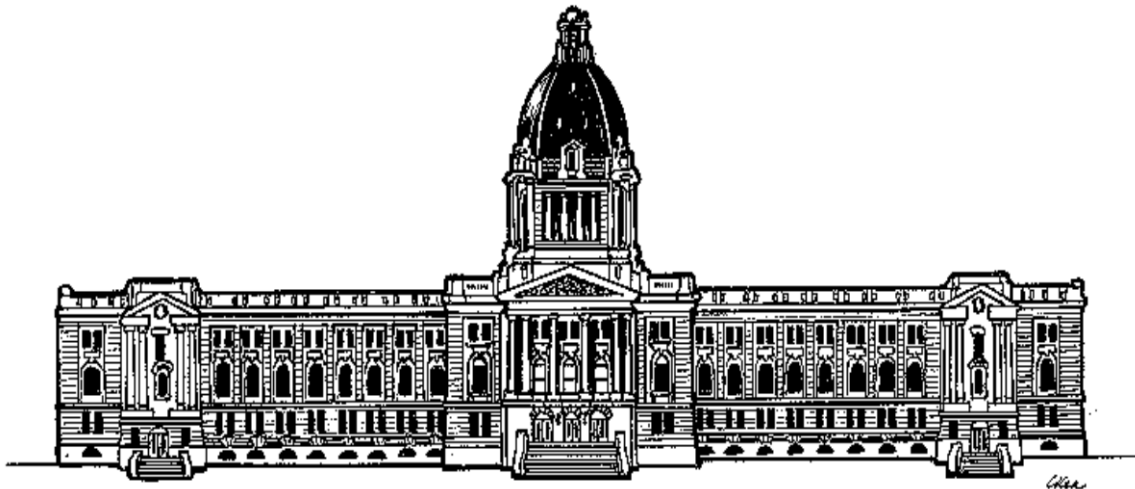




Standing Committee on Public Accounts

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**STANDING COMMITTEE ON PUBLIC ACCOUNTS
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Kelvington-Wadena

Ned Shillington, Vice-Chair
Regina Northeast

Rod Gantefoer
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Mark Koenker
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Regina South

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Saskatoon Northwest

Public Hearing: Saskatchewan Research Council

The Chair: — Good morning, everyone. It's delightful to see everybody happy and cheerful and ready to get started today.

We have an exciting group here today from Regina, the Research Council. And I'll ask Mr. Hutchinson to introduce his officer.

A Member: — They're from Saskatoon.

The Chair: — Saskatoon.

Mr. Hutchinson: — Yes, I have our chief financial officer, Crystal Smudy, with us today.

The Chair: — Welcome. And the Provincial Auditor, introduce his officials.

Mr. Strelieff: — With me are Corrine Maier who's going to provide our overview of our SRC (Saskatchewan Research Council) work; Mark Oldershaw, one of our articling students in our office; as well Karim Pradhan, one of our more technical senior people in our office.

The Chair: — And welcome. And the comptrollers.

Mr. Paton: — Yes, Madam Chair. I'm pleased to introduce Erich Finkeldey, who's a senior analyst . . . (inaudible) . . . this morning.

The Chair: — Welcome to everyone. Before we get started, I will read the statement. It's for testimony of witnesses appearing before the committee.

Witnesses should be aware that when appearing before a legislative committee your testimony is entitled to have the protection of parliamentary privilege. The evidence you provide to this committee cannot be used against you as a subject of civil action.

In addition, I wish to advise you that you are protected by section 13 of the Canadian Charter of Rights and Freedoms which provides that:

A witness who testifies in any proceedings has the right not to have any incriminating evidence so given used to incriminate that witness in any other proceedings, except in a prosecution for perjury or for the giving of contradictory evidence.

A witness must answer all questions put forward by the committee. Where a member of the committee asks for information, I ask that 15 copies be submitted to the committee Clerk, who will distribute the document and record it as a tabled document. And please address all your remarks through the Chair.

To get started, we'll ask the Provincial Auditor to give an overview of this chapter in our books.

Mr. Strelieff: — Thank you. Corrine Maier is going to do that

for us today. Corrine?

Ms. Maier: — Good morning, Madam Chair, and members. I'm here today to present chapter 10 from our *1997 Fall Report* which is on the Saskatchewan Research Council. I'll begin on page 87 of the report.

In paragraph .01 we provide a brief introduction on SRC. SRC provides scientific, engineering, and technical services to help further the economy of the province of Saskatchewan.

The rest of the chapter relates to three areas in which recommendations were made for the '96-97 fiscal year. The first area is in regards to performance monitoring. The second area relates to contingency planning. And the third area concerns system development policies.

In the first area of performance monitoring, the recommendations were, in paragraph .13:

The Board should continue its strategic planning process setting out SRC's financial, operational, and compliance objectives. The Board should also set out what reports on performance it needs and ensure it receives these reports.

In paragraph .17:

The financial reports provided to the Board should show a comparison of planned actual results for the same time period. The report should explain significant variances between the planned and actual results.

And paragraph .19:

The financial reports provided to the Board should show SRC's financial position (i.e., what it owns and owes).

To update you on these recommendations, we have now completed our audit of the SRC for the '97-98 fiscal year. Management had agreed with the recommendations of the previous year and during the '97-98 year made significant progress in the area of performance monitoring. The result is that we were satisfied with the changes they undertook and do not plan to report anything further in this area.

In the second area of contingency planning, a recommendation was, in paragraph .28:

SRC should prepare a complete written contingency plan based on a risk analysis, and test the plan.

Management agreed with this recommendation as well and started work on their contingency plan during the '97-98 year. Management expects to complete their plan in the '98-99 year. We plan to report this issue again in our fall 1998 report and will note the progress made by SRC. We will continue to monitor their progress in this area during the '98-99 audit year.

Our final recommendation related to system development policies. Our recommendation in paragraph .36 was:

SRC should prepare and follow written policies for

computer system development.

During the '97-98 year, SRC completed its conversion to a new computer system. We reviewed the conversion process and found it to be satisfactory. As a result we did not plan to report anything further on this matter.

This concludes my presentation. Thank you.

Mr. Streliaff: — Thank you very much, Corrine. Madam Chair?

The Chair: — Thank you very much. Before we go into questions from members, I'll ask Mr. Hutchinson if he has anything he'd like to bring to the attention of the members.

Mr. Hutchinson: — Maybe just, Madam Chair, comment on as we go through. The performance monitoring, we've started using the last two years key performance indicators which gives our board an indication of if we meet all these indicators that the council is on track, and where those are off, it allows them to dig in a little more deeply into that aspect of our performance.

On the contingency planning, for us the big issue of course is getting Year 2000 under control, but as well we're beginning our process on having what we call a disaster mitigation plan in place for us. Those are just two brief comments on what's been reported.

The Chair: — Thank you very much. I'll ask Mr. Gantefer if he has a question.

Mr. Gantefer: — Thank you, Madam Chair, and welcome, Mr. Hutchinson, and official.

Before we go into the area of chit-chat that the members opposite find so intriguing, I would like to follow up on your plans about the computer contingency. You mentioned in your remarks, the Y2000, the Year 2000 issue. Would you update us on where that issue, and then as well, I'd like to discuss about your . . . the disaster plan.

Mr. Hutchinson: — For us for Year 2000 — as a laboratory it's probably a little different than in other areas — but for us in almost everything we do we would have a computer attached to it. In many cases, that's a stand-alone unit operating. It's actually part of a piece of equipment. And so it means that we are systematically going through every one of those computers to ensure that we won't get caught on a Year 2000 problem. That process is in order.

We also have networked for us electronic mail, for example, things like our word processing. In that case we will have to change our electronic mail system. It's not Year 2000 compliant, which means we'll have to upgrade about 30 computers. So that will be a cost to us but it, like some other things, would happen in the next three or four years anyway, but now they'll happen in the next two years.

The other major area we're looking at is, are the products that we might have put out, do they have any implications to our clients? And so we're going through every report and product

we have created in the last five years to ensure it has . . . not necessarily it doesn't have any implications, but we have an obligation to advise our clients what the implications are.

The last area is in our suppliers to us where we're ensuring and making them guarantee us that anything they're supplying to us is Year 2000 compliant.

Mr. Gantefer: — Thank you. And in terms of the time line, you're expecting to have everything checked and satisfy yourself that it's compliant early in the new year, mid new year?

Mr. Hutchinson: — We're comfortable or well on our way now and the expenditures will simply have to be made; the computer upgrades will have to be made into mid-year before 2000.

Mr. Gantefer: — Will some of those expenditures also deal with the issues that the auditor outlined in terms of disaster plan and disaster recovery. And just glancing at the notes that the auditor has in his report, it seems to talk about, you know, back-up procedures and procedures against data loss and things of that nature. Does that also sort of wrap into the equipment replacement that would be required for the Year 2000? Do those things sort of have a similarity?

Mr. Hutchinson: — In our case it's not so much the equipment replacement as the software replacement and so it's accelerated in a couple of areas — software replacement. And in some cases it was happening anyway. We've just put in a new financial management information system which is Year 2000 compliant and which allows us greater control in monitoring of our financial system.

Also in two of our service labs we put in new software. We are putting in new software packages that essentially allow them . . . I mean, they're driven as much as anything by automating and controlling the labs, but it also allows us at the same time of course to meet our Year 2000 requirements.

Mr. Gantefer: — Thank you. I'm reasonably sure that members of our committee are relatively unfamiliar with projects and major initiatives that your organization is undertaking. And I wonder if you would outline some of the things that you're working on and . . . I want to give you a chance to brag a little.

Mr. Hutchinson: — Good. Well let me go back a touch into history. We're now 51 years old at SRC. And we started out as an offshoot of the university as a council that was a funding agency trying to encourage professors to work in areas that were relevant to the province and would have an impact on the province.

And over time into the mid-'50s that grew into starting to hire scientists to directly work on projects that would have an impact on the province. We have, like many of our sister organizations, provincial councils across the country, moved from being a largely government funded organization to, in our case, being about 60 per cent externally funded by contract.

And so in the last 10 years . . . A lot of this has happened in the

last 10 years and what it's meant is we are obviously opportunity driven and driven a lot more by our marketplace as opposed to we think this would be a great thing and would have an impact on the province. That's obviously tempered by somebody out there is prepared to pay us to do the work that we do.

Our purpose, and this is something the board has spent a lot of time in the last few years articulating very clearly, and that is our purpose is to create wealth in this province through science and technology. We're a technology organization and to help Saskatchewan industry be globally competitive. And so that's . . . everything we do we ride past that purpose as a yes/no before we even do it. And so most of our projects, all of our projects, would fit into that.

We address four different sectors in this province: small industry is one; the resource sector; environment; and ag biotechnology. And most everything we do will fit into one of those sectors.

What we're . . . you know in an organization like ours it's a question of trying to find a balance between being all things to all people and being very focused, and that's a line we're trying to walk. And partly we are kept on track in terms of relevance by our clients in that with 60 per cent of our revenue coming from outside — actually far more if you take out the facility costs — we're driven by the needs of the industry in this province.

Mr. Gantefer: — Would you outline some of the current projects, specific projects that you worked on, are working on, and give a bit of a status report of where they're at.

Mr. Hutchinson: — Some of the big ones and new ones . . . in Regina here there's the new Petroleum Technology Research Centre was announced. We've been running a petroleum lab here since 1985 — about 30 people; it's out in Ross Industrial Park. In the last couple of years however the University of Regina has decided to create a petroleum engineering department, and in building that up we've been doing more work with them in that area. And jointly we went forward and sought out this new petroleum centre.

That will be built, completed, I believe it will probably be March, April of 2000, the new building will be completed. And part of it is bricks and mortar, and part of it is for us a new way of operating.

There's the building which we call the PTRC, the Petroleum Technology Research Centre. There's also a legal entity called that and it'll have a board of directors. The chairman of the board is Frank Proto, who used to head up Wascana Energy. He's drawing in other senior oil industry representatives on the board and they will guide 1.2 million of federal funding as flowing through this PTRC and they will guide the allocation of that money.

It allows the university to increase its faculty. We have some joint professors there with SRC; they'll be hiring professors of their own in petroleum and it allows us to grow and expand our own petroleum activities. We tend to be more on the applied side and the professors tend to be more on the basic research

side. But they complement each other well and it's a model that we've used at U of S (University of Saskatchewan).

The big new project in Saskatoon is the fermentation facility which is a \$4 million facility going in the new Atrium Building. And it's something that's funded under the AFIF (Agri-Food Innovation Fund) fund, that ag innovation fund. And we went to the industry and essentially AFIF went to the industry and said, we have \$4 million to invest in the ag-biotech industry; what's the biggest bang we can get for our buck.

And collectively the industry said, we want this central facility because it will allow us, for each of us we may use it two or three weeks of the year and we could never afford to build that kind of facility otherwise, but collectively we'll keep it busy throughout the year. And it let us develop new products in the province rather than sending this down to Chicago or sending it to Edmonton.

And the key difference in the operation of this new facility will be that instead of somebody kind of handing off their request at the door and waiting for the answer is, it also is a training facility so that technologists from those companies can come in and work on the equipment with us so that they first of all are a part of the work, but secondly, so that when they go back, if they want to expand it, they are fully familiar with the process and how it works.

Mr. Gantefer: — On the proposed Synchrotron project in Saskatoon at the university, do you have a relationship, an involvement with that project?

Mr. Hutchinson: — The relationship is this, really. We've been very supportive of it and I've been asked to sit on one of the advisory boards. We'll see if anything grows from that. We do not have a direct involvement with it except that we see it as a great tool that will spin more work into the city and into the province. And depending on what comes out of participating on the advisory board, there may be a specific role for us or not.

I think we can be helpful in the sense of they'll be running it as a commercial business and it's something we've been doing for awhile. I think they are at first, just want to pick our brains about what's worked and what hasn't worked for us.

Mr. Gantefer: — Okay. Thank you, thank you very much.

The Chair: — Any questions from any other members?

Mr. Shillington: — I listened with interest to your comments about performance standards, and perhaps I was distracted but it wasn't clear to me whether or not those were performance standards which you shared with your board or whether or not you published them in your annual report. And I regret . . . I intended to bring a copy of your annual report this morning and forgot it as I left the office.

Mr. Hutchinson: — It's something we're using mostly for our board and its many organizations. I think it might have started or become most widespread in the education community, but it's a method that's spread elsewhere. And for us, we've spent a lot of time working this through with the board of what key performance — we call them key performance indicators —

that we're using to measure the overall performance of our organization.

And we now have four. Mostly relate to financial and strategic. I can go through them if you like — questions.

And we just met our annual two-day session with our board as they look at what we call our marching orders and our new initiatives. And they've asked us to add another key performance indicator that relates to what we would call performance management, which is more of a human resource issue. And that relates to renewal, training, and development of our staff. So we'll add that one as well.

Mr. Shillington: — It might be interesting to hear you summarize them briefly.

Mr. Hutchinson: — Sure. The first one fits with a strategic question and our purpose. And it's something we refer to as the Whitney model, but it's been developed by John Whitney who's at Columbia University and published a report in the *Harvard Business Review* in July-August '96. It tends to fit private sector organizations quite well.

But in that model you look at everything you do in this sense. You look at your products and you look at your customers and you ask these three questions: is this product, or in our case say a project, is this strategic, is it significant, and is it profitable?

And is it strategic, is saying for us does it fit your purpose? And that's why we ride everything through the sieve of, does it fit your purpose.

Is it significant, is a question for us of is it big enough to bother with? So if we're getting into a new area, let's say a new research area, we're hiring some new engineers or scientists, technologists, building a new lab, if there's one project out there and that's it and it's going to take six months, we realistically can't do it. Because each of those cycles is like a five-year cycle. And so if the answer is, it is strategic perhaps but it's not significant, rather than gearing up and gearing back down, we would look elsewhere to have that work done because somebody else has the capability to do it.

Is it profitable for us? That's not a simple question in the sense of a private sector company because we have a public policy mandate and we have to get external revenue. So our definition of is it profitable is more one of either, do we have a positive net income from it, or at least what we're prepared to invest. Will we be able to get the job done with that investment?

You also look at your customers that way. And again we have to temper it with our role in life here. And you can be perhaps a little more cold-blooded as a private sector company. But if a customer doesn't go yes, yes, yes, on is it significant, is it profitable, probably your best bet is to ignore them. In our case if it has some implication to the province, some impact on the province, we need to temper that.

So our first key performance indicator is, does our program meet these requirements? The second one, and we move more into financial areas, the second one for us is related to leverage. It talked about we get \$8 million. Half of that would be for our

facilities, which isn't something we have to play with; and the other half, give or take — it changes — is for our programs. We then lever that four to four and a half million dollars for our programs with \$12 million of external contracts.

One of our directors and researchers, this is an area he's done a lot of work on and he sits on or is involved in some international projects in this area. In the international world our organization is referred to as an RTO, or a research technology organization, usually government owned, meeting a mixed mandate of government and industry needs.

In looking at these organizations around the world the optimum range of leverage is if provincial or government funding is between 25 to 50 per cent. And so we set that range as our target; in fact we run around 40 per cent. But it's a trigger for our board if we set outside of these bounds. It's not necessarily good or bad, but it's a trigger for them to start looking much, much more closely at why are you outside of those bounds.

The third one we measure is client revenue. And again that's tracking for our size of organization. If it's either sky-rocketing or plummeting or changing from year to year, that triggers the board to look in more closely.

And the fourth one — in its simplest sense I guess you could think of it as net income or profit but we've added a few other things — we call it contribution to corporate development. But the board would look to initially say, did you lose any money this year. I mean that's their first concern.

But let's say our net income is zero, which means we've used every nickel we've gotten to do something useful. We add other things into this calculation, like did we buy equipment.

Because if in two successive years the net income is zero and in one of those years we bought a million dollars worth of equipment and still ended up at zero, the other year we bought nothing and ended up at zero, clearly that's quite different performance from year to year. So we add in, in that contribution calculation, we add in equipment purchase and measure the, in our words, contribution to corporate development.

So those are the four indicators that the board essentially uses as a filter and runs our programs through each year. And I say we've now been asked to add a fifth one, which is find a way to measure or give an indication of what you're doing about renewal and training and staff development.

Mr. Shillington: — That's very interesting. Thank you.

Our last witness yesterday afternoon was Mr. Donald Ching, president of SaskTel. When we raised with Mr. Ching the question of putting performance standards and details of payments to individuals, he had an interesting response which I had not thought of, but which I think is quite accurate.

He said it was in . . . he pointed out it was in SaskTel's interest to encourage the public of Saskatchewan to think of it as their telephone company. They are more likely to do that if they know the detail of how it's operating. And so he said so far as is possible, without giving our competitors undue advantage, it is

in our interest to put as much in the annual report as we can so that the public are aware of it and think of it as their telephone company.

It seems to me one could make a similar argument for the Saskatchewan Research Council that this information perhaps in a summary form — I'm not sure how much of that detail you want in — but perhaps in a summary form should be in your annual report.

At the end of the day, Treasury Board when dividing up the resources each year stripped of all its complexity — and it's a very complex process — stripped of all its complexity, Treasury Board tries to meet public expectations. They try to divide up the pie in the fashion which the public would do so if they were there. So they try to meet public expectations.

If you put performance standards in your annual report it seems to me, Mr. Ching, you thereby inform the public of what you're doing. If you meet the performance standards — and knowing what I know of your organization, I think you generally do, I think you do have a good story to tell — if you meet the performance standards presumably you garner public support and you'll have a more sympathetic ear when you get to . . . when you reach Treasury Board.

So it strikes me that if . . . following again Mr. Ching's thinking, it's really in the interest of the Saskatchewan Research Council to put performance standards in your annual report. I think in most cases you'd meet or exceed them. You'll have a better informed public and I suspect more sympathetic ministers when you make your annual pilgrimage to Treasury Board.

So I would urge you to give consideration to putting the performance standards in your annual report. Again I'm not sure what you put in because I . . .

Mr. Hutchinson: — Sorry I forgot to mention as I was talking, just this last year we did put it in a summarized form. We put them in there in the financial report and I think it fits Mr. Ching's argument exactly that and we have some of the same issues in very obviously a much smaller and slightly different way than SaskTel. But we are owned by Saskatchewan and it's very . . . I think we have many of the same arguments to make that SaskTel is and try and balance again the fact that we're trying to serve the public — be competitive on the one hand, but on the other hand we do need to play up our Saskatchewan base.

Mr. Shillington: — Yes, you very much need to get as much information into the hands of the electorate as you can. The proof of the pudding is always in the eating. I thought of this after I . . . this proof of the pudding is always in the eating. Consistently in public opinion polls SaskTel has the highest public . . . highest level of public approval of all the Crown corporations. It is consistent and it is a fairly good margin so it seems to be a sound argument. Anyway I won't belabour the issue, but it strikes me that it's an area that might be pursued.

I have one or two other questions. The one recommendation, paragraph .19, the financial reports provided to the board should show SRC's financial position. About when do you expect to be able to fully comply with that? Are you doing so now?

Ms. Smudy: — Yes we are.

Mr. Shillington: — You're doing so now.

Ms. Smudy: — Yes.

Mr. Shillington: — Okay. All right. And with respect to the contingency plans for your systems — recommendation .28?

Mr. Hutchinson: — Well as we talked before in terms of the contingency plan, we're looking at the Year 2000, particularly trying to isolate if there's missing any critical systems which for us one of the big ones is the financial system, and we've put a new financial system in place.

But we're also looking at questions of intellectual property and research results, physical property plant and equipment. This is something that we're getting more and more involved in and so are other organizations. And we're trying to work with them, the university, other organizations in Saskatchewan, because there is an element of we're all slightly reinventing the wheel, so if we get together a bit as a committee we can share a bit and learn from each other.

Also the director in this area is on something called IFMA which is the International Facility Management Association and that's for us in getting through some of these contingency issues. It's been very helpful because there are labs across North America. We're all wrestling with exactly the same things and we don't need to all dream up answers in isolation.

Mr. Shillington: — Okay. Thank you very much, Madam Chair.

The Chair: — Thank you. I just have one question. I noted that one of the recommendations, I think it's .17 showing "a comparison of planned to actual results for the same time period." I noted that you're complying and I feel that that's very impressive because the SRC dealing with some public money but a lot of, I think 60 per cent of the money now, is private money.

That's probably more difficult when you deal with the economy that can have downturns or upswings in a hurry. Is this going to cause a lot more work, a lot more explaining or planning to the public if you have a comparison that you can't deal with or that's greatly different than what you had originally planned?

Mr. Hutchinson: — In some ways it's a bit of a challenge to us. But as you add up everything we do, we can do this quarter by quarter and are starting to do this with the board. In effect everything we do is done as a project and every project has a contract with somebody outside and the contract has a beginning date and an end date which may or may not coincide with our fiscal year. It tends to coincide with their need.

And a couple of things are in each of those contracts. One is, their expectation of us is you're going to do task 1, 2, and 3 and it's going to be completed by June 23. The other is the payment schedule of what they would pay us. And so in that sense in a very micro detailed way everything we do and every project leader knows precisely what his or her expectations are project by project.

What we're doing with the board is rolling that up and showing them quarter by quarter how that unfolds. And in some areas, you know obviously with the geologists, they, or our geochemistry lab which is doing geological samples, there's a certain seasonal variation to that just from when that work can come in, so we would try to overlay that.

The Chair: — So by doing it on a quarterly basis it's a lot easier to keep it closer to actual?

Mr. Hutchinson: — Yes.

The Chair: — Okay. If there isn't any other questions, we'll go on to the recommendations. I think the first one is 89, on page 89, .13:

The Board should continue its strategic planning process setting our SRC's financial, operational, and compliance objectives. The Board should also set out what reports on performance it needs and ensure it receives these reports.

I believe you said concurring and are complying?

Mr. Hutchinson: — Yes. And there's two parts for us and a role of the board. One is centrally monitoring us, and these key performance indicators are one way of monitoring us. And the other is, the board has taken an increasing role in doing the strategic planning and helping us choose what direction we're going in as opposed to just monitoring what we've done.

And we now are on a cycle and we've just had a two-day board retreat in which they review new areas that we propose going into and new areas they think we should go into. And they go through a ranking process and isolate the ones that they feel would have the greatest impact on the province and are of the most importance, recognizing we have to still go out and sell those and develop them, but they do give us their sense of priorities.

We then go through a process of starting to develop our operational financial plan for the next fiscal year. We come back to the board in November, trying to turn their priority input to us into programs and we deliver it to them.

We talked about the four sectors that we serve and we translate those program ideas of theirs and ours back into the four sectors and say, as it shakes out, if we move in this direction, here's how the dollar allocation from the province will be allocated across the four sectors and get their reading of whether these are okay for the following year and their sense of the direction in the next five years, whether . . . for example fermentation in the last few years has gone from a few hundred thousand to, I mean, right now we have this blip as we build of several million dollars a year. So they give us that direction.

We then go back and translate it into a detailed program and take that back to them at the end of this fiscal year for next fiscal year and it translates into essentially a book that goes to them of a detailed operational financial plan which they review and change or approve.

Mr. Shillington: — It seems to me, Madam Chair, the witnesses related to us steps being taken to comply but I think

candidly admitted there may be room for further improvement. Maybe an accurate way to reflect this one would be to vote concurrence and note progress towards compliance.

The Chair: — Okay. Agreed? Okay. Recommendation .19:

The financial reports provided to the Board should show SRC's financial position.

Oh, pardon me. We'll do it in order. We'll do .17:

The financial reports provided to the board should show a comparison of planned to actual results for the same time period. The reports should explain significant variances between the planned and actual results.

Concur and have complied?

Mr. Shillington: — Well, note progress towards compliance. I had understood this was not complete. Was that . . .

The Chair: — It's complete, yes.

Mr. Shillington: — I'm sorry, compliance.

The Chair: — Agreed. Now .19:

The financial reports provided to the Board should show SRC's financial position.

Concur and are complying? Agreed.

Page 91, point .28:

SRC should prepare a complete written contingency plan based on risk analysis and test the plan.

I believe it's concur and working towards complying?

A Member: — Note progress.

The Chair: — Note progress. Okay. Agreed?

And the last one, .36:

SRC should prepare and follow adequate written policies for computer system development.

Mr. Koenker: — Concur and note compliance.

The Chair: — Agreed? The auditor would like to make a comment?

Mr. Strelloff: — Madam Chair, members, and guests. I find the SRC an interesting example of the changing nature of boards. Their board in years ago was more of an advisory and not that involved in the hard decisions of the corporation. And over the past few years they've become more involved in the strategic direction and priorities. They've been very closely involved in developing the strategic plan of SRC and agreeing on the performance targets and measures, and then overseeing progress. And it's just a very, from what my perspective, a positive development over the past number of years. And I'm

sure you'll see further progress.

Just thought I'd give that general signal because it's been quite interesting to watch SRC over the past few years.

The Chair: — Thank you, and thank you to the officials. We too recognize the importance of the SRC in Saskatchewan. I know that you have the opportunity and the capability of making a big difference to this province, and we wish you continued success.

Mr. Hutchinson: — Thank you.

Mr. Koenker: — I would like to raise an issue.

The Chair: — Before the witnesses leave? Okay.

Mr. Koenker: — Yes, maybe before the witnesses leave, if I might. How big is your board?

Mr. Hutchinson: — We have 14 positions on the board, but are what, 12 now? — 12 members of the board.

Mr. Koenker: — I'm sorry I don't have your annual report here with the board members on. Could you just indicate?

Mr. Hutchinson: — Here it is.

Mr. Koenker: — I just want to ask . . . I don't know quite how to put this. In some respects the high-tech community or the scientific community in Saskatoon is relatively small, relative to what you might have in Palo Alto or Toronto, Montreal. How do you avoid, in terms of having a board, as the auditor said, that is more actively engaged rather than just sitting back, how do you avoid the problem of having a board that is actually relatively ingrown and maybe has a relatively small circle of interest, such that it might not be as dynamic as it might be.

Let's put it more negatively — how do you avoid incestuous relationships on the board? Because to have a board that is active, as the auditor has said, is probably a very good thing. If it's incestuous though it can be a very negative thing. How do you deal with that tension?

Mr. Hutchinson: — Well it's a very good question that affects our board and any board on any Crown. And I think from what I've seen of the boards that I've seen, for us it's — let's call it a creative tension you might have — but it's been a very positive thing.

And when I look at the amount of energy and work that the board members put into each meeting . . . I mean they get a binder an inch thick for every meeting and you can sit there and . . . I mean Crystal was telling me she was sitting beside Robert Hawkins at the last meeting who's on our board. He had gone through every page of every issue, written notes, and from his own business experience asked some very incisive and then sometimes difficult questions for us.

So I can't give you an exact answer of how you engage a board to put in that level of energy. We have the good luck that they do and most of them who are on the board, they're there because they see it as a contribution to the province and impact

on the province.

Once in a while if we talk about some new activity that may have implications to them, either personal or professional implications to them, our Chair will — and this I think is partly answering your question of the potential conflict — our Chair will always introduce that and say, look we're going to tell you things now and you cannot act on them; I mean you cannot go out and invest in some company because of this, it's confidential information, and is very forceful about reminding everybody of that.

Our board is made up also more not of our clients but represent the province more geographically and to some extent types of business. But our board doesn't really represent our client base or else it would be 10 resource company owners and a couple of biotechs.

And we pick up that client interest through, for example in the fermentation facility, we have what we call a business advisory group and it's every major player in the biotech industry sits on this advisory group for our fermentation facility where we're saying, look we're building this to serve your industry, keep us on track as we build it and keep us on track as we develop this program. You're talking to us as a client; you're talking to us collectively as the industry.

So we get much more technical and facility specific input through those types of advisory boards. We're doing the same thing with the petroleum centre, creating this separate board headed by Frank Proto.

Mr. Koenker: — Maybe these advisory boards get more to the nature of my basic question. You take a business advisory group for fermentation in the biotechnology community here in Saskatoon, it's substantial but it's a relatively closed loop; it's a small fraternity or sorority or whatever you want to call it. And they may very well provide excellent technical advice but they all have a vested interest in what's going on, logically so.

How do you get an independent kind of appraisal?

Mr. Hutchinson: — I think that's where the two weigh off against each other, and that's why it's called the business advisory group. It's there to give us advice; we can choose to take it or not. They are our clients or potentially will be our clients, so we're usually well advised to take some of their advice.

If they say this is where the industry's going, they're probably right about that and that's what we should gear up to do.

Mr. Koenker: — How do you measure . . . how do you measure their advice? You take it as gospel because they're the people here who know.

Mr. Hutchinson: — Well the way we actually will end up measuring it is if it turns into contracts for us. That facility will only be successful if it's serving the Saskatchewan industry.

Mr. Koenker: — I don't want to belabour this but let's take fermentation. Where's the nearest fermentation research facility outside of Saskatoon?

Mr. Hutchinson: — Edmonton.

Mr. Koenker: — Six hours down the road. How much larger is it than the fermentation facility that we're putting into place here in Saskatoon?

Mr. Hutchinson: — It's larger in two senses. One is, it's physically a bigger facility. But the other side of it, and we've developed this with them and to be complementary to it, it has much larger vessels and so it tends to be dealing with the companies further down the process of development.

When we went to the industry and in a sense when the ag innovation fund went to the industry and said, what can we do to be most effective to give a shot in the arm to the industry in Saskatoon, this is what they collectively said was the most important thing you could invest in to benefit the industry broadly.

We're involved ... our fermentation vessels range from 20 litres to 300 litres; I think in the Alberta Research Council they run up 3,000 litres, maybe even 15,000 litres.

Mr. Koenker: — I think it's even larger than that.

Mr. Hutchinson: — And they tend to be at the next stage of development. So we've been working together. We have a memo of understanding with each other. We would do more of the front-end development work. It could flip to them or at that stage there's room in that Atrium Building for some of the companies if they wish to put in their own facilities if they're getting to the point of having a product.

Mr. Koenker: — I guess I was very appreciative of the auditor's comments in this regard and I'd encourage you to take a look at ... I don't know how you do this but maybe it's something for you to think about, but how do you audit the performance of boards in terms of the perspective they bring and the insularity that might be associated with them. I don't know, am I clear?

Mr. Strelloff: — I think so. One of the thoughts that was going through my mind when you were asking about the insularity of their board or their advisers, they also have some pretty capable people inside that can challenge the advice they're getting from the business interests who may just want a particular project because it benefits them in a short term. I mean, there're some pretty capable people at the SRC that keep their fingers on what's going on in the industry, both in Saskatchewan, Canada, North America. So that certainly helps. But I'm listening, obviously.

Mr. Shillington: — I was going to add a thought to this, which I think is an excellent series of questions. And the problem is broader than just the Saskatchewan Research Council.

In his book on public administration — the name of which I've forgot — Allan Blakeney comments on this question with respect to cabinets. The problem you have is that when you have a group of people who basically move in the same social circles and basically are part of the same business circles, as a board or a group, they lose their, what I call, their dynamic tension.

In order for a board to operate a peak efficiency, there has to be a dynamic tension. They have to be such that they will challenge each other and they will challenge management. And that's when you get a board which is really operating at peak efficiency.

And as I say, Blakeney noted this problem with respect to cabinets. After a period of time they kind of cease to do this and they become a group of friends who basically sort of go along with each other.

And noting the directors here — I don't know the directors at all and I don't know how they operate so it's not a personal reflection on them — but it strikes me that there's a risk that this group would lose its dynamic tension. And it's a problem that's broader than just the Research Council.

One way of dealing with it, which has been successful in some other boards, is to bring in outside directors — someone who is of this industry but outside the province and not part of these circles at all. You often get people who are very able — also I might add, a little pricey; this doesn't come cheap — but you get people who are very able and not part of these circles, and they tend to introduce a dynamic tension back into the board.

I'm not expecting you to comment on this. It isn't directly your role to appoint directors, but it's one way of keeping the dynamic tension within a board which I think a board needs.

Mr. Hutchinson: — May I comment on it? We have been advised to do that and do that in our advisory groups. And for example in the fermentation facility, we have ... I mean, there's a certain tension goes on because many of the companies around the table are competitors and so they're very clear not to let somebody get some advantage over everybody else.

But also, keeping exactly with your comment, they have suggested that we get a couple of members of the board from outside of the province. And we brought in the president of Allelix out of Toronto and Dow out of Calgary. And part of their rationale was just to say, let's step outside of the province and get somebody to kind of look in on us and give us that advice. And also you may well have to sell your services outside of the province to ... (inaudible) ... that big facility.

Commenting on our board, because this is an interesting issue, we pay our board members \$110 a day and that's what we're allowed to pay them. And so for ... When I look at the amount of work — and it's actually quite impressive the amount of work and energy that people put into each board meeting — to bring high-priced outsiders, as we would if we were a private sector company. That's — you know I don't know where I leave this issue with to deal with — but that is an issue that we wrestle with.

Mr. Shillington: — ... not going to get over \$110.

Mr. Koenker: — Thank you very much.

Mr. Shillington: — Yes, thank you. It was an interesting discussion.

The Chair: — Did you have another comment?

Mr. Streliaff: — Just one. The relationship between the CEO (chief executive officer) and the board is one that changes from time to time and from organization to organization. And whether the CEO and the board are challenging each other and working together, or whether the CEO is kind of just wanting to keep a board advised on what he's doing or she's doing and the board not being able to challenge the decisions, that's an interesting thing to watch when you go from organization to organization.

And this organization I thought has done a very good job making sure that the board is involved. Now the board has to take up the challenge as well and become familiar and able to challenge the business proposals and directions of the CEO and his organization. That's another important thing to watch and I'm sure you're very aware of that.

The Chair: — Thank you again for your input. Can we recess now till 10:30.

The committee recessed for a period of time.

Public Hearing: Department of Justice

The Chair: — Welcome to all the officials and I'd like to give Mr. Whyte the opportunity to introduce the officials he's brought with him today.

Mr. Whyte: — Thank you very much, Madam Chair. The officials from the Department of Justice are to my immediate left Keith Laxdal, who is the associate deputy minister of finance and administration; and to my right Elizabeth Smith, the director of administrative services; to the left of Mr. Laxdal is Ron Hewitt, who is the assistant deputy minister of registry services and that includes court administration. Starting to my right against the wall, John Baker, the executive director of law enforcement services for the province; and Don Head, the executive director of Saskatchewan corrections. In the chair right there is Stella LaRocque, who is the assistant director of administrative services; and Marilyn Lustig-McEwen, in the corner perched on a stool, who is the Queen's Printer; and next to her is Ron Kruzeniski, who is the Saskatchewan Public Trustee and I believe that's all. Thank you.

The Chair: — Thank you very much. I'll ask the Provincial Auditor to introduce his officials as well.

Mr. Streliaff: — With me is Dale Markewich, who is going to lead our discussion of our work.

The Chair: — Thank you. And the comptroller.

Mr. Paton: — Yes, Madam Chair. We've got two additional staff from the Department of Finance with us. I have Cindy Raedeke, who is a senior analyst in the department; and Dan Dufour, an analyst in the department.

The Chair: — Thank you very much and welcome everyone. We usually start our proceedings . . . I'll read the statement for our testimony of witnesses appearing before the committee.

Witnesses should be aware that when appearing before a legislative committee your testimony is entitled to have the protection of parliamentary privilege. The evidence you provide to this committee cannot be used against you as a subject of civil action.

In addition, I wish to advise you that you are protected by section 13 of the Canadian Charter of Rights and Freedoms which provides that:

A witness who testifies in any proceedings has the right not to have any incriminating evidence so given used to incriminate that witness in any other proceedings, except in a prosecution for perjury or for the giving of contradictory evidence.

A witness must answer all questions put forward by the committee and where a member of the committee requests written information, I ask that 15 copies be submitted to me so that it can be given to the Clerk who will table it. You are please reminded to address all your comments through the Chair.

As we get started this morning I'll ask the Provincial Auditor to review the recommendations that he's brought forward to this committee.

Mr. Streliaff: — Thank you, Madam Chair. Dale, could you do that please?

Mr. Markewich: — Thank you, Wayne. Good morning, Madam Chair, members of the committee. Chapter 21 of our *1997 Fall Report* and chapter 11 of our *1998 Spring Report* presents our March 31, '97 findings for the Department of Justice and the funds and Crown agencies that the department is responsible for.

Paragraph 6 on page 204 of chapter 21 —we'll start at chapter 21 — provides a list of these funds and Crown agencies. I'll first provide an overview of chapter 21 of our *1997 Fall Report* starting on page 203. And then I'll provide an overview of chapter 11 our '98 *Spring Report*.

Our '97 *Fall Report* includes reportable matters for the Department of Justice and Queen's Printer revolving fund. For the Department of Justice our report includes five matters reported in paragraphs .09 to .41, starting on page 205.

The first matter is included in paragraphs .09 to .13. We report that the department needs to continue to improve the internal financial report it provides to senior management. We note the department has taken several steps to improve their internal reports. We feel that the reports are adequate, except they do not compare year-to-date expenses with budgeted amounts for the same period and highlight and explain major variances.

The second matter is included in paragraphs .14 to .24. We report that the department needs approved security policies and procedures for its information technology systems. We recommend the department should prepare security policies and procedures and senior management should approve them, set password standards, and improve the segregation of staff duties at its larger court offices. Our current audit work indicates the

department is currently working on implementing this recommendation.

The third matter is included in paragraphs .25 to .31. We recommend the department should prepare a written, tested, and approved contingency plan for its IT (information technology) systems. And also our current audit work indicates the department is currently working on implementing this recommendation.

The fourth matter is included in paragraphs .32 to .36. We report that the department did not make timely claims to the Government of Canada for money due to the department. The delay in claiming the money from Canada resulted in lost interest income. And again our current audit work indicates the department has dealt with this matter.

The last matter reported for the Department of Justice is included in paragraphs .37 to .41. We report that the department has not received financial statements as required under its community policing service agreements with First Nations and the Government of Canada. Without receiving financial statements, the department is unable to ensure the community spent the money for its intended purpose. Our current audit work again indicates the department is currently working on implementing the recommendation.

That's it for the Department of Justice.

For Queen's Printer revolving fund, our report includes four matters reported in paragraphs .42 to .64, starting on page 209. The first matter is included in paragraphs .45 to .53. We report that the department needs to improve the fund's internal financial reports to show a comparison of year-to-date budgeted amounts to year-to-date actuals, highlight and explain significant variances, and show sales and costs of sales by major product lines.

The second matter is included in paragraphs .54 to .58. We report that the department did not maintain a review . . . maintain and review a record of the customers' special orders and billings for the whole year. Doing this would ensure the department bills all completed special orders.

A third matter is included in .59 to .61. We report that the department did not follow up and collect unpaid amounts as required by its own collection policies and procedures. This has resulted in many overdue accounts and increases in the risk of lost revenue.

The last matter for the Queen's Printer is included in paragraphs .62 to .64 and here we report that the department does not check the pricing of special orders. This may result in customers being over or under billed.

Moving to chapter 11 of our '98 spring report on page 119. Chapter 11 of our '98 spring report includes the results of the '96-97 audits for the funds and Crown agencies that were not completed in time to be included in our '97 fall report. Our report includes reportable matters for the correctional facilities industries revolving fund and the Public Trustee of Saskatchewan.

For the correctional facilities industries revolving fund we report . . . our report includes three matters reported in paragraphs .08 through .29 starting on page 120.

The first matter is included in paragraphs .09 to .15. We report the department needs to improve its internal financial reports for the fund. We feel the fund's quarterly financial report should include a comparison between planned and actual results for the period and year to date and include explanation of variances.

The second matter is included in paragraphs .16 to .23. We indicate the department does not always monitor the cost of large contracts. This can result in cost overruns and losses to the fund. This matter was reported in our '95, '96, and '97 spring reports. And on December 12, 1996 the Public Accounts Committee agreed with our recommendation.

The third matter is included in paragraphs .24 to .29. We report that the department does not always have evidence that contract prices quoted to customers have been reviewed and approved. The review and approval of the quoted quotes reduces the possibility of errors occurring in contract prices quoted to customers.

For the Public Trustee of Saskatchewan, our report includes three matters reported on paragraphs .30 to .49 starting on page 122.

The first matter is included in paragraphs .32 to .36. We continue to report our concern that the trustee should develop a new computer system. The existing system is old, compatible computer equipment is not available, and the programs are not Year 2000 compliant.

The second matter is included in paragraphs .37 to .43. We report that the trustee needs to ensure staff regularly change their passwords to ensure only authorized changes are made to clients' records.

And lastly, the final third matter is included in paragraphs .44 to .49. We report that the Public Trustee should train staff so they understand and properly account for investments.

That concludes my presentation. Are there any questions?

Mr. Streliaff: — Thank you, Dale.

The Chair: — I'm going to ask the deputy minister if he would like to respond before we go into questions.

Mr. Whyte: — I will leave response from specific points until later. I just do want to make a brief introductory statement and simply to say that this is my first appearance before the Public Accounts Committee and I want to say that in a somewhat maybe perverse way it is a privilege.

It is of course a matter of, I think, democratic fulfilment to hold departments, especially expensive, service-delivery departments like this, to high levels of accountability, first of all by the Provincial Auditor, and secondly to the people of Saskatchewan through the legislature's Public Accounts Committee. So it is a privilege to be here and part of this process.

I want to refer just to two passages from our mission statement. By the way . . . Or our strategic plan, a plan, by the way, which has also been subject to the constructive criticism of the Provincial Auditor who helps us in many ways.

Our strategic plan focuses on having a system of justice that is transparent, that is evident to all, that is understood as widely as possible. And part of that transparency is that the allocations and choices we make in the handling, the administration of people's issues and people's assets we are committed to making as open and as transparent as possible.

Finally our strategic plans speak specifically to our sense of responsibility that we must try and achieve our goals and visions and our mandate under the legislation in the most effective and efficient way. And of course in the current fiscal climate the need for efficiency and the concomitant need for accountability of our choice is more vital than ever. And as I said before we are happy to be here as part of that accountability and efficiency process. Thank you.

The Chair: — Thank you very much. I have a speaking order starting with Mr. Osika.

Mr. Osika: — Thank you, Madam Chair. Deputy Minister and your officials, auditors and all our guests this morning welcome. I just have a couple of questions with respect to the department, having a deep respect for the department and all its involvement in ensuring justice for all in the province.

I note that the department . . . it says the department received 195 million from General Revenue and raised 63 million. I would assume that's through the fine process and . . .

Mr. Whyte: — Registry services would be a large source of income, such matters as land transactions, corporate registrations, and securities regulation. Is fine revenue a large part of that figure? I'm not sure.

Ms. Smith: — About \$10 million.

Mr. Osika: — Now part of that or what part of that goes into the victims' fund?

Mr. Whyte: — Do you want to speak to that?

Ms. Smith: — The victims' fund monies are separate and distinct from the Department of Justice and the fine revenues. But there is a surcharge on provincial fines and the surcharge funds the victims' fund.

Mr. Osika: — Okay. I appreciate that. There's some confusion as to who in my mind — I'm sorry perhaps I should be aware of — who actually controls that fund whether it's from surcharges or whether it's from some other source? And would you have the figures, the totals of how much is presently or currently in that fund?

Ms. Smith: — Yes we do have that information.

Mr. Whyte: — The current reserve seems to be at about \$4 million in that fund. I can go on to say that the reserve in the victims' fund was formally higher, half as much again. And we

are pursuing a policy of bringing the reserve down in order to meet the needs of victims and not to create it as a pool of money but to get it back into the community doing service to victims.

Mr. Osika: — So this money would have been accumulated over the last, how many, four, five, six years, a decade?

Mr. Whyte: — Yes, since 1992, the attempt to spend more than revenue has been going on now for about three years and we're trying to get the reserve down. But from '92, its first few years, we were I could say hoarding money.

Mr. Osika: — So in other words there were some people that may have been eligible prior to that that didn't get any access through programs or financial assistance or psychological assistance because of that, and now when you have the success you're being a little more free and easy with it, is that . . .

Mr. Whyte: — Well I don't know that I want to say that people who might have benefited from payments didn't get them since there are two kinds of expenditures out of the victims' fund. One is to victims of crime in various forms of compensation; the other one is using the victims' fund for victims . . . not individual victims but victims' services.

And we have an extensive program of victims' services across the province which is offering psychological services. I don't mean certified psychiatric services or certified psychological therapist services, but offering some kind of assistance, but more providing information about the processes that people find themselves in by virtue of the victimization.

And as you know that is a form of double victimization — a criminal victimizes you and then a mystifying and complex system will victimize you again. And we're trying to ameliorate that impact. And a considerable amount of the money is going to that.

In terms of meeting actual victims' compensation needs, I'm not sure that we were short-changing that, and they're getting more generous. I think that we continue to administer that, I would say, relatively carefully. I mean very carefully. I was going to say relatively frugally but I want to stick with very carefully.

Mr. Osika: — Thank you. There is in the minds of people some confusion as to the eligibility criteria for people to access this victims' fund. And I wonder if you could tell me whether there is input from other departments, whether you collaborate with Social Services — I assume you would — with the Health department, with other agencies to determine whether or not or who might be eligible for a specific type of service.

I know the counselling aspect I can understand, but when it comes to perhaps the financial assistance for victims.

Mr. Whyte: — Well first of all I would say in administering the fund in the aspect of compensating victims for loss, there is a great deal of concern to avoid, to completely avoid windfall gains — or if that's too harsh a concept, people being paid twice for the same costs. And so for instance we're careful to make sure that we're not compensating when there's

compensation available under unemployment insurance or workers' compensation, if health care systems are contributing to the recovery and they often are, that we're not giving double compensation and likewise social assistance schemes.

So we are restricting our payments to additional costs not otherwise covered. Furthermore we are not covering non-compensatory loss that is essentially pain and suffering or trauma. We're not trying to calculate the dollar value of the burden that people have had to bear. We're meeting real costs.

And with respect to your question, who qualifies, it's available to people who are victims of a criminal act of personal violence. And in fact, just recently in the department we've had an issue about not compensating a family, and that was because though the circumstances were tragic, there was no crime involved in the loss, or at least at this point no proven crime or no presumptive crime.

And so it is crime-driven compensation scheme. And that, I must admit, does sometimes cause some distress from people who have suffered loss — that we have a crime threshold.

Mr. Osika: — Thank you for that. People that are victimized in other ways sometimes. I'm thinking of . . . it sometimes concerns me that victims . . . people become victims twice under some circumstances where they suffer losses and then once again it falls on them to have to reimburse or pay additional funding. And I understand that it's got nothing to do with the property losses, for example, through SGI.

But it concerns me that we talk about victims and we have a \$4 million victims' compensation fund. When I have . . . when we hear of seniors who have, through no fault of their own, suffered losses due to auto thefts or vandalism and so on are victimized in that way and then victimized again by having to pay for something that they were not responsible for. And I don't know if there's ever been any discussion with other agencies, whether this fund might be accessed under . . . each case under its own merits.

One other case, I just want to mention. It sort of . . . I know it'd be devastating to me. It was a no-fault accident that involved a person who made a living trucking. And a person stepped out in front of his vehicle and was killed. Now there was no fault by the driver. But his vehicle was tied up; he lost some money while not being able to operate his rig. And then he was asked to pay something like \$2,500 in order to get his repaired vehicle back.

When he approached his insurer, they said, well you will have to sue the estate. That's when the individual said, hey it's pretty traumatic. I'm getting counselling for having hit this person through no fault of my own. Now they're telling me in order to recover something that happened through no fault of my own, they're telling me to sue those people. It just seems to be some unfairness there.

Mr. Whyte: — Well, Mr. Osika, I agree that there is unhappiness over our victims' scheme and it arises from exactly from the sort of circumstances you're describing. Our victims' compensation scheme is not a comprehensive indemnification for loss scheme, not even a comprehensive indemnification for

loss through criminal activity scheme.

And I also agree with you that in our attempt to avoid the revictimization of victims, one of the risks we run is that in the administration of our scheme and our, I think, rigorous and responsible administration of our scheme, people then have to go through the process of dealing with us, and that isn't always easy and we know that, even though I believe our victims' administrators are compassionate and efficient and so forth.

So I think your concerns are ones that we fully understand and hear about in the department. The legislative fact is that our fund is for victims of crimes of personal violence, that it is for losses which are not otherwise covered by other indemnification and loss recovery schemes, and there is a cap of \$25,000 and that non-criminal losses which can be recovered through a civil suit is the way that we suggest people go.

So I think what I'm trying to say is I don't have any trouble at all in understanding the concerns you raise and even in relating to the frustration that I know many people of Saskatchewan experience around their desire to be compensated for loss. Our legislative scheme is a relatively narrow one. I think within its bounds it is administered efficiently and decently.

Mr. Osika: — The surcharges that are accumulated into that fund come from . . . where do those funds that the surcharges would be on?

Mr. Whyte: — They're on fines imposed on criminal convictions.

Mr. Osika: — On criminal convictions only?

Mr. Whyte: — I don't know whether municipal and provincial crimes as well — Yes. Sorry, I'm told also with fines arising under provincial legislative authority as well as fines arising under the Criminal Code.

Mr. Osika: — The highway traffic Act?

Mr. Whyte: — Yes.

Mr. Osika: — So it would almost seem to make sense that if people using the highways and byways are paying those surcharges into a victims' fund, that some of that might be targeted for a victim such as I described, that through no fault of their own have suffered losses that they now need to compensate for.

Anyway, I thank you for that explanation. Perhaps maybe down the road sometime that will be a consideration.

Just one more question and I'll defer to my colleagues. With the backlog in your services for legal aid, is it something that's been growing for some time or is it . . .

Mr. Whyte: — Sorry. Something that's going to . . .

Mr. Osika: — No, is it something that has accumulated again? Is it something that's been happening for some time?

Mr. Whyte: — Oh yes. Yes, sorry, I thought you were asking

what direction it's going to go to from today.

Mr. Osika: — Well that will be the next question.

Mr. Whyte: — A very nice question. A good question for you to ask.

Legal aid. It is reported by legal aid lawyers, and by the Legal Aid Commission to be fair to both sides, that some of the delay in our criminal trial process is attributable to the time it takes to get a legal aid interview and to get a legal aid lawyer up and running.

May I just register (a) acceptance of that, but (b) a degree of skepticism whether that actually captures the full nature of the delay. I mean the delay arises I'm afraid through court scheduling, through the busyness of prosecutors, through very often the unpreparedness of lawyers on both sides, or the realization by lawyers that the case is more complex or involves more preparation than they had anticipated.

And so there is a constant, as you will know, a process of adjournment and setting over. Part of that would be for sure, and I'm not denying that, that Legal Aid lawyers have not been able to attend to the matter in a timely way because of overwork. That would be true.

Yes, it has been getting worse. Our charges are going up in this province; crime rates are going up. We haven't expanded the Legal Aid system . . . well, we have actually. That's not true. Between 1991 and 1997 we actually put quite a bit more money in Legal Aid; in the last year we didn't.

You haven't asked about where Legal Aid is going, but I will say that it is a deep concern to us that Legal Aid not be one of the causes of delayed justice. You know the aphorism, "delayed justice is denied justice", and there's too much truth to it. And it concerns us that Legal Aid is one of the causes of delayed justice, and we are adopting — have adopted — fiscal policies. Whatever they cash out to at the end of the day, I don't know — fiscal policies which are meant to address the delay in Legal Aid through enhancing the system.

Mr. Osika: — And that currently . . . you're doing that now?

Mr. Whyte: — That's current, yes.

Mr. Osika: — Currently under way to correct the problem.

Mr. Whyte: — Yes.

Mr. Osika: — I thank you for that. Thank you, Madam Chair.

Mr. Gantefer: — Thank you, Madam Chair. I would like to turn to a couple of other areas of interest. The auditor made some mention about information technology in terms of security and those issues in one part of your department.

I would like you to address your overall department's Year 2000 readiness, and then as well, if you would address the issue that was raised by the auditor specifically in terms of some of the security procedures that he suggested need addressing.

Mr. Whyte: — Thank you very much. I'm going to ask Mr. Laxdal to answer this question. Thank you.

Mr. Laxdal: — Madam Chairman, on the Year 2000 question, first of all I guess I would say a number of things. First of all, that the Department of Justice, as I think would be the case with government at large, the department is very serious about ensuring that we're positioned to continue to provide programs and services without a Year 2000 interruption.

The department has been active on Year 2000 related issues for something in excess of two years and we're in a position to report to the committee that in this time substantial progress has been made. Certainly we have a plan; we are monitoring against plan milestones. We have a forum within the department where this occurs so it has certainly a high degree of visibility and attention within the organization.

Having said that though, there is certainly work remaining to be done. We are focusing primarily on our mission critical systems, those systems that are necessary for the department to fulfil its mandate and remain in business.

We anticipate that we will be through the process of redevelopment of some of the systems in question by mid-99. So there is work to be done, certainly, but it is well under way and at this point, at least, appears to be in hand.

Mr. Gantefer: — Thank you. The issue about the security issues that were in the . . .

Mr. Laxdal: — Certainly. The auditor has referenced security on a number of occasions within his report. And certainly within Saskatchewan Justice, this is a significant issue. It's a very large, very diverse organization and this contributes certainly to the need and the importance of having established security policies and procedures within the organization.

I believe that we're in a position to report that we are making significant progress in this particular area. We have progressed, in my view, in a number of areas. First of all just the general management and administration of IT security related issues.

We have within the organization a . . . we call it an information technology management council which is a forum to discuss these issues, serve as a steering committee for security related matters. A member of the department's executive committee has been designated or has assumed, really, overall responsibility for the oversight of the department's security program. And this individual is assisted by the directors of administration and systems.

We have assigned a senior person, a senior resource within our systems services branch as being responsible for security and contingency planning issues. This individual works with the member of exec committee who has overall security responsibility and assists her in the discharge of these duties.

I would also say that we have provided training to this particular individual. We've sent him on RCMP (Royal Canadian Mounted Police) sponsored programs, security programs, and what have you.

So in terms of the management and administration of the issue, we believe we're making progress, going in the right direction.

We have also moved ahead in terms of specific security measures. And I'm thinking of things for instance such as the development of computer security principles within the organization, the development of a computer password policy.

Most recently we have tabled at our information technology management council a draft document on a Justice information security program. It's being reviewed throughout the organization at this point in time. And the intent is that it would be . . . I should back up. It was developed by the system's resource in conjunction with this executive manager responsible. It is being reviewed. Presumably once it is approved, it will be distributed; it will serve as a basis of training within the organization, and whatever.

So we are making progress. I wouldn't suggest that we're perfect, but we're going in the right direction on these matters.

Mr. Gantefer: — Thank you. Perhaps I've misunderstood, but it seems to me that I've heard that you're making some moves technological-wise in the land titles and that whole area. Do I understand that correctly, and what's the status of that?

Mr. Whyte: — Yes we are trying to develop an electronic-based land registration system. I will ask Ron Hewitt, who is the director of registry services, to elaborate a little more on our plans on that front.

Mr. Hewitt: — Okay. The land titles system now is totally paper based and has been for the last hundred years so we don't describe it as a Year 2000 problem we have to address, we call it the Year 1900 problem we have to address primarily. So we're actually in the process of developing that. It's been going for the last two or three years. We are at the point now where we see responses to our request for proposals to develop the system. We've done the re-engineering and the redevelopment and we've designed what we want. So we're out there now looking for a builder to actually build the system.

Our target date for full implementation across the province is August or so of year 2001. We're hoping we can maintain that time frame. It's a massive project. It's very large, and we'll be implementing it throughout the province in stages because it's so big.

Mr. Gantefer: — By stages, are you in like specific offices or you know one office at a time or something of that nature?

Mr. Hewitt: — That's right. Yes. Our plan is to start . . . There's eight, actually ten land registration districts in Saskatchewan right now in eight offices, and we would start with one and then work our way across you know around the province to get them all implemented at the same time.

Mr. Gantefer: — In terms of the benefit or the perceived or noted changes in the process from land transfer, title transfer, would you describe the expectations of the system when completed?

Mr. Hewitt: — We would be expecting between 24 hours or

less turnaround time. Currently it varies in different offices between . . . I mean our target is seven days but we often don't meet that target. People will be able to do online searching from any PC (personal computer) in the province. We are looking at the possibility of online registration which means of course you don't have a 24-hour turnaround, you have instantaneous registration.

So the service levels will be greatly enhanced. The services we will be able to provide will be enhanced as well. Searches will be available on any . . . Right now if you want to search a property you have to know the legal description. It's the only way you can search it. Under the new system you'll be able to search by name, registered owner, legal description. Any number of about 10 or 11 different factors you'll be able to search on. So the service level will be so greatly enhanced it's even hard to imagine just how different the system will actually be.

Mr. Gantefer: — Okay thank you. Is there an estimated cost to this issue? And is this . . . You know because it's only happening or being implemented past the Year 2000 the issue of the 2000 compliance isn't an issue, but what kind of capital cost estimate do you have associated with this project?

Mr. Hewitt: — Well we said up to when we issued the RFP (request for proposal) that we estimated that overall, and this includes both dealing with the internal issues with staff and you know space and you know all the things that are outside of actually building a computer system, that it's about a \$30 million project overall.

Mr. Gantefer: — And is that like phased in over three years or two years?

Mr. Hewitt: — That's over six . . .

Mr. Gantefer: — Over, I'm sorry?

Mr. Hewitt: — That's over about six years.

Mr. Gantefer: — Six years. Okay. Thank you. I would like to turn if I could to the issue of maintenance enforcement. You know I think that there's been strength in legislation in this province and across the country in regard to this issue, and yet you know our office certainly gets from time to time people who call us and are fairly frustrated with the drag between getting an order actually pronounced and seeing any financial results of that. I wonder if you could bring us up to date on where that issue is at?

Mr. Whyte: — We have, as you know, a large maintenance enforcement office in the Department of Justice. It has raised the rate of recovery under maintenance orders very, very significantly and has been an effective and successful program.

It has been one with frustration from both sides. Not effective enough for those who are receiving maintenance payments and not always able to wring blood from stones or money from difficult non-custodial parents, and a great deal of frustration the other way too that . . .

The Chair: — Excuse me for a minute, Mr. Deputy. I've been

asked to ask you not to touch the microphone. It makes it a little difficult for them to record.

Mr. Whyte: — Frustration the other way and that is that sometimes our methods seem insensitive and draconian.

As we listen to complaints, the major complaints are that our system of maintenance enforcement isn't sensitive to the changing circumstances and the changing abilities, the good-faith efforts, and the needs of payers. And there's a lot of frustration over that.

Unfortunately, we only enforce court orders, specific formal orders that is, and we don't — and agreements, private agreements made between partners of a dissolving marriage or relationship — and we don't ever modify the terms of the order or the terms of the agreement. And so some of the frustration we experience about our insensitivity is just something that we are not legally entitled to respond to.

I'm going to ask Ron Hewitt again, who is again the director of that element of court services, to speak to recent developments in maintenance enforcement.

Mr. Hewitt: — Okay. When we first started the program in 1986, it was estimated that about 85 per cent of maintenance orders were not enforced. We now have the average default rate in the last year as being about 23 per cent. So we're up to . . . like we've almost reversed it completely.

So just in the last fiscal year, '97-98, we brought in \$25.51 million for primarily children. We collect over \$2 million per month in the maintenance enforcement program for mainly . . . for custodial parents, mainly women and children. We now get approximately 40 to 50 new applications per week and we don't of course have the fall-off on the other end so the caseload is increasing dramatically. As the caseload increases of course, the pressure on the system is there.

We, in this year April 1, '98 to August 31, '98, we brought in \$840,000. Again the average default rate is about 23 per cent.

We've also brought other things into place. I think we're probably leaders in Canada in terms of the mechanisms we used. Driver's licence withholding, which was brought in in November 1996, which is the authority for maintenance enforcement to withdraw drivers' licences. We've issued 1,374 warning letters, 700 final notices, and we've withheld 495 drivers' licences.

But what happens is most people will pay once they get their first warning. So it's been a very effective tool in collecting maintenance, particularly from people who are non-salaried. They're our most difficult ones to collect from, people who just have other income. They're very difficult to collect from. So that's more or less . . .

The other thing we do do, is we do recover social assistance payments that have been made to claimants. That money is paid back to us once we receive it back from the respondent. And I think we've been bringing in . . . last fiscal year we brought in almost \$2 million to the program, back to the government's consolidated fund as a result of collecting that money back from

social assistance.

If there's other questions, I can . . .

Mr. Gantefoer: — Thank you. Not being from the legal profession, I'm never sure that I'm in the right category, federally or provincially, but there are programs there seems to be . . . and I don't know if I'm calling them rightly, what I call alternative-sentencing programs that are community-based, that work in conjunction with the RCM Police and community committees, that review on a case-by-case basis alternatives to traditional sentencing. And I wonder if that's within your jurisdiction. And if it is, if you could comment on that program.

Mr. Whyte: — Yes it is within our jurisdiction. The province, under section 92(14) of the constitution Act is responsible for the administration of justice, including criminal justice in the province. So although it's the federal government that enacts the terms of the Criminal Code, its administration is entirely within our responsibility. And that includes policing and prosecuting, and that in turn includes decisions about prosecution — what charges to lay.

In Prince Albert we have something called charge screening in which police are not laying charges but are preparing files and they're being reviewed by prosecutors to decide whether the appropriate charge, or to be more precise, the most effective charge in the circumstance is being laid. That is, is it a charge in which there's a solid and good case to be made and is it a situation where alternative measures might not be more useful.

Prince Albert isn't the only place of alternative measures. We do alternative measures in many, many centres throughout the province. In Prince Albert though prosecutors are doing the review as opposed to police. In other centres it might be prosecutors; it could be police who are channelling certain alleged offenders to alternative measures.

We actually have quite a number of alternative measures programs. There's one run by the Regina Aboriginal Human Services Co-operative; one run by the Prince Albert alternative measures program. There's Saskatoon and in other centres.

The plan is that . . . or the idea is that rather than proceed through the criminal justice system with a formal charge, a trial, conviction, a sentencing, the alleged offender will agree to work with an agency and the community that is relevant. And that is very often the community that consists of the victim or the community that consists of the offender's family or network or support group or whatever to determine what might be a better way to rehabilitate the alleged offender and to put him in the right relationship with the community whose norms he's violated and whose interests he's harmed.

It is a good program. It's perhaps not extensive enough in the province. We may still be overcharging although, you know, that's both a political call and a judgment call. What is the right response to crime in this province? And we wrestle with that all the time, but I do want to assure you that alternative measures is within our arsenal of instruments which we think will have a long-term effect of reducing crime and making safer communities.

Mr. Gantefer: — Thank you very much. Thank you, Madam Chair.

Ms. Stanger: — Thank you very much. Welcome to John Whyte, deputy minister, and to your officials. I have a number of questions. I just wondered if you wanted me to put them one at a time, and some of them are related, or separately.

Mr. Whyte: — Well if you think that there's a theme that we should pick up on, maybe we should make notes while you ask the questions.

Ms. Stanger: — Well I'll start with some of the recommendations that the auditor made and there's two that are similar themes so I'll ask those two.

The replacement of the existing Wang computer. How is that coming because that was something that the auditor was concerned about and certainly a concern of ours? And also the security in the, I guess you'd say the JAIN (Justice automated information network) computer because that certainly seemed to be . . . security in a computer is very important. So I'll just leave those two technical questions and then I have some others.

Mr. Whyte: — Thank you. I'll ask Ron Hewitt again who's the person responsible for court services which is . . .

Mr. Hewitt: — On the public trustee question, it is one of our systems that we identified as being a Year 2000 risk; on top of that of course the Wang system. It's pretty old and pretty undependable. Although I shouldn't say undependable; it's actually been very dependable and we're hoping it'll continue to be dependable until the end of next year.

We are in the process of developing that. We're at the conceptual design stage and we'll be starting writing the code very soon on that. It's in process. We are targeting for implementation of that in September of next year, plenty of time before the Year 2000 becomes a problem. So that one is, we think, well under control and we're very satisfied that's going to be very efficient.

At the same time we took the opportunity, because we couldn't just fix the Wang problem, to actually redo the public trustee system. And we'll be providing a great number of efficiencies like electronic funds transfer to our clients through our care providers for the bills that we get in from SaskPower, SaskTel, all that for the hundreds of clients we have, finding ways to pay those more quickly. So we'll bring in a lot of efficiencies at the same time and get our workload handled a bit more that way.

So it's under pretty good control there. We certainly understood the auditor's concerns and actually appreciated the comment because we certainly believe that it was a situation we had to rectify pretty quickly. I think we're the last Wang system in North America; if we're not, we're one of the few I think.

On the security for JAIN we continue, as Keith mentioned, we continue to struggle with security issues. We have a great many offices, very busy offices, people dealing repeatedly with . . . the counters are busy with tickets and fines and offences and so on. And we're doing our very best to try to deal with the

security concerns that are being raised about JAIN.

JAIN itself is a very old system. Although you might be pleased to know we just finished testing it and there is not a Year 2000 problem with JAIN we're very happy to report. So that will not be a problem for us. But it is a system that in terms of security, the more levels of security we build into it the more complicated it gets and also the more costly it gets for us. So we're trying to balance off those factors on JAIN security but we are certainly taking the recommendations to heart and the kind of security procedures that Keith was mentioning in the department are definitely going to impact on JAIN as well.

Ms. Stanger: — Thank you, Ron, for keeping us informed. The other thing that concerned me is the firearms financial agreement with the federal government and the money that was owing us through their laws and the three years that it took to get an agreement with. And I understand I think that we have an agreement. You can elaborate on that. And that we have been paid some money by the federal government that was owing us, but the thing that it concerns me is now we're getting into a new ball game. I've had constituents come with these lengthy forms on firearms, the most ridiculous things I've ever read in my life. That's an editorial comment.

But anyway I don't . . . seeing as the federal government is imposing these things on us, I don't want to see the taxpayers of Saskatchewan having to pay for this debacle that they're engaged in so I just want an update on this.

Mr. Whyte: — On the first part with respect to the full recovery of cost from the federal government, the Provincial Auditor correctly pointed out that it has taken us a very long time to negotiate an agreement that would allow us to have full recovery, and without the underlying agreement, we weren't able to prepare claims. We actually have now got an agreement and we have prepared the claims for the year ending or the periods ending March 31, 1997. They have been submitted and the money has been received. That's \$1,101,340. The 1997-98 claim is currently being prepared and the money hasn't been received. So in terms of the recovery, that is on track.

With respect to the current situation, maybe I'll let John Baker, who is more familiar with the gun control issues than I, speak to it.

Mr. Baker: — Well, Madam Chairman, as some of the committee may know, we transferred the administration of the program back to the federal government in the middle of July and it's now administered out of their own offices in a different location. And you may be aware that they were going to start the new program, the Bill C-68 legislation on the October 1 and recently announced that that would be delayed until December 1.

However that's out of our hands. It's completely administered by federal government officials since the middle of July. And we have an interim contract in place that will enable us to recover the cost that the province incurred up until the program was transferred.

Ms. Stanger: — Okay thank you very much. I just have one other question and it's of Ron Hewitt. And I think that you've

done a good job in maintenance enforcement. Don't get me wrong, but there are problems, and I think one of the problems is accessibility. I get people coming into my office on both sides. I get people that want to receive payments and I get . . . it's usually . . . I haven't had a circumstance yet where it's a woman paying a man and the children. It's always been the reverse, or I get the husbands thinking that they've been mistreated.

Now all I want to do is help these folks, and your telephone number that I have for maintenance enforcement, I have yet to get anything but a busy signal. Now the woman that has been trying to . . . told me that came into my office here awhile ago, she had tried for two and a half days. And I believe her because I tried off and on for days. And I was getting so frustrated. I saw the state that she was in when she came. I don't think there's anything more frustrating when you're upset and all you keep getting is a busy signal.

Now I realize the problems from what you have said today, that you have an increased load. But I think that somehow we have to be more open and accessible. I don't know how to do that. You're the specialist, Ron.

The point is this. That people on both sides, both the men and the women are getting frustrated. They come in; they're upset. And I can't do anything as a MLA (Member of the Legislative Assembly) short of going to the minister's office.

Now I cannot flood the minister's office with individual case work. I mean those people up there don't have the time to do that.

In one instance when I finally got to somebody that could help me, it took about 10 minutes — that's all it took — to resolve it. So I find it frustrating, because we could help the minister's office, we could help your office if we could just do this a little more quickly. I find it's like a closed shop that you can't get through. That's all there is to it.

Mr. Hewitt: — Well let me give you a little context for that. I've already pointed out the high volumes we have. And that's really the problem. We do have a high volume of phone calls — 2 to 400 a day.

We implemented late in December 1996 an automated telephone system so people can get information about the current status of their file, whether payments have been received, and those kinds of things. And each of the clients has a password on both sides, the claimant and respondent. They can get in there.

Before we had that system in place it was really difficult to get through. I mean it's bad enough now. Actually we get over 5,000 calls per month on that automated system. I mean it's wonderful; it's taken that pressure off our lines. But it's still very difficult to get through. And we try as much as we can to find ways to do that.

People can phone that number. They can fax us stuff; there's a fax number. And they can also of course attend in person if they're in Regina, or they could actually send letters.

It's one of those things that we just have to try to deal better with the volumes. And sometimes the system just can't accommodate all the calls that come in.

We do have a policy that we do not take calls . . . that officers themselves do not talk to claimants. And that's often a difficult problem. The reason we do that is that if they spent 20 minutes a day talking to every claimant, or 20 minutes a month, they'd never get any enforcement activity done.

Often the people want an opportunity to vent and they want an opportunity to talk about their problems. And we just find that we would need like twice as many officers as we have now if we actually did that.

We do take calls from respondents which creates some of the appearance of unfairness. The reason we do that though is we often find out information from them when we're talking to them. It aids us in enforcement.

As I said, the call system has helped a lot. It also allows people to send messages to their enforcement officer, voice messages that then go to the enforcement officer.

We don't have a total answer to your concern. If you do have specific things that you can't get response on, please do send them to the minister's office or to the director. We can accommodate that.

A Member: — Or to you.

Mr. Hewitt: — Or to me. I get lots of calls too.

Ms. Stanger: — I'm sorry but that's not good enough, and I'll tell you why. Because people don't even know what their password is. I have said to them, you must have this password somewhere. I mean you have no idea spending a whole day trying to figure this out. The faxing doesn't work because when they fax the stuff in, they still don't get an answer for three weeks.

I understand your problems, I really do. But you can imagine these people, the reason they're coming to you because their lives are in a mess to begin with. If they were the kind of people that kept their passwords and kept everything else in order, maybe they wouldn't be divorcing. I'm sorry but they do; they are people under stress.

And they come into the office, you have no idea . . . I would have liked you to be there one day. I had a man screaming and yelling in one corner; I had a woman completely dissolved in another corner. I mean I had to call in another CA (constituency assistant) — two of them and myself. It took us three hours to handle all the people and it was all on enforcement and different areas.

And I realize your problem. When you say 5,000 calls a month, it's just . . . But what I want to say to you is I think this is going to increase.

Mr. Hewitt: — It's increasing by 40 to 50 cases a week. So you're right, it will be increasing.

Ms. Stanger: — So you're going to have more and more problems. I think maybe creatively we'll have to come up with some solutions because it's just not up to you or the deputy. It's up all of us to come up with some solutions to this. I think it's going to be a growing problem. Thank you very much.

Mr. Whyte: — Yes, while we don't like to think of family dissolution as a sign of social dysfunction — it's far too common for that — it is true and we accept that highly sophisticated communication systems or even quasi-sophisticated communication systems like telephones with keypads and faxes are not realistic for some members of our community at all.

And we will, in light of these comments, certainly . . . I mean this is essentially a budgetary issue — more lines, more staff, more response — but we will review that. We understand that these are people who are in intense need, emergency need, and it must be very frustrating. So we will look at that.

Ms. Stanger: — Thank you very much.

Mr. Thomson: — In the interest of time, Madam Chair, I'll withhold my comments.

Mr. Shillington: — Yes, I will speed along as well. I did not actually raise my hand with respect to the maintenance enforcement, but I will make a comment. Without taking anything away from the comments made by Mr. Gantefer and Ms. Stanger, to which I will add my own in a moment, let me say that the current system is a huge improvement over what it used to be.

Up until the mid-19 . . . I'm not always laudatory of the former government, but this was one area which did improve. This used to be scandalous. Females, usually destitute, would be deserted. They would get orders against males, usually very mobile, and you chased them back and forth across the country collecting nothing. In the meantime, of course, Social Services had been reduced. It used to be a scandalously bad system. It is much improved now.

And my impression is actually your staff, given some limitations to which I intend to refer in a moment, your staff do a really good job. And for my part I would like to have that passed on to the staff. I think in the circumstances, given who they deal with, they do a good job.

When you're dealing with people who are involved in matrimonial problems, you're dealing with people at their absolute worst. They'll never be as irrational and difficult as they are then.

That having been said, it does seem to be a problem with volume. And there's an element I think here of being penny-wise and pound foolish because as your collections go down, I think your Social Services costs go up. And so I think there's an element here of being penny-wise and pound foolish when we understaff this. That doesn't necessarily need a comment.

The question I have is, I think, back to the deputy with respect to the LAND (Land Titles automated network development)

project. Are we on time and on budget on this project?

Mr. Whyte: — With respect to LAND?

Mr. Shillington: — Yes.

Mr. Whyte: — We are virtually on time, which isn't to say that we're on time. It's not that bad is just what it's to say.

The process that we had envisaged was that we would receive . . . we would have specifications developed, we would send them out to the supplier community, we'd receive bids, we'd review the bids, we would choose a supplier, and then we'd commence negotiations with the supplier for the precise terms of building the system, financial terms being the key terms, but also time and risk and a number of other factors, equipment, employment.

That process in the original plan was to be at the stage of contract formation by . . .

A Member: — Just now.

Mr. Whyte: — Yes, by November 1. In fact we are one stage behind. We are still in the stage of selecting a supplier with whom we will commence contract negotiation. That selection, I think, will be concluded fairly quickly. We have no idea of the time frame it will take to enter into a detailed contract for the building of a system; hopefully within the matter of a month or two or three, which means that we are running perhaps a quarter of a year late.

So I don't want to be sanguine about delay on a matter which has caused so much grief to the legal and real estate community in this province, but the current state of delay is, we consider, minimal.

Mr. Shillington: — Part of the reason why there's so much weeping and gnashing of teeth on the part of the real estate and legal communities is . . . it seems to me they have different interests. When you simplify the system, LAND it seems to me will simplify the registration system considerably, such that I think many real estate agents believe that their offices can handle the . . . I see the official in charge shaking his head. Perhaps you can comment on that, Ron.

Mr. Hewitt: — Yes. There will an opportunity for anyone to do searches on the system and that's, of course, today not something that's possible or even feasible. In terms of registration itself, if we talk about on-line registration which leads to the possibility of, you know, immediate service, in effect you're right on the system and you're implementing, we would definitely . . . the term we're using is authorized users.

Just backing off a bit, anyone will be able to submit something to us electronically or in paper form. And those things will be checked by the staff at the Land Titles system and, then if they're all right, implemented and put through. And that's where we're aiming for a 24- to 48-hour turnaround time.

But if we have the possibility of on-line registration with authorized users, there's certain things we'll require from those users because they'll actually be implementing into the system.

And the things they'll have to be able to do is have an appropriate level of training, an appropriate level of compensation if they make mistakes, in other words insurance, and be able to deal with the risks adequately. We'll have to be satisfied that they are competent users — just as we would do with our staff.

So the number of people that would be qualified for that will depend upon the nature of the transaction. So for example you're talking about transfers. It's quite likely that we would require people to be insured so you're probably looking at lawyers. But if you're looking at things like discharging mortgages, the risk is very low so you might have the possibility for someone else to be an authorized user for discharging mortgages at a different level. So that answers your question.

Mr. Shillington: — So it may be a little more complex than what I thought. I just note that the real estate people — in fact I have a request on my desk now for a meeting with them — I think their concern is that the whole project's moving too slowly. I get a somewhat different impression when I meet with the bar. They think we're rushing through it madly without being careful enough. And I suspect that they had different interests involved.

Mr. Whyte: — And they're both right. This is an immensely sophisticated information technology system — an immensely complex one. We need to go carefully. We are learning stuff all the time as we go through the RFP and the bid process. It's not something that goes by without a realization that things are more complex, that we have things to fix.

And so in that sense we may be moving too quickly because we're not backing away from difficulties fast enough, or at least I think we are. But that would be a worry that this is at the edge really of what IT can do. And of course we're moving slowly because the delay today in Regina is 10 calendar days, not bad I want to say compared to a year ago, but nevertheless 10 days is 10 days. And the sooner we can fix that the better, and the longer it takes to fix it the worse. And so both are speaking sense.

Mr. Shillington: — Okay. I've other questions, Madam Chair, but they can be raised as we go through the individual recommendations and it might make more sense then that way.

Mr. Goohsen: — Thank you, Madam Chair. When we're talking about the maintenance enforcement I thought Mr. Shillington was going to get to my point when he talked about the mobility of certain clients that you work with. A couple of years ago I recall we were engaging in cross-border negotiating to facilitate following up from province to province on people who are mobile, and I just wondered if you could update us on how that program is working and how effective it is?

Mr. Whyte: — Thank you, yes. I'll ask Mr. Hewitt to speak to that.

Mr. Hewitt: — You're right. There are national efforts ongoing to try to improve the situation. We have a lot more access to federal databases today than we did years before . . . in the past. The biggest area of concern for our clients and I think our

enforcement rate would be much higher if we didn't have interprovincial ones to worry about is when someone is in another jurisdiction whether the claimant or the respondent, we don't really have control over what happens in other jurisdictions. So we're dependent upon the program in place in that jurisdiction.

And I think it's fair to say from our perspective none of them are as good as we are. And so we are a little bit at their . . . whatever they can deliver to us. And that is very frustrating for clients who are trying to get money in Saskatchewan for example when the respondent lives in British Columbia, and there's not a lot we can do to speed up the B.C. program to get some more things done.

However we are doing some things like having better access to federal databases to find people better, and of course we can garnishee their income tax refunds, their EI (Employment Insurance) payments, those sorts of things which we couldn't do in the past. We also have direct access now to the Alberta, for example the Alberta database, so we can look things up ourselves without having to go through them. So that speeds things up a bit. So nationally we're trying to do all those sorts of things.

One of the big steps we'd like to take and we're working on nationally is right now when you get a court order in Saskatchewan you have to have it confirmed in Ontario, let's say where the respondent lives. So it has to go through a process of going to court again in that province.

And we're hoping to put a situation in place where the provinces agree that one judge in one province can deal with the whole matter and perhaps he can do that by teleconferencing and that's sort of using technology that way to speed up the getting of the order because quite often that's the problem. And then people go back to court to have it varied and, you know all those sorts of problems that take months with paper travelling back and forth.

So I guess the short answer to your question is yes, we are making greater progress. Can we do more? Yes, certainly there's more that we'd love to be able to do. But it's just sometimes interprovincially and federally-provincially, things don't move as fast as we'd like. But as Mr. Shillington said, the process we have now is immensely better than it ever was and I would say improving every year.

Mr. Goohsen: — Well that's good to hear. The only quarrel you'd probably get would be from the Alberta people thinking that you're the best. They have a tendency . . . My son-in-law works at the Department of Justice over there and he thinks they're the best. So we won't mention that part to them.

The department is also responsible, I see here, for the operations of several trusts and special purpose funds in Crown agencies. And I want to just pick one to try and get a bit of a general overview in my mind as to what your involvement with these agencies are.

Let's pick the Law Reform Commission of Saskatchewan. What exactly is the connection and what do you do with regard to that agency?

Mr. Whyte: — The Law Reform Commission is an independent statutory agency with a Chair and currently, I believe, four members. The membership of that commission is established by cabinet on the recommendation of the Minister of Justice. It reports to the Minister of Justice only in the sense that it is the . . . this is the department through which its administrative workings are handled.

It is also the department . . . in a more functional basis, it's also the department that its work relates to most — that is law reform. So it is an independent commission and we are not permitted to direct it or to impede its publications or to dictate its agenda or priorities. But as I say, we are administratively responsible for it and we do on a functioning basis relate to it. Its work is of concern to us; our interests turn out to be of concern to it without, I think, undercutting the underlying condition of independence.

The commission is extremely small. Most jurisdictions have . . . Many jurisdictions, not most, have disbanded the Law Reform Commission and I could speak to why we haven't if you want it. But we put in a total of \$55,000 a year to it. Its other source of funding is a \$55,000 grant from the Law Foundation of Saskatchewan, which is another independent agency created under legislation, and is also at an arm's-length relationship with the government.

With that very small amount of money there is a research director and he directs a small research program and a small publication program. Its orientation in recent years has been to what is sometimes called lawyers' law. That is some fairly technical questions of inconsistency in laws. Currently it's now considering a somewhat more politically sensitive matter, one which I'm sure all members here have actually had to think about. And that is, what would be the proper liability regime for volunteers. And they're trying to do some background work on establishing a liability regime as you know. Volunteers maybe shouldn't be subject to the liability of ordinary persons in their day-to-day actions or businesses in their day-to-day business.

So that's the Law Reform Commission. It's small. It's functioning. It's independent. It's doing good work given its very meagre sources.

Mr. Goohsen: — Well the example of studying the volunteers' liability issue is a good one to of course convince us that it has some usefulness. Because the prime case I guess that initiated that investigation came out of Eastend, Saskatchewan which is the volunteer group down in my own constituency. However, I was wondering, how do you measure the productivity and the usefulness of this particular entity?

Mr. Whyte: — Well the traditional ways for measuring the productivity of the Law Reform Commission is the amount of response they get from the formal legislative process. And I suppose a more immediate way is to measure the publications — are they actually producing things. And another way is to read their publications to determine whether they're producing accessible intelligent reports with solid recommendations.

This Law Reform Commission is producing regular papers. I want to be the first to admit that the flow of work is very small. It has a staff of one with an occasional assistance from contract

research. But it does produce a regular flow. Its work is well regarded.

I say that, but I'm perfectly . . . when you say here that I read a recent paper by them which I didn't like actually, but the people in my department who are in the public law branch who deal with legislative policy and are in charge of developing legislative policy, have a positive relationship and have a high regard for the Law Reform Commission.

I don't have at hand the extent to which Law Reform Commission recommendations have become enacted.

Mr. Goohsen: — That's fine. Thank you.

The other area that I noted here is the victims' fund. And I wonder if you just brief us up a little bit on how that program is working and what jurisdictional implications Justice has with that entity as well.

Mr. Whyte: — Well the victims fund is created through premiums on fines and the victims fund is run as part of the Department of Justice. It's in the department under our victims services branch. It is administered in this department under the victims of crime Act. And as I say, its money comes from surcharges from fines.

It does two things with its money in general. One is it compensates victims of crimes for their personal injuries, not their property losses. And secondly, it offers victims services, which are essentially therapeutic services; although I think — and I'm worried about that word — it offers I think psychological assistance or assistance plus a lot of information to people who are victimized. And it funds therefore a fairly elaborate network throughout the province of victims services. And that is one-on-one dealing with victims.

And even . . . There's also by the way funding of programs which are directed towards more general — it's not all one-on-one — some is directed toward more general victims' interests research and victims' interest advocacy.

Mr. Goohsen: — It's pretty much self-sufficient financially then through the . . . (inaudible) . . . surcharging?

Mr. Whyte: — Yes. Yes, it is. The surcharge covers this cost and has produced a surplus which quite frankly we accept as being, in the past, an unnecessarily large surplus and we are at work reducing that surplus.

Mr. Goohsen: — Now I understand when you say that you help with personal problems — of course that would be medical problems, sending folks to a psychiatrist and that sort of thing. But you did allude to the fact that you don't pay for any of the losses of personal property. Is the logic there that it's covered by insurance, or do you have some views perhaps that this program should be extended to help people with personal property losses?

Mr. Whyte: — I doubt if you could suggest that there's a deeply principled reason why we wouldn't cover property loss as opposed to perhaps other reasons. For instance, if you establish a category of loss which is limited, at least you have

some experience to know whether you can meet that loss and whether there's enough money in the fund as opposed to just opening up the whole realm. So I would assume the incrementalism might have been part of the thought.

The second thing, I suppose, is that there are somewhat readily available alternatives to victims' funds, civil suit, and indeed the province's extensive indemnification programs over loss of income, over loss of Workers' Compensation, unemployment . . . Employment Insurance, hospital care, and as you say, private insurance.

Certainly we could change the terms of the victims fund to cover a broader range of costs, and we could do it in a way which made sure that there was no double-taking by ensuring that people were obliged first to make claims against existing programs and existing insurance and civil suit, and then as a fall-back position. We haven't made that policy and it's certainly one that could be considered.

Mr. Goohsen: — Well obviously you don't have to worry about budgetary problems with something that has a surplus. But in the area, say for example, of correctional facilities where you don't have money coming back in, are those facilities predictable enough to be able to budget reasonably close or do the inmate populations vary enough that there's some inconsistency in budgeting or how do you do that?

Mr. Whyte: — Well no and yes. I mean no, they're not predictable enough to do the budget, and yes, it does vary, and yes, it does impose on budgeted costs. I would say historically that hasn't been an overly acute problem.

However, if we want to move to the current year, it's a very significant problem. The inmate counts in our correctional facilities are averaging 100 inmates per day. That has added to our correctional expenditures at a very significant level — I mean at a percentage level which is indeed worrying. It's causing us problems in the department and it's causing us problems in our relationship with the Department of Finance. So yes, it's a problem.

Mr. Goohsen: — I understand that from some conversations I've had with some other people that it's sort of like the full moon syndrome in hospitals where they always prepare for the worst on full moon nights. The reality is, I guess though, that we seem to be going into a period of stress where crime is going up and I wonder if you see that as a minor glitch, or is this something that we've been trending up to over a long period of time?

Mr. Whyte: — We think that the at-risk population, the psycho-social risk factors that are conducive to criminal activity is not a glitch, is systemic in the province and will continue to be a concern.

I will say that as a department we are very committed to dealing with the underlying conditions of society, which is producing that, and our instrument of choice at the moment — and this is an area in which there is new wisdom all the time and continuing research on our part — our instrument at the moment is to devote what revenues we can, which as you can imagine is extremely small, to essentially community

development. And that takes place in two ways.

Providing community alternatives with respect to some category of offences so that people aren't channelled into our highly expensive, traditional system — and the expense starts at trial and carries on into incarceration and post incarceration, the corrections, and so forth. So we are trying to channel people out of the judicial system into what we hope are stronger community networks which will be rehabilitative.

Secondly, we are trying to generate in communities and neighbourhoods, particularly those neighbourhoods and communities which we recognize as being particularly dysfunctional. And there are some in this province, and we don't need to be too hesitant in saying that we have some communities which are not working well as communities. They don't have strong leadership and they don't have strong patterns of social norms.

In those communities we're trying very hard to develop a leadership which will ally itself with the administration of criminal justice and will see the administration of criminal justice as a positive instrument for social development in their communities as opposed to the enemy, as opposed to something alien, something improper, something coercive, and instead, we'll see criminal justice and the response to crime as positive for their community.

That process, as you can imagine, is immensely time-consuming, money consuming, and long range. As I say at the moment, that's what we're trying to do to reduce the size of our at-risk population in this province.

The Chair: — Thank you very much, members and officials. It's past 12 and I'd just like to get an okay from you to continue on. We have 19 recommendations to go through. I don't know how long it will take; it doesn't necessarily have to take a long time, but if anybody has any appointments or doesn't want to carry on I'd like to hear from you.

Mr. Thomson: — Let's move directly to the recommendations, Madam Chair.

The Chair: — That's all right with everyone?

Mr. Shillington: — Yes . . . (inaudible) . . . speak to them. It seems discourteous to bring these people back again this afternoon.

The Chair: — Okay. It's fine with me. I believe our first recommendation is on page 120.

Mr. Shillington: — You're starting with chapter 11.

The Chair: — I'm starting at the beginning, yes; 121 which is the 1998 *Spring Report* recommendation .14:

The Fund's quarterly financial reports should include a comparison between planned and actual results for the period and year-to-date and include an explanation of variances.

And it says that:

Management told us they have developed and implemented a more detailed quarterly financial reporting process.

Mr. Shillington: — Concurrence and note compliance.

The Chair: — Agreed?

A Member: — Agreed.

The Chair: — Page 122, .22:

The Department should follow its established rules and procedures for monitoring the costs of large contracts.

Management told us in the future they will ensure the Department follows its established rules and procedures for monitoring the costs of large contracts.

Mr. Shillington: — Yes. Concurrence and compliance of this.

The Chair: — I believe it was told to us this morning that Public Accounts Committee had agreed to this in 1996 and they were waiting for it. So there's concurrence in the no-compliance. Agreement?

A Member: — Agreed.

The Chair: — 123, .36

A Member: — .29.

The Chair: — Pardon me, .29:

The Department should document and consistently apply its rules and procedures to ensure all estimates in customer quotes for large contracts are reviewed and approved by a second person.

Any comments from . . .

Mr. Shillington: — . . . improvement. And I'm not sure that they would claim that they're past the finish line on this.

Concurrence and note improvement towards compliance or something.

The Chair: — I had working on compliance.

Ms. Smith: — We're having some difficulty hearing the Chair.

The Chair: — Oh, I'm sorry.

Mr. Whyte: — Sorry, is this the corrections department revolving fund we're dealing with now? Sorry.

Mr. Gantefer: — No. Page 122, .29.

Mr. Whyte: — Okay.

The Chair: —

The Department should document and consistently apply its rules and procedures to ensure all estimates and

customer quotes for large contracts are reviewed and approved by a second person.

Ms. Smith: — The department is complying with this recommendation.

The Chair: — Okay.

Mr. Whyte: — Is it the revolving fund? So it is the corrections revolving fund?

The Chair: — Yes. Okay.

Then recommendation .36:

The Public Trustee should replace its computer system as soon as possible.

Mr. Shillington: — Yes, this we did not hear a word on. Is that because this is yet in the works? You haven't done anything on this?

Mr. Whyte: — Yes, we've done plenty in replacing the computer system. It's not done but I mean we're working hurriedly and stressfully towards completion by the year 2000.

Mr. Shillington: — Concurrence and no progress towards compliance.

The Chair: — No progress. Agreed?

A Member: — Agreed.

The Chair: — Recommendation .43:

The Public Trustee should ensure all staff regularly change their passwords.

Mr. Whyte: — That is being done, yes, twice a year.

The Chair: — Concur and comply? Agreed?

A Member: — Agreed.

The Chair: — .49:

The Public Trustee should train staff so they understand and properly account for investments.

Mr. Whyte: — That's been done.

The Chair: — Concur and comply. Agreed?

A Member: — Agreed.

The Chair: — I believe the next one is 205, page 205. Recommendation .13:

The Department should continue to improve its internal financial reports to senior management to: show a comparison of expenses for the year-to-date to budgeted amounts for the same period at selected interim periods during the year; and highlight and explain major variances

between year-to-date expenses and year-to-date budgeted amounts.

Ms. Smith: — On this one, I would like to speak to it. We did take the auditor's recommendation seriously and we did agree to implement a pilot to determine whether there was any value added by doing a comparison between the year-to-date actual and the year-to-date budget. This was done for the period April 1 through September 30, 1997.

We then compared the results of that analysis to our regular fiscal forecast. We also compared the results to our year-end actual results. And we discovered that there was very little additional information added through that process. For the most part, we were simply explaining timing differences.

In the spring, I did sit down with the auditor's staff. We did review this particular item, and it's my understanding that the auditor is now satisfied with our processes and will not be reporting this in another year. So while we say there's compliance, but I think we would be reluctant to implement a regular process of comparing the year-to-date actual to year-to-date budget.

The Chair: — Is there . . . ask the auditor to reply.

Mr. Strelloff: — Dale, you start on this one please.

Mr. Markewich: — We're currently finalizing our management letter with the department, our audit with the department right now and currently the point is not included in the management letter.

Mr. Strelloff: — I'm hoping that the Minister of Finance's announced review of the budget process and estimates will include this as being one of the issues. It's an issue in a few other areas and that is to have plan comparisons to actual results for quarterly, six month, nine month, and a year. And I'm looking forward to that being discussed on a more systemic basis.

Mr. Shillington: — Madam Chair, I think in the circumstances, with all the explanations we've heard, really then I think not concurring with this one since it's . . . I guess it's become kind of dated, this recommendation . . . (inaudible interjection) . . . Events have superseded — that's a very good way to put it — events have superseded the recommendation.

The Chair: — We could note that the committee is satisfied with department's systems.

Mr. Koenker: — Well I think we should note that events have superseded the recommendation.

The Chair: — Okay.

Mr. Koenker: — And that the auditor's office is working with the department.

The Chair: — Okay. Is that in agreement? Agreed, okay.

The recommendations on page 207, .21:

The Department should prepare security policies and procedures and senior management should approve them.

I think maybe I . . . would it be fair to put .21, .22, and .23 together? Okay.

The Department should set password standards for all its IT systems and applications.

And:

The Department should improve the segregation of staff duties at its larger court offices to ensure no one . . . can mishandle money without timely detection.

I think when we were speaking, it was concurred and you're working on compliance.

Mr. Whyte: — On progress, yes.

The Chair: — Agreed? Recommendation .28:

The Department should base its contingency plan on an analysis of the risks and the importance of each program and service.

And then:

The Department should test and approve its contingency plan and then store it in a safe place.

Mr. Whyte: — Yes, I think we are doing that and plan to concur.

Mr. Shillington: — Concur and comply.

The Chair: — Agreed? .36:

The Department should make timely claims to the Government of Canada for money due to the department under the firearms financial agreement with Canada.

A Member: — Concur and comply.

The Chair: — Agreed? .41:

The Department should ensure it receives financial statements showing the disposition of program funds from all the First Nations Communities, as required by its community police service contracts.

Mr. Whyte: — Yes, we have put in more stringent financial supervision and penalties.

The Chair: — So you're attempting to comply.

Mr. Whyte: — Yes . . . or are complying.

The Chair: — Are complying. Okay. Agreed?

Recommendation .51:

The Department should improve the Fund's internal

financial reports to:

show a comparison of year-to-date budget amounts to year-to-date results;

highlight and provide written explanations of major variances between year-to-date actual and year-to-date budget; and

show sales and cost of sales by major product lines.

Mr. Whyte: — Yes, the Queen's Printer has complied with all of these.

The Chair: — Concur and complied. Agreed? Agreed. .58:

The Department should maintain and review the special order record to ensure it bills all completed orders.

Mr. Whyte: — Yes, they put in place processes to reduce this problem. I don't know whether that amounts to saying we've complied. I know that there is use of credit card and use of follow-ups which is meant to meet this problem. I don't know exactly what state we're at in terms of the Public Accounts Committee's categories.

Mr. Thomson: — Note progress?

The Chair: — Okay. Concur and note progress. Agreed? .61:

The Department should follow established policies and procedures to follow up and collect overdue accounts.

Mr. Shillington: — I won't delay it. The proceedings are already overtime. But I did want to ask you about this. Could you make a comment on this?

Mr. Whyte: — I'd rather have the Queen's Printer make a comment as a specific area of the department.

Ms. Lustig-McEwen: — Thank you. Madam Chair, we have made progress on this in the sense that we're collecting overdue accounts. And I think the most we've ever had in total is \$2,000 in uncollected accounts in any given year over the nine years of the operation of the revolving fund. And we are collecting accounts as old as five years still. It's just a matter of having someone sit down and pursue it.

Mr. Shillington: — Concurrence and note compliance, I guess, in the light of that explanation.

The Chair: — Agreed? .64:

The Department should improve its system for checking prices charged for special orders.

Mr. Whyte: — We've now established staff who will do that on special orders. So comply.

The Chair: — Concur and comply. Agreed?

Thank you very much. We appreciate you staying over and we thank you for the very open conversation we've had today.

We'll recess for lunch.

The committee recessed for a period of time.

Public Hearing: Department of Social Services

The Chair: — Good afternoon, and welcome officials. We appreciate your attendance here today on a wonderful day where I imagine being outside would give you a lot of pleasure rather than being in here.

I'll give you an opportunity to introduce your officials.

Ms. Yeates: — Thank you very much. I'm Glenda Yeates, the deputy minister of Social Services. And with me is Marilyn Hedlund, the associate executive director of income security, and Bob Wihlidal, our executive director of finance and admin.

The Chair: — Thank you and welcome. And to our Provincial Auditor.

Mr. Strelieff: — With me are Mike Heffernan, who is going to lead our discussion on Social Services, as well as Dawn Watkins, one of our valuable administrative assistants, and Amy Kinvig, one of our auditors, strong auditors out there.

The Chair: — Thank you very much and welcome. We also have a new official with the Provincial Comptroller.

Mr. Paton: — Yes, Madam Chair. I'm pleased to introduce again Jane Burlund, who is manager in the Department of Finance.

The Chair: — And welcome. This afternoon as per usual I'm going to read the statement by the Chair to witnesses before we continue on.

Witnesses should be aware that when appearing before a legislative committee your testimony is entitled to have the protection of parliamentary privilege. The evidence you give to this committee cannot be used against you as a subject of a civil action.

In addition, I wish to advise you that you are protected by section 13 of the Canadian Charter of Rights and Freedoms which provides that:

A witness who testifies in any proceedings has the right not to have any incriminating evidence so given used to incriminate that witness in any other proceedings, except in a prosecution for perjury or for the giving of contradictory evidence.

A witness must answer all questions put forth by the committee. Where a member of the committee requests information of your department, I ask that 15 copies of that information be given to the committee Clerk, who will then distribute the document and record it as a tabled document.

And please address all your remarks through the Chair.

We'll start this afternoon by asking the Provincial Auditor to give an overview of the department of . . . this chapter we're

discussing today.

Mr. Strelloff: — Michael, can you take that over please?

Mr. Heffernan: — Madam Chair, members, I'll take a few minutes to lead you through the chapter. Please feel free to interrupt me as I go along if you have a question or comment.

Paragraph .01 shows the total spending for Social Services of \$586 million as shown in the government's summary financial statement. The department itself spent 525 million; the remainder was spent by Municipal Government and several other government agencies.

Paragraph .02 briefly sets out the roles and responsibilities of the department. Paragraph .03 shows the department's program spending compared to original estimates approved by the Assembly.

The next section of our chapter deals with key issues or risks the department faces. We think it's important that legislators and the public know the key risks the department faces and how the department manages those risks. We are encouraging all government organizations to disclose this information in their annual reports and other public communications such as their web sites.

Paragraph .07 understands our understanding of the key issues or risks the department must manage well to be successful. And I'll just briefly go through those.

The department needs to identify the long-term social service needs of Saskatchewan residents; decide the types, levels, and standards of essential social services it needs to provide; contribute to public policy decisions and influence public attitudes on people's social well-being; obtain sufficient resources to deliver its services; and ensure the Assembly and the public know whether the department is doing the right thing well.

Paragraphs .08 to .26 describe the risks more fully and the systems and practices the department employs to manage those risks. Rather than discussing with you all five risks, which would take some time, I will limit the discussion to risk five which begins in paragraph .22. This risk is particularly important to members of the Assembly and the public.

Risk five is:

The Department must ensure the Assembly and the public know whether the Department is doing the right things well:

The Department must ensure the public and the Assembly have the information they need to understand and assess the Department's performance. People want to know what the department planned and what it achieved.

To inform the Assembly and the public, the Department's communication strategy should include a business and financial plan.

The Department's annual report should help the public and the Assembly understand and assess the Department's

performance. In addition, it should contribute to public confidence in the . . . system. The report should describe the Department's performance compared with what it planned to achieve, and the performance indicators and targets it used to measure its performance.

For example, the department has set a performance target that at least 96 per cent of social assistance payments will be made to eligible persons in the correct amounts. We think publishing actual audited performance on this target should build public confidence that the department is using the resources effectively.

Finally, we think the department's annual report should describe the key issues or risks the department faces and how it's managing those risks.

Paragraph .27 sets out our audit conclusions and findings. We found the department had adequate rules and procedures and complied with the governing authorities except for the matters we report in the remainder of the chapter.

In paragraphs .29 and .30, we note significant improvement in the control of social assistance payments over previous years. In previous reports, we noted we were unable to determine whether the department complied with authorities governing its social assistance payments. Because the department did not adequately follow its rules and procedures, we were unable to determine that only eligible clients received assistance and that they received the correct amount of assistance. Our 1997 audit revealed the department has made significant improvements in this area and we no longer have a concern. We commend the department for this achievement.

In paragraphs .31 to .33, we note that in our *1997 Spring Report* we describe how suspected cases of social assistance fraud in Regina and Saskatoon were not being investigated by police. This matter is now being resolved. The department has agreements with both Saskatoon and Regina police services for the investigation of suspected fraud and for the laying of charges when appropriate. And in our future audits we will look at how that system goes from year to year.

In paragraphs .34 to .41, we note that the department needed better control over its bank account, and we're pleased to report the department now has control over its bank account.

In paragraphs .42 to .49, we describe how the department can improve its annual report. We examined the department's 1995-96 annual report, which was the most current report available. As noted earlier, we think the department's annual report should explain the key issues or risks the department needs to manage well. While a reader of the annual report can infer some of the department's risks, the report does not explicitly describe the key risks and how the department manages those.

The annual report does not show what the department owns and owes. For example, the report does not disclose the department's investment in capital assets. I'm pleased to inform the committee that the department discloses this information in its next annual report — that was for 1996-97.

The 1995-96 report does not state whether the department has achieved its goals and objectives and it doesn't state what the department's measures and targets are. We think an improved annual report would help to strengthen public confidence in the department.

In paragraphs .48 to .49, we recommend in its annual report to the Legislative Assembly, the department should describe how it manages the key issues it faces and the annual report should provide a summary of the department's financial and operational plans, performance targets, and actual results.

That concludes my remarks. I'd be pleased to answer any questions that the committee may have.

Mr. Strelloff: — Thank you, Mike. Madam Chair?

The Chair: — Thank you very much. And ask the deputy minister if she wants to take this opportunity to give members any additional information.

Ms. Yeates: — Just very generally, thank you Madam Chair, to say that we appreciate the comments by the Provincial Auditor and his office; and the words of commendation and support, we appreciate those as well. And we look forward to continuing to address the issues that are raised.

The Chair: — Thank you.

Mr. Gantefer: — Thank you very much. Good afternoon and welcome. As much as I trust the accuracy of the media in describing events, I am interested in hearing from your perspective what happened in terms of what was reported about records being lost some days ago and get an update from you as to what seemed to have happened.

Ms. Yeates: — Thank you for the question. I think we're describing the same incident. My understanding is that some documents were inadvertently and inappropriately left in a public place outside a building. I think it was, in my information, 20 to 30 pages; so perhaps one file folder, perhaps more, was left inappropriately in a public place.

Clearly, this is of great concern to us. We have strong views on confidentiality. They are legislated views, but they are also strongly held views because of the very confidential and sometimes intrusive nature of the information we would have about our clients. And it is of utmost importance to us to keep those confidences, as we believe we do in general.

What happened here? Obviously an error was made. And some papers were inadvertently — and not in a routine way by any means — left in a place where they ought not to have been. We have contacted the press to ensure that we have the return of those papers and can understand exactly what happened. It was not, as one might have led when one first read the account, a huge stack. It was not . . . it wasn't sort of a barrel full of papers, but there were certainly inappropriate papers left in a public place.

Obviously an error was made, and our general procedure is to make sure that information is kept very confidentially and, when disposed of, is shredded appropriately.

Mr. Gantefer: — I appreciate that until you have the papers recovered you may not be in a position to ask this, but would these be the type of papers potentially that a caseworker might use in the conduct of their business in relationship with clients and simply set them down in a way then forgot them — human error element?

I guess what I'm getting at is there a concern about, you know, that there's a need for caseworkers to do their work and to do their job and to meet with clients and human mistakes happen — everybody can understand that — but is there an element that caseworkers are getting too heavy of a load that may have compounded or help to explain this situation?

Ms. Yeates: — Well I think we also would view the situation as human error. My understanding, and I haven't seen the documents personally to know, but my understanding generally is that they were copies of requisition forms. So they wouldn't be all the kinds of information that we would have but they would clearly be information that should not be publicly available.

We do have ongoing discussions with our staff and with the union about concerns over workload. And we believe we're making some joint progress in terms of understanding the concerns and dealing with them. Personally until I know more about the situation I couldn't speak to that, but in this circumstance it certainly looks to me, from everything that I do know at this point, as a situation of human error — something inadvertently left behind in a situation where obviously it should not have been.

Mr. Gantefer: — As MLAs everyone has a number of people that come to our office for advice or support or inquiry. And certainly among that number, I think for all us, are people who require support from Social Services and they're not entirely sure how to access the system or feel that the system is somehow not responding to their needs.

I think statistically it's fair to say that there has been increased pressure on the system over the last number of years. And what I'm wondering has the department been able to respond . . . Or how has the department responded, I guess, to the increased pressure? And you know is there getting to be a heavy workload or a heavy caseload that's making the ability of the department to respond appropriately more of a challenge? Or what's your assessment of that area?

Ms. Yeates: — Well we do have a number of programs, and the caseload situation is different depending on which program we're talking about. In social assistance, which is one of our largest programs, caseloads have been falling for the last four years I believe. That's not to say that they aren't above levels that perhaps workers would prefer, but we are in a situation where the caseloads there aren't growing.

We do have in many instances, and again this would vary regionally, in some areas of the province the caseloads are falling greater than others. In some areas we have caseloads rising even in income security because of people moving about and because of migration. But over all, caseloads of income security are down.

We do have a situation where our young offender caseloads are rising, and where some of our family preservation programs, our child protection programs, where there is certainly ongoing continued demand and in some cases increasing demand.

Mr. Gantefer: — Thank you. You alluded to a couple of areas where you're having increased demand. It strikes me in many of those instances that potential solutions are interdepartmental in nature, that it's not something simply that you can deal with on your own. There may be elements of health, of justice, of different issues, and I wonder if you would outline . . . I'm sure that you're working with other departments in terms of some of these programs. If you could outline some of your initiatives interdepartmentally to address some of these increased challenges that you've demonstrated or outlined?

Ms. Yeates: — Certainly. We would very much support the view that the issues that . . . many of the issues that we deal with have causes that go much beyond the realm of our department and go much further into the education system, the health system, a variety of other areas. We also believe that the solutions in many cases lie in interdepartmental work as well.

We have been one of the departments working very diligently with a number of our colleagues in other sectors, not only government departments I might add but other agencies beyond government, and we've now formed what are called regional integrated committees.

And there are 11 of these across the province working in various of our communities to try to pull together the health sector, be that the health districts or central health people, the education centre, generally the local school boards, in many cases the RCMP would be part of that process, the local municipality, perhaps the tribal council, working together to look at prioritizing what are the needs of the certain community and how can we address some of those in a way that is not in stovepipes. It is rather across the jurisdictions.

In many cases our regional offices . . . our regional staff are a key part of that process in some jurisdictions. In some of the regions we would chair that process. In others it might be a health district that chairs it and in others it might be someone from the education sector. So we have worked very hard to make sure that we have that kind of co-operation at the local level in terms of community development and finding solutions.

We've also worked very closely with our colleagues in post-secondary education to work with them on assisting our clients and their clients under the provincial training allowance; worked together between those two programs to make sure that if we don't have the solution directly, if it's a training solution for example, that is suggested as someone comes forward needing social assistance. But in fact the case plan, as we work that through, indicates that it's a training is what the individual needs in terms of upgrading their skills and attaching again to the labour market.

We've worked quite closely with our colleagues in post-secondary education and also at the regional college level to make sure that our clients have a smooth path and understand where they can get the kind of assistance that they might need.

Also in Prince Albert we have the pilot project that again we are part of a community group that is working with the youth there in the pilot project entitled Youth Futures to deal with interdepartmentally and cross agency with the issues there. We've been a major sponsor of the child action plan, the initiative with a number of departments working together to look at the needs of children across sectors and not limit it to any one sector.

And we're also working nationally looking at whether there can be a national children's agenda to try to take the Saskatchewan experience of the children's action plan on a national level, whether we can pursue that successfully as well.

Mr. Gantefer: — Thank you. Thank you, Madam Chair.

Ms. Stanger: — Thank you. I thought you'd go on for a lot longer, Mr. Gantefer. When I'm looking over the auditor's recommendations, the recommendation, chapter 22, .48:

In its annual report to the Legislative Assembly, the Department should describe how the Department manages the key issues it faces.

I think that is something that anyone would agree with. That .49, I have a question about that area because it says:

The annual report should provide a summary of the Department's financial and operational plans, performance targets, and actual results.

While the annual report should be improved in describing the department's activities — and I think from your summary, Social Services has improved — Social Services cannot be judged by financial criteria alone, but it involves measures of individual and community well-being. While as the auditor's office notes, Social Services has improved its annual report, the department doesn't have, I don't think, sufficient control over all aspects of society to specify meaningful and attainable program targets.

Now I'd just like to ask the auditor's office if they have an idea of how that could be attained.

Mr. Heffernan: — I'll make a few comments and then I think the department should respond too.

Ms. Stanger: — Yes, oh yes.

Mr. Heffernan: — As for the . . . You mentioned first the financial plans. That would be basically that they indicate, you know, what their budget was for the year and what they expect in future years. And it has generally been information on the current, the very next year's budget, but no, not longer term.

I think as for performance targets and actual results — and here we're talking more about outcomes, like what are you really trying to achieve — I suspect the department would actually agree that in the long-term that's where they would be moving towards.

Certainly the health system is. The Saskatoon Health District, for example, now has a number of performance measures and

targets and deadlines for the children and youth populations. And it's quite an impressive document, actually.

And we simply encourage governments to move towards reporting on outcomes, what you're really achieving. I think that's really what the public is starting to demand now. It's no longer enough just to know what the activities were. People want to know. So what? Okay, you set these objectives — what really happened? And I think the department should respond to that as well, because it's really in their domain to actually do that and they can, I think, explain some of the challenges they have in trying to do that.

Ms. Stanger: — Well just before we move on, could you give me an example of how you would do that. Just pick any specific area in Social Services. How you could make a prediction, get an indicator, and judge the outcome in one year.

Mr. Heffernan: — Okay. I would agree it's not possible in one year. These are long-term trends that can only be measured over periods of years. In that sense it's not like a financial budget. But the department over a number of years can show trends, you know, on how it's moving towards its targets.

Ms. Stanger: — You know, I can go along with that. But because reporting is done on an annual basis, it's difficult to measure some of those things yearly.

Now if you did long-term planning — this is where we want, for instance, child protection to go if you were measuring child protection. That's an area I'm concerned about for instance. I think we're going to have some problems in child protection in the next few years for many reasons.

It would be very difficult for the department to do that. I should let them speak. Maybe it isn't as difficult as I think. But just working in the areas I've worked with in my life, I know in a yearly basis that would be something that would be difficult to predict the outcomes and the indicators.

Mr. Heffernan: — Let me give you one example, because my mind's been around the health system a little bit more, because I have just been looking at what they're doing lately and this is an indicator that would also affect Social Services as well, at least ultimately.

One of the indicators that the health system tracks is the rate of low birth weight babies.

Ms. Stanger: — That's so easy to indicate.

Mr. Heffernan: — That's right, but it's a very, very important indicator in future costs of health care and so on.

Ms. Stanger: — It is.

Mr. Heffernan: — And obviously, possibly in some cases Social Services as well.

Ms. Stanger: — Well I don't want to be argumentative, but I just want to tell you it's easy to weigh a baby and to keep track of all the weights and to make the comparisons in that year. And if you do say a prenatal program, a strong prenatal

program, you could take it that year, you could see the babies that were being born. It's much easier to do than taking a child say in child protection services.

How are you going to judge where they were that year and where they are the next year? You could see over the long term. But anyway . . .

Mr. Heffernan: — Just an example of one that the department can track, although it's not easy even in this case, and that is the department obviously wants to encourage people to be independent and to be able to get off welfare. You can set targets there and track what happens to people after you finish your case plan and you've got them working. It's not easy to do but it can be done.

Ms. Stanger: — Has the department got any comments on that?

Ms. Yeates: — Thank you. Madam Chair, we would concur with the move towards reporting on outcomes as being the objective that we would all wish to move towards. We appreciate the comments about the improvements to the annual report. I think our feeling is we have tried to make some improvements and we would certainly agree that there are more to be made. We have tried to, in the '96-97 annual report, deal with the forward-looking plans, the sense of in this report for example, each division outlined the plans for the following year in trying to give some sense of forward looking and where we would be measured.

With our new programs that were — building independence programs — that were introduced this year, we have talked publicly about outcomes. We said what we are hoping to do is to have more single parents, for example, who are on social assistance seek maintenance payments. There was no financial incentive; we taxed back maintenance payments dollar for dollar by building those in as eligible for the employment supplement program. Our expectation and hope, and we will be tracking over time, is do we see an increased rate of families, single-parent families, who are on social assistance seeking maintenance payments and getting the benefit from that.

We are expecting that additional families and additional children in significant numbers will be eligible for and receive supplementary health benefits. So that's something that we can track in terms of individuals being eligible for benefits they would not have received previously.

In the longer term we would look for incidents of child poverty, for example, the depth and incidence of child poverty to be reduced. We know that that's not an overnight phenomenon. We know we've had these programs, as they currently existed prior to this last summer, in place for a number of years and we're not going to change everyone's thinking or everyone's behaviour overnight. But our belief is that over time we will see that and we are working to . . . we've said those are things we will measure over time and those are outcomes we are wishing to be measured by.

We are interested . . . we are working with our federal colleagues as well on the national child benefit to work on indicators because one of the challenges here is the issue of causality. There are many things that intervene and make it very

difficult to say, was it this program that had that impact or was it something else that was happening in the population, perhaps because of demographics, perhaps because of migration, perhaps because of something that happens in the economy, or as we've all learned lately something that happens in Asia or something that happens far away can have an impact.

So what we are doing with our colleagues across the country is trying to understand which indicators will actually be meaningful for us here. And we've laid those out for our new programs for example and talked about both the short-term and the long-term outcomes that we would hope to see.

I would certainly acknowledge that we aren't where we would like to be in terms of outcome measures in all of our programs but it is something that we are working towards.

The Chair: — Ms. Stanger, do you have more questions?

Ms. Stanger: — Just to say that, so you would say you are working towards making the predictions that you can and looking for — how could I put it — for assessments or tests or how you can test these outcomes.

See, I don't even think there's, up until now, vehicles out there to be able to test some of these outcomes. So somebody's got to be writing these or studying them or realizing how to do them. I'm not putting it very well but you know what I mean. I don't think up until the last few years the people even had the ability to be able to assess some of these outcomes.

So you're saying that for the long term you're working on that?

Ms. Yeates: — Yes, I think we would say that the science of outcome measures and indicators is not all that exact, particularly in this field. The same would hold true in Health and for many years we had the low-birth-weight babies as one of those that was quite clear cut. And it's delightful to see more measures there. Even as you go further in Health, again causality becomes difficult, but people are trying to meet that challenge.

I think in the Social Services area the intervening variables are even greater in many cases and the difficulties are greater. That doesn't mean it doesn't need to be looked at and tried. And in some cases we may have measures that are not the perfect ones that we would wish but that are some sort of intermediary measures, and we will work towards that.

I'm not saying in all programs we'll have them or that they'll be possible. But I think academics across the country are struggling with this question and we work with them as part of a national sort of effort to deal with this question.

Ms. Stanger: — So you're working towards . . .

Ms. Yeates: — We are.

Ms. Stanger: — Thank you.

Mr. Shillington: — My comment is going to be brief, in part congratulatory. During much of my political career this has been the single most important department. It's the one I write

the most letters to, the one I have the most interreaction with. And perhaps it's, I think it's just a factor of the area . . . the part of town I represented actually.

It is always a struggle to get additional resources to this department. And that stems I think directly from the lack of public understanding of what you're doing. It therefore seems to me that it is in your interest to provide performance . . . to try to devise performance standards, put them on a bulletin board on no. 9 north so everybody can see them and let people know what you're doing.

Because the reason why resources are so hard to wrestle for this department is because there's a huge chunk of the Saskatchewan population which live in all our ridings, but I think particularly some members opposite, who view this department as a total waste of money. And they believe it's wasted and so on and so forth and it's their tax dollars, and I think it's all fraudulent.

So I think it is really in your interest to try to devise these and to publish them and make them known so that the public does understand that you are effective in dealing with problems. I recognize the truth of what Vi says. These are subjective standards. And objective measurements therefore are going to be really difficult to come by in some cases.

But it seems to me it behoves us to try just so that we can increase the public understanding, and it'll make our jobs a lot easier if we can increase public understanding on what to do. Because at the moment it seems to me to be woefully inadequate.

There's no particular need for a reply.

Mr. Osika: — Thank you, Madam Chair. And I apologize for being late. But I . . . just to pick up on what Mr. Shillington said. I feel that people do in fact appreciate. And perhaps that's part of the problem. There is not enough of an education program for the public to actually see what's happening.

But people do ask those kind of questions. They do ask whether or not there is control over the millions of dollars in cheques that are being written. And that's . . . I think the public, you know, deserves, expects and deserves to have those assurances. That's an awful lot of money that's being distributed through that particular agency.

So I don't believe your criticism was fair of the two of us that are left on this side as seeing the department negative . . . in a negative manner. We don't. But we do express a concern . . .

Mr. Shillington: — I did not say that, Ron.

Mr. Osika: — Okay. We do express some of the concerns that we see perhaps might give the taxpayers some comfort if they were a little more, had a little more assurances that yes there were tight controls, and yes the money was going to those needy people, and the ones that needed it deserved it and had it coming to them.

Having said all that, you talked about working with youth that become involved with the law. And at this point, is that from

the . . . from what aspect? From the legal assistance aspect?

Ms. Yeates: — We have responsibility in the department for the administration of young offender programs. So we actually have the . . . if there is a custody order open or secure custody or if there is a community probation order or an alternative measure or a victim's restitution order, our youth workers would . . . are involved in the administration of those orders and working with the youth.

Mr. Osika: — But that's post-court appearances and so on?

Ms. Yeates: — Yes, it is. In many cases we find that these youth may have been youth that were known to us previously. Not always, certainly, but they may have been youth that were . . . who had family troubles, who had . . . they may have been in contact with the department and already had some, for example, some case worker. Not always certainly, but we would assign a case worker once they are charged.

And then that person, if they go into an institution for example, if they are convicted and go into an institution, the case worker might be the person who would help them reintegrate, who would be assigned to their case once their sentence is completed. Or if they were assigned probation or an order in the community, that would be the worker who supervised them.

Mr. Osika: — So if one of those youths required legal representation, would that be . . .

Ms. Yeates: — No, we don't provide legal.

Mr. Osika: — Okay. I just wanted to clarify that. But would there be legal representation provided then from another source, of Justice and Legal Aid?

Ms. Yeates: — Yes. My understanding of the young offenders Act is that it does require that there be legal representation for youth and that Legal Aid is the vehicle that is generally used unless the youth has resources of their own that they choose to use.

Mr. Osika: — Now when that happens, does that impact on your budget in any way? Does any of your money . . . or does Justice take care of all that?

Ms. Yeates: — Justice has the responsibility for the legal end of it.

Mr. Osika: — And I would suspect that your department and Justice would work closely on . . . in a lot of these issues involving youth and crime and perhaps programs to alleviate the increased criminal activity among young people.

Ms. Yeates: — Certainly in the prevention area, that would be an area where we would work jointly with our colleagues in Justice quite often. And some of the models that, if they develop a model that is working well in a community for adults for example, or we develop one that's working well with youth, it would be something that we would share back and forth.

Mr. Osika: — On a positive note from my perspective, I appreciated the intervention of your department with a situation

that occurred in my constituency involving children whose parents or whose parent was the one who was deceased and the other alleged to have had some responsibility. It required though some notification.

Does your department immediately get involved in that kind of an issue to even make some representation to the courts with respect to custody? Is this usual? Do you get called in? Or are these only special circumstances that you would get involved in — custody orders with the courts?

Ms. Yeates: — This isn't an area that I've been involved with in tremendous detail but my understanding in general is that we would not typically be involved in custody situations unless there was for example a child protection concern, or obviously if the child was in our care or our responsibility for some reason. But in general in custody situations where it's a familial situation we would not generally be involved there. Although obviously in certain circumstances it's appropriate for us to be and we would be.

Mr. Osika: — Okay. That concern was raised and there was some assurances given by the Social Services minister that there would be a review of your department's participation in those serious types of situations where the child's best interests perhaps may not always be represented in those kinds of trials or custody orders. And I was wondering if there was any . . . I'm sorry. You mentioned that you were in fact looking at . . .

Ms. Yeates: — We do, and we do . . . Certainly there are instances where we are, and we are looking at the criteria to see when it is appropriate. I just wouldn't want to leave you with the impression that in the majority of custody cases we have a presence, because in general we do not. But we do have certain cases where we would be involved. And we're looking at whether that is the . . . whether the dividing line there is one that is appropriate.

Mr. Osika: — And then would it be, in those cases then if you were called upon . . . I guess my concern is and the concern has been expressed that on occasion in custody situations before a judge, the child's best interests are not always represented.

And I'm not really sure where the responsibility lies. Is it the child's advocate's office? Is it somebody's office to ensure . . . I mean it's usually between adults and they each have a lawyer. And the young people are there and the judge doesn't perhaps get the benefit of their concerns or their feelings with respect to where they would feel comfortable, or where they want to be, or where they'd feel safe.

And that's the concern I believe that's been raised — that there is no criteria at the present time to have an individual responsible for doing specifically that.

Ms. Yeates: — And I would suggest it's more, Madam Chair, than just the question of criteria. It is a question of resources as well.

We would not . . . We are there now in the exceptional circumstances. We are in circumstances where it is clear to us that there is an interest for us to be there to represent the child's interest. And we do try to be focused on that. But we aren't

currently resourced to do that in a very routine way across the province in custody situations.

Mr. Osika: — But you would get involved if somebody called in, if one or the other side or even say a maternal grandparent or whatever contacted you and said, hey listen, whatever was decided as far as custody orders, we have a concern about? Would you then get involved?

Ms. Yeates: — We would certainly take a look at any cases that were brought to our attention in that way, and examine whether it would be appropriate for us to be involved. There is a family law area in Justice that is also a possible resource, and there's been some national work on custody . . . improving the process of custody as well, the custody battles and that sort of thing.

Mr. Osika: — Thank you very much. Thank you, Madam Chair.

Mr. Goohsen: — Thank you, Madam Chair. First I want to say that I think it's a good idea if you try to relate your department's activities to the general public in a positive way. We of course do, out in my constituency, hear a lot of comments from people who feel that Social Services is somewhat unnecessary or that perhaps it assists some people too much. And until you delve into the individual problems that come before us, you kind of have that feeling. But then of course they take a human face when you deal with them and you realize that Social Services is an essential department.

I think that is a lack of education that needs to be addressed in order to assure people that we are not wasting the taxpayers' money by helping other people.

We have a specific type of problem in our area that maybe occurs a little more than it would in other parts of the province because of our proximity to Alberta, and I suspect people from Manitoba, on that border, have this as well.

But we have situations where people come into Saskatchewan to work on a restricted basis as a result of being wards of the Workers' Compensation Board in Alberta and they've been assessed a partial injury, and these people in Workers' Compensation seem to be rather adept at finding them jobs in Saskatchewan. And usually they're jobs that don't seem to last very long though and then we find these people have already moved to Saskatchewan. They're basically on our health care program in terms of going to see the doctors and that sort of thing, and their families as well.

But then all of a sudden they're unemployed because these jobs seem to evaporate and at that point they don't move back to Alberta, but we find that they seem to then be looking towards Social Services and of course that's a burden on Saskatchewan taxpayers instead of Alberta's. Now we're told that that somewhat balances off in the exchange between the borders.

But my question to you is, would you as a department at that point take some responsibility for representing these clients, if I can use that term, in their endeavours to achieve some financial benefits out of Alberta to a greater extent rather than fully becoming dependent on Social Services here in Saskatchewan? Is there some agency or part of your organization that does that

work or do you just put them on Social Services and leave it at that?

Ms. Yeates: — Well, Madam Chair, the situation is that we would work with every client who comes to us to develop a case plan. And in some cases that involves understanding where they are most likely to be able to become independent, where they are most likely to have supports. And if that is in another province, that would be something we would work with people on, in terms of they may have more support, they may have more employment prospects in another area.

We wouldn't typically sort of move just to export a problem because I think our sense across the country has been that we can sort of do that to each other and in fact we will not. None of the provinces will be better off. But we would undertake with everyone to do an individualized case plan as they come to us.

We would certainly . . . we are very rigorous in terms of asking people about what other support systems they do have, what other employment prospects they do have. So if they have family supports or employment prospects in Alberta because that's where they've come from, that would certainly be explored. Not with the move just to export our problem back to Alberta because as you say it does go back and forth, but rather because we seek to try and make everyone who comes to us to be independent and to seek employment and support in the community and if they are new to Saskatchewan there may be less chance of that happening.

It may be a situation where people have not a lot of support systems in either place. They may have children who have started school. I mean we try to look at the whole family and see what would be best for them. But we have in general tried to retain sort of portability across the country and not of people simply sent back to where they come from as a matter of course, unless that's the best route to independence for them. It may in many cases be so.

Mr. Goohsen: — Well specifically, would you take it upon yourself in a case plan to approach Alberta's Workers' Compensation Board for example to have reassessments done on a client so that they could be upgraded or downgraded or whatever they would do in terms of assessing the percentage of a total disability?

Ms. Yeates: — If there's a question about whether they would have received their entitlement from Workers' Compensation or not we would certainly pursue that with them. We do work . . . we have reciprocal agreements with Alberta. We work with Workers' Compensation to make sure that we aren't ever paying social assistance in our province where people are entitled to other benefits and may be receiving them. So certainly if there ever was a question of perhaps benefits that they were still entitled to elsewhere we would pursue that with them, absolutely.

Mr. Goohsen: — That's good to hear because that is exactly what we're running into in some situations. And I leave it broad like that because I don't want to get too specific on people's individual lives. Having said that I guess I'll discontinue.

The Chair: — Thank you. I have a couple of questions. And

first of all I wanted to assure the deputy minister and her officials that those of us that aren't on the government side of the House do also care very much about the people that you work with in your department and we too have our desires to make sure that everyone can be independent and realize their own self worth. And that's what we're all here for as elected people, and I know in your department as well.

Just a couple of questions. I see that the \$42 million that goes to Social Services tactually goes to Municipal Government. Could you just briefly . . . I know I can get it from the other book, but do you have any opportunity to decide how much of the 500 and some . . . 524 million you get to keep and how much goes to . . . is spent by Municipal Government? Oh it's 586, pardon me?

Ms. Yeates: — Madam Chair, I may be mistaken on this point but I believe that that \$42 million is not within our budget and I think the Provincial Auditor has chosen to display it here as a grouping if I'm . . . am I understanding that question?

Mr. Heffernan: — Yes, we want to show the totals Social Service is spending in the province of Saskatchewan and some financial statement to the government to show that. We're showing a reconciliation here and it's . . . I can give you a little more information at least in who's involved in this — Municipal Government and the other two main players are Sask Housing Corporation and the Careers Corporation. And if you want the actual numbers we can get them for you.

The Chair: — That's fine. I was just wondering. And can you give us just a brief overview of what's happened with the new child action plan? I know it's only been in place for a couple of months but I'm just wondering if you can tell me if it's had an impact on the caseloads so far in this province? Have you had a chance to review it? I'm not asking for a lot of details, just generally what's happening.

Ms. Yeates: — Madam Chair, the two biggest new components of the child action plan . . . and there is I believe \$52 million in the child action plan overall this year. But the two biggest and newest components which I think you're referring to are the child benefit and the employment supplement which is available to families, working families with children.

We've had two months of experience and for which I have data on the Saskatchewan Child Benefit and we have paid out . . . the number of families receiving benefits as of August 1998 was 43,947 so we have a number of families very close to our original estimates in terms of receiving benefits there.

We've had some families initially who had not previously filed tax returns and certainly the ones that we come in contact with, our workers are working to make sure that they do file tax returns to be eligible for the federal Canada Child Tax Benefit and then as well the Saskatchewan Child Benefit because of course they're not getting . . . those on social assistance are no longer getting the children's portion of that payment through social assistance so it's vital that they actually file a tax return and apply for the program in that way.

So we are seeing those numbers . . . we expect to see them rise gradually for a month or two as the remaining people who had

not previously filed tax returns to file them. But we're seeing a good number, virtually 44,000 families who are receiving those benefits. That includes about 88,800 families who are living on reserve. And of course we are . . . the federal government is paying for that portion of the Saskatchewan Child Benefit for families with children on reserve.

The Saskatchewan employment supplement is the other of the two programs that we introduced. And there we have over 9,000 families who have applied or who were in pay. And the latest number for which I have in terms of families receiving benefits is we had actually over 4,400 families who received benefits under that program in August.

The Chair: — Thank you. The number of recipients on the reserve — I know it's paid for by the federal government but do you have to manage that caseload then?

Ms. Yeates: — No, in fact the Saskatchewan Child Benefit is very administratively streamlined because we work with Revenue Canada and basically it is part of the cheque or the direct deposit in many cases that comes with the Canada Child Tax Benefit. So we pay an administrative fee to Revenue Canada; it's very reasonable in terms of the number of benefits that are produced through that. And the Department of Indian and Northern Affairs Canada also pays Revenue Canada their portion of the fee.

Revenue Canada actually administers the Saskatchewan Child Benefit on behalf of both of us. And we find that a very streamlined administrative arrangement.

The Saskatchewan employment supplement is the one that we administer through our call centre here in Regina, and that is only available to individuals living off reserve.

The Chair: — I should tell you that I've had a number of calls from my office since this plan came into effect that were very complimentary with, you know, the way they have been treated. Even the information that was sent to them — some of them that hadn't even applied with the letters they had received and they were happy about that.

Part of the previous comments were talking about fraudulent practices and I'm wondering if you can give us an idea of how many cases you've been dealing with that actually were proved to be fraudulent.

Ms. Yeates: — Yes I can. We have a number of controls that we use in the department. And we would certainly support the comments that I think that Saskatchewan people in general do want to support those in need. But they need to have the assurance from us, as administrators, that in fact we are doing everything we can to ensure that those who are receiving our payments are in fact qualifying for the program.

So we support that and I think our clients support that. That is something that is important to them as well — to be perceived as people who are deserving of the benefit. So I think there's a general view that we need to put in place a number of controls.

The auditor's report makes mention of an audit, an annual audit, and we have changed our procedures for those and in fact

appreciate the commendation in the report about the improved audit procedures that we have put in place internally.

We also have, we have 30 financial services workers who do verification on roughly 12,000, over 12,000 cases every year. So there's a strong cost benefit there. And those verification staff are verifying client circumstances in a wide . . . to a very extensive extent.

We find the systems controls that we have to be very important, relative to some jurisdictions we have certainly much greater control; we have great control on eliminating the possibility of duplicate cheques for example. We do benefit and payment reconciliation.

We have system matching with a number of other agencies that is significant in terms of ensuring that income is reported to us. So we have computer interfaces with Employment Insurance, with student loans, with Revenue Canada, with the Canada Pension Plan, with firefighting income, with health registration data, with correctional centres. We have interprovincial matching with four western provinces and we've signed an agreement in February with Ontario so we're beginning the process of setting up matching with them as well. We have Workers' Compensation Board matching again.

So we have a number of computer matches that are very effective in terms of ensuring that we have accurate information. We work with the maintenance enforcement office as well to ensure that we're aware of maintenance income in that way.

We have increased our accounts receivable, our collections, by going to some new procedures there. We have a do-not-forward postal service. We have a duplicate address edit, a direct deposit edit.

And we have agreements with the city police, which I'll speak to. The auditor's report does mention those specifically. We have a situation where we've contracted with the Saskatoon city police and with the Regina city police, with the specific service that is dedicated to taking our referrals. Because of the volumes in those two areas, we felt that would give us the best assurance that we were getting cases looked at.

And so during . . . it's been one year of operation in Saskatoon; 108 cases were referred for investigation; 84 investigations resulted in criminal charges there.

In Regina we've had that up and running since April 1. And we have 21 cases that have been referred for investigation and none have yet gone to court but they're in that process now.

So we do have a number of, we think, very solid controls. And I think as a package we've not found a jurisdiction in the country that has a stronger package of controls than we have. We're always trying to learn from other jurisdictions, but as we share information back and forth we think this compares very strongly.

The Chair: — 12,000 cases is less than . . . about 200 that are actually . . . have been looked at, so that's not a very high percentage.

Ms. Yeates: — Yes, it is a very low percentage. And I appreciate the comments of the members of the committee about public awareness and public information because I think often there is a misperception in the public. And we have to remain very vigilant, but in doing that we don't find a very large percentage at all of cases.

The Chair: — Social Services — do they ever make direct payments to school divisions for working with children who have . . . are working? I guess I'm not even sure how or why they would do it but I just had a couple of comments lately that I understood there is payments made to school divisions. I'm wondering under what circumstances.

Ms. Yeates: — There are two kinds of payments that we make that would relate to schools, one of which we wouldn't pay to schools and the other which we would.

We do offer families school allowances. So in the month of September, because there are often school fees that need to be paid, books that need to be bought, pencil crayons, the sort of school supplies issues, we do offer a small school allowance. And that would not go to schools directly; that would go to the families who have to buy those school supplies for their children.

We do also have child nutrition and development grants in some schools to provide, for example, school lunch programs in some schools where we think there's a significant barrier to learning because of child nutritional concerns. And those would be on occasion paid to schools directly.

The Chair: — Thank you. And the last question I have is on the Year 2000. Is your department compliant?

Ms. Yeates: — We are working very hard and diligently and are very confident about our progress at this point. We've had an assessment done. It shows us to be . . . all of the indicators from the assessment are that all of our systems are Year 2000 compliant.

But we actually want to test all of those. Our advisers tell us that it's not only good enough to think that they're all compliant but we have to know they're compliant. So we are going to, despite the positive assurances we've received to date, go into a phase of actually testing all of our systems to make sure that they live up to the advance billing.

And all of our new systems that we've put in place with the child benefit and the employment supplement, we've been able, of course, to build all of those to be Year 2000 compliant.

The Chair: — I guess I do have one more question then. It's on fetal alcohol syndrome. I've been talking to a number of school divisions who are quite concerned that fetal alcohol syndrome isn't considered under special needs and it does cause considerable concern for them and you know takes a lot more resources. I'm wondering if your department is working on an initiative to actually have this included as a special need and if other jurisdictions in Canada actually have it included at this time?

Ms. Yeates: — I can't speak to whether it's included in terms

of the school system in terms of their formula, but I can say that we are working with our two neighbouring provinces — Manitoba and Alberta — on a joint project on fetal alcohol syndrome. We realize that one of the issues is assessment and being able to assess accurately when fetal alcohol syndrome is present, and then to train staff whether they be staff in a young offender facility or staff in a school or in a hospital or in a day care, how to appropriately have strategies that will work well with fetal alcohol syndrome children.

So we are working . . . we've divided the work amongst our three provinces and we've said, for example, one of the provinces is doing a physician training piece. They're feeling that the actual assessment at the physician level is not always what it might be. So I believe it's Alberta who's working on that.

We are working, in Saskatchewan, on the component for people who are in institutions and to try and give them the kind of behaviour guidelines and guidance and the assessment and management tools that would be useful and then we'll share that with our other two provinces.

And Manitoba is working on another piece as well so we've been working jointly to try to develop the kind of assessment tools and the kind of understandings and we're going to use joint materials for example. Rather than everyone designing and printing their own materials, we're going to have joint materials between the three provinces, both for efficiencies but also to ensure that our messages are the same, that we aren't giving mixed messages about the condition or its seriousness.

So I was . . . actually just ran into a boardroom the other day in my building and there was a group of people from across the province there working on our training package. There was a boardroom full of community people and others working very diligently on our component of that interprovincial package. So we are working very diligently on fetal alcohol syndrome.

The Chair: — Is it something that your department is considering that would be seen as a special need so that once the package is developed and an understanding of who actually are considered having fetal alcohol syndrome, would there be additional monies given to a school division?

Ms. Yeates: — We'll certainly speak to our colleagues in the Department of Education about that. At this point I can't comment. I don't know the situation under their granting formula.

The Chair: — Okay. Thank you. Any other questions? Anybody else have a question? We can go on to our recommendations.

Okay, on page 223, recommendation .41, we recommend that:

The Department should promptly reconcile its bank account.

Mr. Gantefer: — Concurred and complied.

The Chair: — Concurred. Agreed.

And 224:

.48 In its annual report to the Legislative Assembly, the Department should describe how the Department manages the key issues it faces.

Could I go with .49 together? Concur? Or how is . . . compliance?

A Member: — No progress.

The Chair: — No progress. Okay. Concur it should be done . . .

A Member: — Concur and no progress.

The Chair: — Agreed.

.49 The annual report should provide a summary of the Department's financial and operational plans, performance targets, and actual results.

Mr. Strelloff: — Thanks. Just a few words on this. I've mentioned before that the importance of the Minister of Finance's announcement that he's going to be reviewing the budget process and the estimates process. This will be very important to the financial management and the operational management of government. I'm hoping that it moves away from single-year appropriations to more of a multi-year planning horizon, away from the lapsing part, or at least reconsider the lapsing part, and encourage government organizations to plan on a broader horizon.

The tendency today is that the focus on the appropriation and levels of activity really discourages organizations to work together and realign their funding and programs on the basis of the best information that's available to them now. And, if the review of the estimates process begins to move in that direction, this last recommendation on providing financial and operational plans and performance targets and results will be a by-product of it, an important by-product of it, but it will be very useful for all organizations to manage our resources better.

So keep an eye on that review because it is going to be an important part of the future of how government manages, I hope.

The Chair: — Having said that I would imagine that this is something that in view of the Finance minister's recent remarks is something that we were noting the recommendation, or is that a fair assessment?

Mr. Shillington: — I think we concur and note progress.

The Chair: — Concur and note progress, and agree?

Mr. Thomson: — I just want to add on to that, this of course is with the standard caution we've put onto all of these other departments when we look performance targets and setting that. I don't want us to all of a sudden be back dooring that we're going to move over to these performance targets that we've rejected in other departments. So I don't want us to end up in a case where we are as PAC (Public Accounts Committee)

recommending contradictory things. But I take it that that's inherent in the vote that we just took.

I just want to make sure that's on the record so we understand that.

Mr. Koenker: — I share the concern that my colleague has just raised in that I think I heard both the auditor's office and the department talking about the need for multi-year frameworks, particularly when it comes to Social Services, and the difficulty of taking the lens of a single year for the performance.

And I wonder whether we don't need to somehow put that into our recommendation as a reflection of the deliberations that we just conducted this afternoon. I would feel a little bit better with that. Maybe it's . . . (inaudible interjection) . . . You don't think it's necessary?

The Chair: — The committee could make a recommendation to the House.

I guess in the meantime I could thank the department officials very much for their attendance today, for the great atmosphere and the opportunity to discuss quite frankly the problems that the department has and that we as elected people hope that we can all achieve and have a common, a positive end to it all. So thank you very much for your attendance today.

Maybe I'll suggest that you stay just to see if there's another recommendation here at the end.

We have a motion before us.

Mr. Koenker: — I think only I can read the writing, but I'll read it.

Keeping in mind the difficulty in establishing measurable performance targets for Social Services within the framework of a single year as noted by both the auditor's office and the Department of Social Services, the committee concurs and notes progress.

The Chair: — You have heard the motion. Is there any comments? The question is asked on this motion. Those agreed? Opposed? This motion is carried.

Everybody has this list in front of them of the different departments to go before us and I was wondering if you want to have an informal discussion and then maybe go and make a recommendation.

Mr. Shillington: — That makes sense.

The Chair: — And we have talked about a date and we know what we have left to do.

Mr. Gantefoer: — . . . to trust the able-bodied decision making about what things go on the agenda to the Chair and the Vice-Chair.

A Member: — Agreed.

Mr. Shillington: — Okay. Let me just share with you what I

understood our thinking was in August. Our thinking was that we would meet in the last full week in November, the dates of which I don't have right in front of me but which were all circulated. I think I circulated to this group and I think Madam Chair did . . . Thank you. It's the 23rd to the 27th.

Ms. Stanger: — Did you circulate it, Madam Chair, to Mr. Osika and Mr. Goohsen?

Mr. Shillington: — I think actually Greg did, as well.

Ms. Stanger: — Okay.

Mr. Shillington: — That then I had assumed would clean up the balance of the '97, '98, and then it's my understanding we have a second volume coming down the rails at us. And it was my assumption when I left the meeting then that we would . . . The first week in January we would clean up that report and then we're done and fresh and ready to go.

Ms. Stanger: — So we could be finished by the first week in January then?

Mr. Shillington: — And we would have . . . It struck me that we would then have the opportunity to do the second volume when it was still relatively new and relatively fresh, and I think that's what we should be aiming at.

There was a time when I was Chair here, it was all done during the session and that was what we thought we did. But I don't think it's as effective as meeting now. I like the week because we have a chance to compare the witnesses and we learn. My thinking is a little different now than it was on Monday, I don't mind telling you, on some of these issues. And I think the week-long thing is good and I think it's good to do it when it's fresh. So that is what I've been assuming, Madam Chair.

The Chair: — That was the way I left the meeting in August as well. That's why I was a little surprised that . . . Basically what I had done before was ask Greg to see what departments were available for the first time around so that we could . . .

Mr. Shillington: — Well let us do that right away. Let us have, as soon as Greg can clear his agenda, let us have him prepare a draft agenda. I see this here; it may not turn out quite like this because when you have to start calling these folks, some of them are available Monday afternoon and they're not available Friday or something.

A Member: — A lot of these are done now of course.

Mr. Shillington: — Yes, a lot of these are done. But let's have Greg do this as soon as he can clear his agenda, then we notify the public servants. And then I think we're fairly strict about asking for adjournments. They've had six weeks' notice, they should be available, and we should be fairly strict about letting them off the hook once they've been given their time to be here.

So I would suggest we do this as soon as . . . the next time you're in town, and I suggest we should sign off on Greg's work if it's satisfactory.

The Chair: — Okay. That can be done as early as next week if

you want me to, but for sure I can be in by a week from Wednesday.

Mr. Shillington: — No, I think a week from Wednesday is fine. You don't have to make a special trip.

Mr. Gantefer: — Is it likely that we're going to try to do the early Monday till Thursday night again? And for selfish reasons, I have a commitment on Friday so it worked well this week. In reality we were able to do it in four long days. It's probably enough. The full week is great but . . .

Mr. Shillington: — It gives you a little extra . . . Yes, I kind of like it. It gives you a little room for error. If something drags on, you've got the extra day. But I think we should aim for a Monday morning to Thursday.

Mr. Gantefer: — Monday till Thursday night and if something has to spill over that can happen.

Mr. Shillington: — At least you have it done, yes.

The Chair: — Is everyone in agreement with that?

A Member: — Yes, sounds good.

Mr. Koenker: — So we're sticking to the 23rd to the 26th now.

A Member: — Of November.

The Chair: — We had before said right till Friday, but if members want to get it done by Thursday . . . This week it worked really well that we had something booked on Friday and then just filled in because we had extra time. Sometimes, like this morning perhaps, another 15 minutes wouldn't have been a bad idea. You don't want to rush questions and rush the officials. But it . . .

Mr. Koenker: — It may very well depend on what Greg finds out from the department. Say, for example, if there is a department that can only appear on Friday — rather than let them off the hook, we probably should go.

Mr. Shillington: — Yes although they may have reasons why they simply can't be here. But this is a legislative committee, and mind you it ought to get priority in the schedules of the public servants. Now there may be reasons why they simply can't make it but unless they are really good reasons, I think public servants should be asked to give this thing priority. This is a legislative committee.

The Chair: — My question then is the Board of Internal Economy. Who comes?

Mr. Shillington: — Not me, says I.

The Chair: — Do you want them? Like they're on this page here.

Mr. Shillington: — Oh, I thought they were meeting that week or something.

The Chair: — No, the Board of Internal Economy is chapter 3

in the 1998 *Spring Report*. Are you're asking the Speaker to come or the Board of Internal Economy to come or who do you want?

Mr. Koenker: — The Speaker chairs the board so I would presume that the Speaker would . . . but maybe Greg can clarify that too.

The Chair: — It says the Speaker . . .

Mr. Putz: — The Speaker would come. The question is, does the committee want all the board is the question?

Ms. Stanger: — The rest don't have to come, just the Speaker.

Mr. Koenker: — No, I think the Speaker.

Mr. Shillington: — No I don't think that's Greg's question. I think Greg's question, do you want these ne'er-do-wells at all? It is a little odd for one legislative committee to be investigating another legislative committee, now that I think about it. It's a statutory board but it's still one legislative committee reviewing another legislative board. I'm not sure that does make any sense.

Ms. Stanger: — Well why are they on the list? We've never done it before.

Mr. Shillington: — It's a part of the audit.

Ms. Stanger: — Oh I see.

Mr. Shillington: — I would think it would not make any sense the more I think about it actually.

Ms. Stanger: — But they've never been on the list before you see and I've been on before so that's why I asked why they were on the list.

The Chair: — It's up to the committee, I guess right now.

Mr. Shillington: — I think I see his thinking here.

Ms. Stanger: — We met with the Speaker and we went over all of the budgets, his budget. Estimates. No, no, but didn't we go over the Board of Internal Economy on that only when the . . . oh, okay.

Mr. Thomson: — I don't think we would want the Board of Internal Economy to appear before us. If anything I would suspect all we would recommend is to ask the Assembly to refer the auditor's report over to the board anyway for their review. I don't feel comfortable reviewing other colleagues.

The Chair: — So then we can . . . Do we need to make a motion, a recommendation or anything . . .

Mr. Shillington: — Yes, I think Greg understands.

The Chair: — Okay. So if everybody is . . . we will leave it basically Monday to Friday. Hopefully then Greg can make it happen Monday to Friday. Oh yes, the other thing that Ned and I had discussed in August was SaskPower because there had

been so much work done through the Crown Corporations Committee that perhaps we would leave that until January. Are there any further comments on that?

Ms. Stanger: — Set the agenda.

Mr. Gantefer: — I think you and the Vice-Chair should look at the agenda. There are other issues facing the Crown corporation right now that may make it very sensible to defer till January.

The Chair: — Okay, we'll discuss it then.

Mr. Thomson: — This is the other question I guess we should ask is, if we are back in a special session this fall, would we then meet at that point to deal with Public Accounts?

Mr. Shillington: — My experience with special sessions is you don't get . . . they're short enough. You don't get time to get any of your committees cranked up or started. My experience with special sessions is all you do is do the business and go home. So I think we should not be expecting to do any committee work when special sessions are on.

The Chair: — Okay. Are there any other comments on this? If not then we can . . .

Mr. Koenker: — I need to be clear about our decision respecting January. Are we saying that we will meet that first week in . . .

The Chair: — Yes. Yes.

Mr. Gantefer: — When in January? We've got the week kind of tentatively looked at already?

Ms. Stanger: — It was sent out as the 4th to the 8th.

Mr. Koenker: — The 4th to the 8th is now confirmed?

The Chair: — I believe that was what we had talked about.

Mr. Strelieff: — That's the idea with . . .

Mr. Shillington: — That's what was sent out.

Ms. Stanger: — Yes, that's what we sent out.

The Chair: — And we had thought that anybody who was going to have a vacation would probably not be leaving right away on the 4th, so possibly we could get everything finished immediately. So 4th to the 8th would be booked.

Any other questions? Coffee break.

Mr. Thomson: — Is there any possibility we could get the Finance officials over earlier with the hope that we would finish earlier.

A Member: — I would speak to that too . . . (inaudible) . . . 3-hour drive.

Mr. Thomson: — I suggest we call and ask them to be here,

say for 3:15 if possible.

Ms. Stanger: — Well they can come over likely.

Mr. Shillington: — Yes, they're only five minutes drive away.

A Member: — 3:15?

The Chair: — Sure. Whenever they can come. We'll say 3:15, hoping they'll be here by that time. If it's a few minutes late, well I guess . . . as soon as they can come after 3:15 then.

The committee recessed for a period of time.

Public Hearing: Department of Finance - Pensions

The Chair: — Good afternoon. It's nice to see everyone here again smiling and everybody's been waiting with breathless anticipation for this chapter. I'd like to take this opportunity to ask the deputy minister to introduce his officials.

Mr. Jones: — Thank you Madam Chair and members. I have here with me today to help out: Kathy Strutt, who's the general manager of the Saskatchewan Pension Plan; Brian Smith, who you met previously, the executive director of PEBA (Public Employees Benefits Agency); Terry Paton, the Provincial Comptroller; Chris Bayda, who also works in Terry's shop; and also from the Provincial Comptroller's shop, Cindy Ogilvie, Jane Burland and Jeannette Lowe.

The Chair: — Welcome everyone. And the Provincial Auditor?

Mr. Strelieff: — With me today is Rod Grabarczyk, who's going to lead our review of pensions.

The Chair: — Thank you. And again before we get started I will read the statement to the witnesses.

Witnesses should be aware that when appearing before a legislative committee your testimony is entitled to have the protection of parliamentary privilege. The evidence you provide to this committee cannot be used against you as a subject of a civil action.

In addition, I wish to advise you that you are protected by section 13 of the Canadian Charter of Rights and Freedoms which provides that:

A witness who testifies in any proceedings has the right not to have any incriminating evidence so given used to incriminate that witness in any other proceedings, except in a prosecution for perjury or for the giving of contradictory evidence.

A witness must answer all questions put forward by the committee. Where a member of the committee asks for information, I request that 15 copies be submitted to the Clerk so that it can be tabled. And you're reminded to please address all your remarks through the Chair.

So thank you and I understand that the Provincial Auditor will start with an overview of this chapter.

Mr. Strelloff: — Okay, thank you. Just as an opening comment. Over the past few years there's been a significant increase in the accessibility of information related to your pension plans as well as performance information related to the individual plans. Cash flow information for unfunded pension plans is available in annual reports, as well as the investment performance targets and results are now moving into annual reports. Pretty significant progress. And Rod has been, for our office, has been dealing with this for quite a few years. Rod?

Mr. Grabarczyk: — Thank you, Wayne. Good afternoon, Madam Chair and members of the committee. I plan to outline the purposes of chapter 10 on pensions and our findings and conclusions.

Purposes of this chapter: I just want to outline the significance of the government's pensions plans; present the status of systems practices used to manage pension risks; present the systems and practices needed to maximize investment earnings; provide an update on the annual reports; provide an update on recommendations in our *1997 Spring Report*; and outline our future audit plans.

The significance of government pension plans: the assets total \$5.4 billion; the actuarial liabilities are 8.5 billion, and there's an unfunded liability of \$3.1 billion.

The unfunded liability is an amount by which the pensions earned by members exceeds the assets set aside to pay those pensions. All pension liabilities have been recorded in the financial statements except for the General Revenue Fund. And these unfunded liabilities are approaching the date in which they will have to be paid, and they're similar to debt that has to be repaid.

Also significant is the membership. There's 66,000 active, almost 31,000 retired, and almost 28,000 inactive.

Some of the larger plans are the teachers pension plan with an unfunded liability of 1.9 billion, the public service pension plan with an unfunded liability of 1.3 billion — this plan also sets aside no assets to pay the pensions — and the public employees' pension plan which manages \$1.6 billion in assets.

Exhibit 4 on page 92 outlines the average pension earned by a member and that this amount is determined from information provided by the actuaries. Members' contributions are defined by the plan and the remainder is government contributions.

The government needs systems and practices to ensure pension plans comply with the law; they keep accurate and complete records to facilitate reporting; safeguard their investments; submit timely reports to the Legislative Assembly, plan members, and government agencies. The reports should show planned and actual performance. An example are targeted investment rates of return and their actual returns. These systems and practices should also include managing cash flows and maximizing investment earnings within levels of acceptable risk.

We found the pension plans complied with the law with the exception of the MLA defined benefit plan. They kept accurate and complete records to facilitate reporting, adequately

safeguard their investments. They need to submit timely reports to the Assembly which include performance information and need to manage cash flows carefully.

Pension plans also need systems and practices to maximize earnings within acceptable risk levels which include: assessing and establishing risk levels; establishing investment objectives; monitoring and reporting on performance; and setting criteria for selection of investment managers.

Our study of systems and practices focused on assessing and establishing risk levels, establishing investment objectives such as targeted rates of return. And we use criteria to carry out our study which included input from the pension plan administrators. The criteria that we . . . criteria are in essence reasonable and attainable standards of performance and control.

We studied the statement of investment objectives of 15 government pension plans. And our findings were: the statements did not clearly set out and state risk levels. When we say risk levels, an example is the ability to accept a downturn in the market and whether you're looking for a return on investment or whether you're willing to have your portfolio grow for capital appreciation through growth. Our findings also indicated that statements did state their investment objectives, however the investment objectives were not stated based on risk levels.

We also looked at annual reports and the progress they had made in improving the annual reports. All annual reports should be tabled in the Assembly. Four plans need to table their annual reports in the Assembly and these plans, although they do not table their annual reports do table their financial statements in the Assembly; and those four plans being the capital pension plan, the SGI (Saskatchewan Government Insurance) pension plan, SaskTel and SaskPower's pension plans.

The content of annual reports needs improvement. The annual reports should describe what the plan is all about, what the plan has done, where the plan is now, and what the plan intends to do. We note that there's progress being made in the information contained in the annual reports. As reflected in the reports, we're now providing investment objectives and performance.

We encourage disclosure of investment forms and planned financial statements as this adds credibility to the information as it's being audited. The teachers' plan, the Liquor Board, SaskTel, and municipal employees' pension plan provide this information in their most recent audited financial statements and we commend them for doing so.

The annual reports contain better explanations of the role of specialists, and specialists being investment managers, custodians, and investment consultants. More reports included cash flow information and we encourage unfunded defined benefit pension plans to disclose cash flow information in their audited financial statements. The teachers', the Liquor Board, and the public service plans did so in their most recent audited financial statements and we commend them for doing so.

The only change we noted in the legislative requirements in terms of disclosure and annual reports was that the public employees pension plan no longer is required to provide a

statement of all securities and a statement of all securities acquired or disposed of in the year. We continue to recommend the government should study whether the legislative information requirements for pension plans should be consistent and if not explain why.

An update on our previous recommendations is . . . the first one we looked at was the earnings allocation. All defined contribution plans allocate all investment earnings except for the Saskatchewan Pension Plan. And investment earnings, contribution by members, and the government equal what the member can use to buy an annuity when they retire. We found that the Sask Pension Plan had actually held back 5.8 million of earnings.

We also looked at the government's and noted that the government uses consistent estimates for inflation and cost-of-living adjustments in its calculations of actuarial liabilities except for the SaskTel plan.

The defined benefit pension plans with unfunded liabilities should show cash flow information in their audited financial statements. And the one disclosing this, as we noted earlier, were the public service plan, the Liquor Board, and teachers' plans.

All unfunded defined benefit pension plans have and disclosed their cash flow information in either their annual report or financial statements.

We recommend that the government should establish a task force which would then allow a decision or a discussion of what should be done and when, and how to fund a 3.1 billion unfunded liability, decide what should be done with an accumulated surplus in pension plans, whether it is appropriate for different member of groups to receive different benefits, and whether it's possible to reduce administrative costs for plans that are closed. They have similar structures in terms of the pensions they provide, and whether that would help to reduce administrative costs.

Our future audit plans are to continue to examine systems and practices pension plans use to manage their risks; a complete study of our plans, systems, and practices to maximize investment earnings; provide an update on pension earnings and operating costs; and to provide an update on the progress pension plans have made in improving their annual reports.

That concludes my remarks on this chapter.

Mr. Strelieff: — Thank you, Rod. Madam Chair.

The Chair: — Thank you very much. And I'd ask the deputy minister to give members any more information that we should be having before we discuss this.

Mr. Jones: — Madam Chair, members, thank you. I just have three brief comments. First I want to congratulate the Provincial Auditor and his staff for raising the issue of pensions. I think we all can agree that it's a significant issue and something that deserves our attention.

Point two if I may, I'd like just make the point about the

management administration of pension funds. For the most part, which is most of this chapter, for the most part we agree with what the auditor is saying.

And if I may, I think that within the department and in other areas of the government who also have responsibilities for pension administration, pension management, I think we have been working hard to improve the management administration of pensions. I think we've done that and I think we will continue to attempt to make improvements in this important area, and hence the work of the auditor is productive and useful to contribute to that joint objective if I may call it that.

The third point is the issue of the unfunded liability, which is an issue when looked at, I will suggest, when looked at in isolation can certainly be confusing and can be daunting. The numbers are large and so forth. I think it's important that members, when looking at this issue, when talking about it, do so in context.

And I would refer members to page 111 of the auditor's report, the 1998 spring auditor's report, where the government has laid out, if you like, a plan to address all of the obligations of the government including the unfunded liability. And that's under paragraph .97 where the auditor has quoted what the government has said to the auditor and this committee prior. And very briefly it's that the first paragraph is that we have systems in place and that we continue to account for and manage and work towards better managing and dealing with pension plan administration.

The second point is the government recognizes, it discloses its obligations including pension obligations, all of the obligations if you like, both the cash payments as well as the unfunded liability, and that by balancing the budget, by paying down debt, this will ensure the government is able to finance all of its obligations in the future.

In a sense, that's the plan that we're moving forward with. Do we have a specific plan targeted to the unfunded liability? I suggest that this is part of the larger plan or is contained in the larger plan of improving the financial situation of the province.

Let me try and give you an example. And again to try to be helpful, let's consider the case of perhaps a middle-aged person who wakes up and reassesses his situation and finds out that I had better think more about retirement, I should focus on that decision.

So let's do that. Perhaps he's got some money set aside in pension funds where he works or in RSPs and so forth, but he looks at it and he says, gee, what should I do, given my financial situation, my income.

Well he has choices. He could . . . for example, if he had a mortgage he could continue to pay off his mortgage or put more money into his mortgage to improve his financial flexibility down the road. Or he could decide, well gee, maybe I'll put more money in RSPs. I'll buy those and continue to pay off my mortgage as it's coming due.

My point here is that the issue here of trying to address the unfunded liability involves a choice, and the choice the government has put in place here is to deal with improving the

financial situation of the province to provide flexibility and security down the road.

So with those brief comments I'll leave it at that, Madam Chair.

The Chair: — Thank you very much. Mr. Gantefer?

Mr. Gantefer: — Thank you very much, Madam Chair. And welcome again officials from the Department of Finance.

When we met earlier this week we talked briefly about the changing world market situation and things of that nature and I don't want to re-go over that particular conversation.

But what I would like to ask is more specifically: I think all of us recognized last year was a very good year in terms of returns on pensions and pension dividends, if you like. How does this market situation and the volatility in the marketplace, what's your estimate of the impact it's going to have for this year and the near future?

Mr. Smith: — Madam Chair, a very interesting question in terms of predicting the future and I'm not sure we can do that. We know that from April 1 to date the pension funds, at least under our administration, are down by about 5 or 6 per cent of their value.

But what does that do in the long-term? I think that the pension plans are long-term investors. We've seen pension plans in this province since 1927. They will go on for another century or two. So the pension plans are long-term investors and really the pension boards responsible for the administration of the investments aren't really doing anything. They have investment policies in place which are there for the long-term investing. They are not going to change off their position, and the asset mix guidelines that are given to outside investment counsel to buy and sell different asset classes will not change. The pension plans will ride the down markets and the up markets without changing their long-term policy.

So what's going to happen I really can't predict, but the plans will not change their policy to reflect what's going on in the market today. So the future will unfold but the plans are holding steady. They're not going to rush and sell equities and buy bonds. They don't take that approach to long-term investing. They will just stay where they are and continue with that direction.

Mr. Gantefer: — When you say they're down 5 or 6 per cent, is that down from what they were last year or are we into a negative position — a negative earning?

Mr. Smith: — That's negative earnings from April 1 of 1998 to October 8 of 1998.

Mr. Gantefer: — If there is a negative earning on the portfolio, how does that impact on an individual's pension?

Mr. Smith: — It depends again on what kind of pension plan they're in, Madam Chair. The defined benefit plans it will not in any way, shape, or form affect the benefit. The benefit is guaranteed by the pension legislation that they will receive this benefit. For defined contribution plans, if they are going to exit

the plan in terms of taking retirement income, it will have a negative effect on their retirement income if the markets are down and their equity in the plan is down at that point in time.

Two-thirds, for example, two-thirds of the members of the public employees pension plan are today less than age 45. They still have a long-time horizon. For individuals who are closer to retirement, the public employees plan has established a different investment fund, a short-term fund for preservation of capital for someone who is closer to retirement.

So the one plan has created a mechanism where people, if they are afraid of the markets, — the boards aren't afraid of the markets in the long term — if individuals are fearful of the markets in the short term, they can take their money and move into a shorter term fund which is there to preserve capital. That's one plan's response.

Mr. Gantefer: — Thank you very much. Madam Chair.

The Chair: — Any other questions by members?

Ms. Stanger: — This is just a short question. I'd like Brian to briefly give us the history of the pensions in Saskatchewan since they came into being. What subsequent governments — you can do this briefly because you know it so well, I'm sure of it — what subsequent governments have done? And whether they tapped into the pensions or use them or etc., etc. Because right now we have a situation in B.C. where the B.C. teachers — I'm a teacher so I'm interested in these things — where the B.C. teachers invested in real estate in Calgary. Their pension fund is in trouble. They are very worried. Now has anything like this ever happened here? And just give us a brief history of that, Brian.

Mr. Smith: — Madam Chair, I'm not sure if I can give a brief history with all those questions. Has things like that happened in Saskatchewan pension funds where money has been lost in investments? Definitely. The pension funds cannot always invest in money-making assets. And there won't be . . .

Ms. Stanger: — That wasn't the question.

Mr. Smith: — I know that wasn't the question. I'll come back to that question. In terms of the long-term history. Yes, pension plans I'm sure started in Saskatchewan in 1927 as defined benefit pension plan for members of government including teachers at that time. In the late 1920s and '30s the teachers' pension plan was spun off into a different operation and eventually SaskPower, SaskTel, etc., and we end up with the statutes today but everything derives from the 1920s.

Defined benefit pension plans existed in Saskatchewan from 1927 and go on today, but in 1977 the government introduced defined contribution pension plans. They are inherently different; one is a reward for long service, one is deferred compensation. The defined contribution plan is funded by its generic nature; contributions are paid by members and contributions are matched by the government and it is fully funded.

Governments across Canada have done different things with defined benefit plans that started all around the same time — in

the 1920s — and they're funded or unfunded in different variations. In Saskatchewan there has never been money taken out of a pension plan that I'm aware of. There's always a great debate whether money has been taken out of pension plans; I don't think there has to my knowledge ever been any money taken out of pension plans. There's a debate of whether the right amount of money was put in; but as far as I'm aware, there's never been any money taken out of pension plans as most of the statutes do not allow money to be taken out.

And I'm not sure if that's answering your question, Ms. Stanger, or not.

Ms. Stanger: — So no government has funded any of those pension . . .

Mr. Smith: — Across Canada?

Ms. Stanger: — No, no, I mean in Saskatchewan.

Mr. Smith: — In Saskatchewan, the public service superannuation plan, since 1927 has not been funded. It is interesting to note the first annual report of the Public Service Pension Board to the Legislative Assembly in 1928 noted to the government that the plan was not funded so we have a history.

Mr. Shillington: — Yes, you led directly into my comments, Mr. Smith. In 1982 when I sat where Madam Chair sits, then auditor, Willard Lutz raised it; and one of the first issues he raised with us was the unfunded pension liabilities. And we spent some considerable time on it. I think as a result of our work there was an actual study that was done, but at the end of the day there was not a concrete plan put in place to deal with it. And here we are almost a generation later and we're going through somewhat the same exercise, saying it's a huge problem but someday we must get around to solving it. The other I'd say is that we're getting a little closer to the some day. This bear is starting to look a little larger, maybe because it's getting a little closer.

I'm going to address a comment if I might, to Mr. Jones. I don't have a sense of complete comfort with the house mortgage approach. It is okay, it seems to me — and this is not the product of careful thought so I ask you to challenge me . . . challenge my comment — it's okay to have a specific plan that you're going to pay down the house and then when this debt comes due, you're going to take out a second mortgage and repay it. But if you don't have a specific plan, if you're just paying your debts and saying, well something will come along, I'll win the lottery or something, then you can face some real difficulties.

And I wonder if we have a specific plan for dealing with this unfunded liability which I understand is kind of a bell curve. And as a matter of interest it might be interesting to see if we do nothing, exactly what the bell curve looks like, what we're going to have to pay when. I don't have a clear . . . it's not the first time I've discussed this issue, to put it mildly; but I don't have a clear picture of exactly how much we're going to pay when.

But I wonder if we do have a specific plan or if we're just sort of hoping we'll be in good enough financial shape in 1908, or

1910, or 1912 whenever it is, 2000 I'm sorry. That's right; 2008, 2010, 2012. We're just kind of hoping we'll be in good enough shape to be able to manage it then. The superannuates who's pension depends upon our decisions might want something more than that. I don't know, so I'll just let you respond, Bill.

Mr. Jones: — Madam Chair, Mr. Shillington, again let me try and go back to my analogy. Again suppose you had someone in mid-life saying, well we need to have some more security down the road for when we retire. What I'm suggesting is they have choices to provide that security. One way would be to pay off the mortgage, pay off your market debt more quickly. Another way would be to set aside more money in RSPs (retirement savings plan).

Now how would you do either of those? Well you go out and get a second job if you like, raise taxes, or what you could do is consume less, don't take as many holidays if you like, don't go out to the movies as often. Save that money. Spend less in the case of government. So you could set more aside for the future to plan for your retirement to provide you with more security.

What's the plan we have in place here? I would suggest the plan that's laid out by the government is to address the overall fiscal situation which, as the auditor and other independent agencies have indicated, is improving. We're paying down some of our market debt. Bonds and debentures are coming down. That provides more security, if you like, for the province in the future. It also provides more flexibility to meet future expenses, if you like, because interest costs are coming down.

So all I'm saying is the analogy I've tried to draw for you is there are choices, and what I'm suggesting is what the government has indicated; it is working on the overall financial situation, to improve that, to provide the ability to meet all of the obligations of the government.

Mr. Shillington: — Yes. Let's just follow your example of a lot of farmers. They don't put money into RRSPs (registered retirement savings plan) — supposing they have income. They pay off the mortgage. But then I think they kind of figure on selling the farm. When they get to be 65 they're going to sell the farm and take the money and go live in Victoria or Arizona or something.

We may not have the option of selling the farm. We have kind of a life interest in the . . . we're sort of in the position where the farmers got a life interest. And I'm not sure that your analogy quite works in the sense that you pay off your house because you're only going to sell the house when you retire and go live in a condo in Arizona or something.

The government doesn't quite work like that. We can't sell the assets. We can sell the Crown corporations but that might be thought by the government of the day to be a bad policy and they might not want to do that. So I'm just not sure the analogy works. I don't want to argue with you. I'm just not 100 per cent certain the analogy works actually.

The Chair: — Any further questions?

Mr. Shillington: — I have some more questions but I can deal

with them as we deal with the individual recommendations.

Mr. Goohsen: — Yes I just want to pick up on the one part here where it says Saskatchewan Pension Plan at December 31, 1997 held back \$5.8 million of earnings. Could you explain to us why they would do that and how that would affect the clients that are investing their money with the Saskatchewan Pension Plan?

Ms. Strutt: — Madam Chair, the board of trustees of the Saskatchewan Pension Plan introduced what we call income smoothing which is allocating realized and unrealized gains and losses over a four-year period in 1990. And since that time . . . what it does, it smoothes out the peaks and valleys of an investment return so that it's more evenly applied to members. And with the current market downturn, that 5.8 million that was carried forward — most of it's been eliminated by the market forces.

Over time, market and smooth return will approximate each other. For instance since we have smoothed, the annualized return is 11.05 and the return to members is 11.09. Looking on a year to year, we may have more or less. Over time, it will even out. In '97 it made a difference of 1.8 per thousand to members' pensions in that year.

The board feels that given the composition of our members, which is the majority over the age of 50, they're relatively risk-averse and smoothing income is a way of taking away some of the market volatility that we have as a result of having equities in the portfolio.

Mr. Goohsen: — What is your equity to other investment ratio?

Ms. Strutt: — In our policy, it can be 20 to 60 per cent equities and the same for bonds.

Mr. Goohsen: — That's a fair variance.

Ms. Strutt: — Right now it's about 60 per cent bonds and 40 per cent equities.

Mr. Goohsen: — That's what I wanted to hear.

Ms. Strutt: — It can range.

Mr. Goohsen: — That's all I have for now.

The Chair: — Further questions? We'll go on to the recommendations.

Mr. Strelieff: — I have a question. Maybe I should know these things but . . . Are there other governments, federal, provincial, that have money-purchase plans?

Mr. Smith: — Madam Chair, only, as far as I know, the only other province that has a defined contribution plan is the province of Prince Edward Island for part-time employees. Their full-time, permanent employees are in defined benefit plan. So it's only Prince Edward Island for now.

Mr. Strelieff: — Okay.

The Chair: — Further questions?

The first recommendation is on page 97, .29:

Pension plans' statements of investment objectives should include a clear assessment of the risk level acceptable to plan members and the Government. Pension plans' investment objectives should be based on the risk level acceptable to plan members and the Government.

Any comments or is there . . .

Mr. Smith: — Madam Chair, I think that the whole pension world is extremely volatile right now and we're seeing massive changes. We've seen changes over the last 10 years. We're going to continue to see more changes in the future.

And I think that one of the changes that we're going to see is more plan member involvement both in terms of asking for information and input into decision making on the pension plans. And I totally agree. I think the plan members are a very critical element in the future, probably more critical than they have been for the last 70 years.

The Chair: — So you're concurring and intend to comply or are complying?

Mr. Smith: — Well I think that as the administrator, we concur, yes.

Mr. Shillington: — I think Mr. Smith is claiming to comply so far as it's possible in a world which is increasingly difficult to assess the risk.

The Chair: — Okay. Agree? Agreed.

Page 100, .40:

The Government should table all of its pension plans' annual reports in the Legislative Assembly.

Concur. Agree? Agreed. And that is you're complying or is it . . .

Mr. Shillington: — I don't think you do. I thought there were four that were not, so perhaps this might be . . . I thought that's what you said. There were four which don't, so I think we note progress towards compliance in this case.

The Chair: — Noting progress toward compliance.

Mr. Shillington: — I think you intend to file them all in due course, don't you?

Mr. Smith: — Madam Chair, we don't deal with those four programs. I believe they do table their financial statement as the Provincial Auditor has indicated, and have not tabled them for a long time but they have distributed them to MLAs every year. I think that they will continue . . . they want to continue to do that.

The Chair: — So we can recommend that they do table them in the House, or what would you like?

Mr. Shillington: — Let's just say concurrence in, be looked at.

The Chair: — You happy? Okay.

The next one . . . Am I missing one or is .67 is the next one? .63, sorry.

The Government should continue to improve the contents of its pension plans' annual reports.

Mr. Shillington: — Concurrence and progress towards compliance.

The Chair: — Concur and progress towards compliance. Agreed?

A Member: — Agreed.

The Chair: — 105, .67:

The Government should study the legislation for its pension plans to decide what type of information should be provided in annual reports and whether it is appropriate for that information to be more consistent. If more consistency in the type of information is not considered appropriate, the Government should explain why.

Mr. Shillington: — I understood the comments of the witnesses for this one; it was the same thing. It was, we would concur and note progress towards compliance. I thought they were working on this, as I understood it.

The Chair: — Concur and note progress. Agreed?

A Member: — Agreed.

The Chair: — 109? No, pardon me. 108, .78. Is that where I am?

Mr. Shillington: — Which one are you on? .78, yes.

The Chair: — .78:

The Government should ensure the Saskatchewan Pension Plan's investment earnings allocation policy is consistent with other defined contribution pension plans.

Mr. Shillington: — This I would like to hear some comments from the . . . Sorry, I've forgotten your name.

Ms. Strutt: — Kathy Strutt.

Mr. Shillington: — You're right. Kathy Strutt. This I think we need to hear your comments on this. And perhaps you can explain the thinking behind what I gather is a different approach.

Ms. Strutt: — At any time . . . I'm not sure what the private sector defined contribution plans are doing. Most recent changes found a smooth return to market return were capital and public employees' pension plan.

Our board feels that this is still an appropriate income allocation

policy for our plan. We have . . . The bulk of our members are over the age of 50. We feel a long-term investment policy that includes that . . . (inaudible) . . . is appropriate. We don't feel our membership necessarily will suffer gladly the volatility of a straight market return. And in fact we have had a negative market return in 1994 and with smoothing we were able to give a positive return to members.

We take a quarter of the year's realized and unrealized gains and losses and apply it along with the previous three-quarters from the previous three years. So we're always carrying forward a gain or loss. The market is going to take care of that over time.

We are a voluntary pension plan; people can put up to \$600 a year in it. It's not going to be their main source of income when they retire but it is going to help supplement. And it's not . . . contributions aren't compulsory and it's not an employee-employer relationship. So it's quite different.

And our board feels that this is appropriate for this plan at this time. It may change in the future but at this time it is still appropriate.

Mr. Shillington: — I asked to that because when I was doing some background work trying to get ready for this I stumbled across this. This is a little different case. This is not a plan emanating out of an employee-employer relationship by and large. The demographics are different. They're older. And it's actually conceivable — particularly this year with the bear market that's on the prowl now — it is conceivable if you didn't smooth it out they might . . . the pensioners might actually receive . . . might actually experience a diminution of income which I think could be a serious problem.

And this one I think I'm going to move that we . . . ever respect that we not concur. I think the witness has made a good argument for their policy of smoothing giving the demographics of the plan. So I move that we not concur.

The Chair: — Okay and with the reasoning that the official has given?

Mr. Shillington: — Right. Yes.

The Chair: — Okay the recommendation is that the committee disagree with the auditor's recommendation. Agree to disagree? Opposed? Okay.

.86 The government should ensure the Saskatchewan Telecommunications Superannuation Plan use an estimate for COLA increases which is consistent with other defined benefit pension plans.

Mr. Shillington: — Yes. We haven't touched upon this either. Perhaps we need an explanation on this one as well.

Mr. Smith: — Madam Chair, the pension world is changing and is ever changing in terms of evolution. One of the things that's happening in Saskatchewan public sector plans and other plans is that we have a increasing involvement in a collective bargaining process and changes to pension legislation.

Since the writing of this report item, I guess paragraph .81, there has been a change to paragraph .81 that effective January 1, 1999 the government will not be making COLA (cost of living adjustment) increases under The Superannuation (Supplementary Provisions) Act. Now my understanding — and I'm not an accountant so I can say this and either the Provincial Comptroller or the Provincial Auditor will correct me — the issue is about the liabilities of the pension plan and management. I guess in accordance with the CICA (Canadian Institute of Chartered Accountants) rules, it's supposed to calculate its best estimate of the liabilities of the pension plan. SaskTel has used a different estimate than other pension plans that are under the same legislation.

I guess the only comment that I can make is that the elements of paragraph .81 have changed since the recommendation was made, and that effective January 1, 1999 the government will not be establishing COLA increases but that SaskTel as a corporation will. And so maybe that's a rationale for why they can be different in the future.

Mr. Strelieff: — Members, that's true. The basis of this recommendation is before the COLA increases were decided at one place for everybody, so it seemed reasonable to use that same COLA increase assumption for all benefit and liability calculations. Now the COLA increase for just this one plan is going to be decided by the board of the superannuation plan.

Mr. Smith: — I believe and the board of the corporation.

Mr. Strelieff: — And the board of the corporation. So what will be the future COLA increases are more or less certain now. And therefore the consistent assumption is now in doubt. So along I agree with them.

Mr. Shillington: — Okay. I think this one, I think we're in the position that this will be redundant in a couple of months and it seems unwise to put the government to the difficulty of doing it when it's going to become redundant on January 31.

Mr. Koenker: — Why don't we just note that events have superseded the recommendation, making it redundant? Note that events have superseded.

The Chair: — Agreed?

A Member: — Agreed.

Ms. Stanger: — Madam Chair, just a short question to Brian. Do you see this happening more and more, where pensions will be directly negotiated in the collective agreements?

Mr. Smith: — Well, Madam Chair, in the last three settlements I can think of, the settlement between the Saskatchewan Government Employees' Union and the Public Service Commission involved pensions. The SaskTel change we just mentioned was a change in collective bargaining which resulted in a change in legislation. The last settlement between IBEW (International Brotherhood of Electrical Workers) and SaskPower had pension elements in it as well. I think that is becoming the norm in future in terms of changes in the pension legislation . . . pension plans.

The Chair: — Thank you. Further questions? Recommendation .92:

The Government's defined benefit pension plans with unfunded liabilities should show future cash flow information in their financial statements.

Mr. Shillington: — Concurrence and note progress towards compliance, I think.

The Chair: — Agreed? Agreed.

Then our last recommendation, .99:

The Government should establish a task force to study the many issues related to pension plans.

Mr. Shillington: — I'm going to test the patience of the committee members a little here just to make a few comments on this one.

I am not certain that this will accomplish very much. It seems to me that task forces make sense where there are complicated issues in which you want to engage a broad discussion among different stakeholders or the public. I don't think that's where we're at with the pensions. We may need some hard data but I think we would get that from actuarial firms.

What we really have is some really tough decisions. If you want to take money . . . Do you actually want to take money out of hospitals and put it into a layaway plan for the pensions? I mean those are tough decisions we're facing.

I'm not sure a task force would be of enormous assistance. Moreover, I just point out that we've been there, done that, and didn't get much out of it. The government announced that back in 1991-92. I think it's actually in the throne speech, '92 throne speech. And it never happened.

And I was one who, I must say as a member of Executive Council during that period, I was one who lost . . . I shouldn't say I lost interest in it. I simply didn't lose interest in the problem but became convinced as time went on that a task force wasn't going to buy us much except delay. It was going to buy us time but not a solution.

So I'm not sure a task force will get us anything except next year we'll be back noting non-compliance. I think that's where we're going to go with this one.

That having been said, I think I speak for members of this group, although they can all speak for themselves, to walk away from this problem and do nothing, the board is only irresponsible it seems to me.

I hear what the deputy minister of Finance says. I personally would like to see that fleshed out a little, and a little more meat and cloth on the bones. And therefore, on the conclusion of my comments, I'm going to move a motion — I don't want to do so now — but on the conclusion of my comments, I'll move a motion that we not concur with the auditor's recommendation, but that we request that the Department of Finance, Department of Education, and Crown corporations . . . Crown Investments,

to return to the committee at a future date with a report on how the government intends to address its pension obligations. I think that might be more effective than sticking one more flag on the task force idea.

I have a question, however, of I think the deputy minister of Finance. Do we need to include the Department of Education in this motion or does the Department of Finance speak for all the line departments? And do we need CIC (Crown Investments Corporation of Saskatchewan) in this motion? Or should we just ask the Department of Finance to come back with the thing? Do you cover off CIC and the teachers as well?

Mr. Jones: — I think we could probably . . .

Mr. Shillington: — Cover the waterfront.

Mr. Jones: — Cover it with the understanding that the Department of Education has the responsibility for the teachers' fund; CIC has the responsibility for a number of the Crown corporation pension funds and so forth. But if you're looking for a general framing of the issue then we would be happy to do the best we could.

Mr. Shillington: — Yes, and that's all we ask for is best efforts. And we recognize that you may not come back with a solution which has the blessing of one and all. But a report on how government might deal with this, I think, would be useful.

Okay, I'm therefore going to strike out Department of Education and Crown Investments out of the drafting here. With that, resolved:

That the Public Accounts Committee does not concur with the auditor's recommendation, but requests the Department of Finance to return to the committee at a future date with a report as to how the government plans to address its pension obligations.

I so move. I just point out in passing that I think it's probably unfair to ask them to do it before November or January and we're probably looking at a future date somewhere. With that I'll move the motion.

The Chair: — Does anybody want to speak to that motion?

Mr. Koenker: — I think this is important. We may not need the commission, but I think the auditor has done us a favour in highlighting this issue and even making the recommendation for a commission. And I note in section .98 the need for reflection, for a variety of opinions on this subject, and especially for some direction.

I understand the general comments that the deputy made. And I think they're helpful in terms of providing a general perspective on the issue but I don't feel comfortable with that myself. I think the auditor has done us a service in flagging this one even if we don't put another flag, as my colleague says, in the idea of a commission. It needs to be addressed. And I think we're wise to have a task force.

Mr. Thomson: — I'm on a side with Mr. Koenker on this. As committee members will know, I've previously voted in the

minority on this and have supported Provincial Auditor's call for a pension commission. So long as we are selecting a mechanism which will bring this debate forward, I am satisfied with the compromise resolution.

Mr. Shillington: — I guess my argument would be that I think this motion is more likely to move the idea forward than one more pass at a task force.

Mr. Thomson: — I accept that. What my concern remains is that we not simply wait until the 11th hour to address a huge bulge . . .

Mr. Shillington: — I very much share the concern. I very much share the concern.

Mr. Thomson: — And that is my concern for two or three elections down the road.

Mr. Gantefer: — Thank you. I very much concur and I would just like to make the comment, and I think it's understood that when we talk about a future date we're not talking somewhere in the far-off future, we're saying at the earliest possible time for the department to prepare this type of an assessment, that there is an urgency here that this needs to be done.

And I also think that coming out of that report this committee may then direct some process of input and discussion out of the exercise. So I don't see this as sort of a final result but a first important step in seeking a solution to this huge challenge.

Mr. Shillington: — And Andrew's language just moves it forward.

Mr. Gantefer: — Yes.

The Chair: — Before we bring this motion forward, I was just given some information by the committee Clerk that in a previous . . . in the first report, recommendation 11 said:

(This) . . . government should establish a pension commission to study the many issues related to its pension plans.

So this motion would actually supersede this then, this . . .

Mr. Thomson: — I guess I actually voted in the majority in that case then. I remember I got in a lot of trouble for it, whatever it was.

Mr. Shillington: — Whatever you did, you got in trouble for it.

Mr. Thomson: — Whatever I did, the Finance minister was some angry.

The Chair: — Realizing that this motion then would supersede this resolution that was passed in a previous report, then this motion by Mr. Shillington . . . Oh, I'm sorry, Mr. Goohsen. Go ahead.

Mr. Goohsen: — I just had one question. I was wondering if the motion that we are entertaining at the moment will allow for the level of brainstorming that's going to be necessary to solve

this problem.

Mr. Shillington: — Well I guess that depends upon who . . . I mean I'm not going to be here when the thing comes back, I don't think. But I guess that depends on who's here and how they react to it, Jack. If the members take the report . . . I think what the department's going to do is provide the best information they can, probably some options. They're probably not going to get a whole lot beyond that. And then I think it's up to the committee members how they treat it.

Mr. Goohsen: — Well you see that's the thing though. You're asking one group to provide you with their ideas of how to solve this problem, that being Finance. It doesn't provide for any outside ideas to come up with a list of potential solutions.

There may be 50 different solutions, one of which you would use or 49 of which you might combine in a group. But we will only get a slanted view from Finance as to what they think should be done with this problem by taking this course.

Mr. Shillington: — Well I wouldn't prejudge it. Isn't that a comment which . . . isn't that a judgment which you should make when you see the information that comes back and not make it now. I think your judgment may or may not be accurate. It strikes me as premature. You should wait until you get the material back from Finance.

Mr. Goohsen: — That depends on how big and how fast the bear is running that's coming after us that you alluded to earlier.

Mr. Shillington: — I don't think it's running that fast. My understanding of it is this comes at us in a decade or so. A decade to 15 years this thing comes, well it comes down the tracks at us. So we've got a little while.

Mr. Goohsen: — I agree you have a little while but I've lived long enough to know that looking back 15 years looks a lot shorter than . . .

Mr. Shillington: — Try thinking ahead.

Mr. Goohsen: — Meanwhile those 15 years go past rather quickly with governments not wanting to address these kinds of issues because they're tough. And let's face it, nobody wants to. They're going to all try to stall and we will be at the eleventh hour before we solve this problem.

Mr. Shillington: — But we will . . . We face that danger. I think that goes to Rod's comment — Rod's question — which was rhetorical, actually. I don't think it was a question; it was a rhetorical comment and that is that we should have this information back as soon as is possible, and not use this as an opportunity to obfuscate or delay. And that's certainly not the intention of the members on this side of the table. We want to see a report relatively soon; I just don't think it's realistic by January. I think that's unfair.

Mr. Goohsen: — Well we will concur on the assumption that it's going to unfold rather quickly and perhaps then that gives us time for the auditor to press for a task force and another date day if there's no other solution developed by that time.

Mr. Jess: — Yes, I'd just like to ask the deputy minister to give us a little history lesson here on this . . .

The Chair: — Pardon me, I guess I erred there. We're debating a motion so I should probably get additional information after we do that.

Mr. Jess: — Okay.

The Chair: — Okay. Mr. Gantefer?

Mr. Gantefer: — I don't know if this is a fair question for the deputy, but I think that the comments that . . .

The Chair: — The same thing, Mr. Gantefer. Is it debating this resolution?

Mr. Gantefer: — Yes.

The Chair: — Okay, sorry.

Mr. Gantefer: — It relates with the timing of a response inherent in the . . . it says in some future date. And I wonder if we could have a comment from the deputy in terms of what he would expect a timeline to be able to respond to this type of a motion. I think the comments that have been made is that there is an urgency here. And the motion talks about some future date.

The Chair: — I've been advised that before I can ask the deputy to respond, it has to be an agreement by the committee that he can enter into this debate. Agreed? Okay.

A Member: — He's not agreed.

Mr. Jones: — Quite frankly, this is somewhat of a surprise to me. And I guess I'll try and bring it forward as soon as I can. Given that, if you want to set a date . . . if this committee wants to set a date, I'd be pleased to work towards that date. So I don't mean to turn it around on you, Madam Chair, but . . .

Mr. Shillington: — Let's just look at our schedule. We're going to meet in November to knock off the balance of these. Then we're going to meet in January and we're going to have a full plate. And I think it's a little short, given the fact that this department's in the middle of preparation of its budget.

Let us say within 12 months. That will . . . or if you like, within six months or something. But that'll have the report back . . . Does nine months sound fair to try to do something?

A Member: — So this should be dealt with the next . . .

Mr. Shillington: — . . . the next time the committee meets for the next round. That's really what I was thinking is, the report would come back at the next round.

The Chair: — Sometime during the next session?

Mr. Shillington: — Sometime in the next session, yes.

The Chair: — Beginning of the session.

Mr. Shillington: — How does that sound?

Mr. Gantefer: — Well, if I may, I don't need a definite date but I think that it certainly is unreasonable to try to have this done or report back by January. But I don't know if it would be unfair in three months or . . . and that's why I ask the deputy minister, if we said we'd appreciate this report tabled back with the committee in three months, it may be some time after that before the agenda allows us to deal with it. But would that be a reasonable request, to ask three months.

Mr. Shillington: — May I just make a comment before the deputy minister does? If I may say so, this department — having been a member of Treasury Board from '91 to '98 — I tell you this department will do what's asked of it. And it delivers its stuff on time, so it will do what's asked of it. It's what's fair to ask of them.

I think we should give this department a period of time after the preparation of the budget. Because I think between now and the delivery of the budget in March, this department is strung tight really. So I think we should give them a period of time after the preparation of the budget. If you want to say . . .

A Member: — Six months.

Mr. Shillington: — Six months — yes, I think that's much better.

Mr. Thomson: — The only other comment I'd offer is from what I understand of this, this is not a . . . I would not classify this as an urgent problem. This is an important issue and it has some pressing characteristics to it, but I don't consider it urgent. This is really something we should consider like a 2012 bug — something which will hit us early into the new century but it's something we should start work on now. That being said, I don't think there's any need to rush the department. And it's going to take some time to get it moved along. I think if it reports back to the next session, that's fine.

The Chair: — Next session — would you like to put that on here? Okay, we have a motion before . . .

Mr. Shillington: — The next session which is not the '99 session. When we said the next session, what do we mean?

Mr. Thomson: — Well I mean after . . . basically next fall I guess is where . . .

Mr. Shillington: — Yes, that's what I assumed you meant by the next session.

Mr. Thomson: — This is really a problem as far as I'm concerned for the next legislature to . . .

The Chair: — Are you saying the fall of '99?

Mr. Shillington: — The next legislature, that's the phrase we're looking for. Report to the . . .

Ms. Stanger: — Yes, when you said session I was all confused.

Mr. Shillington: — Report to the first session of the next

legislature, that's the language we're looking for.

A Member: — We got it.

Mr. Shillington: — Now let's vote before we . . .

Mr. Thomson: — Confuse ourselves a little more.

The Chair: — Okay we have before us this motion. I don't imagine you want me to read it again. So all those in agreement with this motion? Of those opposed? It's carried.

Mr. Jess: — Yes I just wanted a little clarification here. I didn't know whether it's fair to ask the deputy minister, or maybe Ned or somebody can give us a little history on the liabilities that developed here.

There's different rumours around that governments paid in and then took out and what not. And I get the distinct impression that there was never any funding at any time and I'd like to have somebody clarify that.

Mr. Smith: — Madam Chair, I think it depends on which pension plan you're talking about. The public service superannuation plan, it has not been funded since 1927. I believe the teachers' superannuation plan has been funded, I believe, since 1974. And today I know the funding is based on . . . the teachers are contributing a percentage of salary to their pension fund and that is matched by the government. So it is not totally funded, there is still an unfunded liability there. But there is funding in the teachers' superannuation plan. There is no funding in the public service superannuation plan.

Ms. Stanger: — Do the teachers control that or does the legislature?

Mr. Smith: — The collective bargaining process usually involves, Madam Chairman, the negotiation of benefits. It's the government's obligation to provide them with benefits.

Mr. Jess: — But there is never any time when anything removed other than that was used for benefits?

Mr. Smith: — To the best of my knowledge there has never been any money taken out of a pension plan in the province, public or private.

The Chair: — Thank you. Any other questions? I think we finished our recommendations and again I'd like to thank the department for their time and for agreeing to a considerable amount of work again. And we appreciate your input again today. Thank you very much.

Mr. Jones: — Thank you, Madam Chair, and all the members of the committee.

The Chair: — And we need to . . . First of all before that, there's three members that haven't turned in their expense forms I believe. So if you want them to be signed you should . . . and then I will entertain a motion to adjourn.

Mr. Gantefer: — Before a motion to adjourn, I would like to express I think the committee's appreciation for the auditor

putting together these binders. I found them extremely useful and I would encourage that same process into the future. It was most helpful.

Ms. Stanger: — I agree and we'll leave you the binders so you don't have to buy them again.

Mr. Strelloff: — Well can I have them both? One of those white ones though?

Ms. Stanger: — No, we have to use these, Mr. Auditor, so we don't have to buy them again.

The Chair: — So I have before me a motion by Mr. Gantefoer to adjourn.

Mr. Gantefoer: — I so move.

The Chair: — Agreed? I would like to thank all the members for their diligence, their hard work, and for the feeling in this room, and I look forward to seeing you in a month or so.

The committee adjourned at 4:25 p.m.