



STANDING COMMITTEE ON PUBLIC ACCOUNTS

Hansard Verbatim Report

No. 18 – April 30, 2014



Legislative Assembly of Saskatchewan

Twenty-Seventh Legislature

STANDING COMMITTEE ON PUBLIC ACCOUNTS

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Ms. Laura Ross
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Mr. Corey Tochor
Saskatoon Eastview

Mr. Trent Wotherspoon
Regina Rosemont

[The committee met at 07:59.]

The Deputy Chair: — Good morning, everyone, and thank you for attending here on this early spring morning. Beautiful, beautiful morning out. I'd like to introduce myself first of all as the Deputy Chair of Public Accounts. My name is Scott Moe. I would like to introduce the committee members: Mr. Trent Wotherspoon, Mr. Glen Hart, Ms. Jennifer Campeau, Mr. Corey Tochor, Mr. Herb Cox, and Ms. Laura Ross.

First of all I would like to table one document to the committee members. It is PAC 33/27 from Executive Council with response to the question raised during the April 16th, 2014 meeting re the list of principals of Zu.com Communications Incorporated dated April 16th, 2014.

I would like to also introduce from the Provincial Comptroller's Office Chris Bayda as well as Lori Taylor. And I now would also introduce our Acting Provincial Auditor, Ms. Judy Ferguson, and ask her to introduce her officials just prior to going into consideration of the four chapters from the Ministry of the Environment here this morning.

Ms. Ferguson: — Thank you, Mr. Chair, members. With me I've got Rosemarie Volk. Rosemarie is an audit principal with our office. She's responsible for the Ministry of Environment. Behind her is Jennifer Robertson. She's a manager with our office with responsibility again with a Environment portfolio. And Kim Lowe who is the office liaison with this committee.

The Deputy Chair: — I'd also at this moment like to welcome Ministry of Environment officials, and Deputy Minister Mr. Cam Swan. Maybe I'd ask you just to introduce your officials prior to beginning here.

Environment

Mr. Swan: — Sure. Thank you. Good morning, everyone. On my left here is Kevin Murphy, the assistant deputy minister of resource management and compliance division. And on my right is Lori Uhersky, assistant deputy minister of environmental support division. And behind me is Wes Kotyk, executive director of environmental protection branch; Dr. Kevin McCullum, chief engineer, technical resources branch; Laurel Welsh, executive director, finance and administration; and Cheryl Jansen, the acting director of financial management section.

The Deputy Chair: — Thank you. We'll begin this morning's considerations of the four chapters from the Ministry of the Environment. And I will turn it over to our Acting Provincial Auditor, Ms. Judy Ferguson.

Ms. Ferguson: — Thank you, Chair, and members and officials. Before I actually launch into our presentation, I'd like to take a moment and thank the deputy minister and his staff for the excellent co-operation that we received during the course of our work.

Ms. Volk this morning is going to provide an overview of the four chapters that are before you on your agenda. We're going to do this in three parts, okay? Because each part contains at

least one recommendation, we're going to pause after each part for the committee's consideration of the new recommendations.

Part one will be the results of our annual integrated audits for the year ending March 31st, 2012 and 2011. Those are chapter 8 of the 2012 report volume 2, and chapter 7 of the 2013 report volume 2.

Part two will be chapter 21 of our 2013 report volume 1. That report contains the follow-up of our 2004 audit of regulating air emissions.

Part three will be chapter 29 of our 2013 report volume 2. This part contains the results of our audit of regulating landfills.

So at this point I'm just going to turn it over to Rosemarie to present part one.

Ms. Volk: — Thank you, Ms. Ferguson. Chapter 8 of our 2012 report volume 2 and chapter 7 of our 2013 report volume 2 contain the results of our annual integrated audits of the Ministry of Environment for the years ended March 31st, 2012 and 2013.

In these chapters we report that the ministry complied with authorities governing its activities. The financial statements of its special purpose funds and agencies were reliable, and it had effective rules and procedures to safeguard public resources except for the matters I will highlight.

Chapter 8 of our 2012 report volume 2 contains one new recommendation for your consideration, whereas chapter 7 of our 2013 report volume 2 does not contain any new recommendations. On page 86 in chapter 8 we recommend that the ministry comply with its policies for all purchases. We made this recommendation because we found several instances where purchase orders were created after goods and services were received. It's important that goods and services be appropriately authorized prior to purchase so that only needed items and services are purchased. The ministry implemented this recommendation in 2013.

On page 86 we reported that the ministry needed to sign an adequate agreement with ITO [information technology office]. As reported in our 2013 report, page 64, it did so.

On page 87 and 88, we reported that the ministry needs to establish processes to secure data. We made this recommendation for five reasons. First, the ministry was not receiving any information from ITO on the adequacy of its security. Second, the ministry did not have adequate processes to make sure it complies with payment card industry standards when it accepts credit card payments for fees. Third, the ministry did not always follow its processes to grant and remove user access to its systems and data. Fourth, all users in its computer licensing system had computer administrative capabilities. These are powerful capabilities that not all users should have access to. And fifth, it did not have a process to monitor user access controls in its leases and land sales systems. As reported on page 64 of our 2013 report, these concerns continue because of the first three reasons I've mentioned.

On page 88 of our 2012 report, we noted that the ministry needs a complete business plan. As reported on page 65 of our 2013 report, by March of 2013 the ministry had not tested its business continuity plan. This concludes my overview of these two chapters, Mr. Chair.

The Deputy Chair: — Thank you. I'll now turn it over to Deputy Minister Mr. Cam Swan for some remarks.

Mr. Swan: — Sure, and thank you, Mr. Chair. My remarks were actually around all of the chapters so I'll try to just pick out the pieces that were just referenced here as best I can.

Anyway thank you for that report. We, as the ministry, welcome the advice and value the work that the Provincial Auditor does in making us continually improve our operations, and we are committed to principles of open, transparent, and accountable government. It's with those principles in mind that Environment continues to implement results-based regulatory framework, supports environmental and resource management outcomes, which in turn supports government's vision and goals overall.

As identified earlier, there's a number of recommendations that have been made and a number of follow-up recommendations that have been made, including ones around finance and administration, regulating air emissions, reforestation, and contaminated sites.

The recommendations that were just referenced around securing data, better processes for securing data, there's also ones around completing a business continuity plan and establishing adequate systems for tracking contaminated sites and completing risk assessments for contaminated sites. We continue to make progress in each of those areas as was identified. The one on the business continuity plan, we did have an approved business continuity plan on May 16th of 2012. The one piece that remains outstanding on that is to actually test the plan to ensure that it actually works as designed, and that is . . . In the near future that will occur. And we continue to work with the technology division of Central Services in doing that.

I just want to make sure that I don't talk about ones that you haven't spoken about yet here, so I've just got to interweave through my notes here. Sorry. I think I'll maybe leave the comments at that and we can respond to any questions the committee may have.

The Deputy Chair: — Sure, thank you very much. I will now turn it over to committee members if there's any questions of the Provincial Auditor's office or the ministry officials in attendance. Mr. Wotherspoon.

Mr. Wotherspoon: — Thank you, and thank you to officials that have joined us here today. And thank you for their work in progress on the various recommendations here today. The recommendation from the 2012 report, the new one, I understand that's been implemented so that's good. That's important. There's implementation, and I'm just wanting to understand where the status of some of these other ones, or what the status of some of the other recommendations are at. I understand there's implementation on having the adequate agreement with ITO, so that seems to have been dealt with by

your ministry.

There's a few that I would like that the auditor has reported are partially implemented. Of course they're important recommendations and it's important to see those implemented by the ministry. So if I could get a status update as to whether they've been implemented, and if not, what the timelines and actions are to ensure implementation in a timely way. And the ones that I'd specifically point to, maybe we can go one at a time here, for those that are partially implemented, the first being to establish adequate processes to secure data.

Mr. Swan — Thank you for the question. And the status of that particular recommendation is the information technology division of Central Services contracts an organization by the name of Securix to do a review every three years, and that was done to ensure that we're compliant with the payment card industry.

We continue to work with the information technology division of Central Services on other pieces around this. So it is, I think, well on its way is how I would describe it. There's still work to do between us and information technology division overall.

Mr. Wotherspoon: — Okay. So this is a recommendation from 2008. The ministry has cited some progress on this front and some work. But what specific . . . What's the goal of the ministry? When will this be fully implemented and what steps or actions will be taken to ensure that implementation has occurred?

Mr. Swan: — The biggest security risk we have is around the hunting and angling side. And as the member will be well aware, we use Active to do the automated hunting and angling system. They have a higher security standard, so that's a good thing. But we continue to work with them with an expected completion timeline of spring of next year, spring of 2015.

Mr. Wotherspoon: — Okay. Now this recommendation came out in 2008, and am I correct that there's been changes in who's been dealing with the . . . who's the contractor to provide these services in that period of time? Is this the example, is this the . . . Is it a US [United States] contractor that's fulfilling these services?

Mr. Swan: — The parent company is American but it's a Canadian-based, out of Mississauga company that we're dealing with. And that is new. We contracted them in 2012.

Mr. Wotherspoon: — Okay. So this recommendation was made, and maybe back to the auditor here. This recommendation was made in 2008 based on the current relationship that government either had with contractors or how they were dealing with data at that point in time. There's been changes since then with this American contractor that's been engaged for fishing licences and for hunting licences and others. Has the auditor reviewed that new relationship and the contracts that are in place with that contractor?

Ms. Volk: — Yes, we have.

Mr. Wotherspoon: — Okay. And is it your view that they . . . I guess it's related to the public here that the recommendation is

partially implemented. What else needs to be achieved on this front to ensure the security of data?

Ms. Volk: — They need to fix up the weaknesses that were identified so that the data will remain secure.

Mr. Wotherspoon: — Okay.

Ms. Volk: — So it's not a quick fix. I imagine it will take a year or two.

Mr. Wotherspoon: — Okay. And are there any additional concerns then with the American contractor by way of the US *PATRIOT* [Providing Appropriate Tools Required to Intercept and Obstruct Terrorism] *Act* or by way of personal information? What data are we concerned about here? I know there's always a concern. I know I hear from many hunters and fishers that have been concerned with some of their personal data and information being shared with this American contractor. Are there any changes in the nature of the concerns now that this an American contractor with a new relationship?

The Deputy Chair: — Mr. Swan, do you want to comment on that?

Mr. Swan: — No, there isn't concerns. That's why we're dealing with the Mississauga part. The data centres remain within Canada.

The Deputy Chair: — Ms. Ferguson, do you have comments on this as well?

[08:15]

Ms. Ferguson: — I just wanted to make sure that the members recognize that the initial recommendation that we made in 2008, it's a very broad recommendation. That's why in our presentation, we laid out that actually, even in 2007, there was five reasons that we made this recommendation. In some cases, we might have made five different recommendations.

So there's two of them that have dropped off. There's three that continued from 2008, 2007 I mean. I'm getting my years wrong. Sorry. There's two recommendations that were fixed between the two years that we're looking at here. So there's really three aspects that continue out of five. So as an office, they are making progress. The two that do remain, the two out of three that remain, they have to work very closely with ITO to resolve those. Or the new name is information technology division here.

The last one there, about removing the access, the user access, that is one that, as in a ministry, they are in a bit more control of that dimension. So we're looking for that portion of the recommendation to be addressed quicker.

So in terms of timing, you know, we do recognize there's two aspects that they have to work with, the IT [information technology] division. That third aspect, we're expecting that they'd be able to address that one a little bit quicker because they're a little bit more in control.

Mr. Wotherspoon: — Thanks for that answer. Thanks for the

update as well. Certainly it is important work to make sure that the data of Saskatchewan residents are protected, and I won't get into any of the policy debate that exists around this contract. That would be for a different committee. But I know there's a host of concerns from many with this relationship and contracting this American contractor for hunting licences and fishing licences. But if I'm right, the Privacy Commissioner weighed in with some concerns on this front as well around data that was being shared with this contractor. Has that been considered and been resolved or is it built into the processes that are going to be implemented?

Mr. Swan: — We're not aware of concerns. We did work with the Privacy Commissioner around a scrutiny of it to ensure that any concerns we would have were resolved, but there weren't any identified.

Mr. Wotherspoon: — Okay, thanks. We'll continue to track progress on this front. I believe it's been stated today that implementation would occur by next . . . about a year from now. That's important and we appreciate those important steps being taken.

Mr. Swan: — If I can just clarify one of my earlier comments. One of the components of the hunting and angling system that is not being done through Active Network is the big game draw. We continue to do that through information technology. The plan is to transition that over to Active so that is also for the next year. So that's an important piece for us to make sure we're aware of and taking care of security issues.

Mr. Wotherspoon: — Thank you. The recommendation around the business continuity plan, I believe you stated that this has been fully prepared and it just simply needs to be tested and then implementation will have occurred. Is that the accurate reading, and when would testing of that occur?

Mr. Swan: — Thank you for the question. The plan is to test the business continuity plan over the next couple of months, so I would say by midsummer we'll have that tested.

Mr. Wotherspoon: — Okay. Thanks for that important work. And then a couple of others get into management and recording of contaminated sites, important recommendations from 2008 both that have been, I understand, partially implemented. Again these are important recommendations. If the ministry could simply speak to what the timeline is for full implementation of those recommendations and what actions need to occur for that to happen.

Mr. Kotyk: — Thank you for those questions. Regarding the recommendations for the contaminated sites, the outstanding ones were regarding completion of risk assessments for identifying contaminated sites and ranking them in terms of priorities. Regarding that, we have done some preliminary assessments of the Ministry of Environment's environmental liabilities and contaminated sites, and we will be doing formal phase 2 site assessments during this fiscal year to establish appropriate costs for that.

The impacted sites database that has been under development is now being implemented. So any new contaminated sites that are identified or information that we have is being incorporated into

our new database. We have to still work on a plan to incorporate historical information. And we will be looking at that throughout this year to establish our plan and look at evaluating what resources we need to be able to incorporate the historical contaminated sites information into our database.

Mr. Wotherspoon: — It sounds like, you know, important work that's being undertaken by the ministry. Now these are recommendations from 2008 and so we're six years on, and I understand that these are big tasks as well to accomplish. Maybe my question to the auditor would be if the auditor's office is satisfied with the progress on the front, the response to date, and what's at risk if these recommendations aren't implemented.

Ms. Ferguson: — Thank you, members. As an office, we actually haven't formally followed up these recommendations. If you look in the narrative, the recommendations really are driven by changes in accounting standards that came into play April 1 of 2014 here. So as an office, we recognize that those types of standards — and I think Finance has also done the same — that you need to do a lot of legwork and preparation work to be in a position to record the costs of remediation of contaminated sites appropriately.

So as an office, we started earlier. Hence that's why we've got a recommendation so many years back. And then we've done . . . You'll find it in one of the chapters that the committee has not yet reviewed, is a joint chapter of work that we did when we looked at both the Ministry of Finance and the Ministry of Environment jointly in terms of their readiness for the contaminated site. We'll be following up that work in the course of really the implementation of the recording of the liability related to this amount in this upcoming year.

As an office we think it's critically important if . . . I know the chapter's not before you but there is a linkage in that you'll find Environment and the government has identified a number of sites that they know are contaminated and that are potentially contaminated. As a result, as the officials have indicated, it is very important that they get their assessments done, the necessary phases, so that they have the information that they need to assess what the liability of the cost of that remediation is to the Assembly and to the people of the province.

Mr. Wotherspoon: — Thank you for those comments. Thank you for the commitment to the work ahead. Of course it is important work. Is there a timeline to have this implemented? Certainly you laid out some actions that'll be taken.

Mr. Kotyk: — Well the timeline and the target for the Ministry of Environment's environmental liabilities and the costing for that is prior to the end of this fiscal year. We have a project. We will be undertaking the formal site assessments to be able to do the proper cost accounting and to determine the liabilities associated with that. So that target is this fiscal.

Mr. Wotherspoon: — Thank you for that. And then how will those be recorded, or where will those liabilities of the province show up? I don't know if that's a question for you as the Ministry of Environment or if that's more of a question almost for Finance or for the auditor. Maybe I'll leave it to you first.

Mr. Kotyk: — I would maybe look to Finance or to our finance and admin regarding the accounting procedures.

Mr. Wotherspoon: — Maybe the comptroller's office.

The Deputy Chair: — I think it's worth noting as well there's always a follow-up on these chapters by the Provincial Auditor's office as well, which will report on compliance or lack thereof.

Mr. Wotherspoon: — Right. So maybe the comptroller's office could clarify the treatment of environmental liabilities. It's an interesting area.

Mr. Bayda: — Sure. Thank you very much. Yes, the liabilities will be reported on the balance sheet for the government. So that information will all be there by the end of this fiscal year.

Mr. Wotherspoon: — Thank you. And thank you for the work of the ministry to accomplish this task. I certainly recognize it's not a simple task. It seems to me out of the recommendations . . . Have the new recommendations been implemented? These other ones have progress and timelines towards implementation.

And then there's exhibit 5 which has a few other outstanding recommendations that go back a little bit further. And if we could get an update on regulating air emissions? There's two recommendations there that are partially implemented and it's about how air emission complaints are dealt with.

And as well, the other one is to establish processes to ensure permits to regulate air emissions are properly approved and expired permits are followed up promptly.

The Deputy Chair: — Not to interrupt, Mr. Wotherspoon, but those precise recommendations are dealt with in the next chapter that we'll deal with when we complete these two.

Mr. Wotherspoon: — Perfect. Thank you. So then I think we've satisfied, from my perspective, the questions that I would have about the recommendations in this chapter. And maybe we could look at a recommendation on the one, or a motion on the one.

The Deputy Chair: — Mr. Hart.

Mr. Hart: — Just to be clear on the one new recommendation in chapter 12, or chapter 8 here of the 2012 report. That has been implemented? You're in compliance now with the policies on purchases, the issue that the auditor found in that report?

Mr. Swan: — Yes, that's correct.

Mr. Hart: — Okay. Having heard that, I would move, Mr. Chair, that we agree with the auditor's recommendation and note compliance.

The Deputy Chair: — Mr. Hart has moved that this committee, with regards to the 2012 Provincial Auditor's report volume 2, chapter 8, recommendation no. 1, "We recommend that the Ministry of Environment comply with its policies for all purchases," Mr. Hart has moved that this committee comply with the recommendation and note compliance.

Mr. Hart: — Concur.

The Deputy Chair: — Concur with the recommendation and note compliance. Pardon me. Rookie Chair. And I would look . . . All in favour?

Some Hon. Members: — Agreed.

The Deputy Chair: — So that would conclude our discussions on chapter 8 of the 2012 Provincial Auditor's report volume 2, as well as chapter 7 of the 2013 Provincial Auditor's report volume 2 as well.

Now we would move to our next item of consideration, which is the 2013 Provincial Auditor's report volume 1, chapter 21. And I would turn it over to the Provincial Auditor's office for some comments.

Ms. Volk: — Thank you. Chapter 21 of our 2013 report volume 1 contains the results of our fourth follow-up of four recommendations outstanding from our 2004 audit of the ministry's processes to regulate air emissions. By September 2012, the ministry had implemented two recommendations and had made progress on setting consistent processes for monitoring compliance with permits to regulate air emissions and for handling complaints.

It had drafted, but not yet approved, an inspection manual. It had developed a spreadsheet to track complaints and was making plans to use a database to track complaints and permit compliance.

However, by September of 2012, it did not have processes to ensure permits were properly approved and expired permits were promptly followed up and that it was not keeping its spreadsheet current. It used the spreadsheet to identify permits soon to expire and to notify operators to apply for permit renewal.

Also we found that the ministry was not complying with the existing law, that is *The Clean Air Act*. Because the ministry had expected the new Environmental Code to become law by the fall of 2012, it had stopped issuing permits for certain industries. The current law requires these permits. However at September 2012, this code was not law. Also it is not law at this time. As a result, on page 276, we recommend that the ministry issue permits in compliance with existing legislation until such time as the legislation is amended. This concludes my overview of this chapter, Mr. Chair.

The Deputy Chair: — Thank you, Ms. Volk. I would now turn it over to Mr. Swan for some comments with regards to chapter 21.

[08:30]

Mr. Swan: — Sure. I'll keep my comments reasonably brief. As the auditor had highlighted some of the gaps that are there are around following the current legislation, *The Clean Air Act*, in anticipation of new rules around the Environmental Code, I will just summarize by saying the ministry will ensure that its current regulatory responsibilities are met, that industries abide by the legislation, and work will be done to improve any

permitting gaps that are there.

With regards to the recommendation for having sound and consistent processes set for monitoring compliance with permits to regulate emissions and handle complaints, the ministry believes the actions taken have fully addressed that recommendation.

The Deputy Chair: — Thank you, Mr. Swan. I now turn it over to the committee if there's any questions. Mr. Wotherspoon.

Mr. Wotherspoon: — Thank you for those answers. So just to confirm, it's the ministry's perspective as it relates to the recommendation — I guess volume 1 from 2004 report volume 1, addressing monitoring and compliance with permits to regulate air emissions for handling air emissions complaints — the steps and actions that have been taken by the ministry, from your perspective, have now implemented that recommendation. Is that correct?

Mr. Swan: — Yes, that's correct.

Mr. Wotherspoon: — And thanks for that important work. And I know, of course it'll be tracked and followed up by the auditor.

And the other recommendation as it relates to the processes, I believe you also said that this one, but just to verify that, and this is the recommendation: "That the Ministry of Environment establish processes to ensure permits to regulate air emissions are properly approved and expired permits are followed up on promptly." That one as well, are you able to confirm that it's also been implemented and that steps have been taken to ensure implementation of that recommendation?

Mr. Swan: — We believe the actions we've taken have addressed that subject to the auditor's view on follow-ups.

Mr. Wotherspoon: — Thank you very much. And the auditor will be following up on this at what point and reporting back to us?

Ms. Ferguson: — Our normal process is to follow up every couple of years. And so, given that this was in the 2013 volume 1, it'll probably be a 2015 volume 1 report. So two years later.

Mr. Wotherspoon: — And then there's the new recommendation dealing with existing legislation. Where's that one at?

Mr. Swan: — Basically where that one is at is until the new law's in place, we need to continue issuing permits. And that's what we will do.

Mr. Wotherspoon: — And does the auditor have any response to that at all?

Ms. Ferguson: — That would be consistent with what we're recommending is that, you know, like you've got to respect the current legislation.

Mr. Wotherspoon: — Right.

Ms. Ferguson: — And so until you have new laws in place, I think you're in a position where you have to respect the current legislation.

Mr. Wotherspoon: — Okay, thank you for your answers. Thank you for your steps as well as the ministry to address some of those outstanding recommendations that are important.

The Deputy Chair: — I guess there's some recommendations that are dealt with that have been going on a few years. If there are no other questions? Mr. Hart.

Mr. Hart: — Just to be clear on the current recommendation in this chapter. The auditor has stated that you've stopped issuing permits for a while and now you are issuing permits again under *The Clean Air Act*?

Mr. Swan: — Yes, that's correct. Basically we stopped issuing permits in anticipation that the environmental code would be in place, which obviously it's not in place yet. So we need to issue permits until it's in place; that's the crux on this one.

Mr. Hart: — Okay. So in the permits that were not issued, you went back and issued them in that interim when you stopped. Everybody that should have a permit currently has a permit?

Mr. Swan: — I'm being told yes, that's correct.

Mr. Hart: — Great. Good, thanks. Good to hear that. Okay, Mr. Chair, having heard that, I would move that we concur with the auditor's recommendations and note compliance.

The Deputy Chair: — Mr. Hart has moved with regards to the 2013 Provincial Auditor's Report volume 1, chapter 21, recommendation no. 1 on page 276 that "We recommend that the Ministry of Environment issue permits in compliance with existing legislation (*The Clean Air Act*) until such a time the legislation is amended," Mr. Hart has moved that this committee concur with the recommendation and note compliance. All in favour?

Some Hon. Members: — Agreed.

The Deputy Chair: — This would conclude our considerations of the 2013 Provincial Auditor's report volume 1, chapter 21. And we will move to our next item of business, which would be the 2013 Provincial Auditor's report volume 2, chapter 29, the chapter on regulating landfills. At this time I would turn it over to Ms. Volk from the Provincial Auditor's office for some comments on this chapter.

Ms. Volk: — Okay. Thank you, Mr. Chair. Chapter 29 of our 2013 report volume 2 contains the results of our audit to assess whether the ministry had effective processes to regulate landfills. We concluded for the period of September 1st, 2012 to August 31st, 2013 that the ministry did not have effective processes to regulate landfills. We've made nine recommendations.

On page 210, we recommend that the ministry adopt guidance on landfills from the proposed Environmental Code as operating practice. We made this recommendation because the proposed code sufficiently outlines the design requirements of

landfills, but it was not in effect at the time of the audit. Without specific guidance, landfills may not be built to the same environmental standard.

On page 211, we recommend that the ministry obtain evidence in a timely manner that landfills are constructed in compliance with approved design plans. We made this recommendation because we found no evidence that the landfills were constructed as planned in four out of the five construction or expansions that we looked at. Proper oversight of construction is critical so that the owners comply with the ministry's approved construction or expansion design requirements.

On page 212, we recommend that the ministry perform landfill inspections in accordance with its established frequency requirements. We made this recommendation because 30 out of the 350 landfills were not inspected as frequently as the ministry's plan expected. In one instance, the length of time between inspections was almost six years. Timely inspections help ensure landfills operate in compliance with permit requirements.

On page 214, we recommend that the ministry amend operating permits for all high-risk landfills to ensure they require appropriate groundwater monitoring. We made this recommendation because the permits of 11 of the 25 landfills classified as high- or moderate-risk that we sampled did not have required environmental monitoring as a condition of the operating permit. Not requiring ongoing groundwater monitoring as a condition in approved operating permits increases the risk that groundwater contamination may not be detected in a timely manner.

Also on page 214, we recommend that the ministry follow up on groundwater monitoring reports that are not received from landfill owners in a timely manner. We made this recommendation because we found four instances where Environment had not received the required groundwater monitoring results and had not sought the missing annual reports from the landfill owners. In general, the longer the contamination is left, the higher the risk to health and the greater cost to clean up.

On page 215, we recommend that the ministry review and approve landfill closure plans. We made this recommendation because the ministry did not have approval for the pre-closure proposal on all 10 closed landfills that we sampled, even though the regulations require landfill owners to submit a pre-closure proposal to the ministry for approval. The pre-closure proposals outline the steps the owner will take when closing the landfill.

Also on page 215, we recommend that the ministry confirm landfill closures are done in accordance with approved closure plans. We made this recommendation because we found that the ministry did not consistently inspect and document landfill closures. Also it did not ensure landfill owners provide evidence of proper closing of the landfill, such as engineering certificates. Not confirming proper closure of landfills increases the risk of undetected environmental contamination.

On page 216, we recommend that the ministry perform a risk assessment of closed landfills and require landfill owners to undertake groundwater monitoring where required. Because the

ministry does not properly oversee landfill closures, it may not be aware of closed landfills that pose a serious risk to the environment and that need environmental monitoring.

Also on page 216, we recommend that the ministry establish guidance that will aid staff in consistently addressing landfill owners that do not comply with the law and permit requirements. We made this recommendation because 9 out of the 30 permitted landfills had non-compliance issues that continued from one inspection to the next, and we found limited enforcement action occurred. Without sufficient guidance, appropriate or consistent enforcement action may not occur.

Mr. Chair, that concludes my overview of this chapter.

The Deputy Chair: — Thank you. I would now turn it over to Deputy Minister Mr. Swan for some comments on this chapter and these nine recommendations.

Mr. Swan: — Thank you. And this is 2013 audit new recommendations. A number of the recommendations we feel will be dealt with through their transition to results-based regulations and the Environmental Code, as indicated. However, until such time as the code is in place, we are looking at interim solutions to address some of the recommendations.

The ministry is also pursuing formalized standards for landfill construction or expansion to ensure an adequate level of monitoring occurs, to establish frequency of inspections to assess compliance, and pre-closure review and approval of landfill closure plans. The ministry created a new landfill unit within the ministry specifically focused on this area in late 2012, so a year and a bit ago. In summary, we are committed to fully addressing all the recommendations as soon as possible.

The Deputy Chair: — Okay, thank you. Now entertain any questions from the committee.

Mr. Wotherspoon: — So thank you for the comments. It speaks to the importance of establishing a code that's going to do what it should in the time, you know, the importance of getting that established in a timely way. I appreciate your comments that there'll be some interim measures to ensure that some of these recommendations are addressed.

Just so we can focus our energies in appropriate ways, can you highlight out of the nine recommendations which ones with interim measures are currently implemented or have been addressed by the ministry?

Mr. Kotyk: — Yes, thank you. With the nine recommendations that have been identified, we had recognized many of these as challenges as well during the time that the auditor was looking at these. So we thank her for that support in identifying those needs.

Where we're focusing our efforts initially, we are looking at things like enhancing our efforts on the non-compliance. So that is the area where I think we, if we can identify the compliance and then develop the procedures so that staff are following up consistently, then it will at least identify the priority areas that we need to address. So that is our foremost efforts that we are undertaking as we speak right now.

Other areas where we will be able to implement is regarding construction of new landfills. So there are processes in place to require applications and approvals for new landfills, so we will continue with those processes. And we will be looking at ensuring that the applicants look to the standards that are highlighted in the draft code. So we can adopt those as standards, and that is our intent to do that for new construction until the Environmental Code is in place. So that will commence as we speak, as new applications come in.

Mr. Wotherspoon: — Okay. So again, there's nine recommendations, and we want to be able to focus in as a committee on each of those recommendations, noting which ones have been implemented and then which ones haven't yet been implemented. And you've certainly spoken to some of the general pieces around some of the challenges and some of the steps and some of the progress. Have any of the recommendations now been addressed in a way that the ministry would see that they've been implemented right now?

Mr. Kotyk: — Well I would say that all of the recommendations still require some work as these are all new recommendations to the ministry. And as our DM [deputy minister] indicated that we do have a new landfill section that has been established through some reorganization that has gone on, so we are dedicated and focusing on these.

We are intending to establish and develop procedures for addressing all of these during this year. Some of them we will implement right away. But I guess I wouldn't be able to say that any of them have been completed entirely yet.

Mr. Wotherspoon: — As far as one of the recommendations — and maybe just speak to the challenge that the ministry has from this perspective, because to me it seems that it's something that should be able to be implemented — and that's the recommendation around performing landfill inspections in accordance with its established frequency requirements. So that seems to say that there's current requirements that the ministry's put in place that aren't being fulfilled by the ministry. What's the challenge in being in compliance with that recommendation?

Mr. Kotyk: — Well I would say that we are now proceeding in an appropriate manner. And I feel that we are complying with our compliance plan. And the way that we do that in the ministry is we establish a ministry and branch-specific compliance plans to identify which landfills will be inspected based on risk and frequency, and we are now moving to address those targets.

So I guess the only thing that would say that it's not 100 per cent complete is we maybe haven't finalized or formalized the policy and have it signed off to officially document that that is what is happening. But we do incorporate that into individual staff work plans and our ministry and branch plans.

So I would feel comfortable to say that we are addressing that recommendation. Whether, if someone asked for a document to say it's been 100 per cent finalized, I wouldn't be able to say that.

[08:45]

Mr. Wotherspoon: — Okay. No, that's important work, and we'll be tracking that. Now a couple that were specific to the groundwater monitoring . . . Of course I think this is the risk in many ways of these landfills, is the contamination of groundwater and aquifers and drinking water, and speaks to why it's so important. The one recommendation is to amend operating permits, so that speaks to some specific steps that you're having to take as a ministry. I think you've spoken a bit about that here, that there's steps under way on that front but implementation hasn't yet occurred. That's a really important piece of these recommendations.

And then the other one is for the Ministry of Environment to follow up on groundwater monitoring reports that are not received from landfill owners in a timely manner.

That second one seems to me to be one that, you know, that should be something that Ministry of Environment should be able to achieve fairly quickly. It's an important role for the Ministry of Environment to fulfill. But maybe I'm . . . I maybe don't understand the whole . . . all the pressures and challenges to be in compliance with recommendation no. 5.

Mr. Swan: — I think perhaps the best way to respond is it's not that we don't do this in any situation. We do it in numerous situations. It's just that we haven't done it in 100 per cent of the situations as we've identified. So that's where we're at is, you know, to say it's fully implemented I would say we need to get to 100 per cent of the situations because that's really the crux of the recommendations. So it's not like we're not doing any of it.

Mr. Wotherspoon: — Sure. No, no. And I'm not suggesting that. I know these are new recommendations, and I'm certainly hearing some steps that are being taken. That's important.

So on a go-forward basis, would it not be . . . Is that achievable for the ministry to be dealing with this in all circumstances? And if not, I guess what are the challenges with complying with that recommendation?

Mr. Kotyk: — Yes, I think as the sites or where the issues have been identified, yes, it is safe to say that we will be able to achieve that. Where the challenge will be, is the number of permits and landfills that we have, it will take a significant effort to go through each one of them and review whether or not that component of their operation has been complied with.

So we do have a compliance frequency where the high-risk and the large landfills will be inspected annually, so we will be able to check the monitoring compliance annually as well. The other, the lower risk, we have a frequency where we target to inspect those once every three years. So I guess within a certain period of time, we would have gone through every file and every landfill and would be able to achieve that.

The Deputy Chair: — I recognize Mr. Hart.

Mr. Hart: — Just as a follow-up to Mr. Wotherspoon's question, how many of these high-risk landfills are there that you're monitoring with regards to groundwater monitoring and other high risks? What are the numbers? How many do you have to . . . are there out there? And how many are you inspecting?

Mr. Kotyk: — Well okay. Well let me just look at . . .

The Deputy Chair: — It's page 213 you'll want to turn to, Mr. Hart.

Mr. Hart: — Is it on 213?

Mr. Kotyk: — As the auditor has identified, and these numbers match with ours, that we have roughly 700 landfills in the province. Five hundred are operational. The others would be considered closed or abandoned landfills. Of those 500, roughly 100 of them would be what we consider higher risk, like the larger landfills, industrial, larger centres, or those that are in sensitive areas. So there is probably about 100 that we would have that currently would have requirements for groundwater monitoring, and those are the ones that we would inspect annually.

Mr. Wotherspoon: — Sorry, that was 100?

Mr. Kotyk: — Roughly 100. That would be my estimate.

Mr. Wotherspoon: — Just as we're going through these recommendations, I know there's many people across the province who just trust the water that comes out of their taps or the water that they're drawing upon from an aquifer. And you know, you've got some pretty serene and pristine locations across the province that may seem to be environmentally sound, but there might be something else going on underneath the ground. So this is an important issue for peace of mind for people, but also for health and protection. Do you have the adequate resources in the ministry in the current year to implement and provide the certainty that people deserve and require to implement the two pieces around groundwater monitoring?

Mr. Kotyk: — It's a good question, and this year is an evaluation year where hopefully, hopefully we do have enough resources. We may find out through the evaluation that we do need to put some more resources toward it. The bottom line is we're committed to following through on all of these recommendations.

Mr. Wotherspoon: — Okay. We appreciate hearing that. It's such a critical area. And I know when this report came out, it was a concerning report and I know a concern for many across the province who would have read it. When the report came out and you'd said that there was some identification of these risks prior to that, was there a reallocation of resources going into the current budget year to ensure the resources that were required were in place to implement these recommendations and make sure groundwater was safe and protected?

Mr. Kotyk: — What we have done is that we have restructured the ministry to have a dedicated landfill section so that that is their only responsibility for the staff in that section. Prior to that it was a mix of a various number of programs that these individuals were responsible for. We did put efforts into ensuring that we filled those positions. There was some turnover and some vacancy during the reorganization, and we have made effort and the complement has been filled in that section, so we do have a full staff complement there. And the efforts will be focusing on these priority items that the auditor

has identified. So I would say that we understand that these are priorities and those are priorities to us as well, and that is where our efforts will be this year.

Mr. Wotherspoon: — Well certainly I thank the officials within the Ministry of Environment on this front for the work they've undertaken and the work they will engage in. And maybe in another discussion, not here, but maybe there's a place for us as the opposition or for all members to ensure that government is providing the adequate resources to ensure that these matters can be resolved and to ensure that groundwater's protected and that groundwater is safe for use. So it's a really important area and appreciate the efforts of Environment. Just you know, I think it's fair to say though that we're going to be following up with government to ensure that the support is there and the actions are there to make sure that these issues are addressed. Thanks for your answers here today.

The Deputy Chair: — Thank you. If there are no other questions, we will . . . Mr. Hart. Okay.

Mr. Hart: — I have some follow-up questions here before we make some motions. With regards to the recommendations 6, 7, 8, and 9 dealing with monitoring of land, closed landfill sites, I wonder if I could hear from the officials where they feel they are on these recommendations. No. 6, review and approve landfill closure plans. The auditor made that recommendation. Where are you on that?

Mr. Kotyk: — So where we are with that is, it is a requirement for staff to ensure that, when a landfill is planning to close, that they do apply with the ministry. Staff are fully aware of the requirement. It was a part of an education requirement for our internal staff as well. And we have been doing a number of education components and workshops and sessions through venues like SUMA [Saskatchewan Urban Municipalities Association] and SARM [Saskatchewan Association of Rural Municipalities] for the various municipalities to make them aware of what the current requirements are. So any new landfill closures, we are following that process.

Mr. Hart: — Okay. What about . . . So that would apply to all of the recommendations — 6, 7, 8, and 9 — that on a go-forward basis you would be complying with the auditor's recommendations here?

Mr. Kotyk: — That's right. And we are establishing the process to ensure it, so staff are aware that once . . . They have to apply and get approval for landfill closures. And we are following up to ensure that those that are closing are being done in accordance with their approval. So I would say 6 . . .

Mr. Hart: — So just to be clear, that the process is established, or you are establishing it?

Mr. Kotyk: — We are establishing it.

Mr. Hart: — So you're not quite there yet.

Mr. Kotyk: — For any new ones, this is our process. We still have some work to do to go back to the ones that were closed, and some of the historical ones to follow up on.

Mr. Hart: — So where are we on this? I'm looking for some guidance for the committee on this, on these. Would we say that the ministry is in compliance on a go-forward basis? Would that be a fair assessment? Or progress on this?

An Hon. Member: — We note progress on all of them.

Mr. Hart: — Progress. Okay. Okay. Now as far as recommendations 1, 2, and 3 dealing with the adoption of code that isn't in effect, I think that puts the . . . Certainly I think the ministry is in a bit of a difficult position on this one, in that there is something out there, but it's not in effect yet. But I think I heard you say that you are, on the guidance on new landfill sites, you are requiring all the things that will be in the code when the code gets adopted. Would that be a fair statement?

Mr. Swan: — Yes, that's a fair statement.

Mr. Hart: — Okay. Okay, Mr. Chair, I will make some more motions. Perhaps other committee members would like to make some motions. But on recommendations 1, 2, and 3, that we would concur with the auditor's recommendations and note compliance. Would that . . .

An Hon. Member: — I never heard that for any of them.

Mr. Hart: — Oh, okay. So progress. Progress.

An Hon. Member: — I think progress. I didn't hear any more than progress for any of them.

Mr. Hart: — Progress. Okay. Okay. So 1, 2, and 3, we concur and note progress.

The Deputy Chair: — Mr. Hart has moved with regards to the 2013 Provincial Auditor's report volume 2, chapter 29, for recommendation no. 1, "We recommend that the Ministry of Environment adopt guidance on landfills from the proposed Environmental Code as operating practice," for recommendation no. 2, "We recommend that the Ministry of Environment obtain evidence, in a timely manner, that landfills are constructed in compliance with approved design plans," and for recommendation no. 3, "We recommend that the Ministry of Environment perform landfill inspections in accordance with its established frequency requirements," Mr. Hart has moved that this committee concur with the recommendations and note progress. All in favour?

Some Hon. Members: — Agreed.

The Deputy Chair: — Carried. Mr. Hart.

Mr. Hart: — Okay. I move that for recommendations no. 4 and 5 of the 2013 report volume 2, that the committee concurs with the auditor's recommendation and notes progress on 4 and 5.

The Deputy Chair: — Mr. Hart has moved regarding the 2013 Provincial Auditor's report volume 2, chapter 29, recommendation no. 4, "We recommend that the Ministry of Environment amend operating permits for all high-risk landfills to ensure that they require appropriate groundwater monitoring," and recommendation no. 5 that "We recommend

that the Ministry of Environment follow up on groundwater monitoring reports that are not received from the landfill owners in a timely manner,” Mr. Hart moved that this committee concur with recommendations 4 and 5 and note progress.

[09:00]

Some Hon. Members: — Agreed.

The Deputy Chair: — Agreed. Motion carried. And Mr. Hart.

Mr. Hart: — Okay. I’ll make one more motion. With regards to recommendations 6, 7, 8, and 9 of the 2013 report volume 2, I move that the committee concurs with the auditor’s report and notes progress.

The Deputy Chair: — Mr. Hart has moved with regards to recommendation no. 6, “We recommend the Ministry of Environment review and approve landfill closure plans;” and recommendation no. 7, “We recommend that the Ministry of Environment confirm landfill closures are done in accordance with approved closure plans;” recommendation no. 8, “We recommend that the Ministry of Environment perform a risk assessment of closed landfills and require landfill owners to undertake groundwater monitoring where required;” and recommendation no. 9, “We recommend that the Ministry of Environment establish guidance that it will aid staff in consistently addressing landfill owners that do not comply with the law and permit requirements;” Mr. Hart has moved that this committee concur with recommendations 6, 7, 8, and 9, and note progress.

Some Hon. Members: — Agreed.

The Deputy Chair: — Carried. That concludes our consideration of the 2013 Provincial Auditor’s report volume 2, chapter 29 and our four chapters today. I’d like to thank ministry officials for their attendance and answers to our questions here today. I’d like to thank members from the comptroller’s office and committee members. And I would like to thank the members from the Provincial Auditor’s office for coming out on this early spring morning, and as well as our Committee Clerk.

With that I would look for a motion of adjournment. Mr. Cox. All in favour?

Some Hon. Members: — Agreed.

The Deputy Chair — This committee will be adjourned until the call of the Chair . . . Oh till May . . . Pardon me. This committee will be adjourned until May 14th at 8 a.m. Thank you.

[The committee adjourned at 09:01.]