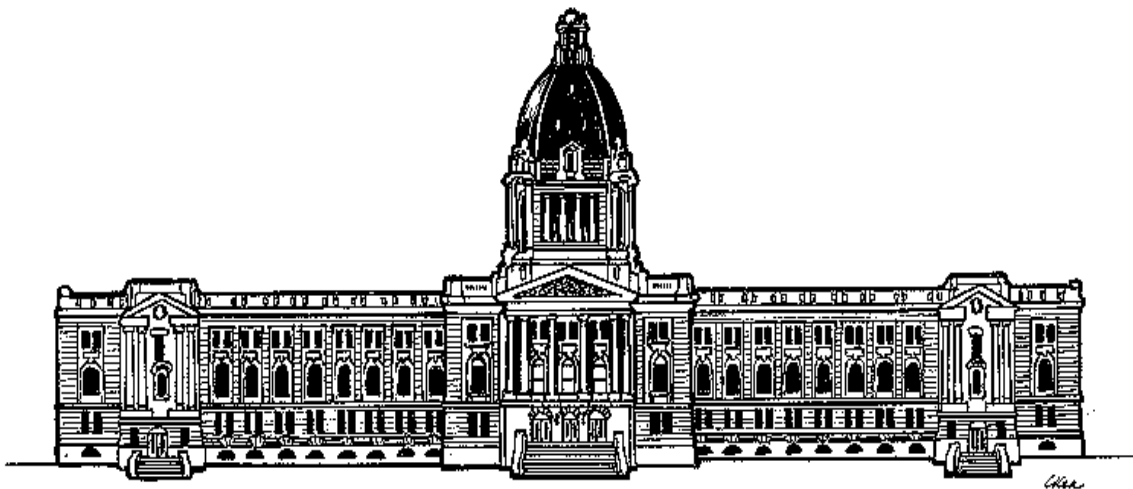




# **STANDING COMMITTEE ON PUBLIC ACCOUNTS**

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**Legislative Assembly of Saskatchewan**

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## STANDING COMMITTEE ON PUBLIC ACCOUNTS

Mr. Trent Wotherspoon, Chair  
Regina Rosemont

Mr. Glen Hart, Deputy Chair  
Last Mountain-Touchwood

Ms. Pat Atkinson  
Saskatoon Nutana

Mr. Dan D'Autremont  
Cannington

Mr. Rod Gantefoer  
Melfort

Mr. Warren Michelson  
Moose Jaw North

Mr. Lyle Stewart  
Thunder Creek

[The committee met at 10:30.]

### Information Technology Office

**The Chair:** — Well good morning. Welcome to the Standing Committee on Public Accounts. Various chapters that will be considered here today from various reports. The first up on the agenda will be the Information Technology Office, specifically 2010 Provincial Auditor's report recommendations, and from volume 2 that would be chapter 13. For the individuals that are tuning in from home, I would ask them to reference [www.auditor.sk.ca](http://www.auditor.sk.ca) to reference the reports that we're working from here today. And I would welcome committee members that are here today: Vice-Chair, Mr. Hart; Mr. Stewart, Mr. Michelson, and Ms. Atkinson.

At this point in time, I would like to advise the committee that pursuant to rule 141(2), the *2011 Report of the Provincial Auditor* volume 1 is deemed referred to the committee or was deemed referred to the committee on June 2nd, 2011, and that's available for the public and for members.

With us here today we have our Provincial Auditor, Ms. Lysyk. At this point in time I would ask Ms. Lysyk if she'd like to introduce officials that are here with her today.

**Ms. Lysyk:** — Yes. I have with me here today Jeff Kress, audit principal with the office; Kim Lowe, audit principal with the office and liaison to this committee; and Tara Clemett, audit principal with the office and responsible for the chapter that we will be hearing first.

**The Chair:** — I'd like to welcome our Provincial Comptroller, Mr. Paton, and Mr. Bayda that are here with us here today. Thank you. And I'd like to thank, from ITO [Information Technology Office], Deputy Minister Fiske for being here today. And if he can briefly introduce his officials, and then I'll turn it over to the auditor's office to make their presentation, and then your response would be subsequent to that.

**Mr. Fiske:** — Thank you. To my left is Robert Guillaume. He's the assistant deputy minister and chief technology officer. And on my right is Rebecca Sengmany, and she's our director of finance.

**The Chair:** — Thank you for joining us here this morning. I'm going to turn it over to our Provincial Auditor's office and our Provincial Auditor, Ms. Lysyk, to make presentation with respect to chapter 13 from volume 2 of the 2010 Provincial Auditor's report.

**Ms. Lysyk:** — Good morning, Mr. Chair, members, and officials. I have with me, as I mentioned previously, Jeff Kress and Tara Clemett. They are responsible for the work in this chapter that we will be referring to. We are here this morning to present our audit findings at the Information Technology Office, ITO. The findings are included in chapter 13 of our 2010 report volume 2. The chapter starts on page 206. This chapter contains the results of two separate audits and a follow-up of outstanding recommendations.

The financial audit assessed ITO's rules and procedures to

safeguard public resources and comply with the law. The security audit assessed the adequacy of ITO controls to protect the confidentiality, integrity, and availability of client information technology systems and data for the period from September 1st, 2009 to February 28th, 2010. Both audits are performed annually. In addition, on page 218 we provide an update on recommendations previously agreed to by the committee that are not yet implemented and are not otherwise covered by the financial or security audit. ITO has agreed with all past recommendations.

In chapter 13 we make one new recommendation related to the financial audit. We also continue to make four recommendations identified in a previous security audit. Jeff Kress will continue with our presentation.

**Mr. Kress:** — Thank you and good morning, everyone. ITO is an organization undergoing significant change. It has commenced an agreement with a third party to operate and maintain its data centre until 2017. Many ITO staff responsible for managing and maintaining the data centre are now employees of the service provider. While ITO will continue to carry out some IT [information technology] services directly, including application development and user access, most services will be provided by service providers.

While the use of a service provider is a significant change to ITO's operations, the past recommendations we made in chapter 13 generally remain relevant. We will follow up on the relevance of the human resource recommendation this year, given the outsourcing changes. The current year financial and security audits are in progress. We plan to report the results of these audits in the volume 2, 2011 report. We make one new recommendation in the chapter with respect to the annual financial audit.

We found that ITO's financial reports for the year ended March 31, 2011 contained several errors. We also found that ITO spent 5.1 million more than the Assembly approved. ITO needs to prepare accurate reports and comply with the law.

On page 208, we make our only new recommendation. We recommended that the Information Technology Office prepare accurate and complete year-end financial reports as required by the financial administration manual. That concludes our presentation. Thank you.

**The Chair:** — At this point in time I'll turn it over to Deputy Minister Fiske.

**Mr. Fiske:** — Thank you. Well I'm pleased to be here today and have the opportunity to discuss ITO's operations and the auditor's recommendations for improving the way that we do business.

Two years ago, the ITO was provided with a renewed mandate aimed at improving government IT services and in a way that benefits the ministry customers and the people of Saskatchewan. The ITO strategy under its new mandate focused on four pillars: the customer pillar which was, establish a culture of customer service excellence; the financial pillar, which was to institute effective IT financial planning and

management; the people pillar is to attract and retain the best employees; and innovative pillar, which is to optimize IT performance in order to enhance government effectiveness and efficiency.

Essentially our goal is to implement industry best practices in the management of IT services. This includes management of data security and data backup, solid financial management, and excellent customer service. I'm pleased to say that as an organization we have made significant progress in these areas, including the ones highlighted by the Provincial Auditor. Ensuring the security of information and protecting government IT systems has been an ongoing focus. There is still work to be done, but we're making very good progress.

The ITO has also taken steps to address budget and financial issues underscored by the auditor. We've implemented a new funding model and dispute process that is more efficient and transparent and greatly simplifies customer invoices. This new system has significantly reduced the number of funding disputes partially responsible for past budget overexpenditures.

We've also taken the important step of establishing line budgets for every ITO business unit, ensuring financial accountability resides with each line manager. In addition, cost control mechanisms are now in place and requires all IT operation expenditures over \$10,000 to be approved by our executive team.

The auditor has raised some legitimate points about the ITO operations, and we're working hard to address them with plans in place to be compliant. Thank you. And now my staff and I would be happy to answer any questions that the committee might have for us.

**The Chair:** — Thank you. Ms. Atkinson.

**Ms. Atkinson:** — First of all, can you explain how ITO exceeded its appropriation by \$5.1 million, and why a special warrant wasn't obtained for the additional spending?

**Mr. Fiske:** — Okay. I'll talk to some of that and then I'll ask Rebecca to get into some detail around the specifics. When we were working our way through the financial year, I had just been on board a few months, and as we worked our way through the year, we realized that we had, we were going to have an overexpenditure but we thought we could contain it. And we worked hard to get that overexpenditure reduced by over a million, I think it was a million and a half, somewhere in there. And we thought we were within \$50,000.

As we kept digging into our financial system and some of the expenditures that were on the books, we realized that we had a large overexpenditure. This would have been into the February, March time frame. So our approach then was to find as much as we could and put it on the table and declare it and go with it that way.

**Ms. Atkinson:** — So in your view, are your financial reports for 2011 more complete and accurate?

**Mr. Fiske:** — We were very accurate, and we can talk to the things that we've done to resolve that, but we were right on.

We've lived within our means, if you will, and are very proud of the work that we've been able to put in place.

**Ms. Atkinson:** — How many employees work at ITO? And how many employees were moved from ITO over to the third party provider? And what is the name of the third party provider?

**Mr. Fiske:** — The number of employees are 296. And the company that we signed the contract . . . We had signed the contract with two companies. One was ISM [Information Systems Management Corporation] and the other one is CGI. There was 15 employees that have moved over to ISM, so we'll have 295 less 15. ISM has a union. They made offers to those employees, and they accepted those offers.

**Ms. Atkinson:** — Okay, thank you. Precisely what is the third party provider doing? Is it what sort of ITO functions used to be, I guess, done by ITO and those functions have been moved to ISM and CGI?

**Mr. Fiske:** — I'll let Robert answer that. Robert, if you'll . . .

**Mr. Guillaume:** — Well I think in the broadest sense, real estate would be a good example, where we used to own, as a government, data centre facilities. That we're completely out of now at this point. We purchase a service. In more detail, that service includes the day-to-day operations that it takes to keep computers and data centres running accurately. And again we've retained all the oversight and the higher order work, in our opinion, within the government at this point.

**Ms. Atkinson:** — ISM . . . Can you remind me if it is a subsidiary of another company? And CGI?

**Mr. Fiske:** — ISM is 100 per cent owned by IBM [International Business Machines Corporation], their own company. And CGI is a Canadian company, headquartered in Montreal.

**Ms. Atkinson:** — What assurances do we have that all of our data is being stored in Canada and that that data isn't being shared with the US [United States] parent company?

[10:45]

**Mr. Fiske:** — We have assurances certainly in our contract. ISM is a Canadian registered company and the assurances that we have . . . The data didn't change locations. ITO was renting space within ISM's data centre. So basically we're sitting in the same location as we were prior.

**Ms. Atkinson:** — And that location is here?

**Mr. Fiske:** — In Regina, yes.

**Mr. Guillaume:** — Just further to that, you asked about . . . Those firms are actually independently audited by security standards and by third parties as well, which in our opinion would even exceed our previous audit requirements.

**Ms. Atkinson:** — So have you done an analysis of what impact the *USA Patriot* [Uniting and Strengthening America by

Providing Appropriate Tools Required to Intercept and Obstruct Terrorism] Act would have on the data, Saskatchewan data? Which is substantive — I mean basically every citizen in the province would have personal data stored at ISM's data centre here in Regina. So in terms of the PATRIOT Act and the impact on ISM and Saskatchewan's personal data, what do we have in the way of law that assures the public that none of their data can be shared with the US parent company?

**Mr. Fiske:** — We've been assured by Justice that there is no risk at all with that. So the data's not stored outside of Canada. So it's stored in Canada and the Department of Justice assures us that that is not an issue.

**Ms. Atkinson:** — Well data can be stored in Canada but shared with the parent company. So do you have a legal opinion that the processes and security that you have in place prevents any of Saskatchewan's personal information, citizen personal information being shared with the US company, IBM, and therefore subject to the PATRIOT Act?

**Mr. Fiske:** — We have, and we can provide that to you if you so wish.

**Ms. Atkinson:** — I think that would be appropriate, Mr. Chair, that we receive I guess detailed information, legal information, that the necessary security has been put in place.

**The Chair:** — Thank you, Ms. Atkinson. So I understand that ITO will endeavour to provide that information back to, I guess by way of the Chair and to committee members.

**Mr. Fiske:** — Will do. Yes.

**The Chair:** — Thank you. Ms. Atkinson, go ahead.

**Ms. Atkinson:** — I have another series of questions for the auditor. So has the Provincial Auditor's office looked at this? And from an oversight point of view, have you taken a look at the impact of this third party contract and the protection that's necessary to ensure Saskatchewan citizens, who are Canadians obviously, that any of their personal, private information cannot be subject to the PATRIOT Act in the United States?

**Ms. Lysyk:** — Jeff will answer this question.

**Mr. Kress:** — Very good question. I am responsible for the security portion of the audit. And as part of that audit, we have looked at the contracts with respect to security. In part our focus has been to make sure that ITO is going to be in a position to effectively oversee the contractor and know whether the security controls that are in place are working effectively.

Now as part of that audit, within the scope of the audit, we have not specifically looked at the PATRIOT Act, but that is something that is part of the annual financial statement that's ongoing. We provide an annual legislative compliance opinion with that. So that could be one area of the current audit that's ongoing that could be looked at.

**Ms. Atkinson:** — Thank you, Mr. Chair. The Provincial Auditor's office has indicated it could be looked at. I guess from a public security point of view, in the interests of the

public, is that something that will be, more than could be, but will be looked at?

**Ms. Lysyk:** — If the committee would like that looked at, I guess I would, I would do that. We would incorporate that as part of our audit if that was the intent of the committee's request.

**Ms. Atkinson:** — If the committee's — I see some shaking, nodding in the affirmative heads — if the committee is prepared to do that, I think it would be appropriate because obviously as an oversight committee we need to be concerned about security and ensuring that no breaches take place within the boundaries of our province or externally. But we also need to be assured that, while I recognize that ISM is a company that is registered in Canada, it is separate from IBM in the United States. Obviously there is a relationship, and I think the public would want to be assured that private information of Saskatchewan citizens is not shared and subject to the PATRIOT Act. So with that, Mr. Chair, I don't have any more questions at the moment.

**The Chair:** — Ms. Atkinson, now I'm wondering with the statement that was made and the head nodding around the table maybe we should just make a motion of request that this committee — sort of along the lines of your statement there, Ms. Atkinson — that this committee request the Provincial Auditor to such and such. Would you like to move such a motion, Ms. Atkinson or Mr. Hart?

**Ms. Atkinson:** — If Mr. Hart wants to move the motion, or I can move the motion.

**Mr. Hart:** — Go ahead.

**Ms. Atkinson:** — I would move a motion:

That when the Provincial Auditor next reports, that they take a look at all of the necessary protections that ITO has in place to ensure the citizens of Saskatchewan that their third party contractor cannot share information with the parent company where the parent company is subject to the PATRIOT Act.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Mr. Michelson.

**Mr. Michelson:** — I would like to know just how much time this is going to take, or is there an estimate on cost? I think it's a little redundant because we have security precautions in place, and I don't see us spending a lot of time and money to shore up things that are already there.

**Ms. Lysyk:** — We could perform the work just as part of the integrated audit. So I can't see, in consultation with my IT specialist here, I can't see that it would take too much more time.

**Mr. Michelson:** — Thank you.

**The Chair:** — So it's been moved by Ms. Atkinson. All in

favour?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed this committee concur on the recommendation or support the motion put forward by Ms. Atkinson.

Deputy Minister Fiske, looking at the actual recommendation put forward by the Provincial Auditor and listening to your statements, it's my understanding that it's your feeling that your ministry has fully concurred in recommendation no. 1 from this chapter with respect to proper . . . let me just find the proper terminology here. That your office, the ITO, will prepare accurate and complete year-end financial reports as required by the financial administration manual. Am I correct in believing that you're concurring in that at this point in time, or you're conveying that to us today?

**Mr. Fiske:** — Yes I am. We feel very comfortable with what we've put in place. And we've got some rigour in our processes and systems, and we have a good forecasting system in terms of not only what we're charging to each of the ministries but our expenditures. So we're comfortable with that.

**Ms. Atkinson:** — Mr. Chair, then is it fair to say that ITO is now in compliance with this recommendation?

**Mr. Fiske:** — Yes.

**Mr. Hart:** — Before I move a motion, Mr. Chair, I'd just like to ask Mr. Fiske, on the bottom of page 208 the auditor states that the result of your overspending was that you did not recover all the expense of providing services to other ministries. I wonder if you could just explain a bit as to how that took place. Was there some estimates or quotes that were sufficient to cover the cost, or why weren't all the expenses recovered?

**Mr. Fiske:** — Well I think it was part of our . . . Our process wasn't rigorous enough. I think we were expecting ministries to spend on certain investments that the ITO was making at the time, and that we hadn't had any sign-off from the ministries. So I don't think I would expect the ministries to wear this. I think this is something that the ITO needed to build in more rigour on, and we've done that. So before we move forward with any of these initiatives, we get a sign-off, an agreement from the other party, as most business transactions would suggest. And that's why as well we're comfortable with where we're at.

**Mr. Hart:** — In the future those provisions are put in place so that we shouldn't be seeing this again?

**Mr. Fiske:** — That's right.

**Mr. Hart:** — Okay.

**The Chair:** — Mr. Michelson.

**Mr. Michelson:** — Just kind of curious then, how far back would this go? Like what would be the collective period for that 5.1 million?

**Mr. Fiske:** — A couple of years back. It would have gone back prior to when we encountered some of these challenges. So they did go back a ways, and there was a number of issues as to why we had overspent. We certainly went through that in great detail when we appeared before supplementary estimates, and so yes, they went back . . .

**Mr. Michelson:** — So it wasn't all in just one year then?

**Mr. Fiske:** — No. There were some issues that had been carried forward.

**Mr. Michelson:** — You don't have . . . You're saying a couple of years. Would it be three, five, seven, nine?

**Mr. Fiske:** — No, I think it was a couple. I mean it's hard. I don't know. I'm not sure. I wouldn't want to say.

**Mr. Michelson:** — Okay. Thank you.

**The Chair:** — Mr. Hart.

**Mr. Hart:** — Mr. Chair, I would move a motion that this committee concurs with the auditor's recommendation and notes compliance.

**The Chair:** — All in favour.

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 1 of chapter 13, ITO, volume 2 of the 2010 Provincial Auditor's report, and note compliance. Without seeing any other questions, comments from committee members, at this point in time I'd just like to thank Deputy Minister Fiske and his officials for coming before us here today.

We'll move along with our morning on to First Nations and Métis Relations, chapter 9. Thank you very much.

**Mr. Fiske:** — Thank you.

[11:00]

### First Nations and Métis Relations

**The Chair:** — At this point in time we'll move along with our considerations here this morning as the Standing Committee on Public Accounts. Before us here at this point in time we have Deputy Minister Crowe and officials with the Ministry of First Nations and Métis Relations. Thank you for joining us.

Deputy Minister Crowe, I may ask you at this point just to introduce your official that's with you here today, and then I'll turn it over to the auditor's office. Your response can be subsequent to that.

**Mr. Crowe:** — Thank you. Good morning. The official with me is Kerry Gray. He's the director of finance, accountability, and corporate services with the Ministry of First Nations and Métis Relations.

**The Chair:** — Thank you for joining us and thank you for

being before the committee. I'll turn it over to our Provincial Auditor at this point in time with respect to chapter 9, First Nations and Métis Relations.

**Ms. Lysyk:** — I'm joined for this chapter with Mike Heffernan, deputy provincial auditor, and Corrine Rybchuk, audit principal, who are both responsible for this chapter.

Chapter 9 begins on page 113 for the year ended March 31st, 2010. The Ministry of First Nations and Métis Relations complied with authorities governing its activities and had adequate rules and procedures to safeguard public resources, with three exceptions. Mike will briefly highlight those. The two continuing past recommendations were agreed to by PAC [Public Accounts Committee] in December 2008.

**Mr. Heffernan:** — Okay. Thank you, Bonnie. We have three matters to report.

First, the ministry administers certain aspects of the gaming framework agreement between the Government of Saskatchewan and the Federation of Saskatchewan Indian Nations, or FSIN. For the year ended March 31st, 2010, the ministry's paid \$52 million to the First Nations Trust administered by FSIN. The framework agreement requires this money to be spent for specific purposes. The ministry is charged with making certain that the First Nations Trust uses this money as the agreement intends.

The ministry needs to better monitor spending of the First Nations Trust. The trust did not give the ministry the fund's independent audit report, required by the framework agreement, on whether money received by the trust has been fully accounted for and properly disposed of and on whether the rules and procedures applied are sufficient to ensure an effective check on the receipt and allocation of money received by the trust. Without this auditor's report, the ministry does not know if the trust has adequate controls to safeguard public resources.

Second, the ministry administers the northern development loan program, yet the ministry did not keep its loan files current, follow up overdue loans, or assess the collectibility of outstanding loans. The ministry must follow its established processes for its loans to ensure that it properly collects loan repayments and determines which loans are no longer collectible. And that is in the recommendation on page 118, that the ministry follow its established policies and procedures for its loan programs.

Third, while the ministry had improved its human resource plan, more work remains. The plan needs to include details on implementing identified human resource strategies.

That concludes our remarks.

**The Chair:** — Thank you very much. I'll turn it over to Deputy Ministry Crowe for response. Thank you.

**Mr. Crowe:** — Thank you, Mr. Chair, and I appreciate the opportunity to be before the committee this morning. We always welcome the guidance and recommendations from the Provincial Auditor as we strive to create an even stronger organization and provide concise, accountable, and transparent

reporting.

There are three recommendations as outlined for the Ministry of First Nations and Métis Relations. The first one is a familiar one. It recommends that the rules and procedures applied are sufficient to ensure an effective check on the receipt and allocation of money received by the trust. I want to point out that the trust has made significant progress in its efforts to provide accountability reports that address the concerns of the Provincial Auditor. Last year the trust auditor did provide additional assurances on the internal controls of the trust, but these still did not fully satisfy concerns.

Our ministry officials will continue to work with First Nations Trust to bring the level of reporting to an acceptable level and to ensure reporting compliance with what the Provincial Auditor has requested. And in fact the ministry has since received the trust's accountability reports for 2009-10. In these reports, it does include an additional opinion on the trust's internal controls which we feel will satisfy the Provincial Auditor's concerns.

The next recommendation is for the ministry to follow its established policy and procedures for loan programs. We understand the need for vigilance in regard to the administration of the Northern Development Fund loan programs. The Provincial Auditor acknowledges that the ministry experienced significant staff turnover that resulted in positions left vacant for long periods and policies not being followed in all instances.

The Northern Development Fund program is making good progress in addressing the auditor's concerns by initiating some immediate corrective action. The vacant positions have now been staffed and training has been implemented to ensure proper policy and procedures are adhered to as set out in the NDF [Northern Development Fund] policies and procedures manual. The ministry believes that we have shown diligence in implementing the Provincial Auditor's recommendations in regard to the NDF loan program.

And the third recommendation deals with the ministry's human resource plan and our need to provide details on how we are implementing strategies to meet our human resources need. The ministry has worked with the Public Service Commission and developed a human resource plan and subsequent workforce adjustment plans in September of 2009. Using these plans as a backbone, the ministry intends to develop more comprehensive human resources plan. We have identified this as a priority as we continue to have this initiative ongoing with PSC [Public Service Commission]. The ministry has assigned accountability for the implementation and maintenance of the human resources plan to our two assistant deputy ministers. They will ensure that work plans are developed, implemented, and documented.

Thank you for the opportunity to share with the committee what the ministry, the work that the ministry is doing and will continue to do so to address the recommendations of the Provincial Auditor. So I'll await your questions.

**The Chair:** — Thank you, Deputy Minister Crowe. Looking to committee members for questions on this chapter. Certainly we heard statements with respect to the new recommendation that exists as it relates to following established policies and

procedures for its loan programs. I believe what I heard there is that there's been significant progress made on this front and hopeful that that soon will mean compliance as well. Is that . . .

**Mr. Crowe:** — That's correct.

**Mr. Michelson:** — I move that we concur with the recommendation and note progress.

**The Chair:** — Okay. Mr. Michelson has moved concurrence and noting progress. All in favour?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 1 of chapter 9, First Nations and Métis Relations, and note progress towards compliance. Other questions with respect to some of the outstanding recommendations as certainly they were addressed as well by our deputy minister here today. Ms. Atkinson.

**Ms. Atkinson:** — I understand you've hired a consultant or you did hire a consultant to help you with your HR [human resources] plan. I'm wondering who that was.

**Mr. Crowe:** — That was Greg Wensel. We had him on contract. He is no longer serving the ministry but he did really help the executive team pull itself together, pull ourselves together in the midst of change. And we appreciate the work that he was able to provide to us.

**Ms. Atkinson:** — Thank you.

**The Chair:** — At this point . . . Mr. Hart?

**Mr. Hart:** — Yes. Thank you, Mr. Chair. Just a couple of general questions dealing with the First Nations Trust. It's an independent organization that would have a board of directors, I'm presuming. I wonder if you could just briefly outline the structure and in general terms the way the trust operates.

**Mr. Crowe:** — I'm just going to go by memory right now. I believe it's a membership . . . They have a board of trustees. So more responsibility in terms of a fiduciary obligation to the funds, all which have brought different types of experience to the trust fund, ability to deal with some of the outstanding issues, and to genuinely engage us in working through some of the concerns that have been presented.

They are . . . I don't have their names offhand, but essentially it's a board of trustees. I believe the current Chair is a gentleman who used to work in the banking industry, a man by the name of Ray Gamble from Beardy's and Okemasis First Nation. With him he has a number of people that have come from a variety of backgrounds, usually in community leadership and I believe some business background as well.

So they work with their manager and ensure that the funds that they provide to the First Nations are in compliance with the GFA [gaming framework agreement]. They ensure that the reports are generated, and they highlight many of those reports in their own audit. And we have a fairly open communication, two-way communication with the First Nations Trust as well.

That's a general highlight of how they operate. So we tend to have good relations with that organization.

**Mr. Hart:** — For First Nations to access money from the trust, I would imagine that there's an application process that would outline the purposes that the funds would be used for. And I wonder if you could just explain in general terms what type of activities would qualify for funding from the trust.

**Mr. Crowe:** — It's not necessarily an application process, but what it is is a formula-driven process determined by the chiefs of the FSIN legislative assembly. Details kind of escape me right now, but generally it's a base amount and in per capita amount that, all subject to compliance with the menu of where the funds can be spent in . . . It's a list of about 12 items, and they provide that report back to the First Nations Trust, based on those items that the funding is eligible for.

**Mr. Hart:** — Thank you for that.

**The Chair:** — Without seeing further questions or comments from committee members, I'd like to thank Deputy Minister Crowe for coming before us here today. And at this point in time I guess we'll take a brief recess. And up next are Tourism, Parks, Culture and Sport, chapter 18. Thank you very much.

**Mr. Crowe:** — Thank you very much.

[The committee recessed for a period of time.]

### Tourism, Parks, Culture and Sport

**The Chair:** — At this point in time, we'll reconvene the Standing Committee on Public Accounts. And moving along here this morning with our considerations, we're going to change our focus here from the previous report and actually clean up, I believe, the last consideration of a 2009 *Report of the Provincial Auditor*. That'd be volume 3, chapter 18, Tourism, Parks, Culture and Sport.

I would like to welcome Deputy Minister Young and officials that are here at this point in time and thank them for their attendance, and I would ask Deputy Minister Young to introduce her officials. After that point I'll turn it over to the Provincial Auditor and then your subsequent comments with respect to those recommendations.

[11:30]

**Ms. Young:** — Thank you and good morning. I have with me to my left, Lin Gallagher, the associate deputy minister of TPCS [Tourism, Parks, Culture and Sport]; to my right, Bob Lalonde, the director of facilities; and behind me, Grant Godwin with special projects; Melinda Leibel who's the director of corporate services; and also Ryan Seal who is a University of Regina co-op student who is visiting us today.

**The Chair:** — Welcome to the officials, and welcome to the co-op student that's joined us here today. This is an interesting process for a student to engage in, so thank you for joining us as well. I'll turn it over to our Provincial Auditor's office at this point in time and our Provincial Auditor, Ms. Lysyk.



**Ms. Lysyk:** — I am joined with me today to my left by Mike Heffernan, deputy provincial auditor who is responsible for this chapter; along with Victor Schwab, audit principal with the office who worked on the file as well.

In this chapter beginning on page 349, we report the results of our annual financial audit of the Ministry of Tourism, Parks, Culture and Sport and its special-purpose funds and agencies. Our continuing recommendations resulting from these audits are set out in the table at the end of the chapter. We followed up these recommendations in 2010. All have been implemented, with the exception of the first and last recommendations.

We also report the results of our 2009 performance audit of the ministry's capital asset plan for the provincial parks system, the provincial park system including historic sites, protected areas, provincial parks, and recreation sites. Now Mike will continue with our presentation. We have three new recommendations on the performance audit.

**Mr. Heffernan:** — Thank you. Capital asset plans help the government build its capacity to deliver efficient, economical, and timely services. Adequate capital plans help to reduce risks that capital assets are not in good working order when required. We concluded that, as of July 31st, 2009, the ministry had an adequate long-term capital asset plan for the provincial parks system except that the capital asset plan did not include: (1) projected use of key capital assets and related risks; (2) principles for operating and maintaining key capital assets; and (3) estimates of life cycle costs for key capital assets.

We recommend that the ministry include in its capital asset plan for the provincial park system: the projected future use levels for key capital assets and a summary of capital risks for the projected use levels; (2) set out principles in this capital asset plan to guide how it operates and maintains capital assets, key capital assets in the provincial park system; and (3) include estimated life cycle costs in its long-term capital asset plan for the provincial park system. That concludes our remarks.

**The Chair:** — Thank you. At this point in time I would invite Deputy Minister Young to respond to the recommendations in this chapter.

**Ms. Young:** — Thank you very much. So let me start by confirming that TPCS does very much appreciate the work that is provided by the Provincial Auditor and that we are in agreement with their recommendations. In the recent years, I think TPCS has made some significant progress in developing a more robust capital asset plan, and the review by the auditor has been timely for us. The audit has confirmed that TPCS has an adequate long-term capital asset plan for the parks and highlighted the three areas that were just spoken about.

The first recommendation is the use levels of key capital assets and that we should be including this in our capital asset plan. Our main priority is to manage our existing key facilities that support camping and visits to ensure that our parks can sustain and grow their visitation. These facilities include a wide range of things and, in particular, service centres and electrified campsites. TPCS does track park visitation and use, and this is used in our parks planning, including our capital planning. We also monitor trends in park use such as greater use of electrified

sites, additional use or additional growth in the use of different kinds of camping equipment and vehicles, and the changes in long-term camping. And all of these things of course require the parks capital plan to be modified. We do agree with the auditor that the use of the assets is a key part of our capital planning, and we continue to strengthen our use of these measures in our capital planning.

The second recommendation spoken about was about operation and maintenance of key capital assets and, in particular, setting out principles for those. We do appreciate that observation and that we do articulate formally the principles used in how we operate and maintain key capital assets in the parks and how we're guided by those principles. The principles for operation and maintenance are not unlike the principles overall for how we develop our capital plan — things like safety, type and level of use, accessibility, and of course efficiency and effectiveness.

When new facilities are commissioned, the operating and maintenance procedures are reviewed with park maintenance staff to ensure they are all familiar with the new facilities. In addition, there are ongoing efforts to enhance the life cycle of assets through operating and maintenance efforts, including preventative maintenance schedules and use of appropriate materials and construction techniques. TPCS expects to be able to better align the operations and maintenance of capital with the capital asset plan, and agrees with the auditor that this is an important overall area for capital planning.

The third and final recommendation is around estimated life cycle costs and that they should be included in the long-term capital asset plan. We agree fully with this recommendation and are beginning to refine and improve our capital asset strategies to include life cycle cost analysis. TPCS will begin including life cycle costs with two of our key asset groups: service centres and campsites that have electrical service. TPCS will be documenting the expected life cycle of the new facilities along with their planned future rehabilitations. We agree that this will help inform even more our capital asset planning, including maximizing the use of our capital resources. And we will add life cycle cost analysis to the other analysis under way in our capital planning.

So to conclude, TPCS will continue to refine and improve the provincial park capital asset planning system. Of note, a sustainable capital budget level is really essential for a strong capital plan, and this year's budget level of \$11 million does provide us with a strong and sustainable . . . being able to manage at a renewable level that works for all, and the renewable rate of 2.6 per cent of existing assets. And this is within the recommended level of between 2 and 4 per cent for park capital assets.

I think it's an ongoing process to ensure that our capital assets are well-planned and best managed and are there to support our core business and for the safety of both our public and our employees. As we work to refine and improve our capital asset plan, we'll incorporate the recommendations made by the Provincial Auditor. Thank you.

**The Chair:** — Thank you, Deputy Minister Young. At this point in time I would turn over to questions from committee members. Ms. Atkinson.

**Ms. Atkinson:** — Right. Could you indicate to us what the overall, I guess, amount of money the public has invested in our parks? In terms of capital . . .

**Ms. Young:** — Capital assets?

**Ms. Atkinson:** — Yes.

**Ms. Young:** — The total asset base is estimated at 373 million.

**Ms. Atkinson:** — Okay. Thank you. And have any of the buildings been sold lately, let's say in the last three, three and a half years?

**Ms. Young:** — I think the only one we're aware of is the cabins at Greenwater Provincial Park that were sold last year, and nothing since then.

**Ms. Atkinson:** — And can you tell us what those cabins were sold for?

**Ms. Young:** — We don't have that number here with us, but I can tell you it was done through a regular RFP [request for proposal] with multiple bids, and we used the standard process for it.

**Ms. Atkinson:** — I understand that you used Government Services tendering process. Can you provide that to the committee?

**Ms. Young:** — Yes.

**Ms. Atkinson:** — Thank you. Are there any cabins left that are publicly owned in any of our parks or have they all been disposed of now?

**Ms. Young:** — That was the last of them.

**Ms. Atkinson:** — Okay. Thank you. This report indicates that there was about \$350 million worth of capital assets in '08-09. So when you say \$373 million, it appears as though there has been a \$23 million increase in capital assets in the parks. Has that taken place? When you use the number 373, is that for as of today or is this for 2009-10?

**Ms. Young:** — Bob was just reminding me that both of those numbers were estimates and the increased number would be both, you know, increased new capital that was constructed but also the current value of the capital.

**Ms. Atkinson:** — Could you indicate what kind of new capital was constructed, just with some examples, in 2009-10?

**Ms. Young:** — Sure. The two biggest cost centres over the past two years are service centres, which is the single biggest cost centre, and the other main cost centre is electrification of camping sites or upgrading the electrification of camping sites. The other things are more minor: the barbecues, picnic tables, and the like.

**Ms. Atkinson:** — Okay. Thank you. Can you indicate whether or not there has been any renewal of some of the historic buildings and recreation halls in the last fiscal year?

**Ms. Young:** — There has not been any recent construction or any plans for recreation halls. On historic buildings in our capital plan, we are now working with a consultant. This hasn't traditionally been our area of expertise and the consultant is giving us advice. And I'm advised three of the areas that we're looking at in the historic buildings are Last Mountain House, Stanley Mission and a refurbishing of Stanley Mission, and some early consideration around Cannington Manor. But, you know, I stress that these three are in planning right now.

**Ms. Atkinson:** — In this 2009 auditor's report, the ministry indicated that there was a plan to create an additional 1,000 electrified campsites in our park system by 2011. Are you going to meet that goal, target?

**Ms. Young:** — Yes, and in fact modestly exceed the target. There will be 1,070 by the end of 2011 season.

**Ms. Atkinson:** — Okay. In terms of the auditor's recommendations, is it fair to say that you have met the recommendation 1?

[11:45]

**Ms. Young:** — So I think how best we describe it is elements of each three have been met but it is still a work in progress, all of them.

**Ms. Atkinson:** — So when you say the elements, in terms of recommendation no. 1, what elements have been met? Where are you at in terms of a projected future use plan?

**Ms. Young:** — I guess I'll refer back to my comments a few minutes ago. Future use is in a large way based on camping practices and park visitation practices that we see throughout North America, and also on our own visitation. So we do track our own visitation. That's the thing we track most of all, and also general park use. And then within that we track very specific kinds of use. And as we talked about long-term versus short-term camping, the kinds of use of electrified and full-service sites versus not, and also personal or individual camping equipment and vehicles — all of those things are changing, and they will affect our capital plans going forward. So those are the things that we're changing.

Why we say we haven't fully met that is that we're still in the progress of defining the specific measures, additional measures that we may be using. But I think those are basically the measures that you're using for future use of camps, so we think we're well on our way there.

**Ms. Atkinson:** — Okay let's take Pike Lake Provincial Park, which is a park I'm familiar with. In terms of use by citizens, where would that park be? Is it no. 3, no. 4, or no. 5? Can you tell us that?

**Ms. Young:** — We will be pleased to get the details for you. Bob and Grant have indicated somewhere in the top six or seven it is. But we do track all of that. We just don't have it here today.

**Ms. Atkinson:** — Okay so then let's say it's the top . . . it's no. 6.

**Ms. Young:** — Okay.

**Ms. Atkinson:** — So when you're making capital investments, is it based upon usage? So would Pike Lake be in the top six in terms of capital investments by the ministry?

**Ms. Young:** — Capital investments and the criteria we used are a number of things: use absolutely, but also age of facilities and safety of the facilities. The other thing is the type of facilities they are because every park has a slightly different array of facilities, and so that might mean that certain parks have more capital investment some years than other. So yes, use is one, but there's other things, other considerations too.

**Ms. Atkinson:** — So when the Provincial Auditor says in recommendation no. 1 that they want a summary of capital asset risks for the projected use levels, how would you interpret that? What is your understanding of that recommendation?

**Ms. Young:** — Well we had a fairly global understanding of that recommendation. It is around sort of how we factor use into our capital asset plan. And it is also about the capital risks that we have. And you would be aware, as others do, that we do have an issue with some dated buildings and that we do have some capital risk with them. And certainly the quality of the buildings and the safety conditions of them do factor into the capital plan, and safety sort of comes to the top of it. So in those cases if there are buildings that are in poor shape and are past useful life, they would be weighted heavier in terms of our capital plan.

**Ms. Atkinson:** — Okay. So if I could ask the Provincial Auditor, do I understand this correctly, that what you're really requesting from the ministry is that they include, as part of their capital asset plan, projected future use which would mean that they would need to look at what's happening, what's happened in the past and project what could be happening in the future based upon any kind of increased usage trends and include that in their capital plan. Do I understand that correctly?

**Ms. Lysyk:** — That's correct. It would be looking at the risks associated with changes as well in the projected use levels.

**Ms. Atkinson:** — So then if I could go back to the ministry. So can I ask what is difficult about implementing this recommendation? I don't think it's directing the ministry to sort of prioritize its capital asset plan based on usage, but to include in their capital asset plan past usage and projected usage. Why is that difficult to implement?

**Ms. Young:** — So I should be clear in my words here. I think we said that we were well on our way and that we were still working towards a full set of measures. But we are well on our way. We do include all of that, and we also do include risk factors and . . . of the existing capital. So those are already in our capital plan that we have in place. But we have not concluded that we have all measures that we would like in terms of capital planning. I'm sorry, does that make that clear at all?

**Ms. Atkinson:** — Okay, not to dance on the head of a pin here, but what would be the factors that you would use when you project usage levels? You said you don't have all the factors, so

what would the factors be?

**Ms. Young:** — So the factors that we're using is factors that are Canadian and North American camping and park visitation trends. We use our own internal use factors, in terms of use of the parks year-to-year, individual parks and province-wide. And we also then dig in and look at specific use of parks, you know, in terms of what kind of camping experiences people are looking for and the changes in camping patterns. So those are the things that we are using to date.

And I think some of the things that we would like to add in the future are things around more monitoring, more lifestyle changes around use of parks, and I'm not sure that we are quite there yet. But you know, as I said, I think we're comfortable, and we're well on our way to having our measures in place.

**Ms. Atkinson:** — So what would be, just give me some examples of lifestyle uses. Would that be like Wi-Fi or . . . I hope not, but you know . . . [inaudible].

**Ms. Young:** — Well as a matter that is a high request for campers is that they have their Internet available to them while camping, but that's not what I was thinking of.

**Ms. Atkinson:** — No.

**Ms. Young:** — One of the trends that we're following, and whether or not we can influence or not is an open question, is actually the demographics of our campers. And so right now we have, camping is largely a middle-age and beyond experience, and we don't have a lot of young people who are taking up park use, park activity, and camping. And also what is unknown to us, and what we are thinking about how we might understand this better or maybe even influence this better, is our new immigrants, our new Saskatchewan population and how they use the parks. Those things we need to understand better and decide whether or not we're going to try and influence that, and then those are things that we may choose to measure in the future.

**Ms. Atkinson:** — Okay, I think I have some opinions about why young people don't use the parks anymore, but I'll leave that for another day.

**The Chair:** — I appreciate the answers that have been provided here today. Just a couple of questions. Of course this, the high water levels have caused all sorts of challenges, you know, on many of our lakes and all across our province. And certainly that's impacted some of your assets in some of your parks and would possibly interrupt some of the capital asset planning in a way that was possibly unexpected, where you maybe were mapping out more from a maintenance perspective or for plans of new assets or refurbishment.

My question would be, which parks have been impacted? What sort of assets and what sort of dollar values are we talking about at this point in time with, specifically, the damage that's occurred here this spring?

**Ms. Young:** — You're absolutely right, and I'm going to turn to either Lin or Bob to get the specifics because they've been watching it. But it is, it is true. And we've certainly had to be

thoughtful about our capital plan because there are things we are trying very hard to get the camping open to people as quick as we can. Lin, did you want to . . .

**Ms. Gallagher:** — I can start to talk about the parks that have been affected, and Bob can probably fill in with what the dollar values are. Parks like Rowan's Ravine have been impacted. Folks may know that it hasn't opened yet, and we'll have a delay probably for another week or so we're anticipating. That's mostly because the potable water source is close to where the flooding has occurred, and actually the housing for that infrastructure has been compromised. So we have dug another well, and there's been some costs associated with that. We have also suffered extreme damage in that park at the marina, and we likely will not have that marina open for the entire year.

Another park that is significantly impacted is Crooked Lake. We have about 30 of the campsites that, I haven't been to them for a week or so, but last time I saw them, they were under about 2 feet of water. So we have the park open, but some of our campsites aren't open.

We also have at Echo Valley Provincial Park, in the day use area we have some of the private infrastructure like the minigolf is under water. Our day use is under water.

And then lastly at Katepwa Beach, we have some of those facilities in the day use area under water. The impact there is when you talk about what will that have as an effect on our capital planning, and Bob can go into the details. But for example, the Katepwa site we will likely . . . We had it planned for replacement of the service centre, but we won't be able to move forward on that. But we'll use that to defer some of the cost for some of the other concerns that have been raised in the park. So we can always move our capital development to other areas.

**Mr. Lalonde:** — Yes, all the areas that Lin made reference to are in varying degrees of upgrade requirements. As far as for costing, many of the areas, the water's still receding. And until the water gets to a point where it's at a level we can get in and do some inspections or get some engineering consultants in to do some inspections, the actual final costs won't be probably known for several months yet. In some of the areas, it's going to be fairly significant though.

**The Chair:** — Yes, I know there's a lot of concern with respect to some of these parks, not only the impact on campers and the recreational use, but also on some of the adjacent communities and the services and businesses that they provide to those individuals. I think of Rowan's Ravine and specifically Bulyea and Strasbourg and these communities and outlying businesses that serve that park in a significant way. Now Rowan's Ravine right now is closed down entirely. Is there a projected date? I know the pump system is out. Is there a projected date at this point in time, and would that include full operation of all campsites at that park?

**Ms. Young:** — It's still being projected for June 15th, but we're not entirely sure all services will be ready to go. We think it's more important to get what we can open.

**The Chair:** — The couple of the assets that were highlighted

there, there was no dollar value attributed to Rowan's Ravine. And I understand some of the challenges that occur in trying to project those dollar values, but I would . . . Is there an estimate, that of course we understand would be an approximation at this point in time, to the damage say for a park such as that one specifically?

And I look at whether it's the water source challenge that's there that needs to be remedied. I look at the damage that's occurred throughout the marina. And then I think specifically as well the damage to the roadway throughout that park is significant. And I think it's really disappointing as well to see that damage that's gone on. So I'm just wondering out of those three pieces there — the marina, the roadway, and the pump — if there's an allocation for each of those as an estimate at this point in time.

[12:00]

**Ms. Young:** — We have a little bit of the costs and not all. The pump and well, the water system there, that was due for a replacement anyway, and the total is somewhere around the \$1.4 million for that to be put into place. The marina of course is a leased marina, and we have not begun those discussions. The roadway is under discussions, and that we have joint responsibility with Highways on. And just to remind you that the road damage was not directly flood per se. That was the sandbagging centre, and it was all of the heavy equipment that was bringing the sand in that actually caused the road damage, you know, as necessary as it was. But we are working with them on that, but we don't have a cost estimate on that yet.

**The Chair:** — I appreciate that comment because that highway, both the highway, the roadway into the park but also that highway is devastated right now from Bulyea into the provincial park itself, impassable. And actually it right now has detours up so you can't access those roads.

And it was my understanding that it was heavy equipment that was being hauled during a time of sort of spring breakup, where in other regions of the province of course we shut down that sort of activity. But what you've highlighted here today seems to make sense, is that in fact the reason that that activity was going on on these roads during a very sensitive time for those membranes was a result of planning for sandbagging and providing public safety and protection elsewhere. Is that correct?

**Mr. Lalonde:** — Yes that's correct.

**The Chair:** — There's, I believe, a significant refurbishment of that marina that's occurring as well, or there was a tender, I believe, that I saw last summer possibly on this. My question would be, was equipment and rocks or materials being hauled for that purpose as well during that period of time, or was it solely the activity and heavy equipment resulting from the sandbagging and public protection activities?

**Mr. Lalonde:** — Yes, the actual road damage that exists today is primarily because of the sandbagging and the central operations that were within the park. We did have a tender out a year ago for some marina work that was to take place. And because of the high water levels last fall, that project actually

did get cancelled. In saying that, we did, after freeze-up, we did haul some rock into the park for a portion of that job, but the job hasn't taken place to date.

**The Chair:** — But it's your understanding that it wasn't the hauling of that rock that has caused the damage, that it would be the significant wear and tear from the sandbagging efforts or sandbagging activity that occurred.

**Mr. Lalonde:** — Yes that's correct.

**The Chair:** — Okay. Any other questions at this point in time? I think we've heard that there's progress on all three recommendations, important recommendations. Mr. Hart.

**Mr. Hart:** — Mr. Chair, I just have some follow-up questions or comments following your comments. I in fact did visit Rowan's Ravine Park late last week, and certainly there is significant road damage, although that's not the only road or highway that has significant damage this spring. I did have an opportunity to talk to some of the local officials, and they were quite hopeful that by the 15th of June that the park at least would be partially open.

The question I have is, and I believe Lin mentioned the building for the potable water. Is that the building out on the peak or out on the point that's sandbagged and so on? Is that the building you were referring to?

**Ms. Gallagher:** — Yes. That's where the main well that we had been using . . . And I don't know when you were out there if you've seen that we've actually drilled another well further up shore. But in that location, because of the hydrogeology, we're quite limited where there is potable water underground. So we have to stay close to that area. But that was the well site.

**Mr. Hart:** — Well thanks for those comments because that was my next question: why would you locate there? But, you know, you certainly have answered it. And so even though the park isn't open, I did tour some of it. And you know, I think for those people watching that it is my hope — and I think there is good reason to be hopeful — that the park should at least partially open by the middle of this month. So with that, Mr. Chair, I have no further comments.

**The Chair:** — I just have one more question with respect to the same asset again. It's interesting when, you know, circumstances emerge, then there's questions that are being asked in a more . . . I guess directly attributed to sort of this weather that we've seen. But you spoke that the marina likely wouldn't be open through the summer. Will the boat launch, which I believe is — the marina I believe is private — the boat launch is public. Will the boat launch itself be operational, and what's the projected date on that front?

**Mr. Lalonde:** — It may be a little bit hard to answer that question because right now the boat launch is closed. The whole marina is closed because of the high water. The water has to recede significantly before we can even try to get boats into there. And until we've done a further assessment as to what the damage is around the boat launch and the adjacent marina facilities, tentatively right now it is closed. And it is scheduled to remain closed until such time we can do that assessment,

which may be all year if the water does not recede.

**The Chair:** — Okay. Thank you for that answer. Mr. Michelson had a question or a comment.

**Mr. Michelson:** — Yes. I just want to go back to the Greenwater and the sale of the cabins there. I just want to know, is there any other cabins there that are owned by the provincial government? So the services there are basically privately owned now? I understand that the café that was owned by the government was sold in 2005. Can you confirm that?

**Ms. Young:** — They're using their memories and saying that sounds right.

**Mr. Michelson:** — Okay. Could they use their memories and just confirm also that the rental accommodations at Duck Mountain were sold in 2002? Do you recall that?

**Ms. Young:** — About 2002.

**Mr. Michelson:** — Okay, thank you. That's close enough. That's all my comments.

**The Chair:** — At this point in time, maybe we should deal with the recommendations before us, and there may be more specific questions from committee members. Mr. Stewart.

**Mr. Stewart:** — I move that the committee concur with the three recommendations of the Provincial Auditor and note progress on all three.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendations 1, 2, and 3 of chapter 18, Tourism, Parks, Culture and Sport, and note progress towards compliance.

Without seeing any other further questions from committee members at this point in time, I'd like to thank ministry officials for joining us here today and Deputy Minister Young for providing answers. Thank you very much. Thank you for the work that you do.

And we'll move along with our next chapter, turning our attention to "Government's summary-level financial reporting practices."

### **Government's Summary-Level Financial Reporting Practices**

**The Chair:** — So at this point in time, we'll reconvene the Standing Committee on Public Accounts. We'll turn our focus to chapter 23 of the 2010 report volume 2 of the Provincial Auditor. This chapter's title is "Government's summary-level financial reporting practices." At this point in time, I would welcome Deputy Minister Layng that's here with us here today and ask her to introduce her officials.

**Ms. Layng:** — Thank you. On my left is Louise Usick who is our director of financial administration services, and on my

right is Joanne Brockman who is the executive director of economic and fiscal policy. And Terry and Chris you know very well; they are part of our ministry though.

**The Chair:** — They are good guys to have on the team there too. Thank you for joining us here this morning. I'll turn it over to the Provincial Auditor's office to make a presentation as it relates to this chapter and then subsequent response from your ministry.

**Ms. Lysyk:** — I am joined today on my left by Judy Ferguson, deputy provincial auditor; and Carolyn O'Quinn, audit principal with the office, who are responsible for the contents of this chapter.

Now chapter 23, which covers pages 359 to 365, contains two areas of recommendation for recommendations and summary — the results of our analysis of the government's summary-level financial reporting practices for the year ended March 31st, 2010 and the status of one recommendation of this committee. This chapter does not contain any new recommendations. It provides the status of three recommendations from the office's previous reports on understanding the finances, relating to the government's summary-level financial reporting practices. Starting in 2010, the office is no longer preparing a separate understanding of the finances report, as the government now includes the key indicators of the government's financial condition in volume 1 of the Public Accounts.

[12:15]

Previous recommendations. The government has made no progress on implementing the office's past recommendations. And this committee did not agree with these recommendations, however, we do continue to make each of these recommendations.

On page 361 we continue to recommend that the government use the summary reporting entity as the primary basis for reporting. Unlike other provinces, the government's primary focus for reporting financial results remains on the General Revenue Fund instead of the summary reporting entity. In our view, the government's continued focus on the GRF [General Revenue Fund] causes confusion and misunderstanding about the future financial picture of the province.

On page 363 we continue to recommend that the government include a statement of operations with estimated revenues and expenses in its summary financial budget. Unlike most other provinces, the government's summary financial plan does not include this level of detail, rather it provides only the expected annual surplus/deficit by agency and overall. The summary level budgets of most other provinces set out the expected revenue by type and expenses by program. Without this information, legislators and public lack key information about what services the government plans to deliver in the upcoming year and how it plans to pay for them.

Also on page 363 we continue to recommend that the government publish actual and forecasted results compared to the financial plan for the entire government each quarter.

At this time, financial information for the summary financial statements is not available on a quarterly basis and the mid-year report does not include the actual results to date. In our view, providing legislators and the public with actual results, to-date information with comparisons to forecasted results on a quarterly basis fosters no-surprise, transparent reporting. Such information helps them assess the government's progress toward achieving its summary budget.

On page 365 we note this committee's recommendation that the Ministry of Finance has not yet implemented the committee's recommendations relating to reporting actual results with projected results for the GRF on a quarterly basis. With respect to this recommendation, our office notes this recommendation reflects a continued focus on the General Revenue Fund. And that concludes our presentation. Thank you.

**The Chair:** — Thank you for that presentation. We'll turn it over at this point in time to Deputy Minister Layng for a subsequent response.

**Ms. Layng:** — Thank you. In response to the first update for recommendation on page 361, with respect to using the summary reporting entity as the primary basis for reporting, the ministry's position and the government's position continues to be that we do not support this approach. We feel that we do report on a summary basis, that reporting on both the GRF and the summary basis, it's transparent. All of the information is there, and we feel that it's in fact more information than some of the public receives in other jurisdictions. However we are aware of the recommendation from the Provincial Auditor, and we continue to monitor what's happening in other jurisdictions.

Shall I just go through or do you want to ask questions?

**The Chair:** — Well you can make, you can maybe make your respective comments now, and then we'll think of questions around that.

**Ms. Layng:** — Okay. With respect to the recommendation on 363 to include a statement of operations with estimated revenue and expense in its financial budget, we have, government has elected to present its revenues and expenses based on the way that government's organized and based on the way that the decisions are made and based on the current legislation. We have a caution in terms of rolling all of our revenues and expenses into these program themes, as it may suggest that revenues may be available to allocate to a particular purpose when in fact they are not available. They are tagged revenues and they're not necessarily available to be reallocated. So we feel that the way that the revenues and expenses are currently structured allows that to be very clear and transparent.

With respect to the final recommendation which is on page 365, which is the recommendation to report actual results with the projected results on a quarterly basis, we actually have done some work in this area. And we continue to believe that it provides better information to the public to actually say, here is where we think that the finances of the province will be at the end of this year as opposed to on a quarterly basis.

Payments don't all go out on a regular scheduled basis, nor do our revenues come in on a regularly scheduled basis. And so we

are also aware, that in jurisdictions where they're doing actual reporting of results, that it's very time consuming and it actually delays the release of the information because the actual information isn't always available at the end of the quarter. And the government has made a commitment to try and have the quarterly reports out in a very timely fashion. So it's our view by looking at what's the fiscal picture to the end of the year, that that's good information for the public. And so we do not support this recommendation.

**The Chair:** — Then there's an outstanding recommendation; I don't know if there will be questions from committee members on that one or not. And it looks like there's partial implementation being reported at this point in time on that one. So I guess I would look to the committee members here if there's specific questions they have on this chapter or these recommendations. Ms. Atkinson.

**Ms. Atkinson:** — Right. Well I want to do a follow-up to your last comment about various quarterly reports and how this would be problematic to provide the public with, I guess, the best results that you could. And you say that this would delay the mid . . . or not the mid-year, but the quarterly reports. Can you give us a little more information on how if at mid-year you were to give us actuals — and mid-year usually comes mid-November, third week of November — just tell me why this would be very difficult to get actual information for the end of September?

**Ms. Layng:** — Well to the extent possible, we do use actual information because it's some of the basis for what we are forecasting, but it's not sort of a pure cut-off. It's, you know, there are receivables set up; there are liabilities set up. In jurisdictions where you are doing actuals, some of that information has to be much more refined before it's actually in your books, whereas we work with ministries at this particular time and work with estimates, and so we're able to incorporate that information. If we were truly going to an actuals situation, that would delay until a lot of that work could be done.

So the work that we've done with consulting with some other jurisdictions is just to try and find out the level of resourcing that it's taken in order for them to be able to do that, and how much time it requires in order to be able to get that information. And at this point, although we've been testing this even within our own ministry to try and sort out some of the usefulness of the information because of the way our revenues come in and because of the way some of our expenses go out, so we've just found that other jurisdictions are telling us that they've had to add a lot of resources, and that their results tend to come out later than ours because they have to actually wait until they have some of that information.

So to the extent possible, we do use actuals where it's known. But we also know that there are other things that are going to happen in the year that will influence some of those outcomes. So you get a little bit of unevenness when you just do actuals based on timing, as opposed to what do you really think the fiscal picture is and what do you think it's going to be by year-end.

**Ms. Atkinson:** — So can you give us an example of a jurisdiction that uses actuals? Would Alberta use actuals?

**Ms. Layng:** — To some extent I believe that they do, and Manitoba does as well.

**Ms. Brockman:** — And BC [British Columbia].

**Ms. Layng:** — And BC. So we've been having some conversations with them to see how they implemented it and what some of the issues were.

**Ms. Atkinson:** — Is some of our . . . Not problem; I won't use the word problem. But some of the challenge that we are basically a commodity-driven province in terms of . . .

**Ms. Layng:** — On the revenues.

**Ms. Atkinson:** — Resource revenues. And that revenues can be up one day and down the next. Is that part of our problem on the revenue side?

**Ms. Layng:** — That's certainly part of it. It's also on the expenditure side that there's not necessarily an even flow of dollars out, and so it can paint a picture that isn't very realistic in terms of where we are. And I guess that's part of what we'll need to explore with some other jurisdictions because people also fund lots of third parties and that's where much of our funds go to. Obviously you know that. But we see some unevenness, and that's part of an exercise that we're looking at this year is to actually look at some of that cash flow, how much goes out at what part of the year because if you're going to move to this kind of a system of reporting, you want to ensure that it's actually giving good information to the public.

**Ms. Atkinson:** — A further question. So would an example of unevenness be revenues to our health authorities? Where would there be challenges in terms of expenditure?

**Ms. Layng:** — We have a fair amount of targeted funding that goes to health authorities for example, and they have to perform certain things before the money flows. And sometimes that documentation isn't made available until near the end of a year or they're in a planning phase and then they're going to actually implement something. And so it can look like there's some change in what they anticipate to receive by year-end, but in fact it is because of having a significant amount of targeted funding. And you know, an example of that that you would be familiar with is probably surgical wait-list initiatives, which have been an issue since I was a treasury board analyst in the '80s, as I recall. Yes.

**Ms. Atkinson:** — Okay. So would this be . . . Well if I understand the recommendation from the Provincial Auditor that if we could get actual GRF financial results that this would be helpful in terms of getting to the stage of a summary financial statement, so is it just health care where we have these targeted programs? Health care obviously is a significant portion of the budget, but there must be, there are payments to health regions that don't have to do with targeted funds. So is it possible to structure mid-year, I'm just going to talk about the mid-year financial report when it comes to the GRF, in such a way that while not precise, a bit imperfect, it would be a little more transparent in terms of where the province actually is on a mid-year basis?

**Ms. Layng:** — You know, mid-year, so we only have a very short period of time, and in legislation we're required to table the mid-year report by the end of November. So it's a particularly compressed cycle between when the actual cycle ends, we get the information from ministries, and we report it. But aside from the technical issues, I think from our perspective it would take a significant amount of effort to move. And we're not convinced, which is why we don't support this recommendation, we're not convinced that it does offer better transparent information to the public.

We think advising the public where we are on the GRF, and we do report on the summaries at mid-year, that we're reporting in the same way that we budget and the same way that the expenditures are expensed. And so we feel that to say here's where we're going to be at year-end versus here's where we are at this point of time and then next month we could be somewhere else, we still believe that the approach that the government has elected to use is transparent. It's good information. To the extent possible, we do reflect actuals if they're known at the time. And so I think from our perspective, although we will continue to explore these other approaches that are used in other jurisdictions, we still feel that this is very good, transparent information that's being provided to the public.

[12:30]

**Ms. Atkinson:** — Last question on this. Is it not . . . is it a fair statement to say that when you have some flexibility around mid-year, it provides the government with some flexibility when it comes to third quarter spending or revenue containment . . . or not revenue containment, expenditure containment if you have a problem? I guess is the position also to deal with, you know, public expectations that might arise if the public were all of a sudden to see significant resources at mid-year?

**Ms. Layng:** — I don't think that that's certainly a driving consideration. We do have unevenness, I mean as you've identified, in terms of our revenues. And we do have some sort of peaks and some of that, and I suppose there's the potential to create expectations that don't materialize. But I think that that's true regardless because if you just look at what happened the year that we were dealing with potash, you know, by first quarter it was pretty evident that the potash revenues were not going to come in the same way. You know, that signal was out, and it was public.

And I think regardless of which approach you use, because we're trying to say here's what the fiscal situation will look like by year-end, that we still take all of the same things into account. And from our perspective, it really is to signal to the public where the government is. And we make every effort at mid-year or when we're doing our quarterly reports to be as transparent and provide as much information as possible.

So I don't think that it's driven by any sort of concern that there might be an artificial signal out there. I think it really is driven by a philosophy of let's really tell the public where we're at and where we expect to be at by the end of this year, recognizing that of course there is some unevenness. But I think it really comes out of that philosophy and a belief that this is a good approach to reporting to the public because it's based on where

do you really think your finances are going to be, and it does take into account where they are. You know it's not that we don't use actuals; it's just that it's not the focus.

**Ms. Atkinson:** — Thanks.

**The Chair:** — I guess just as a couple comments as well, that that is in where lies the problem with the recommendations that have been put forward. And some of the discussion here is good discussion, but certainly if we're looking at the volatility of resource revenues, certainly Alberta would understand that circumstance, as well as would other provinces in Canada to a similar extent and to a greater extent in Alberta's circumstance.

And if we're looking at the circumstance of Crown corporations or government agencies, government entities, Crown entities, certainly Manitoba knows that circumstance quite well, and their circumstance being different than the oil revenues and volatility that Alberta experiences, but their experience being one of volatility around revenues with specifically, I would believe, Manitoba Hydro and the impact of a drought and impact on revenues in any given year.

So the position put forward by government today I would argue is unsustainable. It's stated as clear as day in this report that it's inconsistent with the rest of Canadian jurisdictions, and it's inconsistent and out-of-line with public sector accounting standards. And I think that there is risk in not moving forward further and becoming fully compliant with these recommendations that are here today and becoming compliant, not just with these recommendations, but with broader public sector accounting standards in that we place ourselves as a province at risk in not doing so.

And just for the public at home, of course we have this debate sometimes across the floor of the Assembly, and it has a different, we have a different approach as politicians when we debate this. But I think it is worthy to heed the information provided by the independent officer, the Provincial Auditor, in this volume.

And I would just highlight a couple comments, and I would urge committee members to reconsider here today. I know we had this debate just a couple weeks ago, so I don't think we need to . . . We know our positions. We support moving in this direction, bringing the primary focus on the summary side. And we would, I would urge that in fact these three recommendations that haven't been concurred in in previous years, that we in fact move a motion and concur in those recommendations.

But I would just like to read into the record a little bit of the information of why I believe that's important from the auditor's report here. Specifically it focuses a little bit on how the primary focus is on the GRF, so despite the fact that we've moved forward — which is progress — to provide a summary report, the primary focus of government remains on the GRF.

And highlighted specifically are examples of this, one being the title of the 2010-2011 budget which included the words balanced and forward-looking, but balanced I think being the key one that was stated there. And as well a news release that came out on March 24, 2010 that stated that government



delivers balanced budget by reduced spending. What this highlights is a complete focus on the GRF because at that point in time the reality was that government was planning a deficit of \$622.7 million for the entire government as compared to the planned and forecasted surplus of 20 million for the GRF.

Now the auditor's report goes on to speak about "The government manages the financial results of the GRF by deciding the amount and timing of transfers between the GRF and . . . government agencies." And then goes on, specifically:

For example, the Government improved the GRF's 2009-2010 financial results through "Transfers from Government Entities" totalling \$1.2 billion including a special dividend from Crown Investments Corporation of Saskatchewan of 570 million and net transfers of 257 million from the Growth and Financial Security Fund.

And just to highlight a couple last comments here, it states that this practice is inconsistent with the practices of the other provincial governments. And later on it speaks to, this sort of reporting ". . . causes confusion and misunderstanding about the true financial picture of government."

So we've had this debate and discussion both on the floor of the Assembly. We've done so in committee and we did so a few weeks ago. But I would urge, I won't move it as Chair here, but I would certainly urge committee members to consider at this time moving a motion that would concur in the three recommendations, and it would bring us into compliance with public sector accounting standards. Mr. Michelson, would you care to move that motion?

**Mr. Michelson:** — No, Mr. Chair, I won't make that motion. I will say that, you know, you didn't, when you were in government you didn't support the change at that time. I think the ministry has said that it is very transparent, the process that is being used. And I appreciate the fact that they are looking at other jurisdictions to see if there should be changes made. When they look at that and decide, then maybe that would be a discussion for another day. Thank you.

**The Chair:** — Ms. Atkinson.

**Ms. Atkinson:** — I'll move the motion.

**The Chair:** — Ms. Atkinson would move a motion to concur with the recommendations, the three that have been laid out here today. Is that agreed in?

**Some Hon. Members:** — Agreed.

**Some Hon. Members:** — No.

**The Chair:** — It's not agreed that this committee concur with the recommendations made in 2009 or the various dates that are laid out here. They were made in certain years and then of course they were considered by this committee in subsequent years, but those three recommendations are not concurred in by this committee.

Are there further comments from committee members at this point in time? Mr. Hart.

**Mr. Hart:** — Thank you, Mr. Chair. I believe the last time this committee met we had this similar discussion, and I believe we arrived at the same positions. And it is interesting, as other members have stated, that positions on this issue change as governments change. Although there certainly has been progress, at one time this province only reported on the General Revenue Fund. We are now doing both, so there is progress there.

And we also heard from the former Finance minister, Mr. Gantfoer, who related to the committee that at discussions at the national level, some other provinces had put forward the comments that perhaps they moved too far and that perhaps Saskatchewan has it right. I certainly recognize that the auditor's office has a duty to report and express their opinion, and I certainly respect that. I think at this point in time perhaps Saskatchewan isn't ready to move further down the road. There may be a time. We are a bit of a unique province in that a fairly large sector of our economy continues to be in the Crown sector.

Then we need to . . . There's that whole discussion about good debt and bad debt or self-sustaining, which I would say self-sustaining debt, debt as an investment in the private sector. I know in my company we look at investments. Certain, quote, debt is an investment because it does produce additional income and not only services that loan, but it also provides additional revenue. Whereas other debt, where there is no ability to service that debt, that is comparable to credit card debt. And we need to have a discussion I think on a provincial level to clearly distinguish those things.

So I think at this point in time I would suggest that we continue to report, although we certainly need to acknowledge and respect the auditor's opinions.

**The Chair:** — Ms. Atkinson.

**Ms. Atkinson:** — Well I won't reiterate what I said a couple of weeks ago, but I would find it very surprising if any jurisdiction in the country that's gone to a summary financial statement for the purposes of providing information to the public goes back. I don't think they'd be able to get away with it.

So with all due respect to Mr. Gantfoer, maybe there are ministers of Finance that regret that they moved to a summary financial statement. I suspect that they won't be going back. And I suspect at some stage the public will get to the point in the province of Saskatchewan where they will find it no longer acceptable that we have governments that say we've reduced the debt by 40 per cent when in fact they have not reduced the debt by 40 per cent. It's GRF. It's not overall government debt, and it's misleading.

But nevertheless the government's continuing to hold the position that they hold. It's certainly a position that we held, but it's four years later, and the world has, the world is changing. And we're now one of the, I think we're the last jurisdiction in the country that's holding this position. I think we're going to have to get rid of the position.

That's why I was interested in knowing whether or not actual financial results could be made available for the GRF, and

maybe not on a quarterly basis, but at some stage. The Finance ministry has indicated that it would take a lot of resources, and it may. I note that there have been times when the Provincial Auditor has made recommendations that take lots of resources and those recommendations have been implemented because we wanted to improve our, you know, financial accountability. So we are at the moment obviously where, for another year, we're going to continue to hold this position. But I predict someday some government will determine that this isn't what we need to do and the policy position will be changed.

**The Chair:** — Thank you, Ms. Atkinson. Mr. Stewart.

**Mr. Stewart:** — I just would like to add to this debate in that we do report on the summary financial statements as well as the General Revenue Fund which I think is actually probably more than most jurisdictions do. Certainly more than was ever done under the previous government, which only reported GRF. And I think that's . . . We do both, and it gives public access to both information on the state of the General Revenue Fund and the summary financial statements of the government. Plus, in continuing to report on the General Revenue Fund, it also gives the public a nice comparison as to how things are going in the General Revenue Fund under this administration, as opposed to, or compared to the previous one.

[12:45]

So it offers that, as well as reporting on both the General Revenue Fund and the summary financial statements. And I think at least for at this point in time, I don't think that there's much more that either can or needs to be done, and I would not concur in the recommendation of the Provincial Auditor's on this particular point.

**The Chair:** — Just as a follow-up to that. It certainly was the previous government that moved to summary, providing that summary statement to include all operations of government. But what the problem that's highlighted here today for us to understand is where the government's focus is, and it's in fact that when you talk about comparisons or the member speaks of comparisons, it's very difficult for us to compare to other jurisdictions when we have a government that focuses its attention to an accounting method or system that no other provinces utilize.

And when you have a . . . When deficits are being run stating something else, which is highlighted in the auditor's report here — for example, when in 2010-11 a planned deficit was planned of \$622.7 million, yet the Premier and the Finance Minister were putting out statements titled, government delivers balanced budget by reduced spending — this is inaccurate. It's misleading, and it's inconsistent with the rest of Canada. And, as I would cite back to the auditor's statements here, that it causes confusion and misunderstanding about the true picture of government.

Mr. Hart highlighted a broader discussion to be had about debt and the type of debt, and good debt, bad debt. And sure, that's a worthwhile discussion and can be had while being compliant with public sector accounting standards and reporting from a summary perspective to make sure that that's entirely transparent to the public, and then having that discussion of

why SaskPower may need to incur some added debt and how that's supported from a business case perspective.

The sad reality, over the past and highlighted over the past few years with significant managed results — significant transfers from Crown entities, significant transfers from the growth and fiscal stabilization fund — is that the results have been managed in a very, very significant way. And when you're transferring money from the Crown sector to be spent in an operational way in the GRF, I wouldn't consider that good debt. I would consider that a budget that is short of the revenues it requires to fund its program. And we can have a whole other discussion then about that piece.

But the important piece is that we should be complying with public sector accounting standards, that we're out of line with the rest of Canada and we should be moving in that direction. And that's the position of the official opposition as well. Ms. Atkinson?

**Ms. Atkinson:** — I'll just have one other observation I want to make. And this observation comes from my experience in 1991 when we indicated we had the Gass report which looked at the province's finances. And what we learned from the Gass report was that there were a number of contracts that were entered into that took, in essence, debt off the financial sheets.

So let me give you an example. When you enter into a long-term contract to build, to rent a nursing home for example, a 25-year contract, while it takes the cost of the capital construction for that nursing home off the financial sheet, it still is a long-term commitment by the province. When you enter into a 25-year lease for a high-rise, an office tower in downtown Regina, to rent a significant number of floors, that is a public commitment that you have to meet in the 25 years. When you enter into a power agreement with a company outside of North Battleford for 25 years, I mean basically you're paying for the capital construction of that power plant. And so I think one of the things that we need to be cognizant of and start to think about is the commitments that are being made that are off the financial sheets of the government but really are a responsibility of the government, whether that's in the Crown sector or the GRF sector.

Now I'll leave that for the next, you know, the next government whomever it may be, but I think we need to go back. History is important. We need to go back, take a look at the Gass report from 1991-1992 and be cognizant that when we're making these decisions that maybe make our books look good, that it isn't debt, in fact it is debt that we're being responsible for. So with that, I'll leave that, Mr. Chair.

**The Chair:** — Thank you, Ms. Atkinson. Further I see Mr. Stewart.

**Mr. Stewart:** — Thank you, Mr. Chair. It is, in response to those two additions to the debate, it is fair and honest to say that all of our budgets to date under this administration have been balanced under the same standards that the previous administration claimed to have balanced a number of their budgets.

It's also worthy of mention that Saskatchewan has recently

received a credit rating upgrade based on our fiscal stability and the way that we do business in this province under our administration, and I believe the only province in Canada to have received an upgrade. I think it's fair to say — and the public would likely agree — that generally speaking, people can be fooled by political rhetoric but Standard & Poor's cannot.

**The Chair:** — Thank you, Mr. Stewart, for those words. Just with respect to the comments, just with respect to the comments, it's important to recognize that, you know, as individuals sit down and examine the books of Saskatchewan, I think the member, hon. member would be hard-pressed to find somebody that would find balance in most of this government's years, where we have seen is managed results and an exploitation of fiscal tools that are available to a government would be my argument and my concern. And that in fact during times of strong increases to revenues adding fiscal strength to this province, which is certainly reflected in the Standard & Poor's ratings there when revenues are high, strong oil revenues in this province, right across the piece we have strong revenues in this province. Unfortunately during this period of time, we have had a government that's had to continue to draw down equity, both from the Crown sector and as well the reserve that should be left for a future generation or at least a period of time where revenues are weak.

So I think the hon. member would be awfully hard-pressed to find an individual to examine the transfers from the Crown sector, from the rainy day fund during this period of high revenues in this province, he'd be hard-pressed to find somebody that would concur with his notion of balance. But you know what? At the end of the day, we don't need to have this debate here right now. We are politicians, and we will have this debate in another forum on doorsteps all across this province. Mr. Stewart.

**Mr. Stewart:** — Thank you, Mr. Wotherspoon, or Mr. Chair. And while you may not concur with my comments, Standard & Poor's does. And I'm willing to rest on that.

**The Chair:** — Just to correct there, and you may . . . I'm not sure that Standard & Poor's concurs with anything about balance. I think what they are likely recognizing — and I would hate to assume myself to recognize where Standard & Poor's is recognizing the fiscal strength — but I think it would be specifically on the revenue side of the equation. But I would leave it at that. I'm not sure that Standard & Poor's is concurring with the hon. member from Thunder Creek, but we'll leave it there right now.

At this point in time, I'm not sure that there's other questions or comments from committee members, and I would like to thank ministry officials for coming before us today. Ms. Deputy Minister Layng.

**Ms. Layng:** — Yes, I don't want to enter into this debate. However I do think that it's important that there be a clear understanding that in fact we do account appropriately for our capital leases. It is reflected in our books, and we do set up the appropriate liability and assets. So I didn't want committee members to leave thinking that there was some piece that we were not in fact accounting appropriately for our books. And

we'd be very happy to provide the details to the hon. member and show her where that in fact is the case. I just wanted to add that.

**The Chair:** — Thank you. Ms. Atkinson.

**Ms. Atkinson:** — So you will show me for 2010-11, or maybe it'll be '11-12, the capital lease for the nursing home in Saskatoon. That will be shown I guess because it's a rental situation, but we've got a long-term agreement with them.

**Ms. Layng:** — I think our focus is on the current accounts, but we will show you how things are accounted for so that there is no misunderstanding. And we can point to where you would find that. Thank you.

**The Chair:** — Thank you, Deputy Minister Layng. Thank you to officials who have joined us here today from the ministry and for providing answers to this committee. At this point in time we will take a brief recess but move directly into chapter no. 24, the Standing Committee on Public Accounts.

#### Standing Committee on Public Accounts

**The Chair:** — We'll move along here this morning, moving our attention to chapter 24 as it relates to the Standing Committee on Public Accounts. And at this point in time, I will turn it over to the Provincial Auditor's office to make presentation with respect to this chapter.

**Ms. Lysyk:** — Today I'm joined by Kim Lowe. Kim is the audit principle who acts as liaison with the Clerk of this committee. I just wanted to say a few words before Kim moves into the report.

Chapter 24 of our 2010 report volume 2 has two main purposes: a response to a prior request of the Public Accounts Committee regarding monitoring the status of its recommendations, and it highlights the work and the accomplishments of the PAC since the fall of 2009 when the office reported the status of PAC recommendations.

I just wanted to comment that this committee, your committee, is very important and your work has contributed to the government's implementation of a significant number of this office's recommendations. Seventy-one per cent or 414 of 583 recommendations from the previous five years that were included in the committee's report, including the first report of the twenty-sixth legislature, were implemented. As well another 125 recommendations were partially implemented. This committee plays a significant role in fostering a more open, accountable, and transparent government and better management of government operations.

Now Kim will speak further to the chapter. Thank you.

**Ms. Lowe:** — Since the fall of 2009, in the time of this report, the committee met five times to discuss our reports. When this report was released, the committee's most recent report to the Assembly setting out its recommendations was its first report of the twenty-sixth legislature. It was presented to the Legislative Assembly on March 25th, 2009. That report included over 300 recommendations, including those where PAC concurred with

our recommendations.

PAC asked our office to monitor compliance with its recommendations and to report on their status. Many of the past PAC recommendations are included within ministry chapters. Those chapters provide an update on the status of the committee's outstanding recommendations. This format allows the committee to reconsider these recommendations. The exhibit in this chapter lists all of the committee's recommendations that the government has not yet fully implemented and are not already discussed in another chapter. These recommendations will be followed up in 2011. The status of Sask Gaming's recommendations will be reported in the Sask Gaming chapter in 2011.

[13:00]

All of PAC's recommendations that were not fully implemented by the government are as at the date we last audited the organization or area, usually March 31, 2010. It's been approximately one year since we last audited the organization or areas included in each chapter and the exhibit. As a result, the report may not reflect current status of the PAC recommendations because the government may now have dealt with some of the recommendations.

That concludes our presentation. We would be happy to answer any questions that you may have.

**The Chair:** — Thank you very much. Committee members, questions, comments?

Thank you very much for the full update as well on the status of outstanding recommendations. And thank you, I think it's fair to say, from this committee to your office for the tracking of these recommendations. And it's important for the public to watch because we concur in these recommendations, but then it's your office that's following up in subsequent months and years to ensure that those recommendations are in fact complied in. So thank you very much for the great service your office fulfills to the people of our province. Ms. Atkinson.

**Ms. Atkinson:** — So it looks like the biggest laggard is Corrections and Public Safety, and there's been no progress made. Do we have any sense why there's been no progress made?

**Ms. Lysyk:** — We'll still be following up on that in 2011.

**Ms. Atkinson:** — Okay. Thank you.

**The Chair:** — With no further questions or comments . . . Any further comments from the auditor's office on this chapter? We will recess for a short lunch and reconvene at 1:30 with the Workers' Compensation Board.

[The committee recessed from 12:59 until 13:35.]

### Workers' Compensation Board

**The Chair:** — At this point in time, we'll reconvene our considerations here today as the Standing Committee on Public Accounts. We'll turn our attention here this afternoon to chapter

22 of the volume 2, 2010 Provincial Auditor's report, and specifically the Workers' Compensation Board.

It's my pleasure to welcome Mr. Peter Federko, CEO [chief executive officer], here this afternoon. And I would ask him to introduce his official that's here with him today, then I'll turn it over to the auditor for their presentation.

**Mr. Federko:** — Thank you, Mr. Chair. I have with me today Gail Kruger, who's our vice-president of prevention, finance and IT. And on behalf of our chairman, David Eberle, he would just like to send his regrets for not being able to join us here as well.

**The Chair:** — Thank you, Mr. Federko. Thanks for joining us here today. I'll turn it over to our Provincial Auditor and our Provincial Auditor's office for presentation on this chapter, and then invite a subsequent response from your organization.

**Ms. Lysyk:** — I'm joined today by Victor Schwab. Victor is an audit principal with our office and is responsible for the work in this chapter.

Chapter 22 begins on page 345. This chapter results from a performance audit of the Workers' Compensation Board's project management processes for its new claims management system. WCB [Workers' Compensation Board] has implemented all prior recommendations set out on page 356 and 357. This was reported in our report issued last week. We'd like to thank the WCB for their attention to these recommendations.

Victor will speak to our new recommendation.

**Mr. Schwab:** — Good afternoon. The new recommendation resulted from our 2010 audit of WCB's project management processes to replace its existing claims management system. WCB uses its claims management system to track injured workers' claims, make payments, and create financial reports.

We concluded that the project management processes were adequate, except that WCB did not provide adequate progress reports to senior management and the board of directors. We recommended that the Workers' Compensation Board provide senior management and the board reports that include the forecasted costs to complete the Eclipse claim replacement project, as well as the estimated completion date of the project. WCB responded that they agree with our recommendation. That concludes our remarks.

**The Chair:** — Thank you very much. I'll turn it over to Mr. Federko and the Workers' Compensation Board to respond.

**Mr. Federko:** — Thank you. So as the Provincial Auditor's pointed out, we have accepted the Provincial Auditor's recommendations and in fact have already proceeded with implementation of those recommendations prior to actual release of the report. So more detailed project reports are being provided, both to the executive committee that oversees the project as well as the board on a monthly basis, which include the information that the Provincial Auditor has highlighted, that being estimated cost of the project to completion and estimated completion date as well as other important milestone information.

**The Chair:** — From that, thank you, Mr. Federko. So from that, as it relates to estimated cost and timeline you're putting forward here today that that's being provided, would it then be your belief that your organization has complied with this recommendation fully at this point in time?

**Mr. Federko:** — Yes I would.

**The Chair:** — Further questions from committee members at this point in time? Mr. Hart.

**Mr. Hart:** — Thank you, Mr. Chair. So then you have an estimated completion time then? I wonder if you could share that with the committee as to when you see this project being completed?

**Mr. Federko:** — We are due to go live with the new claims system on October 3rd of 2011, so roughly four months from now. Total budget, just over \$29 million.

**Mr. Hart:** — I have a further question to the Provincial Auditor. You mentioned that . . . were you referring to this current recommendation when you said that the WCB is in compliance, or to the ones on 356 and 357.

**Ms. Lysyk:** — Page 356 and 357.

**Mr. Hart:** — Okay. So to Mr. Federko, all these recommendations that are on pages 356 and 357, they've all now been acted upon and implemented?

**Mr. Federko:** — Yes they have.

**Mr. Hart:** — Okay. All right, so thanks for clearing that up.

**The Chair:** — Ms. Atkinson.

**Ms. Atkinson:** — Thank you, Mr. Chair. Mr. Federko, on page 347 the Provincial Auditor indicates that this project was approved in 2009 and the new system was expected to cost about \$19 million with annual operating costs of about 1 million. You've just indicated that the project will now cost 29 million, or it's 10 million over budget. I'm wondering why the escalating costs? That's significant; that's about 33 per cent higher than you originally anticipated within, I guess, a two-year period. And what are the annual operating costs expected to be now?

**Mr. Federko:** — I can answer the first part of your question with respect to the change in the projected cost of the project, and I'll ask Ms. Kruger to weigh in on what the expected future operating costs of the new system will be.

The gap between . . . So we determined that the most cost-effective solution for us was to purchase an existing system and alter it to our processes where necessary. What this process entailed was looking at each of our individual processes and comparing that process to what was available within the purchased system, defining the requirements to close that gap, and/or modify our processes to comply what was then being offered by the new system.

As we got into the project, by July of 2010 it became apparent

that the gaps between our processes and what were included in the package were far more significant than what were originally anticipated. And so changes required to the software itself and/or our processes necessitated an extension of nine months. We were initially going to go live January 1st, 2011. We've moved the completion date to September 30th, October 3rd being the first working day of 2011. And that additional time is what has added to the \$10 million increase in the budget.

So last fall I went back to my board with a revised budget for the project, and the board approved the additional costs. What this has allowed us to do is, in addition to closing the gaps between the project because the timeline on this project was relatively short, it enabled us to run systems parallel and test modules as they became available, which ultimately we hope is going to reduce our risk on the October 3rd go live date. So it afforded us additional time to ensure that the functionality would be there to modify the processes and reduce some of the risk in terms of project completeness.

[13:45]

**Ms. Atkinson:** — So, Mr. Chair, I'm not meaning this to be critical in any way because I recognize that IT projects can be difficult, but can I ask you why you decide to take a system, basically an off-the-shelf system, why wouldn't you have had some analysis done prior to this decision to take this off-the-shelf system that would have assisted you in understanding that this was much more, that this software had some major gaping holes?

And I think this really does speak to the auditor's thinking on this, is that you need to have, you need to understand what the needs of clients are basically. And we need to understand the cost, and then obviously there needs to be someone to manage the system. So can you explain where the holes were in your processes? To me this is significant, a 33 per cent overrun is significant. And I'm just wondering what, if you were to do it again, what would you do differently?

**Mr. Federko:** — So I'll answer the last question last. Prior to committing to purchase a product, we had extensive analysis done, hired consultants to work with our IT department, to do a cost-benefit analysis between construction of a brand new system from scratch, if you will, versus purchasing a product off the shelf and customizing it. It was determined that the purchase and customization option was far more cost-effective and more expeditious in terms of project completeness. So we could get the system in quicker for less cost than starting from scratch.

So typically in a build-from-scratch system, you would spend literally years defining what your requirements are, and then you'd issue a very detailed request for proposal and have vendors respond to your request.

In this particular case, because the decision was made after looking at many, many products, this is the one that came closest, from a process perspective, in matching what our high-level needs were. But of course, as we got into the details around, for example, the way payments are issued . . . The system has the ability to issue compensation payments, but the details required pursuant to Saskatchewan's processes and

legislation were different, and by considerable amount, than the detail of the way payments were actually processed within the package. So that is just one example of where what was available within the purchased product was in fact not as close a fit to what our detailed processes were.

So the reasons we decided to purchase rather than build is number one, it was cheaper, and number two, we could get it in quicker. The approach then with respect to the purchased product was to do it module by module and define the gaps as you go — payments versus annuities, for example, versus return to work, and so on and so forth — and implement each one of those modules, test it as it becomes available, add the next one on, teach them or test them together so that, again, your risk at the end is reduced.

Having lived through two IT projects at the Workers' Compensation Board during my experience, the build-from-scratch was not a very pleasant experience and was extremely susceptible to what we would call scope creep — the opportunities for those requirements to be modified as you go through the system based on wish lists as opposed to what's required in order to adequately deliver service.

So notwithstanding the increase that we received in this budget, the cost of the system overall as of the May 31st progress report that I have received is still going to be more cost-effective. We will have the system in quicker than if we would have attempted to build, rebuild the system from scratch. The existing system is over 20 years old, and it just surpassed its usefulness.

**Ms. Atkinson:** — Okay. And what are the administrative costs going to be? Each year that's a question I'd like answered. But also was this not tendered? Was this a contract or a system software that was being used in other jurisdictions by a workers' compensation board?

**Mr. Federko:** — This was tendered. So after the decision was made to purchase rather than build, a high level RFP was issued and we had a dozen vendors from around the world, quite frankly, respond. And from all of those systems, the Fineos system was chosen as again being closest to what our high-level requirements were. This system was not used in Canada but has been used in other social security and workers' compensation systems around the world, so there was experience with this model in terms of applying it to the compensation system. We're a very small market so there aren't a lot of products available that can process claims the way workers' compensation boards do.

**Ms. Atkinson:** — And the admin costs?

**Ms. Kruger:** — The admin costs would include both the maintenance and the licensing fees so it would still be approximately \$1 million per year.

**Ms. Atkinson:** — Thank you. I'll just make this observation. So when you do an RFP, obviously you're looking for a software company that can meet your needs at a particular price, but then if you had known what you know now and that the price was going to go up by \$10 million, would you have chosen a different company?

**Mr. Federko:** — No. This is still the best product available.

**Ms. Atkinson:** — Okay, thank you.

**The Chair:** — Further questions from committee members at this point in time? Seeing none, I'd like to thank . . . [inaudible interjection] . . . Maybe do you want to focus . . . Do you want to have a motion on that front?

**Mr. Hart:** — Yes.

**The Chair:** — Mr. Hart.

**Mr. Hart:** — [Inaudible] . . . any other questions.

**The Chair:** — Okay. Mr. Hart.

**Mr. Hart:** — Mr. Chair, I would move that the committee concurs with the auditor's recommendation and notes compliance.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 1 of chapter 22, Workers' Compensation Board, and note compliance.

At this point in time I'd like to thank Mr. Federko and Ms. Kruger for joining us here this afternoon and answering our questions. And this committee will take a very brief recess and move along with Highways and Infrastructure. Thank you.

[The committee recessed for a period of time.]

### Highways and Infrastructure

**The Chair:** — We will reconvene at this point in time the Standing Committee on Public Accounts, and move along our program here this afternoon to focus our attention on chapter 12, Highways and Infrastructure. We have ministry officials that are joining us here this afternoon. I would thank them for joining us, and I would invite Mr. Stamatinos, assistant deputy minister with Highways and Infrastructure, to introduce officials that are here with him today.

**Mr. Stamatinos:** — Good afternoon. I'm George Stamatinos. I am the assistant deputy minister for planning and policy, and I'm here on behalf of Mr. Rob Penny who's our deputy minister and is away on vacation. I have with me this afternoon, to my left I have Bryan Peacock, director of business improvement, and on my right I have Gary Diebel who's the director of finance and admin.

**The Chair:** — Thank you for joining us here today. I'll turn it over to the Provincial Auditor's office and our Provincial Auditor, Ms. Lysyk, to make a presentation with respect to this chapter, and then we'll invite a subsequent response from your ministry.

**Ms. Lysyk:** — With me to my left I have Trevor St. John. And Trevor is an audit principal with our office and was responsible

for the work on this chapter.

This chapter includes the results of our annual financial audit of highways and transportation for the year ended March 31st, 2010. We have three outstanding PAC approved recommendations, one of which was included in the 2005 PAC report to the Assembly. These recommendations continue to be valid and relevant. There is one recommendation for the committee's consideration today. Now Trevor will continue with this presentation.

**Mr. St. John:** — The new recommendation is on page 201, and it relates to the service level agreement for the highway hotline. As part of the ministry's strategy it has outsourced services, including acquiring and maintaining infrastructure and client support for the hotline. However the current service level agreement with the service provider does not adequately address disaster recovery or security for the hotline. Without an adequate agreement, Highways does not know whether the service provider adequately secures the hotline data from mischief or whether the service provider can restore systems in a timely manner. We note Highways has identified in its business continuity plan that it must review this area.

[14:00]

On page 201 we recommend the ministry have an adequate service level agreement with the highway hotline service provider that addresses the ministry's disaster recovery and security needs. The ministry has formally responded to our recommendation and they have indicated that they will continue to work with the highway hotline service provider to address the recommendation.

The chapter continues to identify the status of two other recommendations that we have made in our 2009 report volume 3. Your committee has concurred with these recommendations in April of 2010. During our 2010 audit, we found that the highway service agreement with the ITO continued to not include provisions to address the ministry's disaster recovery and IT security needs. We also found staff did not remove IT access of former employees in a timely manner. We continue to make these recommendations. We have also received a formal and positive response from the ministry regarding these recommendations.

And lastly, on page 203 we have included a status update of a PAC recommendation from 2005 regarding the . . . Public disclosure of planned targets remains outstanding. We plan to do a follow-up on all recommendations included in the chapter during this year's financial audit.

That concludes our presentation and we'd be pleased to respond to your questions.

**The Chair:** — Thank you very much. I'll turn it over to the ministry at this point in time to provide a response to the presentation and specifically those recommendations.

**Mr. Stamatinos:** — Thank you, Mr. Chairman. We have a prepared statement that we'd like to share with the committee. First of all I'd like to express our appreciation for having the opportunity to address your committee today. The ministry

understands and takes seriously its obligations to manage public funds and safeguard provincial assets. Ensuring appropriate protocols and procedures are in place is however an exercise in continual process improvement. We appreciate the input of the Provincial Auditor in our ongoing endeavours to enhance the management of risk to public assets. The auditor notes that the ministry complies with authorities relating to financial reporting, safeguarding public resources, revenue raising, spending, borrowing, and investing.

The auditor also notes that adequate rules and procedures to safeguard public resources exist within the ministry, with the exception of three recommendations it has identified to strengthen these rules and procedures.

The auditor further notes the ministry needs an adequate service level agreement for the highways hotline. The ministry concurs with this recommendation and has taken the following actions in this matter: we reviewed the service continuity plan of the highways hotline service provider as part of our service level agreement with them.

The service continuity plan includes details of the service providers. Firstly, backup service system provided in the event of the failure of their main server; the service provider's data network which is based on two processing centres located in different provinces to provide backup functionality in case of disaster; the service provider's backup system for transmitting information updates in the event of a system failure; the ministry's 24-7 access to support personnel from the service provider in the event of system problems or failures; and finally, an overview of the service provider's system security and service continuity approach including its plan for protecting data security and website access from unauthorized users.

The auditor also recommended that we sign an adequate agreement with the Information Technology Office that addresses the ministry's disaster recovery and security needs over its computer systems. The ministry agrees with this recommendation and has taken the following action on this matter: the ministry has entered negotiations with the Information Technology Office to replace the current service level agreement with a memorandum of understanding. The ministry will ensure the MOU [memorandum of understanding] addresses the auditor's concerns related to the ministry's disaster recovery and security needs over our computer systems. The MOU is targeted to be in place by the end of the second quarter of this fiscal year.

Finally, the auditor commented that we need to ensure that established procedures exist for removing user access to its computer systems and data. The ministry concurs with this recommendation and continues to take the following actions: the ministry has updated the forms filled out when employees leave the ministry to specifically require network and email access deletion. The ministry has communicated to managers responsible for filling out these forms on the process to be completed for timely access removal. We have also reviewed processes and timelines for removal with the Information Technology Office and the Office of the Provincial Auditor to ensure timelines are appropriate. It is important to note that there has been no unauthorized access to the ministry's computer systems and data by former employees who have left

the ministry.

To conclude, I reiterate that the ministry welcomes the constructive input of the auditor. We welcome the recommendations made, and we are pleased to have the opportunity to report our ministry's actions in this regard. I would be pleased, along with my colleagues, to answer any questions from the committee members. Thank you.

**The Chair:** — Thank you very much. We'll turn it over to committee members' questions. I saw Ms. Atkinson has a question.

**Ms. Atkinson:** — Yes, thank you. And welcome to the officials. How long has the highways hotline been outsourced?

**Mr. Peacock:** — It has been outsourced, to the best of our knowledge, for the last half a dozen years.

**Ms. Atkinson:** — Okay. And how long have we had this agreement with this particular service provider?

**Mr. Peacock:** — We've had this agreement with this vendor for the last six years. We have a semi-annual agreement, one agreement for the winter maintenance . . . or, sorry, the hotline in the winter, as well as the maintenance and construction in the summer.

**Ms. Atkinson:** — Okay. And is the service provider located in Saskatchewan?

**Mr. Peacock:** — No.

**Ms. Atkinson:** — Can you provide the name of the company and where the company is located?

**Mr. Peacock:** — Sure. The company name is Telenium out of Winnipeg, and they have server locations in Manitoba and Ontario.

**Ms. Atkinson:** — Okay. And so when you indicate that there are going to be two processing centres, is this in Manitoba and Ontario?

**Mr. Peacock:** — That's right.

**Ms. Atkinson:** — And so if the technology is located outside of Saskatchewan at the moment and you've indicated that there's going to be two processing centres, would the backup be Ontario?

**Mr. Peacock:** — That's correct. The main processing is out of Winnipeg.

**Ms. Atkinson:** — Okay. So the main processing is out of Winnipeg but the backup's in Ontario. Okay. And what sort of a process did you go through to ensure that you have an adequate service level agreement with the company?

**Mr. Peacock:** — When we entered into recent negotiations, we got a copy of their service continuity plan which we reviewed in details in terms of all the affected personnel, and particularly related to controls to make sure no one without those people

being responsible could access the system to update the information. So the questions we asked were in terms of disaster recovery, in terms of what happens if processing centre A went down, and to ensure the second location.

And we also verified that they in fact were audited to ensure that they were compliant in terms of their own disaster recovery plan. So they have their own external auditor that verifies as a continuing entity they can maintain the ongoing operations. And we also installed penalty clauses within the contract, so if they, as an organization, are not online 99.7 per cent of the time, there's a penalty clause within the agreement.

**Ms. Atkinson:** — Have we ever had the hotline go down in recent years?

**Mr. Peacock:** — Other than for scheduled maintenance, no.

**Ms. Atkinson:** — Okay. So it's fairly, obviously fairly secure.

**Mr. Peacock:** — Very stable.

**Ms. Atkinson:** — Okay. The only other question I have, does the highway hotline also . . . I think I'm going from memory. There is the online highway hotline and then the telephone line highway hotline. So this company provides services for both of those.

**Mr. Peacock:** — That's correct.

**Ms. Atkinson:** — Okay. And does this company provide services across the country for other highway hotlines?

**Mr. Peacock:** — They have additional provinces that they provide these services for, yes.

**Ms. Atkinson:** — Okay. I think that is all I would like to ask at the moment.

**The Chair:** — Additional questions from the committee members at this point in time?

**Ms. Atkinson:** — I have one other question then. How much do we pay each year for this service?

**Mr. Peacock:** — We have two different contracts. In the winter it is approximately \$80,000, and there are also performance and penalty clauses that would be factored into that. In the summer it's much less due to the fact that it's basically construction projects and whatnot that it's updating.

**Ms. Atkinson:** — Right. Well it's obviously a very good service for the price that we pay. And I think it's . . . Do we have any sense how many people use the service? Can you monitor that each year, or how many hits it would get?

**Mr. Peacock:** — We monitor it based on a monthly and per storms. When storms hit, we want that information in terms of timely, and I think in recent storms we have upwards of, particularly in the 6 a.m. to the 10 a.m. time, upwards of 50,000 hits. So we're talking numerous in terms of hits on a daily basis.

**Ms. Atkinson:** — Thank you. It's accurate too. I've noticed it



seems to be very accurate in terms of driving conditions, so it's a good service. Thank you.

**The Chair:** — Mr. Hart.

**Mr. Hart:** — Thank you, Mr. Chair. Before I move a motion, I'd just like to reclarify with the ministry officials. In your new service level agreement with the provider, you feel you now have adequate disaster recovery and security needs have been met?

**Mr. Peacock:** — That's correct.

**Mr. Hart:** — Okay. Thank you. Okay, Mr. Chair, then I would move that the committee certainly concurs with the auditor's recommendation and notes compliance.

**The Chair:** — All agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's agreed that this committee concur with recommendation no. 1 of chapter 12, Highways and Infrastructure, and note compliance.

Just a question on one of the outstanding recommendations — and your ministry spoke to it, and I appreciate that — with respect to the procedures around authorizing staff access. The concern hasn't been that there hasn't been adequate procedures in place, I understand it's whether or not those have been adhered to or followed. Are those being followed now at this point in time?

**Mr. Peacock:** — I think it's an exercise in communication in terms of that, as new staff come on, they're continually informed of the policies and procedures. And as a decentralized organization, we're involving numerous new employees that need to be communicated on the policy.

**The Chair:** — Okay. We're speaking specifically to the agreement with the Highway Hotline, the outstanding recommendation with respect to the service level agreement with Highways in general with the ITO. Has that recommendation now, has that been complied in? Have those concerns been addressed?

**Mr. Peacock:** — I think this would be similar to other ministries as they're working towards new memorandum of understanding. As we proceed with this, we'll be calling in the auditor to review and make sure their concerns are addressed before we sign off the memorandum of understanding.

**The Chair:** — Thank you. Not seeing any other further comments or questions from committee at this point in time, I'd like to thank the Ministries of Highways and Infrastructure for joining us here today. I know it's a busy time of year for your ministry, and we certainly appreciate the work that you do. And in this point in time, without any further . . . Mr. Hart.

**Mr. Hart:** — Mr. Chair, seeing that we have completed our agenda for the day, I would move that this committee adjourns.

**The Chair:** — Adjournment moved by Mr. Hart. All in favour?

**Some Hon. Members:** — Agreed.

**The Chair:** — So moved.

[The committee adjourned at 14:11.]