged in are long-term agreements, and those agreements — some of which might come due now and then would be renegotiated at a higher price — but you know, it doesn't all happen at once. It takes time for those — and some of them are fairly long term — it takes time for those agreements to expire and then be renegotiated at current market prices.

**Mr. Cheveldayoff:** — I think that's all. Thank you very much for your forward answers. I appreciate that.

**The Chair:** — Thank you, Mr. Cheveldayoff. Are there any more questions by any of the members? Seeing none, then we

can go to the recommendations. I believe there are just three in this chapter, and they are all on page 415 of the volume 3, 2006 report. The first recommendation by the Provincial Auditor states:

We recommend the Department of Industry and Resources improve its human resource plan by documenting its future human resource needs (number, type, and location of employees and required competencies) to meet the Department's goals and objectives.

Is there a motion? Ms. Crofford.

**Ms. Crofford:** — I move we concur and note progress.

**The Chair:** — A motion to concur and note progress, is there any discussion of the motion? None. We'll call the question. All in favour? Carried unanimously. Second recommendation:

We recommend the Department of Industry and Resources improve its human resource plan by documenting what resources it requires and when to meet its human resource needs.

Is there a motion? Again, Ms. Crofford.

**Ms. Crofford:** — I'll move that we concur and note progress.

**The Chair:** — Again a motion to concur and note progress, is there a discussion of this motion? Seeing none, we'll call the question. All in favour? That too is carried. And third recommendation:

We recommend the Department of Industry and Resources improve its human resource plan by assigning responsibility to staff to implement planned strategies to meet its human resource needs.

Excuse my stumbling over that one — I have a lot of to's in that one. Is there a motion? Ms. Crofford.

**Ms. Crofford:** — And I think it follows that we would recommend again to concur and note progress.

**The Chair:** — Okay again to concur and note progress, discussion of the motion? There is no discussion. We'll call the question. All in favour? And that too is carried unanimously, and that brings us to the conclusion of chapter 21. I would like to thank you, Mr. Veikle and Mr. Sanders, for appearing before the Public Accounts Committee.

The committee will now take a slightly longer recess so that you can take whatever breaks you require. And we have a long two-hour haul on health care, so if you could be here at 3 o'clock sharp, that would be appreciated so that we can do justice to the health care chapters. We're recessed.

[The committee recessed for a period of time.]

### Public Hearing: Health

**The Chair:** — Okay ladies and gentlemen. It is now 3 o'clock, so we'll reconvene this meeting of the Public Accounts

Committee meeting. We have two hours to deal with two volumes on health care, a total of 2A, B, C, D, and E in the 2006 volume 3 as well as a significant report in 2007 report volume 1.

I've been trying to determine the best way to get through all of this material. There are — I believe 34 or 35 — I think 34 recommendations, and there is no duplication. So we have a lot of material to deal with. With your permission, I would suggest that we spend the first hour or a little bit more on 2006 volume 3. I think there is some duplication with SAHO [Saskatchewan Association of Health Organizations]. I'm not sure how that would be best accomplished. I guess if you want to travel back and forth between the two volumes when it comes to SAHO, that would be all right.

Then I think we should deal with the recommendations in the 2006 volume 3 and then try to save hopefully most of an hour for 2007 report volume 1. Does that make sense to the committee members, so we can somehow handle this material and have a logistical plan that might work? Otherwise I'm afraid we might be somewhat confused and perhaps not as efficient and thorough as we should be.

All right. I don't know. Do you have one report or do you have two reports for us? Can you break it into two? I think we should do that just for some variety too. So we'll ask you for the report on the 2006 volume 3, all of the five components.

We also, I should mention, are welcoming the deputy minister, Mr. Wright, John Wright, back to our committee again, one of many appearances that you've made. And we'll ask you to respond after the auditor's report and also introduce your colleagues that you've brought with us if you would at that time. So, Mr. Heffernan, we give you the floor.

**Mr. Heffernan:** — Thank you, Mr. Chair. Part A of our chapter sets out the results of our audits of the Department of Health and its Crown agencies. We make several new recommendations including the need for the department to strengthen its processes to verify that it pays pharmacists and doctors the appropriate amounts for services provided, establish processes to collect all revenue earned by the provincial lab, recover all overpayments resulting from joint job evaluations at regional health authorities, and approve its human resource plan.

We also examined the progress made by the Regina Qu'Appelle and Saskatoon health authorities in implementing our 2003 recommendations to reduce work-related injuries to care staff. Both authorities are taking action to reduce injuries; Regina Qu'Appelle is progressing more slowly.

Part B sets out six financial measures intended to help the Assembly and the public assess the sustainability of health spending. A sound understanding of health spending is important for an informed debate about the health issues facing Saskatchewan.

In part C we describe the results of the audits of 12 health authorities. Boards of directors of the authorities need to improve how they set direction, monitor performance, safeguard public resources, comply with the law, and ensure

adequate accountability to the Assembly.

In part D we describe how the Prince Albert Parkland Health Authority needs to improve its processes to achieve recommended immunization rates for two-year-olds. The authority's reported immunization rate is 67 per cent.

Part E describes how the Saskatchewan Association of Health Organizations needs to strengthen its processes to ensure the security, integrity, and availability of its payroll system. SAHO provides payroll services to all regional health authorities and many other health care agencies. We make four recommendations for improving the payroll systems. That completes my comments.

**The Chair:** — All right. Thank you very much, Mr. Heffernan, for that summary. Again, Mr. Wright, welcome and the floor is yours.

**Mr. Wright:** — Thank you very much, Mr. Chair. If I may take this opportunity to introduce some of the all-stars from the Department of Health.

With me today include Dr. Louise Greenberg, to my right, who is the associate deputy minister; Mr. Ted Warawa who is to my left, who is the executive director of finance and administration branch. And from your right to left, Mr. Chair, is Rod Wiley who is our executive director of the regional policy branch; Dr. Ross Findlater who is the chief medical health officer working in the department of population health and working in the Department of Health. Mr. Ron Knaus, Ron is the acting executive director of the workforce planning branch. And last but not least another all-star, Mr. Kevin Wilson, Mr. Wilson is the executive director of the drug plan and extended benefits branch.

Rather than having opening comments, Mr. Chair, I'd rather just turn it over to members of the committee to ask questions if that's acceptable.

**The Chair:** — All right. Thank you very much, and we will do that. We'll open the floor to questions. Mr. Cheveldayoff.

**Mr. Cheveldayoff:** — Thank you, Mr. Chair. Thank you to Mr. Wright and his all-star team that he's brought with him today. We agree that they are all-stars. I want to begin by performance targets. On page 38 the auditor says, "Monitoring performance needs improvement. Health needs to strengthen its supervisory controls over regional health authorities."

There's been ongoing concerns from the auditor that the regional health authorities are not reporting performance targets such as quantity and quality of procedures done and timing of expected performance. Can the deputy just outline why there isn't reporting, that these concerns as voiced by the auditor haven't been addressed? And can the deputy also explain if indeed these goals are being met?

**Mr. Wright:** — Thank you very much. Through you, Mr. Chair, and to the members of the committee, indeed each of the regions does report quite extensively on performance management indicators. Where I think it is the case that the Provincial Auditor has an issue is that specific targets for each

of these indicators have not been established in many cases. And indeed that is in fact the truth.

That being said, if I can just summarize, there are performance targets that are set at the beginning of the year in conjunction with — performance measures I should say — that are established in conjunction with the Department of Health that mirror Health's objectives. These performance measures range from the number of wage-driven premium hours by union, the number of hours worked, a variety of surgical targets, a variety of sick day measures, a variety of WCB [Workers' Compensation Board] measures, patients moving through and exams moving through from MRIs [magnetic resonance imaging] to CTs [computerized tomography] and so on.

We receive as a department quarterly reports from each of the regions on these. We roll them up. We review them quite extensively, but there is the issue of targets need to be set. And we agree with the auditor on that. We've been working with the regions over the last several years on that. And it's our expectation that in the '07-08 and extending into '08-09, we will be, in conjunction with the boards and the executives of each of the regions, establishing targets for them from which they can then judge the outcomes and activities undertaken.

**Mr. Cheveldayoff:** — Thank you. I wanted to explore a couple of areas specifically regarding surgeries. Would you say that the regional health authorities in the province are meeting their goals or meeting the goals that you've established for them to ensure that as many surgeries are done in the province as possible?

**Mr. Wright:** — Mr. Chair, it's not simply a case of the number of surgeries. It's also a case of where they're being done and the type of surgery. For example there's a lot of day surgeries in the province that you can move an awful lot of volume through, cataracts being an example of that. Rather there are complex surgeries, surgeries that take several hours. Orthopedic or orthopedic surgeries — knee replacements, hip replacements — these take quite a few hours in the operating room. So one doesn't focus just in on the volume. One focuses on, yes, volume but also operating hours and, yes, by type of surgery.

We've made significant headway over the last several years in conjunction with the regions in reducing the overall wait times and the numbers of individuals out on the wait-lists. I'll update it for '06-07 — for a variety of good and unfortunate reasons and bad reasons, say that the overall targets weren't met. Now some of the reasons for that predominantly were the Norwalk and Norovirus that went through many of institutions in January and February of this calendar year. That being said, in terms of where they're at and just dealing with the volumes, Regina Qu'Appelle for example should be in and around the 97 per cent of the targets that we established. Saskatoon should be in and around the 99 per cent and a variety of other items associated with it.

One of the disappointments for us in Saskatchewan is that I'd like to believe, Mr. Chair, that we've established an incredible array of tools, for not only the management of each of the regions but also for the physicians to be able to judge their performance, because at the end of the day they are the ones that are ultimately responsible. And one of the tools that we

have is listing of their patients by priorities, and they establish the priorities. I'll remind the members of the committee there are four priorities out there. And that really deals with severity and a variety of other items.

Our disappointment is that we in establishing these priorities or levels — for example level 1 would require the surgery to be completed within three weeks, level 2 within six weeks, level 3 within three months, and level 4 within 12 months — the regions generally are not making their targets on this.

New tools, a lot of work needs to be done. We need leaders and champions out there in the physician community to encourage their peers to properly get these surgical procedures through. So we have the tools. It's up to the management and it's up to the physicians to utilize those tools that are available to them.

So last year we did indeed shorten the wait times overall. I believe there's 2,700 fewer cases waiting and indeed we did shrink the wait times over 18 months and that's been a prime target of ours. We're next moving on to those waiting longer than 12 months.

**Mr. Cheveldayoff:** — Thank you for that answer. So would it be fair to say that you are developing a best practices model, using successes from certain areas and encouraging others to follow the model set out by the leaders, as you say?

**Mr. Wright:** — Indeed, Mr. Chair, I'd like to think that Saskatchewan is in fact the leader in many of this. We have worked collaboratively in the past with a western-based collaborative to encourage us on how to set up appropriate wait times, appropriate prioritizing or ranking mechanisms. We've adopted some of the good work being done in Ontario on their cardiac side and on their cancer side. We have the tools in place. We believe that these are best practices and I'd like to think we are leading the country and if not leading the country in having the tools available, we're certainly right up there.

**Mr. Cheveldayoff:** — Thank you. I want to turn to staff recruiting. It's something that has been a concern. It was first reported in 1999. Can you just outline the situation regarding the regional health authorities in the province and are they on track with their staff recruiting efforts.

**Mr. Wright:** — Mr. Chair, recruitment and retention of staff is an international issue. In recent years the globalization of health care workers and the migration of health care workers has made it not just a national or provincial issue; indeed it is global. To that extent we recruit globally, particularly with respect to physicians, as many of you would know that we have quite a few foreign-trained physicians here in this province and recruitment effort continues on that front. With respect to physicians we've also pioneered or led on the ethical recruitment of not only physicians but others from other countries and are contemplating very carefully where we go on that.

With respect to the country itself, all provinces are experiencing difficulties in recruitment and retention, particularly in rural areas be it rural Alberta, rural Manitoba, Saskatchewan, or northern Ontario. It's been very, very difficult. Indeed there is a shortage of most if not all professions out there, particularly in



the nursing workforce. To that extent there are two approaches one takes. One can increase the number of seats through our colleges, which we have done with respect to all positions — with respect to physicians, with respect to registered nurses, with respect to registered psychiatric nurses, LPNs [licensed practical nurse], and other allied professionals.

The second side of that is retention. And as members of the committee may be aware, last fall we announced and established a \$25 million fund over three years, split in two ways — 15 million over three years to deal with nursing, which includes RNs [registered nurse], RPNs [registered practical nurse], and LPNs; and 10 million over three years to deal with the allied professionals such as a respiratory therapist, occupational therapist, physiotherapist, and others.

We have had some very, very interesting successes with that. In fact with our relocation grants that we've established to encourage individuals to think about an opportunity to work outside of Regina and Saskatoon — and I don't mean to call that rural Saskatchewan, but for purposes of this conversation I will — some significant successes there. We've had quite a few not only expressions of interest but indeed individuals who have come from other provinces to our province, a lot of them returning to their home province to live and work.

Are we meeting at this point in time, are we where we want to be? No is the simple answer. We recognize more needs to be done on all fronts. We have had some successes. Respiratory therapists were where we want to be now as a result of the recruitment, I believe, of some six to eight individuals outside of the province. More work needs to be done, there's no question about that. And the workforce planning branch is very much engaged in that area.

**Mr. Cheveldayoff:** — Thank you. Could you outline for me the process of tracking vacancies in the province. Does each of the RHAs [regional health authority] do that? And do you do a roll up and, you know, your involvement I guess? If you'd just outline the process to me.

**Mr. Wright:** — I'm going to see if I can get the very charming Ron Knaus to come up here and perhaps provide you with a more precise answer than I could, Mr. Chair.

**Mr. Cheveldayoff:** — Thank you.

**Mr. Knaus:** — Excuse me. The way in which we track vacancies, actually we do it in a couple of different ways. Every year on an annual basis we ask regional health authorities if they would provide us with what their overall health human resource plan is. Part of that template that we send to them, we've aligned the template with in fact the provincial workforce action plan. And we asked them to respond and to, sort of what their plans are within each of the five goals that we have outlined within that workforce action plan.

The first goal has to do with sort of the sufficient number and mix of health providers within the province. And one of the appendices that we include there is, we ask them if they would provide us with their number of budgeted full-time equivalents by selected professions. And we ask them if at the same time if they could provide us with what their vacancies are for each of

those professions, and where possible we ask them to also identify sort of how many have been what they would consider sort of long-term or difficult to recruit.

Now since I guess the fall of, October of last year when we established a provincial recruitment agency — Health Careers In Sask — what we have done as part of that website in developing it, it's a one-stop website that provides information for each of the, well for I guess individuals that might be interested, in fact looking for work in Saskatchewan. The website actually has a picture of the province on it with each of the health regions. People that are interested in looking for jobs can actually click on any of the health region sites. They can see sort of what jobs are listed there. Or if they're a nurse for instance and they're interested in working at any place within the province, in fact what they can do is they can simply look at all of the nursing vacancies that are within the province and it'll show them whether or not there are 10 vacancies in Heartland Health Region or 50 in P.A. [Prince Albert] Parkland or what have you.

So I guess the other way in which we've started to track vacancies is in fact through that recruitment agency and once regions . . . We've set up the system as such that regions are in fact able to post their own vacancies on the website. They have the ability to go in and to make those changes and so we're feeling fairly confident that they in fact are doing that on an ongoing and a regular basis. When they're filled, they will in fact close it.

So we don't necessarily have 100 per cent of the vacancies. Usually what happens is through the collective agreements, the way in which vacancies are posted, they're posted locally first, then within the region, and then provincially. So what the recruitment agency, the vacancies that they have posted are in fact posted once they get to the provincial posting period.

So on an annual basis we're sort of asking them for a point in time as to how many vacancies they have by selected occupations. And I think we have the tool now through the provincial recruitment agency where in fact we're able to keep track of that on a more ongoing and regular basis. So that would be sort of the two primary tools that we're using right now. And if necessary, you know, we'll contact the regions to in fact follow up as necessary if there's an issue that we consider brewing or . . . We also have almost, well probably about eight or nine times a year our particular branch meets with the vice-presidents of human resources from the health regions and it's an opportunity for us to in fact talk to them about what their issues are. We can talk to them about sort of provincial issues, and vacancies is one of the points that come up on a regular basis.

**Mr. Cheveldayoff:** — Thank you. Do you also do physician surveys? Is that a widespread practice or is that just a pilot that's being done right now or . . .

**Mr. Knaus:** — Our branch doesn't necessarily do physician surveys. The medical services branch would be more involved with that although we are tied in with some of the FPT [federal-provincial-territorial] surveys, the physician task force surveys that they do. So we would certainly tie into that information as well as the CIHI [Canadian Institute of Health

Information] data.

**Mr. Cheveldayoff:** — Okay. Do you have any questions on performance or do you want to do it one section at a time or . . .

**The Chair:** — I do have . . . Carry on and I'll ask . . . Are you finished with A?

**Mr. Cheveldayoff:** — I've just grouped it according to different topics so I wanted to move on to the capital asset plan. On page 40 it talks about the capital asset plan and the need for a plan and, Mr. Deputy, in previous Public Accounts you've told us that a draft capital asset plan has been prepared for consultation with its stakeholders. Can you tell us how that draft is coming along if indeed some progress has been made?

**Mr. Wright:** — Yes, Mr. Chair. We have consulted with, as I mentioned previously I believe, with the various boards of directors. We've met with the CEOs, myself to discuss this. We've met with the people responsible for infrastructure in each of the regions at the executive level and at the, what I'll call the leadership level. We are in the process of addressing the various issues within the capital asset plan.

Key to the capital asset plan is having an understanding of the state of our various facilities out there — what kind of condition they're in. We've allocated in the course of '07-08, I believe it's a total of about \$2 million to undertake an evaluation of virtually all facilities owned by the province. We've having a group called VFA Canada who's undertaking that. They've completed an assessment of St. Paul's, for example, Saskatoon City, and the Royal University Hospital, which assisted us in developing a go-forward game plan for the children's hospital.

Work continues on this. We have about \$4 billion worth of assets, replacement value worth of assets out there. I believe we have in the range of 260 to 270 facilities. So an awful lot of work remains to be done on this. We're looking forward to great gains being made in '07-08.

**Mr. Cheveldayoff:** — Thank you. Realizing it's in draft form, do you have any information that you could share with the committee as far as the capital asset plan?

**Mr. Wright:** — Well sure. Mr. Chair, I'm going to ask Rod Wiley to come up and speak to the specifics. And while they're exchanging places, I can say there's a whole variety of considerations in a capital plan. It's taking a look at not only the facility itself but the environmental aspects, various policies, and so on. But let us turn to Rod to give you some more detail.

**Mr. Cheveldayoff:** — Okay. Is it one document that you can share with us or is it just . . . In the interest of time I'm wondering if there's anything you can table.

**Mr. Wright:** — Well we're not in a position to table the draft because quite literally it is very much a draft, Mr. Chair. If I can get Rod to speak to the various components of it, it'll give you an indication of what I'll call almost the magnitude of the task in front of us. So if, Rod, you could summarize some of this.

**Mr. Wiley:** — Sure. I guess I'd begin by saying, as I have at this committee in the past, that the genesis of the capital

strategy really begins with the action plan for health care in Saskatchewan. And the overall master plan that was developed there calls for the Department of Health to maintain services in all of the facilities that we have within the province. So as an underpinning of any work that we've done in terms of strategy and direction, we've taken that as the base and really it sets the strategic direction and the undertone for any work that we've done on the infrastructure.

I guess in terms of where we are and where we're going, I think I'd begin by saying that the health system in Saskatchewan has got a profile for facilities that is very similar to just about any major industry that you'd look at across Canada or indeed North America today. Much of the provincial infrastructure was developed through the boom days of the '50s and '60s initially. And just like the private sector, our public sector, and other jurisdictions, we're finding that those facilities are coming to a point in time where they need significant reinvestment in order to maintain the service delivery standards that we require.

So that's one of the key reasons why, after doing some initial work with our health regions, we decided that in order to ensure that we were making decisions in a fair and evidenced-based way that we really needed to go back and look at each of the facilities that we have. And so we've begun again that process of reviewing each and every facility. We refer to them as a designated health facility, the facilities designated under regulation.

And with that information in hand we'll have a much better idea what the appropriate level of investment and reinvestment is, going forward, and the best way to address the challenges. We'll also have a better handle on the type of policies that we might need to reinforce in the system. An example of that might be today different regional health authorities will develop different strategies around preventative maintenance and the upkeep of their facilities. In the future it might be more appropriate for us to look at a consistent policy for all of those facilities, the same way that we've developed today a consistent province-wide approach to a green strategy for all new infrastructure.

So there's a policy component to it. There's a question of the best use of the space and also I think a question of prioritization.

In terms of prioritization, as you can well understand I believe there are facilities — for example the tertiary hospitals in Regina and Saskatoon — that are simply mission-critical to the delivery of health care in Saskatchewan. And so those facilities, and not only the building but the equipment in them, receive special attention and focus and consideration in how the ongoing investments occur, not only to make the best use of the facility but clearly good facilities make the best use of human resources as well. So how well they're designed, how effective they are in the use of the building, the equipment, the staff, are all components of what you look at in a capital plan.

Another area you might look at is the overall risk assessment. And again if you looked at Saskatchewan today in the 260- or 70-odd facilities the minister mentioned, we're able to look at that in terms of the risk of being able to deliver ongoing services at the needed level across the province, and consider

the condition and the investments of our facilities around risks in terms of service disruption or other areas. So those are the types of things that we would deal with in a capital plan. And again the first pass we had in the discussions with the region I think resulted in setting the bar much higher for us in terms of the additional work we wanted to go through, and we're just progressing through that in a systematic way now.

**Mr. Cheveldayoff:** — Thank you. We wish you well with that. I know it's a tremendous undertaking. But when I do talk to members of the boards and certainly with the Saskatoon Health Region and also their leadership team, it is something that they invariably mention as a real concern. And so we wish you well and we look forward to the time when you can share some information on that with us.

I want to move along to the topic of joint job evaluation. On page 44 the auditor talks about JJE [joint job evaluation], and talks about the Department of Health not considering the legal ability to collect back overpaid wages when it made the decision to pay employees before the appeal process was finished. Can you outline for me who made the decision to pay employees before the reconsideration process was complete and why? Was that something that was made at the department level or was it made from cabinet or where did that direction come from?

**Mr. Wright:** — Mr. Chair, unfortunately no one here today was around in the Department of Health with specific responsibility for JJE. Going back, I believe the former minister of Health has spoken to this, Minister Nilson, and I believe other ministers of the Crown have spoken to this. I look at this as it was a negotiated process in the sense of SAHO sat down with the various provider unions, that being three of them, SGEU [Saskatchewan Government and General Employees' Union], SEIU [Service Employees International Union], and CUPE [Canadian Union of Public Employees]. We were given a mandate to take a look at and explore and develop a JJE process and JJE content and it was arrived at through mutual agreement. And that was the process to the best of my knowledge, Mr. Chair.

**Mr. Cheveldayoff:** — Thank you to the deputy. Through you, Mr. Chair, where are we at as far as the department trying to collect back these overpayments? Can you give me an outline of where the process is at present time?

**Mr. Wright:** — Sure. Mr. Chair, right at the moment the process is with the Labour Relations Board. The unions filed an item with the Labour Relations Board I believe it was last fall, indicating that the employer had not sat down adequately with the unions to negotiate with them a collection process, number one; and number two, that the employer had been sitting down inappropriately with individual members of the unions without the unions' knowledge or recognition.

There was an internal ruling by the board on this which dealt with the process and indicated to SAHO and through SAHO to the Department of Health, who was ultimately responsible, that we should put a hold on any further collection process and any dollars that had been collected should be returned back to the individuals. We had been looking forward to this spring on having the Labour Relations Board rule on this in its finality so

that we could get on with the actual collection of it. The Labour Relations Board is not ruling on whether or not the overpayments are collectible. Rather they're ruling on two issues.

Unfortunately the SGEU had a lockout situation — or was it CUPE that had the lockout situation? — with its employees and as a consequence asked for a deferment from the Labour Relations Board on its rulings. My expectation is that sometime this fall the Labour Relations Board will rule on those two items — again, whether or not the employer sat down inappropriately with members of the union and, number two, whether the employer failed to negotiate appropriately a process. Once the Labour Relations Board has ruled on those, it's the Department of Health's expectation that we will move forward to develop a collective and a collaborative collection process for the outstanding amounts.

**Mr. Cheveldayoff:** — Thank you. So of the \$4 million that was to be collected, a portion of it was actually collected and now that has been returned. Is that what I hear you saying?

**Mr. Wright:** — That is correct, Mr. Chair.

**Mr. Cheveldayoff:** — Thank you. Are you aware, Mr. Deputy, of any pending lawsuits of the issue? Has the department been notified of any individual lawsuits that have been initiated?

**Mr. Wright:** — No, I am not aware of any, Mr. Chair.

**Mr. Cheveldayoff:** — Thank you. Going on to page 45, the title on that page says, human resource plan needs to improve. It talks about the department not quantifying what its needs are as far as human resources, no projections forward as to future demands. Can the deputy just outline for us why indeed that's the policy of the Department of Health not to put projections forward as to future demands?

**Mr. Wright:** — Mr. Chair, that's not the policy of the Department of Health not to put forward projections. Rather it's, I believe, a note by the Provincial Auditor that we have not done so. Policy is one thing; not to do so is something else.

Human resources plans are well developed in the department. Is there more that can be done? Absolutely. One of the key challenges of any human resources plan is to instill and put into place not only the identification of the type of people that are required and the approximate number of people that may be required as we go through into the future. One of the key aspects of a human resources plan, in my opinion, is to develop that leadership training among all people. Some would call that succession planning — that's a nice phrase — but rather a leadership development. And I'd like to think that the Department of Health has championed this in recent years.

We have a leadership development program in play for many employees, an accelerated development program for many employees who hope to become directors or executive directors and hopefully deputy ministers some day. We have leadership cafés, we work with the Public Service Commission on a variety of items. We put on various seminars.

What you really want at the end of a day in a human resources

plan is a place where people want to come to work. And when people want to come to work for the Department of Health, then everything else will slowly slide into place.

One of the issues around being able to project the number of people is the overall structure of the health system, number one. Number two, will we be able to retain the people that we have? And again developing that type of place where people really do want to work, where they can build a career, a successful career, be very much involved, is what we've been focusing in on. So, Mr. Chair, we take the comments made by the Provincial Auditor and his office very seriously and we're going to continue in conjunction with the Public Service Commission to work on them as we move forward.

**Mr. Cheveldayoff:** — Thank you to the deputy. Mr. Chair, through you I want to turn to the Saskatchewan Cancer Foundation on page 46. Again the auditor outlines his concern for the lack of setting of performance targets. Can the deputy just outline for me if any progress has been made regarding the setting of performance targets with the Saskatchewan Cancer Agency.

**Mr. Wright:** — Yes, Mr. Chair. This is somewhat consistent with my earlier comments respecting the RHA and performance targets. Again many of the measures are in place, but have targets been established? And the answer is no.

A number of things have occurred with the cancer agency over the last little while: one, which is a new Act; two, which is a brand spanking new board. We'd like to think the board is just absolutely top-notch. Number three, they've established a new position of vice-president of quality and performance management. That was just established in April of this year.

Indeed I'm advised that the cancer agency is quite supportive of establishing these targets. With the new position being in place, the new board, the new strategic plan, new vision and goals for the cancer agencies, great progress should be made in '07-08. So, Mr. Chair, again like the RHAs, they need to be established. I believe that they've got the people; they've got the board; they've got the structure. And now it just comes down to establishing those targets.

**Mr. Cheveldayoff:** — How are we doing now, Mr. Deputy, through the . . . I've been reading the note from the Health Quality Council's report on breast cancer, and women in Saskatchewan are waiting longer for treatment than other provinces. Is that still indeed the case or have we made some progress there?

**Mr. Wright:** — Well I believe progress is being made on that front. Indeed, Mr. Chair, I can report that two weeks ago I had a meeting with both the Health Quality Council and the cancer agency, the CEOs and one of the board Chairs from the Health Quality Council, to discuss next steps around the implementation of best practices in moving patients through the system on the breast cancer side. We consider this a priority for the department. I've made that clear to the cancer agency and to the Health Quality Council.

So progress is being made. Of course it's not as fast as I would like, although I'm a speedy kind of guy. But progress is being

made. Can more be done? Absolutely, Mr. Chair, more can be done and more will be done.

**Mr. Cheveldayoff:** — Thank you. On another area of concern and something that the department has been promising is including cancer care as part of the Surgical Care Network information on the Internet. But my information shows that there hasn't been any progress in that regard. Has anything changed recently, Deputy?

**Mr. Wright:** — I'm just trying to recall and I don't believe there's anybody here that can speak to the technical aspects of it, Mr. Chair. Indeed we've been working, one of our staff has been working with, quite extensively with the cancer agency to establish wait-time targets that are consistent with the national benchmarks that were established for predominantly radiation oncology. I'm hopeful that by December of this year we'll have published what those are, and data collection processes will be in place.

We have internally, I would say, a commitment internally to get on with this and to make these targets quite public. We have not as of yet. And the data collection aspect of it I'm just a little fuzzier on, but once you've established targets you must be able to collect the data. So hopefully by the end of this year, Mr. Chair.

**Mr. Cheveldayoff:** — Thank you. To the deputy, we look forward to that and we hope that you are indeed able to meet that target of December of this year.

On page 52, regarding reducing injuries of employees in the health care fields, the question I want to pose to the deputy is, has workplace initiatives for reducing injuries in health care workers, have they had success in Saskatchewan? Are there less injuries being reported now than previously? How have the efforts been successful?

**Mr. Wright:** — Sure, Mr. Chair. This is something that — given my background and having come from SaskPower where safety's extremely important — it's not only the safety of the providers, it's also the safety of the patients that's extremely important as we move through. Are we making some successes? Yes, modestly I'd like to think.

For example, Mr. Chair, one of our key indicators on that dashboard for all the RHAs is WCB claims per 100 full-time equivalents. That's a measure of the frequency of claims going in. And in 2004-05 it was 8.94 was the provincial average. That has declined in '06-07 to 7.67. So the frequency or the number of WCB claims has been dropping overall. However the flip side to it is the severity of the claim, and the severity is the amount of time per claim that's coming off. So the number of lost-time WCB days per 100 full-time equivalents has actually increased over the last several years from 419.1 in '04-05 to 468.45. Now one has got to be careful on the interpretation. Both indicators are very, very important as we move forward.

The number is down, but the length of time is up. And sometimes you can get a skewed effect on this which is a long tail, or a long . . . There can be just a few employees that are off a very significant amount of time that can impact on the results of that. So it's not only the mean; you've got to look at the

medians and a variety of other things. That being said, progress needs to move forward.

We've injected into the system a variety of dollars to work on quality workplaces. For example in '04-05 we added about \$2 million specifically for quality, in '05-06 another million, in '06-07 a half a million. And indeed in '05-06, I believe it was, we established an occupational health and safety strategy overall. This group was created with the Department of Health's guidance and a variety of other measures going in place.

Mr. Chair, I could go on and on. Again this is an area where it concerns me very much. Nursing, the provider groups across this country are on average above the national norms for WCB claims, workplace injuries, both on the frequency and the severity. We are no different here, and we can do better on this.

My final comment on this, subject to further questioning, would be that the CEOs of each of the 12 health regions have set three real priorities that they really want to focus in on. And that number one priority is safety. And that's again safety not only of their providers and their employees, but safety also associated with the patients.

**Mr. Cheveldayoff:** — Thank you. I know that there's some targets that were set. Like the Saskatoon Health Region, a goal of reducing injuries by 20 per cent by 2008, and then Regina Qu'Appelle RHA, their goal was 5 per cent. I guess there's a bit of a difference there. But you know, my question is, are they on track of meeting this target? But I understand where you're coming from, that there's different ways of analyzing that.

**Mr. Wright:** — If I can, I just happen to have Saskatoon's statistics with me, so perhaps — and the good member being from Saskatoon — I could give you an indication of how Saskatoon's doing. In terms of again that number, the frequency of WCB claims, in '04-05 it was 9.88 per 100 full-time equivalents. In '06-07, it had dropped to 8.25. That's a significant movement in the right direction. In terms of the frequency or, sorry, the severity of the claims, which is the number of lost time WCB days per 100 full-time equivalents, again Saskatoon has made some remarkable successes — '04-05, 381.89 dropping down to 321.62 in '06-07. So Saskatoon appears to be on the right track.

I do know that we've had some bumps in the first six months of this year, and I do know again though that the CEOs are striving very much to improve, not only the statistics, which are of course just of interest, but rather the reality of people being hurt in the workplace.

**Mr. Cheveldayoff:** — Thank you to the deputy. I'd like to continue on, but I think we're just going to have to move along on some of these things. The Métis Addictions Council of Saskatchewan, on page 58 and 59 there's a number of recommendations that the auditor makes. Not all of them were able to be reported on at the printing of this document. Can the deputy just outline the response to the concerns from the auditor on the Métis Addictions Council of Saskatchewan?

**Mr. Wright:** — Sure and I'll try to do this in a very pithy form. I believe the Provincial Auditor has been looking — and we

agree — for a long-term strategic plan. Unfortunately we've had an interim board in place. We've been waiting for the MNS to have duly elected individuals in place that we could sit down with and make a proper long-term board appointments. That being said, we've decided and the board has decided to put in place some short-term plans for the council in the current year. With respect to governance training, a comprehensive board training manual is currently under develop, and it will contain all the necessary elements to inform board members of their roles and responsibilities.

With respect to the recommendation that the board periodically assess its own performance, the current board has a work plan to identify and track activities for agency development. And with respect to the recommendation that we work with MACSI [Métis Addictions Council of Saskatchewan Inc.] to determine the amount the former executive committee members of the board may owe MACSI and try to recover it, Mr. Chair, we await the outcome of the RCMP investigation. And in the event that a successful court decision is forthcoming, that is the time for us to work with MACSI and look at a recovery option.

Other items? I believe that's it, Mr. Chair, with respect to MACSI. Is that correct?

**Mr. Cheveldayoff:** — Couple of areas I wanted to get into a little bit, Mr. Chair. Does Health now do a risk assessment on all community-based organizations as far as your involvement with them?

**Mr. Wright:** — Yes. We've put in place, Mr. Chair, risk assessment tools. We have an internal auditor who's very focused. I appreciate that the Provincial Auditor would like to ensure our internal auditor is even more focused. That being said, he does have a focus, and that focus, Mr. Chair, is on risk assessment and risk assessment tools. We've been working well with the Provincial Auditor. We do consider MACSI one of the high risk areas, and so we have been monitoring them very carefully over the last couple of years.

**Mr. Cheveldayoff:** — When you say monitoring, do you do on-site assessments with high risk CBOs [community-based organization]?

**Mr. Wright:** — We will have, for example, in attendance at board meetings, a member from the Department of Health. We will ensure that their financial statements and their quarterly progress reports are carefully analyzed, carefully monitored, any problems brought to the attention of the board Chair and others, and so on.

**Mr. Cheveldayoff:** — Thank you. We're getting to the end of chapter 2A here, Saskatchewan prescription drug plan follow-up. On page 60, the auditor talks about the plan. And my question to you, Mr. Deputy, is has the Department of Health developed a plan to monitor and evaluate prescription drug use in the province? Is there an overall plan in place presently?

**Mr. Wright:** — Mr. Chair, if I could turn that question over to Kevin Wilson, our executive director of the drug plan for a response.

**Mr. Wilson:** — Thank you. The drug plan actually has a

number of different opportunities to evaluate drug use in the population. A lot of that is done with co-operation with other groups, both at a provincial and a national level. Within the province, we're fortunate now in that we're collecting all of the prescriptions that are dispensed or within the province we have a complete database of that, and which makes it a richer database to monitor the utilization of drugs within the province.

We do have some work that's going on with what's called the national prescription utilization information system, which is a FPT group that partly involves the CIHI, and they do some work around utilization and trends across Canada which gives us opportunity to make comparisons there.

The quality council has done some reports on prescription drug utilization. And we do provide data that's used by some of the regulatory colleges — in particular the College of Physicians and Surgeons — under the prescription review program, that is focused particularly on monitoring drugs that may potentially be misused or abused. And they use that to provide specific feedback to individual prescribers. There are some systems for monitoring that we have built into our online system which is in all pharmacies in the province, things that provide the link to warn at the time of dispensing that it might be a duplicate prescription for example.

Probably the biggest advance we have in that area would be the pharmaceutical information program which builds on the collection of all drugs that are dispensed in the province. The phase that we have just finished is allowing the qualified or registered health professionals to have access to the medication viewer, and that medication viewer gives them access then to prescriptions that would be dispensed for their patients. So typically in a pharmacy now, a pharmacy would only have records for drugs that were dispensed from that particular pharmacy. This allows them to see drugs that are dispensed across the piece, across the system. Similarly with physicians, they would have the option to do that.

The majority of utilization of the system has been undertaken at the pharmacy level at this point. There are a good number of physicians' clinics that have signed on and that sort of focus is to increase the uptake with that and eventually proceed to a complete kind of loop system where we'd have electronic prescribing in place.

One other initiative that's of a national sort is COMPUS [Canadian Optimal Medication Prescribing and Utilization Service] which provides utilization guidance basically to provinces. We participate in that. Right now it's run through CADTH [Canadian Agency for Drugs and Technologies in Health] centrally, and they've come up with some guidelines around specific groups and classes of drugs that we, in turn, can use within the province as appropriate to try and encourage appropriate prescribing. So there's a number of different processes that are in place to consider drug utilization.

**Mr. Cheveldayoff:** — Thank you. Are you reasonably comfortable that the plan that's in place or the monitoring that's in place can accurately predict what the seniors' prescription drug plan will cost? Do we have the information that we need, seeing that it's going to be implemented here in a few days?

**Mr. Wright:** — We have a great deal of information. And, Mr. Chair, this very issue came up during Committee of Finance, and the opposition critic, Mr. McMorris, asked that question. We did respond in writing to Mr. McMorris, and that writing took into consideration a great deal of factors that one has to consider in making any projection: simple demographics, trends over time, generic drugs coming into the marketplace, new drugs coming into the marketplace. So we did provide Mr. McMorris with a very detailed description of the key elements in that. And we'd be pleased to share it with you as well or members of this committee should they have an interest in this.

**Mr. Cheveldayoff:** — Okay thank you. Yes, sure it would be interesting to see that. In regards to the prescription drug plan, have any performance standards been set? What are you expecting as far as standards in the first three months? The first six months?

**Mr. Wright:** — The nature and the structure of the drug plan is one that we provide coverage for drugs that are prescribed by physicians. It is not our role to determine the level, the volume of the prescriptions being provided by physicians. Rather we establish a formulary which is based off of work done by the common drug review which is a national process to list. They provide recommendations as to whether or not we should list certain drugs. We address the formulary in conjunction with a variety of experts. And from there to a certain extent, it's pay as you go. And when a physician writes a prescription, depending upon the individual's income, the individual's volume of prescriptions over the course of the year, the program kicks into play.

So we have pro forma statements whereby we will expect a certain expenditure in any one month. We'll expect certain volume increases. So we do monitor, on a monthly basis, volume changes. We do monitor the number of prescriptions out there, the number that are eligible under the program, and a variety of other details. And that's just part of the normal Department of Health's executive team review usually once a month or with some of the data, quarterly.

**Mr. Cheveldayoff:** — Okay. Thank you for that. I'll leave it to Mr. McMorris to communicate with you and to ask you about other details of the prescription drug plan as it rolls out.

Chapter 2B, the financial performance of the health system, on page 65 the auditor talks about sustainability of the Department of Health and concerns regarding the amount of dollars that we spend. And I think each and every member is certainly concerned about this.

We know that certain regional health authorities have hired Deloitte & Touche to undertake efficiency or performance audits in their regions. We know that some have done this, and some I don't think have. Was this a province-wide initiative? Was this something that was initiated by your department or recommended by your department? Or is this something that RHAs are doing on their own? And is it an exercise that they should be undertaking in your opinion?

**Mr. Wright:** — Mr. Chair, the Department of Health has retained the services of Deloitte & Touche to undertake a variety of reviews. These, with one exception, were not initiated

by the regions themselves. We also employed the services of a group out of Edmonton — I'm just trying to recall . . . TkMC [Turnkey Management Consulting] I believe it's called; it's now called Sierra Systems — to undertake a review.

They took a look at Saskatoon. That was mostly with respect to their financial forecasting and the way in which they constructed budgets. We did have Deloitte come in and take a look-see at Yorkton in particular and more recently in Prince Albert. Deloitte is also retained by Sun Country and the CEO down there to undertake a review. I'm not privy to the terms of reference to that nor have I seen a copy of that report.

Reviews are extremely important from time to time, not only of regions but of programs and so on. And the Department of Health has, you know, taken a very active role in engaging various consultants to take a look at things. Those consultants can be from the diagnostic imaging network that we have. They can be the home care review that we completed. They can be part of the surgical teams that we've done, financial reviews, and so on.

Is it province wide? No, Mr. Chair. It's where there were specific issues identified, and those were largely Yorkton and indeed Prince Albert, Sun Country — as I mentioned they're doing their own study — and in Saskatoon.

**Mr. Cheveldayoff:** — Thank you to the deputy. I understand from informal conversations that one of the recommendations was the need to reduce overtime in the province as far as health care workers go. Does the department have any initiatives under place to help regional health authorities reduce overtime and increase full-time positions?

**Mr. Wright:** — Well indeed, Mr. Chair, as I mentioned earlier, part of the \$25 million that was identified for the workforce, 6 million of it has recently been allocated to workplace initiatives. One of the key things around overtime . . . There can be three types of overtime; let us remind ourselves. There is planned overtime due to certain circumstance such as holidays. There's unplanned overtime due to sickness or illness. And then of course there's manufactured overtime that exists in reality in all workplaces.

The regions are working very hard on all those fronts, and we're providing them with some tools under the \$25 million. The \$6 million to provide quality workplaces is extremely important. So efforts are being made on attempting to reduce sick leave time.

Let me give you an example, Mr. Chair. While it may not sound significant, it is important. In '04-05, in terms of the amount of sick time per FTE for the Saskatchewan Union of Nurses, was 93.07. In '06-07 that was reduced to 89.34. Similarly out-of-scope individuals, their sick leave hours have dropped. Similarly for the organization as a whole it's dropped provincially from 88.57 — the number of hours again per FTE — to 84.12. So it's dropped — I'm looking across the board — with one exception, which is the health sciences, which rose.

So again, it's part of safety. It's part of a good quality workplace. Efforts are being made. Can more be done? Absolutely, Mr. Chair.

**Mr. Cheveldayoff:** — Thank you, Mr. Deputy. Moving on to chapter 2C and in the analysis of the regional health authorities themselves, in reading this part of the chapter, you see that we certainly have a wide variance of RHAs in the province as far as abilities to undertake the recommendations of the Department of Health. And can you outline what corrective steps are being taken with RHAs that do not comply with reporting requirements? If they have an inability to comply, is there some initiatives that you're taking to help them along?

**Mr. Wright:** — Well generally, Mr. Chair, it's unacceptable if an RHA is not complying with a directive by the Department of Health, okay. Now there are issues where we will disagree respectfully with the Provincial Auditor or that further work needs to be done. And I give you, for example, it's not a disagreement, but whether or not there should be internal auditors in various regions. We ask the CFOs [chief financial officer] of those regions to investigate and to report back to us on whether or not that they thought an internal auditor was warranted given their overall structure and given demands.

Otherwise, Mr. Chair, we take very seriously the Provincial Auditor's recommendations. And in all of these with perhaps just that one exception . . . but not even quite. The auditor asked us to look at it. And we've done that assessment. I'd like to say that the regional health authorities are moving to or have implemented many if not all of the recommendations of the Provincial Auditor in this regard.

**Mr. Cheveldayoff:** — Thank you, Mr. Deputy. One area that I wanted to ask you about regards the service agreements with service providers as recommended by the auditor, and I believe it's legislated as well by Bill 31, The Regional Health Services Act amendments. Do all RHAs in the province have service agreements in place with service providers?

**Mr. Wright:** — Yes. Sorry, Mr. Chair. For a second the look on my face was . . . When I use the word or people use the word, provider, I usually think of many of the unions. And I was going to say, well gee whiz, we have collective agreements. But . . .

**Mr. Cheveldayoff:** — You're the critic of Finance and you're dealing with the deputy of Health, and he gets that look on his face, you start thinking well, you know, what's with this?

**Mr. Wright:** — I'm also an old deputy minister of Finance. Indeed, look, SAHO is working very closely with Regina Qu'Appelle Health Region and Saskatoon and putting together a master agreement and items.

Currently I believe there's an MOU [memorandum of understanding] that's in place that's set to expire. Everybody recognizes that we've got to get on with this. So progress is being made, and it's a most appropriate recommendation. We agree with it.

**Mr. Cheveldayoff:** — And the smaller RHAs are buying into this as well and showing compliance? Is that correct?

**Mr. Wright:** — Yes, sir.

**Mr. Cheveldayoff:** — Along that same line, the auditor has

made several recommendations dating back, I think, to 2004, wanting strengthened annual reports in terms of reporting specific performance indicators and just increasing the overall quality of the annual reports. Can you report to us on what initiatives have been taken and what has been accomplished in the last three years?

**Mr. Wright:** — Sure. Mr. Chair, in short order — I believe early next month — the various health regions will be issuing their '06-07 annual reports. These are getting better and better each year. Are they perfect? Again no, okay. Is the quality of the information improving? I'd like to think that even the Provincial Auditor — and I say it with a smile on my face — would agree that the quality is improving each and every year. And, Mr. Chair, I do note a nod from one of the senior auditors, a very charming man.

We've got a lot of work to do. The performance indicators are listed at the back. As the Provincial Auditor has noted and as you requested further information, we need to establish targets. We're reporting on payroll all individuals earning over 50,000. We're reporting relative division mission values. We're reporting relative strategic objectives and so on. An awful lot of progress is there, and I encourage each and every one of the members of this committee and particularly the Provincial Comptroller's office to read all 12 of the reports. They're great late night reading, and they will keep you awake with absolute thrills and chills, Mr. Chair.

**Mr. Cheveldayoff:** — All right. I'll take that one under advisement.

**Mr. Wright:** — We are making progress. All kidding aside, we really are moving it along. And look, hey, they're going to get better each and every year.

**Mr. Cheveldayoff:** — One thing I do remember from our conversations in previous years was the whole generally accepted accounting principles and some resistance from some RHAs on adopting those principles. Has that now been corrected? I know that there was the example of the Keewatin overstated its capital fund revenue by \$6.1 million. And we talked about some concern with that. Are all the RHAs on the same page now in the province?

**Mr. Wright:** — Well before I turn this over to the Provincial Comptroller to respond to, Mr. Chair, this is a funny world for just a simple economist like myself. Here we have three rules of accounting. We have GAAP, generally accepted accounting principles. We have PSAB, Public Sector Accounting Board, which is what the Department of Health follows, okay. We don't follow GAAP; we follow PSAB. And then yet not-for-profit accounting is what the regional health authorities follow. So sometimes there's a little difficulty out there in trying to get all three accounting systems to mesh into one.

That being said, I think there is a disagreement at this point in time that hopefully the Canadian Institute of Chartered Accountants will be exploring further and hoping to provide some light to this topic on GAAP and how it should be interpreted relative to capital. But Mr. Paton knows much more about this, and I'm sure would be more than delighted, Mr. Chair, to respond to this.

**Mr. Cheveldayoff:** — Sure.

**Mr. Paton:** — Mr. Chair, the deputy's correct. This issue continues to be an outstanding one with the Institute of Chartered Accountants. We're hopeful that it'll be resolved during the next coming year. Having said that, I know that all of these standards are always subject to interpretation, and we'll have to work closely with the Provincial Auditor's office even when those recommendations are finalized.

**Mr. Cheveldayoff:** — Thank you. So indeed we do have regional health authorities that operate on different sets of accounting principles. Is that correct?

**Mr. Paton:** — I'm not sure if it's a different set of accounting principles. I think what we see right now is similar to our office having a different interpretation with the Provincial Auditor's office. We see that the appointed auditors for the RHAs also have different opinions on how to apply the standards.

**Mr. Cheveldayoff:** — Thank you. Can you give me a bit of a breakdown, how many do actually follow the GAAP process in the province?

**Mr. Wright:** — Something tells me, Mr. Chair, it's about four, perhaps five of the twelve.

**Mr. Cheveldayoff:** — Four or five of the twelve?

**Mr. Wright:** — Yes.

**The Chair:** — Okay. Thank you. Moving along to 2E, the Saskatchewan Association of Health Organizations, SAHO, page 103, the auditor talks about the need for security regarding SAHO and security of its external network provider. Has SAHO now put in place measures to monitor its security of the external network provider?

**Mr. Wright:** — Indeed, Mr. Chair. SAHO, with respect to this whole section if I may, section E — and we'll talk about, later on, chapter 6 of the '06-07 — SAHO has made, I'd like to think, significant progress on this. We've been working closely with the Provincial Auditor in implementing these things. With respect to monitoring the security, I'm just looking at my notes here and there's more work to be done, Mr. Chair. But they are making progress on this, on all aspects of this. They're in agreement, in my understanding, with all of the Provincial Auditor's recommendations on this, and we'll be monitoring and working with SAHO on all of the implementations associated with that.

**Mr. Cheveldayoff:** — Okay thank you. Who is or what company is SAHO's external network provider?

**Mr. Wright:** — It's within Oracle databases. I must admit, a company specializing . . . It doesn't specify in my note here, Mr. Chair, but if I can just read the paragraph. In addition, a company specializing in information security performed intrusion prevention, security, IPS [intrusion prevention systems], and intrusion detection security. I'm not sure, personally, what those are on SAHO's systems. I'm sorry; I just don't know what company it is though, Mr. Chair.



**Mr. Cheveldayoff:** — Okay that's fine. To your knowledge, Mr. Deputy, have there been any security breaches in SAHO in the last year?

**Mr. Wright:** — No, Mr. Chair, to the best of my knowledge none have been identified. None have been identified by the Provincial Auditor, the Department of Health, our internal auditor. None have been identified or brought to the attention of SAHO.

**Mr. Cheveldayoff:** — Thank you. On page 108 the auditor talks about the need for security on the payroll system, such as only allowing authorized users to access the information that they need to. Can you inform the committee as to the success that they're having with that?

**Mr. Wright:** — Sure. Mr. Chair, just reading from my notes if I may, SAHO has developed the necessary standards and rigour around password management in all of their systems. To further comply with the recommendation of the Provincial Auditor, the length of passwords has been changed from a minimum of six characters to eight characters, and this is going to provide further strength to the security of the systems. SAHO does in fact believe that it has developed adequate standards currently to meet this recommendation.

**Mr. Cheveldayoff:** — Thank you to the deputy for those answers. Mr. Chair, I think I've completed my questioning on chapter 2 and will turn it back over to you.

**The Chair:** — Thank you, Mr. Cheveldayoff. No one else has indicated that they do want to ask questions.

I know my colleagues from the government side are terribly excited about dealing with all of these recommendations, but I would like to ask the auditor just a couple of questions. First of all back on page 36, or back on chapter 2A, can you tell me what transfers from other governments include? Which governments? And is that all transfers from other governments or only some transfers from other governments?

**Ms. Sommerfeld:** — It's primarily two things. I believe there's some federal capital equipment money that's come across that's recorded in that. And also, I believe, other governments pay for our treatment of their residents, so when someone from out of the province is treated in a Saskatchewan hospital.

**The Chair:** — Okay, I understand. Yes, I understand. I thought the number seemed rather small. Mr. Deputy, can you tell me what is the total amount for instance that the federal government would include in Saskatchewan's total health care budget, the revenue side for year 2006?

**Mr. Wright:** — Let me try if I may, Mr. Chair, because I don't have that number quite handy with me. But I can tell you that for '07-08 our budget is \$3.45 billion, and the federal government contributes on a cash basis approximately 24 per cent of that. I believe the correct figure is 23.8, so call it a quarter of \$3.45 billion.

**The Chair:** — And that would be similar in the years that are reported here, or is it increasing or decreasing?

**Mr. Wright:** — Yes, Mr. Chair, as a result of the First Ministers' Accord in September 2004, there has been an injection of incremental federal dollars into the health care system across this country. It's come through transfer payments, some of it what I'll call tagged. We use a phrase — unconditional but tied wait times — to adjust wait times, to address capital equipment, to address a variety of other items. So as a consequence it's gone up sharply.

Now in the olden days when I was young and good looking, the federal government contributed closer to 50 per cent of total health care costs. Since then it has slipped and was down in that 15 to 20 per cent range prior to the First Ministers' Accord, but as a consequence has come up. Ideally we'd like to see 50/50 again. That being said, 25 per cent is a good target. It has improved since '05-06 or '04-05. It's going to be tailing off in a number of circumstances. The rate of growth is going to be declining. For example the federal government in '06-07 contributed \$1.2 billion to wait times. In '07-08 it's 600 million. In '08-09, it's fallen to 250 million. So interesting increase in federal transfers and that rate of increase is going to be tapering off just a bit, Mr. Chair.

**The Chair:** — Okay thank you. The other question for the auditor is what does service fees revenue include?

**Mr. Heffernan:** — It's mostly nursing homes.

**The Chair:** — Okay. All right. Again another question for the auditor with regards to the recommendation on page 42 and doctor's fees, the recommendation is that the Department of Health assess the cost benefit of on-site audits of doctors' clinics to verify that it pays the appropriate amounts for medical services provided by doctors.

My question to the auditor is, you know, from your investigation, do you think there's grounds to believe either accidentally or in a premeditated way some doctors are not claiming the correct amount of fees from the department?

**Mr. Heffernan:** — We have no evidence of that.

**The Chair:** — You just see a weak reporting system that could potentially allow that to happen?

**Mr. Heffernan:** — The department has various ways of finding the thing that you're talking about. One way is to do an analysis of payments to doctors for trends, that sort of thing. We're suggesting they may also want to actually do some on-site visits, maybe on a random basis in addition to that.

**The Chair:** — What might that show?

**Mr. Heffernan:** — Well just . . . The system for paying doctors is a bit of an honour system in that the department doesn't have first-hand knowledge as to the services actually provided, and so we're suggesting that they may want to go and look at the systems the doctors have in place to ensure that the billings are accurate.

**The Chair:** — And would that be same with the drug payments? Is it the same situation as the recommendation on page 43?

**Mr. Heffernan:** — Yes. The department doesn't do any direct verification at the pharmacist's.

**The Chair:** — So is there a hazard because of that?

**Mr. Heffernan:** — There's a risk.

**The Chair:** — There's a risk. Mr. Deputy, are you taking steps? Are you following the auditor's recommendations in these regards?

**Mr. Wright:** — Indeed, Mr. Chair, we're moving in a direction. We did take the opportunity to take a look at the recommendation as it deals with physician services. And we did a little tour — not a tour, we made phone calls, Mr. Chair, trying to save taxpayers' dollars — of the various other jurisdictions. And what we found is that very, very few have these random, on-site audit processes. In fact most of the jurisdictions use similar techniques, statistical techniques and others, to determine patient billing patterns and a variety of other items. We tend to think that this a superior approach to it.

In fact what we've got for inappropriate billings and suspected inappropriate billings, Mr. Chair, is the joint medical professional review committee. We work closely with the SMA [Saskatchewan Medical Association] in setting this up, and this committee has six very experienced physicians, and their role is to carry out extensive reviews where it is deemed that there may be inappropriate billing mechanisms.

That being said, Mr. Chair, we are going to take a look at conducting a cost-benefit analysis. We'll keep an open mind about this, and at this point in time I think the costs will exceed the benefits. But that being said, an open attitude towards it.

**The Chair:** — Okay. Thank you. And, Mr. Deputy, the last question. Given the report by the auditor as to the compliance with his recommendations between the Saskatoon Health District and the Regina and District Health District, Saskatoon's record is very good. Injuries are decreasing. Lost days are decreasing. Why aren't all the other health regions pursuing the same policies as Saskatoon? And are you doing something to ensure that that happens?

**Mr. Wright:** — Every region has its strengths, and every region has its weaknesses. Certainly for example, Regina Qu'Appelle in many ways in certain areas excels to a greater extent than perhaps Saskatoon may. I think the important thing, Mr. Chair, is the collaboration and communication among the regions to learn of best practices within each of the regions, not only around patient safety and provider safety but on a variety of others from addictions treatments through to mental health, through speech language pathology services, through to surgical, through to diagnostic imaging. So each one has its own successes and each one has its own shortcomings as I've mentioned, and for them to work together I think is the important thing.

**The Chair:** — So are you saying then, Mr. Deputy, that there are trade-offs and if you put resources reducing injuries, you might not be able to provide other services that . . . where some of other districts may be excelling over Saskatoon? Is it an either/or, or can't they all succeed?

**Mr. Wright:** — No, you know, when we speak of safety though, Mr. Chair, it's not just resources, okay, and it's really important about the attitude and the culture of safety. Safety has got to be in everything that you do. Safety is not something you sacrifice. Safety is part of an embedded culture. And if you don't have that, you're not going to be safe. It's not only about the resources.

**The Chair:** — Right.

**Mr. Wright:** — That's one element, okay, and the capital resources, the lifting equipment . . . It's about training as well, learning how to lift properly to avoid shoulder and knee and arm injuries and so on.

So, Mr. Chair, it may be the case that as well a lot of injuries often go unreported. We encourage injuries, adverse events, and critical incidences all to be reported so that we get a better understanding of them. So, Mr. Chair, I would not like to think that it's a resourcing issue. I'd like to think that it's a whole cultural, attitudinal issue that everybody's got to get on board. And it may be the case that Saskatoon has a better culture in that regard than perhaps some of the other regions.

**The Chair:** — Well probably then it speaks to the fact that your department should be more of a conduit to provide that, to transfer that culture to the other health regions.

**Mr. Wright:** — Mr. Chair, you can lead a horse to water, but you can't make him drink, okay.

**The Chair:** — But you do provide the dollars . . .

**Mr. Wright:** — And we provide the water, okay.

**The Chair:** — All right. Mr. Prebble, you have a question?

**Mr. Prebble:** — Thank you, Mr. Chair, when you're done.

**The Chair:** — I'm done.

**Mr. Prebble:** — You're done, okay. With respect to page 93 and the issues that are raised by the Provincial Auditor on immunization particularly in the Prince Albert Parkland Regional Health Authority, I mean this is a complex area because there's the work being done by the federal government of course as well as by the province. But how are we doing with respect to moving forward on increasing rates of immunization in this health authority since the recommendations were made by the Provincial Auditor?

**Mr. Wright:** — Sure, Mr. Chair, with me today is Dr. Ross Findlater, the chief medical officer of the province, and he'd love to speak to this.

**Mr. Findlater:** — Right. Well, I'm glad you're interested in immunization actually. Well certainly in Prince Albert they've done quite a bit of work on trying to figure out why they had low immunization rates and how to improve them in a practical way. I must say that, you know, some of these immunization rates are fairly low. One of the . . . you know, we still are in a situation where we have very low rates of vaccine-preventable diseases in the province including those related to some of these

target immunization programs that we measure, like measles.

The auditor made a series of four recommendations, and actually the Prince Albert Health Region is working on them.

There was one about working with First Nations health organizations more, and there's now been a regular process set up whereby the RHA and the First Nations health organizations meet on a regular basis to discuss their immunization programs. The second recommendation was to set target immunization coverage rates, and P.A. is in the process of doing that. The third recommendation is to report to the P.A. board about their immunization coverage and what they're doing about it I guess. They haven't yet done that. I assume that they will be taking that forward along with their target to discuss the problem.

And the fourth recommendation by the auditor was that Health adjust its immunization performance measure so that we were actually calculating what we said we were calculating. It was good advice, and we've done that. It actually has to do with how one measures immunization coverage rates. And while we would like to actually measure the real population coverage rate, we have registries as a tool, and what we can measure, in fact, is the coverage rate of the people that are in the registry. So we've changed the language around what we're measuring to reflect that.

**Mr. Prebble:** — Good. Thank you for that update. That's very helpful. I do have another question, Mr. Chair, and that relates to a little earlier on in the report whether any action has been taken yet with respect to the first recommendation on page 42, and that is assessing the cost/benefit of on-site audits of doctors' clinics to verify that these clinics are paying appropriate amounts for medical services. Has this work begun or is the intention to begin the work? I just kind of wanted to get a status of where we're sitting right now.

**Mr. Wright:** — I think it would be fair to say, Mr. Chair, it's our intention to complete that work over '07-08. I do not believe it has been an issue. We've had a couple of other issues to deal with in recent months and look forward to completing it over the course of '07-08.

**Mr. Prebble:** — And a similar question with respect to the second recommendation on page 43, the auditor recommends "... that the Department of Health implement a process to verify that residents received the prescription drugs the pharmacists claimed for payment." I'm assuming this would involve again some on-site sampling. Has any work been done yet on that recommendation or is it the intention of the Department of Health to begin work on that?

**Mr. Wright:** — Mr. Chair, I'm going to have to turn to Kevin again, Mr. Wilson, on this. With respect to physician payments, — although it wasn't part of the recommendation here, we are reinstating verification letters. You may get a letter in the mail saying, did you receive this service, please send it back to us. So Kevin.

**Mr. Wilson:** — There hasn't been specific work done as yet. We are considering or looking at the opportunity to do some verification similar to what's done through the medical services branch.

**Mr. Prebble:** — Yes. Good. Thank you. So on both of these, there's plans to move forward.

**Mr. Wright:** — Oh yes, Mr. Chair.

**Mr. Prebble:** — But we just need to ... haven't yet had a chance to get started on it.

**Mr. Wright:** — That's correct. We will be moving forward.

**Mr. Prebble:** — Thanks, Mr. Chair.

**The Chair:** — All right. All right, are we ready to move to the recommendations? I hear no objection. We will begin on page 42, the recommendations that Mr. Prebble were just talking about.

The Provincial Auditor's first recommendation:

We recommend that the Department of Health assess the cost/benefit of on-site audits of doctors' clinics to verify that it pays appropriate amounts for medical services provided by doctors.

Is there a motion? Mr. Prebble.

**Mr. Prebble:** — I move concurrence with the recommendation.

**The Chair:** — Okay. A motion to concur, is there discussion of the motion? Seeing none, we'll call the question. All in favour? That's carried.

Recommendation no. 2 on page 43:

We recommend that the Department of Health implement a process to verify that residents received the prescription drugs the pharmacists claimed for payment.

Is there a motion? Again, Mr. Prebble.

**Mr. Prebble:** — I move concurrence again, Mr. Chair.

**The Chair:** — Again a motion to concur, is there discussion of the motion? Okay. We'll call the question. All in favour? That too is carried.

Recommendation no. 3 on page 44:

We recommend that the Department of Health establish adequate processes to collect and pay all revenue earned by the Provincial Laboratory into the General Revenue Fund.

Is there a motion? Mr. Prebble.

**Mr. Prebble:** — I'll move concurrence on that, Mr. Chair.

**The Chair:** — A motion to concur, is there discussion of the motion? Okay. The question. All in favour? Carried.

Recommendation no. 4 at the bottom of the page:

We recommend that the Department of Health and

Regional Health Authorities recover the overpayments resulting from the reconsideration of joint job evaluations.

Is there a motion? Mr. Prebble.

**Mr. Prebble:** — I'll move concurrence again, Mr. Chair.

**The Chair:** — Again a motion to concur, is there discussion of the motion? No . . .

**Mr. Cheveldayoff:** — Only in the fact that there's, I guess, some . . . Here the Labour Relations Board has to review this, and there's possible legal implications. So I guess it doesn't alter our recommendation.

**The Chair:** — We still concur with the recommendation?

**Mr. Cheveldayoff:** — Yes. We still concur with the recommendation.

**The Chair:** — All right. All in favour? That too is carried.

Recommendation No. 5, page 46:

We recommend that the Department of Health revise its human resource plan to:

quantify its human resources needs

provide details on the human resource gap between actual and required resources

provide details on the action plans to implement the major strategies

provide measurable indicators and targets for all strategies.

Is there a motion? Mr. Prebble.

**Mr. Prebble:** — I will move concurrence and note progress.

**The Chair:** — This time a motion to concur and note progress, is there discussion of the motion? Seeing none, we'll call the question. All in favour? That is carried.

Recommendation No. 6 on page 50:

We recommend that the Saskatchewan Cancer Foundation make a service agreement with the Saskatchewan Association of Health Organizations covering all services provided.

Is there a motion?

**Mr. Prebble:** — I will move concurrence and again note progress, Mr. Chair.

**The Chair:** — Again a motion to concur and note progress, is there discussion of the motion? Okay. We'll call the question. All in favour? That too is carried.

I believe that is the end of the recommendations in 2A. And

there are no recommendations in 2B, so we can skip over to 2C where there are six recommendations.

And as quick as I can, I will find where the first one . . . it's on page 81 and it reads:

We recommend that the Boards of Directors of the Prince Albert Parkland, Sunrise, Five Hills, and Sun Country Regional Health Authorities assess whether they need an internal auditor.

Is there a motion? Mr. Prebble.

**Mr. Prebble:** — I will move concurrence.

**The Chair:** — A motion to concur, is there discussion? Seeing none, we'll call the question. All in favour? That is carried.

Recommendation no. 2 on page 82.

We recommend that the Sun Country Regional Health Authority ensure its equipment is safeguarded.

Is there a motion? Mr. Prebble.

**Mr. Prebble:** — Mr. Chair, I move concurrence on that as well.

**The Chair:** — A motion to concur. Discussion? None? Call the question. In favour? That is carried.

Recommendation no. 3 on page 83.

We recommend that each of the Regional Health Authorities make service agreements with the Saskatchewan Association of Health Organizations covering services provided.

Is there a motion? Mr. Prebble.

**Mr. Prebble:** — I'll so move concurrence, Mr. Chair.

**The Chair:** — A motion to concur. Discussion? None? Call the question. All in favour? That's carried.

Recommendation no. 4 on page 84.

We recommend that the Saskatoon Regional Health Authority obtain audited internal control and legislative compliance reports from all of its affiliated organizations as required by its operating agreements.

Is there a motion? Mr. Prebble.

**Mr. Prebble:** — I'll move concurrence again.

**The Chair:** — A motion to concur. Discussion? None? Call the question. All in favour? That is carried.

Recommendation no. 5 on page 85.

We recommend that the Keewatin Yatthé, Prince Albert Parkland, and Sun Country prepare information technology disaster recovery plans.

Is there a motion? Mr. Prebble.

**Mr. Prebble:** — I'll move concurrence.

**The Chair:** — A motion to concur. Discussion of the motion? Seeing none, we'll call the question. All in favour? I think, yes, that's carried.

Motion, or recommendation no. 6, found on page 85:

We recommend that the Heartland, Keewatin Yatthé, and Prince Albert Parkland Regional Health Authorities establish information technology policies and procedures that are based on a threat and risk analysis.

Again, is there a motion? Mr. Prebble.

**Mr. Prebble:** — I will move concurrence.

**The Chair:** — A motion to concur. Discussion? None? All in favour? That is carried.

That brings us to the conclusion of 2C, 2D. There are four recommendations, and I believe they're all on page 93. Recommendation no. 1:

We recommend that the Prince Albert Parkland Regional Health Authority work with First Nations and Federal health agencies to maximize access to immunization for children in the region.

Is there a motion? Mr. Prebble.

**Mr. Prebble:** — I'll move concurrence and note progress.

**The Chair:** — A motion to concur and note progress. Discussion? None? All in favour? Carried.

Recommendation no. 2:

We recommend that the Prince Albert Parkland Regional Health Authority set target immunization coverage rates for children in the region and develop plans to achieve those targets.

Is there a motion? Mr. Prebble.

**Mr. Prebble:** — I'll again move concurrence and note progress.

**The Chair:** — A motion to concur and note progress. No discussion? Question. All in favour? Carried.

Recommendation no. 3:

We recommend that the Prince Albert Parkland Regional Health Authority regularly report to its board an analysis of the causes of its low immunization coverage rate.

A motion. Mr. Prebble.

**Mr. Prebble:** — I'll move concurrence, Mr. Chair.

**The Chair:** — A motion to concur. No discussion. Question. All in favour? Carried.

Recommendation no. 4:

We recommend that the Department of Health adjust its immunization performance measure so that it calculates the measure it has defined.

Mr. Prebble.

**Mr. Prebble:** — I will move concurrence and note progress.

**The Chair:** — A motion to concur and note progress. Any discussion? None. Call the question. All in favour? That too is carried. And that brings us to the conclusion of 2D.

2E also has four recommendations, and the first one is on page 106. It reads:

We recommend the Saskatchewan Association of Health Organizations (SAHO) monitor the security controls of its Internet Personnel Front End service provider to protect SAHO's systems and data.

Is there a motion? Mr. Prebble.

**Mr. Prebble:** — I will move concurrence and note progress.

**The Chair:** — A motion to concur and note progress. Any discussion? None. All in favour? Carried.

Recommendation no. 2 on page 107:

We recommend the Saskatchewan Association of Health Organizations (SAHO) monitor the security controls of its external network service provider to protect SAHO's systems and data.

Is there a motion? Mr. Prebble.

**Mr. Prebble:** — I will move concurrence and again note progress.

**The Chair:** — A motion to concur and note progress. We're ready for the question. All in favour? That's carried.

Recommendation no. 3 on the bottom of page 108:

We recommend Saskatchewan Association of Health Organizations only allow authorized users access to its systems and data, follow established password standards, and protect its systems from known security risks.

Mr. Prebble.

**Mr. Prebble:** — I will move concurrence and note progress.

**The Chair:** — A motion to concur and note progress. Any discussion? None. All in favour? That is carried.

And the final recommendation on the bottom of page 110:

We recommend that Saskatchewan Association of Health Organizations appropriately test and document payroll system changes.

Is there a motion? Mr. Prebble.

**Mr. Prebble:** — I will again move concurrence and note progress.

**The Chair:** — A motion to concur and note progress. I assume no discussion, so we'll call the question. All in favour? That too is carried. Thank you very much.

Mr. Heffernan, if you would give us a brief summation of 2007 report volume 1, chapter 6, please. Thank you.

**Mr. Heffernan:** — Mr. Chair, in this chapter we report the results of our audits of the Saskatchewan Association of Health Organizations and eight benefit plans for employees in the health system and an audit of the Five Hills Regional Health Authority. We found that SAHO did not have adequate processes to control its bank accounts, receipts and payments. We make six recommendations to improve these processes.

We also found that SAHO needs to strengthen its processes to safeguard the assets of its benefits plans. We make five recommendations to improve these processes.

I'm pleased to report that SAHO has to date implemented 9 of the 11 new recommendations.

In addition we audited the processes that Five Hills Health Authority used to achieve its planned outcomes. We conclude that the authority had adequate processes except it needs to formally analyze results and use that analysis to support decisions and it needs to use a management development program that includes an outcome-oriented approach. That concludes my remarks.

**The Chair:** — All right. Mr. Wright, did you care to respond to the auditor's report?

**Mr. Wright:** — Sure, very quickly, Mr. Chair. I am pleased that the Provincial Auditor's office did note that SAHO is in compliance with 9 of the 11 recommendations contained within the report, and SAHO has given me the assurance that they will be implementing the other two over the course of '07-08. So I think it would be fair to say the department, SAHO agree very much with the auditor's recommendations and have taken expeditious actions to implement these recommendations.

With respect to Five Hills and the recommendations contained therein, I was in Moose Jaw earlier today, Mr. Chair, meeting with the executive team for Five Hills and discussing this with the CEO. The CEO and his group and his board are undertaking a review of their strategic plan and have committed to seeing if there is a way and a means of implementing the Provincial Auditor's recommendations within their overall redevelopment of the strategic plan.

**The Chair:** — All right. Thank you, Mr. Wright. We are now open for questions. Mr. Chisholm.

**Mr. Chisholm:** — Thank you. On page 66 of the auditor's report, the SAHO disability income plan for the SUN, Saskatchewan Union of Nurses, indicates a rather large negative result. I'm wondering if you could comment on that and perhaps shed some light on the history of that particular plan and . . .

**Mr. Wright:** — I'm sorry, Mr. Chair. I am not in a position here to speak to the numbers contained within on the disability plan. Certainly we can provide you with a written explanation. I just don't have the resources here to be able to speak to the deficit with respect to SUN.

**The Chair:** — But you will provide a timely written response to the question?

**Mr. Wright:** — I will arrange for the president and CEO of SAHO to respond to your question. Okay.

**The Chair:** — Okay. Thank you.

**Mr. Chisholm:** — Nine of the eleven recommendations that you have indicated are or have been adhered to all seem to relate to just a lack of accountability or the possibility of accountability problems. How long since the time that these shortcomings were pointed out did it take SAHO to actually respond?

**Mr. Wright:** — Well, Mr. Chair, if I may, this is the Provincial Auditor's 2007 report volume I which was issued I believe in April . . . [inaudible interjection] . . . late May. Mr. Chair, it's one month later. Nine of the eleven recommendations have been put into play.

**Mr. Chisholm:** — Right. And it's my understanding that the other two recommendations are scheduled to be in by '08. Or is that correct?

**Mr. Wright:** — I'm not going to commit to a timeline but certainly SAHO is moving as best as they can on all of them, the remaining two, to implement them.

**The Chair:** — Mr. Chisholm, any more questions?

**Mr. Chisholm:** — No.

**The Chair:** — Mr. Cheveldayoff.

**Mr. Cheveldayoff:** — Thank you. Just wanting to talk about the Five Hills Regional Health Authority and processes to achieve selected outcomes. The theme that the auditor is concentrating on is the focusing on the achievement of planned outcomes, an effective way to manage, and that is used worldwide. And many of the recommendations talk about outcome-orientated management. Can the deputy just outline for us, do you agree with outcome-orientated management? And is that something that you are impressing upon the regional health authorities? To me it makes a lot of sense, but I'm just interested in hearing what the philosophy of the department is and what the best practices are presently in the province.

**Mr. Wright:** — Well, Mr. Chair, there are many, many, many different management techniques, management approaches.

Some come and go, and some have been around for quite a while. In the extreme, there's Professor Arrow's impossibility which is the benevolent dictator approach to management. Of course on the other side there's management by objectives, MBO. There's management by outcomes, MBO. There's management by walking around. There's management . . . different approaches, different philosophies. No one is necessarily the right one. The idea for any good manager, any good leader is to take the best of the best and to apply them.

Do we agree with this approach? Yes we do. We think it's one of many of tools to good management. Is it the be-all and the end-all? Not necessarily. We don't want to see it like the TQM [total quality management]. You may recall not too many years ago, TQM being heralded as the new management tool and technique and heaven help us all. Well you don't hear much of it today.

One embraces things gently. One embraces them to get the right nurturing in things out of them and applies it as part of your kit bag of management tools. So MBO — in this case, management by outcomes — is indeed a useful tool. We have been encouraging it. Performance measures, we're working on performance targets. People need more training in this, an important tool in the kit bag to good management, Mr. Chair.

**Mr. Cheveldayoff:** — Thank you to the deputy. Could I just ask the auditor to, I guess, flesh out some of the ideas that should be done regarding management techniques? And the auditor seems to specifically say we need to analyze our results better in the province. Can you expand upon that for me, please?

**Ms. Knox:** — Mr. Chair, the Government of Saskatchewan has been using an accountability framework which they call their performance management framework, and this audit is structured around that framework, which has been chosen by Saskatchewan. So it includes the planning part, setting out clear objectives; the reporting part, you know reporting against those objectives; and the big chunk in the middle, which is what this audit tries to look at. And that includes the systems for monitoring internally by management of how they're doing. It includes whether or not the performance appraisals of managers and the staff link to their strategic plan so that everyone can see the kind of progress that they're making.

**Mr. Cheveldayoff:** — Okay. Does the deputy have any comments to . . .

**Mr. Wright:** — No. Again very briefly, Mr. Chair, it's one tool in many and I hope it doesn't become disco management, which is to say faddish. I think it's got some very good, sound roots. And so the various regions have employed them. And can they do better? Again, of course.

**Mr. Cheveldayoff:** — Thank you, Mr. Chair. It's hard for members and for us sitting here to identify what's the best way to use it. We just are hopeful that you are identifying targets; you are selecting those targets with the best analysis that you have and with the results orientation.

**Mr. Wright:** — Yes.

**Mr. Cheveldayoff:** — So we hope that that indeed is taking place. You know, some specifics that the auditor points out in the recommendations — and I know you say that 9 of the 11 are largely being completed — annually written progress reports for strategic priorities that include analysis of results. You know, if you asked me I would assume that things like that are already in place. But can you outline for us if RHAs are doing annual written progress reports for strategic priorities?

**Mr. Wright:** — Well indeed, Mr. Chair, for the better part those are contained within the annual reports. The strategic objectives are outlined and I have a draft copy of Saskatoon's here. And for each of those objectives, they do address it. For example goal 4 in Saskatoon is sustainable, efficient, accountable, quality health system. They go through to describe what they've done, how they're doing it. They are reporting again strategic objectives within the annual report. So it is done annually.

**Mr. Cheveldayoff:** — Thank you. That's the answer that I expected. That's good to hear. I don't think I have any other questions at this time, Mr. Chair.

**The Chair:** — Mr. Prebble.

**Mr. Prebble:** — Yes, thank you, Mr. Chair. A question with respect to in terms of going back to SAHO for a moment and the 11 recommendations there, nine of which are being acted on. Can you just identify the two that where action is planned but has not yet been taken?

**Mr. Wright:** — Indeed I think — thank you very much — I think the Provincial Auditor's office would like to respond to this, Mr. Prebble.

**Mr. Prebble:** — Oh sure. Well I'll direct that question then to the Provincial Auditor.

**Mr. Wright:** — Thank you, sir.

**Mr. Heffernan:** — Recommendations 9 and 10. And I believe that SAHO is quite confident in recommendation 9 that they'll have that remedied soon, and that's on page 71. Page 72, recommendation 10, working with 12 regional health authorities to . . . they believe they'll also have this one implemented too in the next few months.

**Mr. Prebble:** — Good. It sounds like this is nicely in hand.

**Mr. Cheveldayoff:** — Just a quick question to the auditor's office. If they're not using interim financial reports to monitor administered benefit plans, what are they using?

**Mr. Deis:** — They're using various reports they receive from other third parties. So what happens when you're using other reports from various third parties without putting all your information together — for instance into your own accounting records or your general ledger, then making sure that it balances and makes sense to itself — is that you run the risk that the information might not be suitable to the decision making that you're making from that information.

**Mr. Cheveldayoff:** — Okay. Thank you. That's fine.

**The Chair:** — All right. Mr. Prebble.

**Mr. Prebble:** — Could we also get an update on with respect to Five Hills. Again this is directed to the Provincial Auditor: what's the progress there in terms of these recommendations being implemented?

**The Chair:** — Ms. Knox.

**Ms. Knox:** — Thank you. Thank you, Mr. Chair. This is a very new report within the last month, and so we have not done follow-up with the region. We know that they have been discussing the recommendations and working on them and they've certainly been extremely co-operative with the audit. So we anticipate they will be able to make progress over time. It's not always easy to use the data that you have in an effective way for management and it takes some learning so . . .

**Mr. Prebble:** — Good. Thank you.

**The Chair:** — Are there any other questions from any of the members? Seeing none . . . I think we wore you out on the first volume. I believe we have 14 more recommendations to deal with and the first recommendation is on page 67 where the Office of the Provincial Auditor states:

We recommend that Saskatchewan Association of Health Organizations immediately record receipts and restrict cheques for deposit only to its bank account.

Is there a motion? Mr. Prebble.

**Mr. Prebble:** — I move concurrence and note progress.

**The Chair:** — A motion to concur and note progress. Is there a discussion of the motion? Seeing none, we'll call the question. All in favour? That's carried. Recommendation no. 2 on the top of page 68:

We recommend the Saskatchewan Association of Health Organizations segregate the duties of employees handling receipts and recording entries into the accounting system.

Is there a motion? Mr. Prebble.

**Mr. Prebble:** — I'll move concurrence and again note progress.

**The Chair:** — A motion to concur and note progress. No discussion. I'll call the question. All in favour? That's carried. Recommendation no. 3, same page:

We recommend that Saskatchewan Association of Health Organizations independently review and approve all bank reconciliations.

Is there a motion? Mr. Prebble.

**Mr. Prebble:** — I'll move again concurrence and note that progress has been made.

**The Chair:** — A motion to concur and note progress. Any discussion? All in favour? Carried. I believe it's carried. We're

getting a little bit, we're not uniform in our voting, but I think everybody's voting in favour. Recommendation no. 4:

We recommend that the Saskatchewan Association of Health Organizations independently review and approve all journal entries.

Is there a motion? Mr. Prebble.

**Mr. Prebble:** — I'll move concurrence and again observe progress made.

**The Chair:** — A motion to concur and note progress. Mr. Paton, did you want to discuss this recommendation?

**Mr. Paton:** — This is probably not my responsibility, Mr. Chair, but I believe I heard a discussion earlier that the first eight or nine recommendations were complied with. And I thought that the committee usually noted concurrence and compliance when they were at that position. So the first few recommendations, I thought they've complied with as opposed to noting progress.

**The Chair:** — Would it be a fair . . . I guess we ask the auditor. Would it be fair to say that these are fully complied with or is there still a process under way?

**Mr. Heffernan:** — Yes. We've completed the audit for next year so . . .

**Mr. Prebble:** — Well it's nice to have that clarification. Thank you.

**The Chair:** — All right. Well we've passed some motions then that probably should have been worded slightly differently.

**Mr. Prebble:** — If it's all right, Mr. Chair, I'll move an amendment if that's in order — I'll let you judge that — that we simply take the first four motions in this section that have just been adopted and change the word progress to note compliance.

**The Chair:** — Well we've not yet voted on no. 4 so we would have to do that for the first three motions. And, Madam Clerk, are we within our jurisdiction to do that? All right. There's an amendment on the floor. I guess we did put a motion on the floor that we have to deal with, so perhaps we should probably vote on 4, and then go back and do the fixing job. Sorry about that. We'll get this right yet.

So we will vote on the motion to . . . Will you change that then to . . .

**Mr. Prebble:** — I'll move here on item 4 that we note concurrence and note compliance.

**The Chair:** — All right. On recommendation 4. Is there discussion on the motion? All in favour? That's carried.

Okay. Now we will hear the amendment which I believe is to add the word compliance.

**Mr. Prebble:** — I would move . . .



**The Chair:** — Instead of . . . replace progress with compliance.

**Mr. Prebble:** — Yes. For items 1 through 3. Thank you. I would so move.

**The Chair:** — For 1 through 3. All right. Is there discussion of the amendment to the first three motions? All in favour? That is carried. I think we have it fixed.

We will move on the page 69 and recommendation no. 5:

We recommend that [the] Saskatchewan Association of Health Organizations follow its policy that payments be reviewed and approved by two authorized employees.

Again, is there a motion? Mr. Prebble.

**Mr. Prebble:** — I would move concurrence and note compliance.

**The Chair:** — All right. A motion to concur and note compliance. Any discussion of the motion? None. All in favour? That's carried.

Recommendation no. 6:

We recommend that [the] Saskatchewan Association of Health Organizations segregate the duties of employees that approve changes to eligible suppliers, record payments to suppliers, and approve payments to suppliers.

Is there a motion? Mr. Prebble.

**Mr. Prebble:** — I will move concurrence and note compliance.

**The Chair:** — Again a motion to concur and note compliance. Is there discussion? None. All in favour? Carried.

Recommendation 7 on page 70:

We recommend that [the] Saskatchewan Association of Health Organizations segregate the duties of employees that record new disability income claims from those who approve these claims for payment.

Is there a motion? Mr. Prebble.

**Mr. Prebble:** — I will move concurrence and again note compliance.

**The Chair:** — A motion to concur and note compliance. Is there a discussion? Seeing none, we'll call the question. All in favour? That's carried.

Recommendation no. 8 on page 71:

We recommend that Saskatchewan Association of Health Organizations determine, each month, that all contributions owed are collected for the benefit plans it administers.

Is there a motion? Mr. Prebble.

**Mr. Prebble:** — I will again move concurrence and note compliance.

**The Chair:** — A motion to concur and note compliance. Any discussion of the motion? None? We'll call the question. All in favour? We're getting good at this. We've carried that one as well. And we're now to recommendation no. 9:

We recommend that Saskatchewan Association of Health Organizations regularly update its accounting records for its administered benefit plans.

Again is there a motion? Mr. Prebble.

**Mr. Prebble:** — I will move concurrence, Mr. Chair.

**The Chair:** — A motion to note concurrence. Is there any discussion of the motion? Seeing none, we'll call the question. All in favour? That is carried. Recommendation no. 10 on top of page 72:

We recommend that Saskatchewan Association of Health Organizations use interim financial reports to monitor its administered benefit plans.

Mr. Prebble.

**Mr. Prebble:** — I will move concurrence, Mr. Chair.

**The Chair:** — Again a motion to concur. Discussion? None? Call the question. All in favour? That is carried. Recommendation no. 11:

We recommend that Saskatchewan Association of Health Organizations have investment policies for its dental, extended health, and group life insurance plans.

Is there a motion? Mr. Prebble.

**Mr. Prebble:** — I will move concurrence and note compliance.

**The Chair:** — Again a motion . . . Is there a problem with this one, Mr. Wright?

**Mr. Wright:** — I don't believe, Mr. Chair, compliance has been achieved with respect to that recommendation. Concurrence would be appropriate.

**Mr. Prebble:** — Thank you for that clarification, Mr. Wright. So I will move concurrence.

**The Chair:** — Okay. The motion . . . So it's just concurred — there's no progress to date?

**Mr. Wright:** — You could note progress. Yes, I'm sorry.

**The Chair:** — You can tell it's the end of the day, can't you, everyone? Do you want to strike everything from the record and try another motion?

**Mr. Prebble:** — I will reword the motion, Mr. Chair, and withdraw my earlier motion and move that we concur with the recommendation and note progress.

**The Chair:** — All right. The motion is to concur and note progress. Is there discussion on the motion? I think we've had it. All in favour? That is carried. We will move to recommendation, skip a couple of pages here. Page 80, recommendation no. 12:

We recommend that the Five Hills Health Region routinely provide its managers with opportunities to learn about outcome-oriented management (i.e., about selecting useful targets, analyzing results in the short, medium, and long term, and using performance information).

Is there a motion? Mr. Prebble.

**Mr. Prebble:** — I will move concurrence, Mr. Chair.

**The Chair:** — Okay. This time a motion to concur. Is there discussion? No? We'll call the question. All in favour? That's carried. Recommendation no. 13 on page 85:

We recommend that Five Hills Health Region prepare, at least annually, written progress reports for its strategic priorities that include analysis of results (i.e., activities and outcomes). Analysis should compare actual results to baselines and planned targets, include forecasts, and explain why the results vary from the plan.

Is there a motion? Mr. Prebble.

**Mr. Prebble:** — I will again move concurrence.

**The Chair:** — Again a motion to concur. Any discussion of the motion? Seeing none, we'll call the question. All in favour? That too is carried.

And the last recommendation of the day, the 34th in this, on this topic. On the bottom of page 86, recommendation 14:

We recommend that Five Hills Health Region support its decisions to align resources to expected outcomes using reports that analyze progress toward planned priorities.

Is there a motion? I see Mr. Prebble.

**Mr. Prebble:** — I will move concurrence again.

**The Chair:** — Again a motion to concur. Is there discussion? None. We'll call the question. All in favour? That is carried unanimously. And that brings us to a conclusion of chapter 6 of the 2007 report volume 1, and we have handled the very large Department of Health with a number of issues under consideration in our two-hour time frame. Thank you each one for your diligence. And in some cases probably you shortened some things up so that we could stay on schedule and the Chair appreciates that.

There is an advertisement on the local Rosetown radio station that goes something to the effect that agent 007 has a licence to kill and a dentist has a licence to drill and the radio station contest has a licence to thrill. Here in the Public Accounts Committee we have a licence to grill, which we did today. And I want to thank you all for doing your part in helping the Public Accounts Committee to do what it's supposed to do. Thank

you, Mr. Wright, and your colleagues, for appearing before the committee.

**Mr. Wright:** — If I may, Mr. Chair, on behalf of the all-stars and myself, I wish everybody a very safe and very, very healthy summer. Okay. Thank you.

**The Chair:** — Thank you, Mr. Wright. Colleagues and Provincial Auditor and staff, I guess we will see you tomorrow morning at 9 o'clock. This meeting is adjourned.

[The committee adjourned at 17:00.]