



ISSN 1180-4327

**Legislative Assembly
of Ontario**

Second Session, 37th Parliament

**Assemblée législative
de l'Ontario**

Deuxième session, 37^e législature

**Official Report
of Debates
(Hansard)**

Wednesday 27 February 2002

**Journal
des débats
(Hansard)**

Mercredi 27 février 2002

**Standing committee on
public accounts**

2001 Annual Report,
Provincial Auditor:
Ministries of the
Attorney General,
Correctional Services and
the Solicitor General

**Comité permanent des
comptes publics**

Rapport annuel 2001,
Vérificateur provincial :
Ministères du procureur général,
des Services correctionnels et
du solliciteur général

Chair: John Gerretsen
Clerk: Tonia Grannum

Président : John Gerretsen
Greffière : Tonia Grannum

Hansard on the Internet

Hansard and other documents of the Legislative Assembly can be on your personal computer within hours after each sitting. The address is:

<http://www.ontla.on.ca/>

Index inquiries

Reference to a cumulative index of previous issues may be obtained by calling the Hansard Reporting Service indexing staff at 416-325-7410 or 325-3708.

Copies of Hansard

Information regarding purchase of copies of Hansard may be obtained from Publications Ontario, Management Board Secretariat, 50 Grosvenor Street, Toronto, Ontario, M7A 1N8. Phone 416-326-5310, 326-5311 or toll-free 1-800-668-9938.

Le Journal des débats sur Internet

L'adresse pour faire paraître sur votre ordinateur personnel le Journal et d'autres documents de l'Assemblée législative en quelques heures seulement après la séance est :

Renseignements sur l'index

Adressez vos questions portant sur des numéros précédents du Journal des débats au personnel de l'index, qui vous fourniront des références aux pages dans l'index cumulatif, en composant le 416-325-7410 ou le 325-3708.

Exemplaires du Journal

Pour des exemplaires, veuillez prendre contact avec Publications Ontario, Secrétariat du Conseil de gestion, 50 rue Grosvenor, Toronto (Ontario) M7A 1N8. Par téléphone : 416-326-5310, 326-5311, ou sans frais : 1-800-668-9938.

Hansard Reporting and Interpretation Services
3330 Whitney Block, 99 Wellesley St W
Toronto ON M7A 1A2
Telephone 416-325-7400; fax 416-325-7430
Published by the Legislative Assembly of Ontario



Service du Journal des débats et d'interprétation
3330 Édifice Whitney ; 99, rue Wellesley ouest
Toronto ON M7A 1A2
Téléphone, 416-325-7400 ; télécopieur, 416-325-7430
Publié par l'Assemblée législative de l'Ontario

LEGISLATIVE ASSEMBLY OF ONTARIO

ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

COMITÉ PERMANENT DES COMPTES PUBLICS

Wednesday 27 February 2002

Mercredi 27 février 2002

The committee met at 1041 in committee room 1, following a closed session.

2001 ANNUAL REPORT,
PROVINCIAL AUDITOR
MINISTRIES OF THE
ATTORNEY GENERAL,
CORRECTIONAL SERVICES AND
THE SOLICITOR GENERAL

Consideration of section 3.03, integrated justice project.

The Chair (Mr John Gerretsen): Let's call the committee to order. This morning we're dealing with section 3.03 of the 2001 Annual Report of the Provincial Auditor, the integrated justice project. I'd like to welcome everyone, and we can start our hearings now. Perhaps you could identify yourself. We look forward to your opening statement, and afterwards there will undoubtedly be some questions from the members who are assembled here today.

Ms Virginia West: My name is Virginia West. I'm the Deputy Solicitor General. I have at the table here with me my colleagues Mark Freiman, the Deputy Attorney General, and Morris Zbar, the Deputy Minister of Correctional Services. I'm going to make some opening remarks and then, yes, we do welcome questions that the committee may have of us.

We are representing today, obviously, the Ministries of the Solicitor General, the Attorney General and Correctional Services. Our three ministries are the provincial government's partners in the integrated justice project. I would like to say at the outset that the ministries appreciate the comments of the Provincial Auditor and are acting on his recommendations.

I would like to outline for you some of the specific ways we are putting the auditor's recommendations into practice, but first I'd like to spend a few moments putting the project into context, because it is a very complex project in terms of its business transformation, its information technology transformation, as well as its partnership with our consortium.

The integrated justice project is an enormous undertaking. As the auditor notes in his report, the project will affect about 22,000 employees in 825 different locations across the province, as well as municipal police services, judges, private lawyers and the public across Ontario.

As a technological and business transformation, it is the largest and most complex project of its kind ever initiated. You probably hear this a lot. Some think the project tries to hide behind this statement, but I offer it simply as a fact. This is not fine-tuning or changing a process here; it is foundational and huge.

While the integrated justice project is described and referenced as one project, it is really seven separate systems that will eventually work and communicate in concert with one another. They are: on the police side, a computer-aided dispatch and records management system; on the crown side, a crown case management system; in courts, an electronic filing system, digital audio recording and court case management; and under corrections, an offender tracking and information system.

The key integration system component for all of those is the court case management system, which will supply vital information to police, crowns and corrections. What we are trying to do is to take our courts and our justice system from effectively the 19th century to the 21st century and to do this in a matter of a few years. It is not something that can be accomplished overnight. In fact, the first two years of the project were devoted to the initial steps, such as selecting the private sector consortium, project planning and tendering for the software packages to help us shape and deliver the project.

The original announcement articulating the vision and scope of the project was in September 1997. After an initial planning phase, we finalized our agreement with the private sector consortium in March 1998. The agreement included the following principles: transferring a portion of the financial risk to the consortium through their large contribution to the investments; no guarantee of payment to the consortium; and payments to both parties from savings and revenues are only available once those systems are implemented and the savings and benefits realized.

About a year later, we selected the various vendors for the component systems, and the real work of developing and modifying the systems began. It should be remembered that there was no blueprint to start with, just a vision and commitment to modernize the justice system that we are working now to implement.

In April through May 1999, the project started working with our suppliers. Comparing their detailed knowledge of software with our business processes showed us areas where we had to alter our original assumptions. We

had expected to buy off-the-shelf technology used in other jurisdictions and, with minor adjustments, integrate and implement it. Instead, we realized that major modifications were needed. More time was required to modify, test and implement the individual applications to meet Ontario's needs. This did add to project costs and, in turn, pushed implementation dates further out. Because the savings and revenues generated by the project, once implemented, can't be realized until the systems are implemented, those project delays also delay the creation of the benefits.

In addition, in the spring of 2000, field testing of the system for court case management showed significant flaws. A complex and time-consuming redesign was required. By the late fall, after our vendor missed key delivery deadlines for this new software, it was clear they would not be able to deliver the solution within the time frames that would work for the project. We are still considering alternatives to deal with the court case management system.

Recognizing that this key integration system would not be ready when the other business applications were, we took another look at our strategy for implementation of the project. Instead of integrating all the elements on the same schedule, we decided to implement the individual business applications as they were ready, improve their functions as needed and then move to integration when all the systems were ready. We adopted this new approach a little over a year ago.

Shortly after that, the Ontario Provincial Police began implementation of their new computer-aided dispatch and records management systems. In March 2001, municipal police forces began adopting these systems. Last August, the new offender tracking information system linked the province's correctional facilities and probation and parole offices. These are real accomplishments and real results which we wouldn't have had without the integrated justice project.

In addition, we are moving forward with the other applications. In November, field tests began in Hamilton of the system for filing court documents electronically. Additional locations were added to the testing—Toronto in December and Cochrane in January. Also in January, a pilot case management system for crown attorneys began exchanging information electronically between London Police Services and the local crown attorney's office. Later this year, we expect to start implementing IJP's new digital audio recording system for court reporting.

In retrospect, estimates of how long this project would take were optimistic, and time is certainly money on this project. I think that's something we have to remember—time is money on this project. The largest component of the IJP is staffing costs—staff from the consortium, from the ministries and from third-party vendors. Taking more time than originally projected has led to extended delivery schedules and resulting higher costs. However, taking time to listen to justice stakeholders and system users has meant that the systems, when implemented, provide real business value to the users in terms of better and faster access to information and, so, improved safety.

The conflict between these longer delivery schedules and the fixed end date of our contract with our private sector partner has also meant delays in the flow of the savings and revenues that are generated when systems are implemented. This project is not one great leap forward but a series of smaller ones, and as we get further down the trail from concept to implementation, we are learning more about how we should do it.

The Provincial Auditor's analysis and recommendations have formed part of the learning process. The auditor was right to question some of the original assumptions and calculations on which the project was based. One of the lessons we've learned involves the front-end work on a project of this size. We have passed on these lessons to inform future projects.

1050

The ministries, with the consortium, are imposing better controls over the business case as part of the negotiations as well as taking immediate operational steps to ensure the accuracy and validity of information.

It could be said that the new police and corrections systems that have been implemented were needed and that they likely would have happened one day. However, it is also true that the large-scale investment of financial, technical and human resources required would not have occurred without the integrated justice project. Key to their development was the fact that our private sector partners put up most of the financing, and the Provincial Auditor acknowledges this.

Under our agreement, there is no guarantee of payback to the private sector partners. The new systems have to work and the financial and other benefits outlined in the contract must be realized before payments can be made. For this reason, I would say that by ensuring that the private sector takes the lion's share of the financial risk our risk-and-reward arrangement is serving the province well. The private sector consortium has put up more than 75% of the money invested in the integrated justice project: a total of \$129 million in unsecured investment to date. They have no guarantee of receiving return on that investment.

One review of IJP and its common purpose procurement approach summed it up this way: "Given the scope and complexity of the project, extensive financial and human resources, expertise and experience would be required to complete the project, none of which would have been available from within existing ministries' resources." These aren't my words; these are the Provincial Auditor's words.

In terms of what the consortium is billing the government for its services and staff, the auditor noted that these were in excess of standard vendor-of-record or fee-for-service agreements.

In a risk-sharing arrangement where the private sector partner is committed to invest with no guarantee of return, it's reasonable that potential rewards to the partner would exceed those obtained through fee-for-service where there's no financial risk.

Looked at another way, the province wanted an insurance policy. It wanted to insure itself against sole

responsibility for potential financial losses from developing these systems and possible failure of the project. This insurance took the form of transferring the lion's share of the financial risk to the private sector. To do this, the province had to pay the equivalent of an insurance premium, in the same way an individual has to pay premiums to ensure his house or car against loss or damage, transferring that financial risk to the insurance company for a fee.

I'm not going to spend any more time on this aspect other than to say that the three justice ministries worked with Management Board Secretariat on the secretariat's review of common purpose procurement. We outlined the lessons we've learned throughout the project to date.

In terms of issues that the Provincial Auditor raised regarding this method of procurement and his specific procedural and financial concerns with IJP, we have taken a number of actions.

Responding to the auditor's concerns, the ministries have recovered duplicate and other inappropriate charges. All contracts now conform to government guidelines, and previous irregularities have been corrected.

We've implemented more effective project controls to reduce risks concerning timelines and costs identified by the auditor. We're improving project management. We've put better mechanisms in place to track time, scope, costs and benefits against the plan and to identify and resolve issues that could have an impact on these.

We've also conducted our own reviews. We obtained independent third party advice on how to improve the ways in which we identify and manage risks and resolve issues.

The ministries have redefined the governance structure for the project. Component projects of IJP are guided by ministry-specific steering committees led by the business areas where the systems are being implemented. Rigorous acceptance criteria will ensure that these systems address business needs.

The auditor also outlined his concerns with the security of the new computer police and corrections systems and the information they contain. In response, we are working to implement government-standard security technology called PKI, or public key infrastructure, for the records management system. We are also evaluating the best way to apply this security technology to the police dispatch and offender tracking systems.

For now, there are physical and technological safeguards in place. The computer equipment for these systems is housed in secure locations such as police stations and correctional facilities. Individual workstations are password-protected. Should someone without authorization manage to log on to a workstation, they would have to further provide a correct user name and password to gain access to any information.

As the auditor noted in his report, the ministries and the consortium are currently in negotiations. When we started this project, both parties envisioned that there would be sufficient financial benefits for both of us: for the consortium so they would recover their investment

and earn a reasonable profit; for the ministries so they would get the modern systems they needed and have benefits to cover the ongoing operating costs of those systems. As well, however, the ministries are getting important qualitative benefits. Better information exchange within the criminal justice system will mean improved public and police officer safety. More efficient court systems will lead to better service for the public and a more effective justice system.

By the fall of 2000, the existing arrangement between the ministries and the consortium, due to the delays I've already discussed, was no longer meeting the criteria we'd originally set up as our bottom line. That is, the benefit-to-investment ratio must be at least 1.1 to 1 and that the consortium's investment would not exceed \$200 million. Under our contract, either one of us could have said, "Enough," but we didn't. Both parties recognized that we had come so far and were so near some critical breakthroughs that it was worthwhile to attempt to see this project through. That is why we entered negotiations last year.

Some of the auditor's concerns are being addressed at the negotiating table, while others are already being dealt with within the operational management of the project. The government and representatives of the project are currently attempting to renegotiate the terms of our master agreement with the private sector consortium. We want to find ways of adapting our agreement to meet changing conditions, while retaining the original risk/reward-sharing arrangement.

A long journey not only starts with a single step; to some degree, it's a step into the unknown. If we only did what many others had already done, we would never make progress. We have learned much from our work to date and we've made a lot of progress on the components of the IJP. As I said earlier, the ministries appreciate the comments of the Provincial Auditor and we are acting on his recommendations.

In our negotiations, the ministries will continue to balance risk and incentive and ensure that projected benefits can be achieved. These benefits, though initially shared with the consortium, will continue to be reaped by the ministries upon the project's completion.

We are taking the opportunity to make improvements and put a stronger project plan in place that will yield the results anticipated when we started developing the IJP. Better information-sharing and automating paper-based processes are vital to creating a justice system for the future, and the commitment of all the partners to the integrated justice project and its goals remains firm. Thank you, Mr Chair.

The Chair: Thank you very much. We have exactly an hour left in the first round, so we have 20 minutes per caucus. Today we start with the official opposition.

Mr Michael Bryant (St Paul's): Thank you for coming here today. I guess I should say at the outset that I support, and the official opposition supports, the integrated justice project. We're here because we want it to happen and be completed. I don't want that to be lost as we go through these questions.

I want to start off with the issue of system security. I'm just trying to understand who would have access to the terminals from which, with a password, one could obtain confidential information about victims and the accused and so on. How would one get access to that?

Ms West: First of all, Mr Bryant, we appreciate your support of the system. Maybe I can respond and then ask my colleagues to add anything further.

Certainly we do treat the security and confidentiality of the data as of high importance to us. Within each of the program areas, obviously there will be authorized users, and it depends upon the program area. Within the OPP, of course, it would be officers who are authorized to use the computer-aided dispatch system or have access to the records management system. The way their access is controlled is by their identification and then by the assignment to them of appropriate passwords. Those passwords would be robust passwords and would have a frequency of update and change so that, as is standard with our protection of information on technology, we are complying with the government standards.

1100

There are other things that are in place as well to ensure that just those authorized users have access: the physical security that I mentioned earlier as to where the terminals are within OPP detachments and within correctional facilities so that there wouldn't be physical access otherwise. There are protocols in place as to how users use the terminals, both in terms of accessing the data as well as appropriate shutdown and password controls, subsequent to that.

Within the systems themselves there are security provisions, such as PKI, as I mentioned. In terms of data banks elsewhere, such as Downsview, there is physical security associated with that and there are firewalls as well. I think we have a fairly appropriate and robust security approach in place at this point in time, but we continue to do threat and risk assessments to ensure that we identify any other areas of risk and deal with any of the recommendations coming out of that assessment.

I don't know if any of my colleagues want to add to that.

Mr Morris Zbar: Just very quickly, specifically to corrections: correctional officers, correctional staff in institutions, probation officers and some head office folks who are involved in assessment have access. The terminals are located in jails and probation offices and at corporate office.

Mr Bryant: Is there any way to determine if somebody has accessed this confidential information inappropriately? In other words, is there any way to determine whether or not somebody who should not have access to this information has attained access to it?

Ms West: There are log-in files to track the users as they get into the databases. There are log-in files so we know when the user is there. If there was someone who was not appropriately authorized, then I guess they'd be able to turn on the computer, but if they don't have the password to get into the system, then they won't be able

to get into the system. So there is tracking, as well as password control.

Mr Bryant: But just so I get it, the goal of the integrated justice system, amongst other things, is to—I'm not going to sum it up in a sound byte, but it's to take the paper-pushing in the justice system and centralize it; that's one of the goals. If you've got a physical record that's locked up in a case, we know if it's been broken into or not. Will the log-in transcripts in essence tell you whether or not someone has broken into the filing cabinet through the system itself?

Ms West: Certainly the log tracks the users, I believe, but we can confirm that if there's been an unauthorized access—

Mr Zbar: The tracking does log the users. If you're asking, if someone has a password, can we identify that individual if that individual isn't a user, the answer is no. But like all of our systems, they are password-protected systems and we can track the time the system was used, location etc.

Mr Mark Freiman: If I could just add really quickly, we talk about locking physical files into a cupboard and we lock them with a key. The whole idea of PKI, which has the K for "key"—it's "key infrastructure"—is that, where appropriate, it replaces the lock in the key. It is a very sophisticated system, so that in those sensitive areas where we have to guarantee the integrity of the information and guarantee that inappropriate users don't have access, it provides us with state-of-the-art protection, probably better than a lock and key inside a filing cabinet.

Mr Bryant: I've heard the descriptions "very sophisticated security" and "robust password," but looking at the auditor's report at page 89, the auditor reports that neither system—CAD or RMS—"revoked user accounts after a number of unsuccessful log-in attempts, and both applications allowed easily guessed passwords, such as a single letter, to be used," which would mean that as long as you could come up with every letter in the alphabet, you could crack this robust and sophisticated security system. How is that sophisticated, how is that robust, if you can crack it with a single letter and you get the entire alphabet to do so?

Ms West: I think what the auditor was referring to with that single-letter example was a point in time in which the system was under development and testing and did not have access to real data. As I indicated earlier, both acting on the auditor's recommendations as well as ensuring, as part of our threat and risk assessment, that we're doing all we can to have proper standards of security, we have, since that reference point, put in place better password controls, both with respect to the nature of the password and the frequency of change of password.

Mr Bryant: I don't want you to give the passwords away now, but could you tell us what—and I understand the ministry's response is they understand there may have been what I would call inappropriate security, and you said that appropriate security measures are being

implemented and possibly the use of crypto—what’s the word? Help me here.

Interjection: Cryptography.

Mr Bryant: Cryptography technologies. Is that being implemented?

Mr Zbar: Let me respond to the issue of characters. Currently, for a password to be accepted, it has to be a minimum of eight characters, so in fact you can’t use the 26 letters of the alphabet and punch one in at a time. There’s a minimum of eight characters. Those characters can be any combination of letters, numbers etc, but it has to be a minimum of eight.

Mr Bryant: Between the time in which it was one letter and now eight, do you know, can you say here that any confidential information in fact was improperly obtained?

Mr Zbar: I will speak for corrections. What I can say is, the day the system went live, it was eight characters. The one was for testing purposes. There were no real data before the go-live date.

Mr Bryant: So you’re saying there was no inappropriate access to this confidential information.

Mr Zbar: What I’m saying is that we’re not aware of any inappropriate access to the information and we believe that the security measures that are in place would, hopefully, preclude that. Can I guarantee it? No. But we certainly feel that we have enhanced security and we are working to the possible provincial standard of a PKI encryption type of technology. But right now, as I say, we have the eight characters.

Mr Bryant: Just going back to the improvements that have been made to make it robust and highly sophisticated, is the information encrypted now?

Ms West: As Deputy Zbar mentioned, we are looking at PKI, and PKI has been put in place for some of the systems. PKI does enable encryption. So again, as part of the government’s review of security around technology, we are working with Management Board and we’re responding appropriately with the measures that are recommended for our data.

Mr Bryant: So it’s not encrypted yet?

Ms West: Through PKI, effectively it enables encryption. My understanding is that with the key technology, effectively it’s not decrypted until you have the key to get entry to it.

Mr Bryant: I just want to understand. Is it in place now or are you looking at putting it into place?

Ms West: The PKI itself is in place in some areas and in other areas it’s being considered as part of our review of security needs for those systems.

Mr Bryant: OK. So is there access anywhere where by somebody could get access to this confidential information that would not be encrypted? It sounds like there are some places in which it’s not encrypted. Secondly, is this eight-letter password in place for all the ministries in all access points or just some?

Ms West: With respect to the systems that are implemented, the password that was mentioned earlier is in place and the approach to passwords is in place. With

respect to records management, computer-aided dispatch and the OTIS systems, that’s in place. With respect to implementation of PKI, that’s something that’s being planned for deployment and being reviewed as part of our review of security needs within each of the systems.

1110

Mr Bryant: Since the auditor’s report has come out, in fact, February 27, we hear from people who work within the Ministry of Correctional Services through published reports, according to Cathy Hutchison, the head of the Probation Officers Association of Ontario, that the offender tracking and information system, OTIS, is, in her words, “simply not compatible with our profession.” What does she mean?

Mr Zbar: I won’t try and speak for Cathy, because when I do that, she doesn’t like it. But let me try and explain where we are. OTIS works. We went live on August 10 of last year. On that date, we transferred 60 million records to OTIS. Even the severest critics, including the ones in the article you mentioned, refer to it as a very good offender information and tracking system. On any given day, we track 80,000 offenders in 45 institutions, 124 probation offices, various legal statuses, remand back and forth, court, jail, discharges, admits etc, and the system is working extremely well.

What I think is being referred to is the second part of the system, which is a comprehensive case management system. Some probation officers are saying that it’s a very complex system. It is multi-screened and it is a complex system, certainly more complex than the previous system, because it has a number of enhancements. Those enhancements include—and I’ll just give you a quick list—digital mug shots that are viewable on screen; offender non-association features, which help both probation officers and those in institutions manage offenders; better access to special management concerns, medical conditions etc; specific support to administrative processes; automatic linkages to victim notification service; electronic access to information that the Ontario Board of Parole needs, and it goes on. So there are a number of enhancements to this system.

Probation officers have expressed concern, as I say, about the complexity of this system. We have listened to those probation officers. Two months ago the assistant deputy minister responsible for the program issued a series of instructions to probation officers which basically allowed them to phase in usage so that they could get familiar with the technology.

As well, we have provided a variety of supports specifically to probation officers, because they are the ones who have the most concern. We have a 24-seven help desk. We have computer-assisted learning that helps them manage the system. We have associate trainers who are probation officers themselves available to help other probation officers do their work. We also have user groups, focus groups, which in fact are meeting this week, made up of probation officers who are working with our systems folks and our program folks to try and find ways of combining some of the screens so that they will be able to use them in a more effective way.

But again, I have to reiterate, this is a system that works. It replaces the offender management system, which was a 1980s system. It was fraying at the edges—that's not a technological term, but it was fraying at the edges. It was breaking down and it was reaching capacity. It couldn't provide mug shots, it couldn't provide association, so we had to put a new system in place and, as I say, it's live and working.

Mr Bryant: Whether it's superior or not, my concern is that right now there are victims who are having confidential information compromised. In that sense, we don't want to have victims not going to the criminal justice system because they're afraid that information they provide is somehow being accessed.

The people who work in probation and parole support are painting a different picture than you have just painted. One of them is quoted in this article, and I'm sure you saw it: "There is no integrity to the system at all," says this person who has worked in there for 10 years. Another person has said that there is a real danger that confidential information is vulnerable to access.

You're saying we have robust security. This person who is working in there is saying there's no integrity to the system at all. What is the public to make of that? Are you saying they're making this up?

Mr Zbar: I wouldn't put words in anybody's mouth. What I'm saying to you is that there is security, as was outlined. The fact is that the security is enhanced over what existed in the previous system.

Mr Bryant: Are you concerned about the statements, though?

Mr Zbar: I'm always concerned when I hear probation officers express concerns about their working conditions. We work with probation officers. I happen to be a probation officer. I started my career in institutions but I then became a probation officer, so I know the work. I understand the complexity of the work and I know it's very challenging work. So when probation officers speak to me, as many of them do, and express their concerns, we take them seriously. That's why we have set up these focus groups of probation officers to work with us to try to deal with their issues around the responsiveness and complexity of the system. They have not, until this quote, raised the security issue with me because, as I say, the system is more secure than what we've had before.

Mr Bryant: I guess my concern is that the public has known and the auditor's report has stated since November of last year that there were security problems. Between then and now, I understand the submission is that improvements were made to passwords so that when it went live, the information was kept confidential. But this article is dated today and presumably the information was gathered fairly recently. It would seem, on the contrary, that instead of improvements being made since November and now, improvements have not been made, because there are still problems. How do you reconcile the case for improvement that you're making and the security breaches that are being alleged in this published report?

Mr Zbar: Again, I'm not aware of any security breaches. No specific security breach has been brought forward by anybody.

Mr Bryant: But you said in the very beginning that there was really no way to determine that.

Mr Zbar: No. You asked a question and I gave a hypothetical answer. I'm suggesting to you that we have not had any complaints, by members of the public or probation officers or folks in our institutions, related to security breaches of the system, not one.

Mr Bryant: Presumably, that's because the victim of that confidentiality breach hasn't become aware of it yet, but that doesn't mean it has not happened. We just don't know the answer to that.

Mr Zbar: I can only respond to things I'm aware of. As I say, I'm not aware and no security breaches have been brought to the ministry's attention by, and I will stress, anybody.

Mr Bryant: Except for the probation officers who were quoted in the Star today. They brought them to your attention.

Mr Zbar: Yes, they brought them to our collective attention.

Mr Bryant: I just want to understand what you are doing to respond to these concerns. We have to assume that they're not making them up.

Mr Zbar: Again, as I think my colleague mentioned, we feel that we are listening to what the auditor recommended. We are looking at the enhancements in terms of the PKI technology. We feel that the current password to protect the system is better than it used to be and we will continue to look for improvements.

The Chair: Last question, Mr Bryant.

Mr Bryant: OK. We want these people to bring forward these concerns, and I know you prefer that they bring them directly to you instead of having to read them in the Star, but I see from this article that people have been suspended who work within your ministry and have received sanctions, according to this article, because they made a complaint to the system. The public needs to know that you're working with these people. But if they're being suspended for complaining, then how is it that you're working with these people to make it a safer system?

Mr Zbar: Again I will say to you categorically that no one has been suspended for complaining. We have a collective agreement. We're in a collective bargaining environment. We follow the collective agreement. If there are breaches, in terms of behaviour, of the collective agreement, we take disciplinary action. When that disciplinary action is taken, of course, the individuals involved have due process. The fact is that nobody has been suspended for complaining. Ms Hutchison, for example, is continuously vocal about probation, and in many ways that's very welcome. We meet on a regular basis. We involve the POAO in our deliberations. When we have user groups we involve them. We meet with our OPSEU reps as well. So I think the characterization is not accurate.

1120

The Chair: We'll go to Ms Martel now.

Ms Shelley Martel (Nickel Belt): Thank you, Deputies, for being here this morning. Let me say at the outset that I had hoped—in fact, I had anticipated—that you'd be here today to give us the details of a re-negotiated contract, because I gather this has gone on for over a year. I must tell you I am surprised that this has not been completed yet in terms of renegotiation.

I also want to say that even though that is not the case, the auditor raised a number of concerns with respect to particular details of the contract, and I would appreciate having a sense of the steps or direction you're taking through the negotiations to deal with some of those concerns. I want to go through the items of the original contract to get a sense of where you're heading.

First of all, the original contract had a cap of \$220 million on payments to EDS. Will there be a cap in the renegotiated agreement, and what will the level of that be?

Mr Freiman: Perhaps I can start the responses on the issue of negotiations. You'll appreciate that it's not prudent for us to talk about details of the negotiations in public, or to talk about what the government's bottom line is or what its opening position is. Those probably are not prudent sorts of details to get into.

The negotiations haven't really taken over a year. We were contemplating renegotiation. The formal negotiations didn't start until the summer. The negotiations have been long because they've been principled and because there are important positions that each side feels need to be protected.

The issue of a cap was noted by the auditor. Positive comment was made with regard to the cap as being a useful check on uncontrolled costs. I think it is prudent to say that the negotiating team has taken note of those comments. They conform to the ministry's own sense of what is appropriate and what protects the government's position. Our negotiations are proceeding from an understanding that a cap is a good thing, that it controls spending, controls costs and provides protection.

Ms Martel: A couple of things: I think it was the auditor who noted in his report that when he was completing this audit in March, negotiations were underway. That's why I thought it's been over a year.

Second, I really do think it's incumbent on you to give us a bit more of the details of where you're heading, given that this issue is of a particular concern to us. The only difference between this and Andersen is that you were smart enough not to pay these folks before the benefits were realized, which COMSOC didn't do in the case of Andersen. So that deal is worse because of that, but there are elements in this where the concerns are very much the same. The cap is one. In the case of Andersen, COMSOC couldn't justify the cap. What are you using to justify what a cap might be? I gather you are heading there because you realize the benefit of that.

Mr Freiman: I'm not sure I understand the purport of the question in terms of a cap being a cause for concern.

What the auditor noted, and the ministries take it very much to heart, is that a cap is a good thing in that it structures the business case in a way that leads to certainty as to the total possible recovery by the private sector partner. So the cap is a tool by which we set the outer parameters of the most that could be recovered by the consortium.

We continue to see benefits in using a cap to ensure that we know the maximum that the consortium could recover. Again, it's important, as my colleague underlined in her presentation, to note that's the maximum the consortium could potentially recover; it's not an amount they have any right to. So it is a protection for the taxpayer and a protection for the government. We continue to see that as a very important aspect.

Ms Martel: The problem is that the cap is not the maximum a company can receive, because built in to the original agreement you also had \$51 million in incentives, which was over and above the cap. Granted, that wouldn't have been paid out, because EDS didn't meet some of the financial conditions. So in your renegotiation are you building in financial incentives again over and above the cap, which was the case with the original agreement?

Mr Freiman: Again, I don't think it's prudent to talk about details. I can tell you that we're very cognizant of the need to protect the taxpayer and the need to ensure that the reward promised to the consortium is commensurate with the risk. To the extent that risk is reduced, the reward will be reduced. It is a sliding scale. The greater the risk, the more justification there is to provide a potential for, though never a guarantee of, return. The more the risk is reduced, the less there is any sort of justification for large rewards to the consortium. Negotiations consist of finding the proper balance, of pegging the risk properly, pegging the rewards properly and providing assurances that we're not flowing money without requiring something in return from the consortium.

If I may, that does really tie in entirely with the point you made, which is an accurate point, that a big difference between this project and other projects that may have been criticized is that there is no payment to the consortium in recognition of benefits until the benefits are actually recognized and realized by the government. You're right to say that's the big difference. But I would say, yes, that is the big difference, because it prevents payment for no purpose. It prevents payment for a promise, and it requires performance in order to justify payment. Again, that's a very important principle, and it's a principle the government's negotiators have firmly in mind as they enter into discussions with the consortium.

Mr Peter Kormos (Niagara Centre): I appreciated your comment about being "cognizant of the need to protect the taxpayer." I trust that was the rationale for the two financial conditions that were expressed in the original contract; that is, a benefit-to-investment ratio exceeding 1.1 to 1 and that the consortium investment must not exceed \$200 million.

Mr Freiman: Yes.

Mr Kormos: But I similarly understand from the auditor that neither of those financial conditions had been met.

Mr Freiman: I think the 1.1 to 1 is really the issue we're getting at. The 1.1 to 1 is a measure of the return on investment. It says they're entitled to a 10% profit. If the business case looks as though it's not going to provide that measure of profit, either side can walk and can say, "We've had enough now." Walking isn't a simple matter, because there's a very complex series of steps to disengage and to ensure that work already underway is completed and to deal with work that isn't underway. But the project could be terminated if the return on investment is less than 1.1 to 1. In my view, that's the counterbalance to the government's protection in terms of a cap. The consortium has the protection that it doesn't have to continue to invest if it's not getting money back. The consortium could pull the plug. It decided not to pull the plug because, like the government, it sees that if there is a possibility of coming to a mutually agreeable solution that respects each side's needs, that's preferable to walking away.

1130

Mr Kormos: But were those two conditions valid when they were established and included in the initial agreement?

Mr Freiman: They were prudent ways to protect the respective interests of government and the consortium.

Mr Kormos: And from our point of view, to protect the interests of the taxpayer.

Mr Freiman: Absolutely.

Mr Kormos: And neither of those conditions has been met to date.

Mr Freiman: No. Those were signals. The cap is not a condition that hasn't been met.

Mr Kormos: The benefit-to-investment ratio must exceed 1.1 to 1, and the consortium investment must not exceed \$200 million. Those are the two financial conditions that permitted either party to exit from the agreement unilaterally.

Mr Freiman: Yes.

Mr Kormos: They were there, from the government's point of view, to protect the interests of the taxpayers, and neither of those conditions has been met.

Mr Freiman: They were designed to provide a mechanism to pull out if it was in the taxpayers' interest to pull out, and similarly for the consortium. One would expect that if in the course of negotiations—they are the alarm bells that cause one side to ask the other to do something, either pull out or, "Let's talk about whether we can find a way of restoring the balance," the fact that those signals have gone off, the prospect that the consortium might have to invest more. Remember, what the cap means is that the consortium can't be called on to invest more than that, because we're not going to pay them more than a 10% profit on that.

Mr Kormos: But by March 31, 2000, the \$200-million maximum investment had already been exceeded by \$112 million.

Mr Freiman: That's a projection of what would have to happen in order to complete the project. The actual investment has been a good deal less than that. We're looking at some \$120-odd million unsecured investment.

Mr Kormos: Is the estimate of benefits similarly inaccurate, so that the benefit-to-investment ratio becomes even more off-target?

Mr Freiman: No. What I'm saying is that up to this point we know how much has been invested. If you look at what is left to be done and you project the probable cost over the period of what is left to be done, it's going to go much higher. So there has to be something done in order to ensure that taxpayers are protected.

Mr Kormos: My understanding is that in BC—and I'm sure I'll be corrected very rapidly if I'm wrong—the plug was simply pulled on a mega-project like this, and then it proceeded in smaller projects that were more regional or more specific. Has that been a consideration on the part of the government in view of the history in British Columbia with a similar experience?

Mr Freiman: The experience in British Columbia was not really similar. If you talk about a plug being pulled, it was pulled at a point so early in the process that it was barely out of the starting gate. Our process is a good deal further down the line.

At the end of the day, if renegotiations don't produce an agreement that protects the interests of Ontario taxpayers, the government will not agree to such a renegotiation. Similarly, if the consortium doesn't believe its interests are capable of being protected, I'm sure it wouldn't agree to the renegotiation and alternatives would have to be considered. That is what's meant by negotiations.

Mr Kormos: You've read what the auditor said about the original business case as it went to Management Board and his identification of that original business case as a best-case scenario only. Do you agree with that, or is the auditor wrong?

Mr Freiman: I would never say the auditor was wrong.

Mr Kormos: Neither have I.

Mr Freiman: Knowing what we know now, the original business case was optimistic and benefited from assumptions that were rather aggressive, seeing the way things unrolled. I can't know what was in the minds of the people who originally considered the business case, whether in their view this was on the optimistic side or, given what they knew then, this was in the middle of the road. Given what we know now, it was definitely aggressive and definitely optimistic.

Mr Kormos: Wouldn't it have been prudent for Management Board or anybody reviewing that proposal to have asked not only for the best-case scenario that was proposed and put forward but also for the downside and the worst-case scenario? I know deputy ministers spend a whole lot of time preparing that sort of briefing material, don't they?

Ms West: Maybe I can respond to this and pick up on some of the comments that Deputy Freiman started with.

We recognized at the beginning that this was stated as a vision, and so it was very broadly stated. Assumptions were made with information known at that point in time as to how one could implement that vision. In retrospect—and I think we've said it before—we could look at this and deal with this in a different way should we restart, should there be a project that would be addressed in a similar way.

What we perhaps should be looking at is a range of costs and benefits. So rather than fixing on a particular dollar amount, there would be a range of costs and benefits that would acknowledge that there is a level of uncertainty here and that there is a best-case scenario and a less-than-best-case scenario.

I think the other thing that we, as we went through—

Mr Kormos: So, if I may, it wasn't particularly prudent, then, of Management Board to approve this without that range in costs, was it?

Ms West: I think what has happened since that initial request for approval is that the business case has evolved and has benefited from real information, more detailed information that has come from our business areas, as well as the realization as to what technology is out there. As we said earlier, we made the assumption that there was technology out there that we'd be able to take off the shelf and provide some modifications to. We discovered, because of the uniqueness and innovation of this particular project, that we needed to deal with it in a way that required more development work on the technology and more information as to the business requirements as we moved forward.

Ms Martel: Deputy, if I might, the auditor also said, "We noted that specific details on cost savings and new revenues were maintained by the project management office but not included in the business case. In our view, the Management Board of Cabinet should have been provided with more detailed information on project benefits in the business case in order for it to be as informed as possible in making its decision to approve the project." Why would those important details have been withheld, over and above the fact that the business case was aggressive and a best-case scenario?

Mr Freiman: I said before that the auditor is never wrong. The auditor of course is never wrong. The material the auditor was referring to and that was before the auditor didn't contain the entirety of the business case. That's not to say, however, that that summary sheet, which is what it was, was the only material that was available to Management Board Secretariat or that anything was withheld. In fact, there was extensive material provided to Management Board Secretariat and, as is the usual case, it would be analyzed and processed by Management Board analysts, who then would prepare a summary from that. I think the auditor was referring to a summary sheet that did not include the entirety of the information that would have been available to Management Board Secretariat by other means. So I don't think it's necessarily fair to say that anything was withheld from Management Board Secretariat. They were apprised

of as many details and they had available to them whatever details they required.

Ms Martel: I'll let the auditor respond to that later on.

Let me go back to the details of the renegotiation. Two financial conditions haven't been met. Is it your intention to have financial conditions in the renegotiated deal?

Mr Freiman: Clearly, the way the deal is now structured gives these what I've called warning bells and exit ramps. I don't think it's inappropriate to say that all the renegotiation discussions have involved warning bells and exit ramps. We would anticipate that there would be similar signals and similar opportunities for people to reassess their position.

Ms Martel: Mr Kormos wants to know if they will be ignored in the same way as they were the first time or will you deal with them in terms of termination?

Mr Freiman: In fairness, termination may not be the most advantageous result, either for the government or for the consortium and ultimately for the taxpayers and residents of Ontario. If termination becomes the most logical and beneficial concept or result for the taxpayer in Ontario, we won't hesitate one minute to terminate. The reason we have not terminated is not because we're ignoring anything; it's because we believe that the benefits, both qualitative and quantitative, of the integrated justice project are such that they deserve an opportunity to be realized, and if we can realize them in a way that protects the interests of Ontario taxpayers, it is worth our attempting to do that through renegotiations. That's all the renegotiations mean.

The Chair: Your last question, Ms Martel.

Ms Martel: The original agreement provided a 7% markup on purchases for EDS. Will that continue in the new agreement?

1140

Mr Freiman: The auditor has brought to our attention a number of issues where there are opportunities for the consortium to be credited with amounts in excess of retail rates, such as vendor-of-record rates. We're very cognizant of the need to be reasonable in the kinds of payments that are made. Again, it's a question of balancing risk and reward. Some risk premium is justified where the partner really assumes a risk. To the extent that the partner is really assuming a risk, we have to be prepared to look at and consider the reasonableness of some sort of a premium, all with the auditor's suggestions and observations in mind. If there is no risk being undertaken, there is no justification for any risk premium. So our attitude in the negotiations is to take a prudent approach and to ensure that we are not paying something for nothing, as I suggested to Mr Kormos. We haven't eliminated the possibility of a risk premium, but we are not committed to paying anything by way of a risk premium.

The Chair: We'll have to leave it at that for now. Mr Peters wanted to make a comment before I turn it over.

Mr Erik Peters: If I may, we did have access to the intangibles that were in the Management Board submission, and we did try to summarize those on page 67 of

our report, namely the three key ones being: increase public and police safety; make the justice system more accessible and responsive; and reduce or eliminate inefficiencies and delays in the system. If we had not received the information, unfortunately I would have had to report under section 12 of the Audit Act. So we did receive all the information. There was no withholding at the time.

Mr Bart Maves (Niagara Falls): Let me just follow up on that. The auditor has said that the only scenario that was put forward was a best-case scenario, and you've just said there were other components that were given to Management Board Secretariat. Would it not be normal in these circumstances, before you went forward to get approval of a project like this, that you would come up with a best-case and a worst-case scenario; different scenarios about how the whole thing might play out?

Ms West: Again, in the early stages of the project, and recognizing that it was stated as a broad vision in terms of improving efficiencies and transfer of information within the justice system, there was a limited amount of information or awareness both on the business requirements and on the technology that would be required to meet those needs. So in that respect, I think the way it was stated was that the first instance was stated optimistically but with a recognition that that business case as first designed would have greater detail and would evolve as more information became available.

I think we have, as we continued through the business cases, taken advantage of the additional information, both in terms of identifying the new costs or different costs that may arise as a result of discovering that technology had to be developed from the basics as opposed to buying it off the shelf. As we realized on the benefits side and on implementation what was possible and what benefits were possible to be realized, that business case sequentially got refined and became more and more real as we got into implementation.

As I mentioned earlier, though, I think even at that early stage one of the lessons we've taken from this is that we should be looking at a range. Rather than stating a particular projected cost, a particular projected benefit, we should have looked at it as a range of costs and benefits, with some assumptions more clearly stated, perhaps, as to what that range of costs and benefits was relying upon. So we've learned from that. I think the changes to our assumptions over these past couple of years, of course, have moved the business case along and made it more and more real for the implementation, but perhaps we could have anticipated some of that earlier.

Mr Maves: This committee has heard before, actually, that something like 70% of technology projects of this magnitude don't come to full fruition. That's an industry number that's well known. In fairness to you, I don't think there's an IT project that I've heard of in the past 10 years that has not had a cost overrun or a time delay.

Mr Kormos: Including public partnership ones.

Mr Maves: Any one at all, anywhere in the world that I've ever heard of that that hasn't happened with.

That leads me to say, and this will just sit as a statement, that I think greater due diligence needed to be done, and still needs to be done, on IT projects that go forward, knowing the background of all IT projects: they never meet deadlines; they never meet financial limits. I think you should have had more due diligence. You should have had best-case, worst-case and probable-case scenarios clearly laid out before going forward with the program. I just want to leave that out there.

I do want to say, though, that my understanding from the auditor's report is that you have submitted to him original and revised timetables for releases of new systems. The police and corrections parts of this system integration were to be released and in place by December 2001. What is the status? Can you give me the status of each of the seven parts of the project?

Mr Zbar: Why don't I start with corrections?

Mr Maves: OK.

Mr Zbar: As was pointed out earlier, OTIS, which is the corrections system, the offender tracking and information system, went live province-wide on August 10. We decided to delay it until August 10 because we wanted to make sure that folks were adequately trained and that the technology worked. But the system is live. It is the only system in use in corrections. As I mentioned earlier, it contains 60 million records, tracks 80,000 offenders a day at 124 offices, 45 institutions. So the system is live and, as pointed out to Mr Bryant earlier, we are working with probation officers and others to try to make the system as user-friendly as possible in terms of the case management component. I don't think anybody questions the offender tracking and information side of it.

As I say, we're working on the other parts of the system that make it far more robust than anything that any jurisdiction in this country has from a correctional point of view. So we're up and running.

Ms West: I would like to get back to you on the police systems. Despite the fact that you referenced this as a statement with respect to due diligence, I just want to respond briefly to that. We do acknowledge, with projects of any scope but certainly the scope and scale of this project, that we have to have appropriate due diligence for it. We believe we've made significant improvements in due diligence, not just since the auditor's report, but certainly picking up on some of his recommendations, but even prior to that. We have improved our financial management systems. We have a project management system in place.

On the governance side, the three deputies meet on a weekly basis, if not more frequently than that, to deal with our issues on IJ. We have an assistant deputy minister steering committee, we have project steering committees to keep their hands on the progress of the individual projects to ensure that issues are addressed as early as possible.

We did retain a third party adviser to do a risk assessment for us. We've taken into account the advice

that he has given to us and we've responded to that. We also have our internal auditors in place right now to help us review the financial management systems to make sure that we are putting in place the best system that we can for the needs of this project.

I just wanted to assure you. We mentioned lessons learned early on, but even now, as the project continues, we're trying to undertake the best due diligence to make sure that the interests of the government are properly protected.

With respect to the police project, it's the computer-aided dispatch and the records management system with the OPP. First of all, those two systems have been implemented in all 11 communications centres of the OPP, and the records management system is being used throughout the OPP at the present time. We also have what we call an OPTIC municipal police network in which 39 police services used that same system. That system of CAD and RMS has been rolled out to five of those municipal services: St Thomas, Barrie, Orangeville, Shelburne and Owen Sound. We are now dealing with, as a result of that rollout, as is typical for a large system, some identified performance issues that we've been addressing. We've now addressed them, found the solution and will continue the rollout to the other 39 police services. As a result of that it has provided a significant improvement in capability by the users of that system in recording information and having, for example for dispatch services, more immediate information about the location for police or fire service and ambulances—we do the dispatching as well in some areas—so that they have better information as they go out to a site, and having good linkage and efficiencies between the CAD and RMS.

1150

Mr Maves: Can you hold it there? So corrections' part of it is 100% complete?

Mr Zbar: The corrections' part is the use across the province. There are different phases which will come but, yes, it's complete, it's working and it's in every location.

Mr Maves: OK. The police component: the CAD and the RMS are 100% complete in the OPP?

Ms West: That's right.

Mr Maves: It's in five out of 40 municipal forces; is that right?

Ms West: It's in five out of 39. These are the smaller municipal police services, so these are the ones that share this particular system. It doesn't affect the large police services like Toronto or York region. They have their own systems. This wasn't intended to involve them.

Mr Maves: How many more will continue to—

Ms West: There are 34 left of the 39 small police services, so that rollout continues now to all of them.

Mr Maves: And when will it be completed?

Ms West: We're hopeful that will be completed certainly by the end of this year, but ideally before the fall.

Mr Maves: OK. Can you keep going with the crown attorney's part of the projects and the court's part?

Mr Freiman: I'm glad to do that. The Ministry of the Attorney General's portion of the project is the court's portion. It's the one that has been most directly affected by the inability to deliver an out-of-the-package case management product that would function as the backbone of the system. The first thing we did, as my colleague said, was to embark on a new strategy to disaggregate the projects and reconfigure them on a stand-alone basis, and then to have them integrated once we have the case management system in place. That's what we've done so far in terms of the court projects.

On the crown's, there is in place now a field project in London involving police and crowns where they are in fact testing the system. My understanding is that it is proceeding very well. Our belief is that the system will be demonstrated to be capable of exchanging information directly from the police to crowns by electronic means, thereby eliminating the need for paperwork. That will be ready for implementation province-wide as soon as all the police forces are on board and ready.

On the e-filing project, again, the first thing we did was to reconfigure our requirements for a stand-alone basis. This past fall we had one field test in Hamilton in one court environment, the superior court environment. We had, later in the winter, a second test in Toronto for the Small Claims Court and then a third test in Cochrane for a more remote region just this past month. The field tests are now ending completion. We've gathered the necessary data on where any gaps or deficiencies might lie and what improvements are needed. That's going into release too, which I'm expecting shortly, and we are planning the implementation within this calendar year of e-filing in the courts of Ontario.

On digital audio recording, again, has proved to be one of the more difficult reconfiguring processes because the original process very much integrated case management with digital audio recording. What we were moving toward is an electronic record for the courts, an electronic record of everything done in the courts, and that really comes to a head in transcripts becoming electronic documents.

We have successfully reconfigured the project in terms of our needs. We've completed our discussions with our suppliers. They know what the needs are. We have a demonstration project that involves the bar and the judiciary to demonstrate the capabilities and to get feedback on any needs, especially from the judiciary, which members of the committee will appreciate is independent and has its own views as to what needs to go on in a courtroom. Those discussions have been remarkably positive. We are anticipating approval of the necessary regulations shortly that will allow us to go live. We're planning a series of field tests in a live environment, probably over the summer so as to disrupt the courts as little as possible, and we are hoping that we have successful field tests on implementation within the next fiscal year.

Mr Maves: So all the systems that were going to be built are now built and every—

Mr Freiman: Or are capable of being implemented. I wouldn't want to overstate it. Digital audio recording has not been put into courtrooms throughout the province.

Mr Maves: OK. Let me not say "built"; I'll say "designed."

Mr Freiman: Yes, other than court case management.

Mr Maves: OK. What hasn't been implemented in police and corrections—corrections is implemented; police is well on its way to being fully implemented. What hasn't been implemented is being field tested, except for—

Mr Freiman: Court case management.

Mr Maves: —court case management. Can you tell me, and I know it will be a rough percentage, what percentage of the project is complete and what percentage of the project is being field tested?

Ms West: Again, it depends upon what your denominator and numerator are. But certainly as you've just described, all of the projects, save for court case management—and that is a large piece, but two of the projects are virtually implemented and the other—the three components that Mark mentioned are well on their way and are into pilot testing, and there's one left to be determined.

Mr Maves: So your timelines that you submitted to the Provincial Auditor, which he has in his report on page 76, indicate completion and implementation in June 2003 for the crown attorneys' part of the project and September 2003 for the courts. Some of that is going to happen prior to that, obviously, but are you still confident of those timelines?

Ms West: The auditor's report was done—I'm just trying to find the page with the reference—at a point in time for some of the systems, and court case management is the larger one, in which there was still a pending rollout. So these referenced timelines are not timelines that we would currently commit to.

As part of the negotiations, the review of the business case is the foundation for that. We have reviewed the business case for the implementation plan moving forward with our consortium partner, and so there will be adjustments, because of issues on some of the projects, to the timeline for the implementation and then for the benefits to be realized. So there are adjustments from this particular picture that you have here. There are adjustments that have been realized since this information was presented.

The Chair: Last question, Mr Maves.

Mr Maves: I have several more, so I'll just hold them until we come back. How's that?

The Chair: OK. Could we leave it at that, then? We'll recess until 1 o'clock. Thank you very much.

The committee recessed from 1200 to 1302.

The Chair: Thank you for re-attending this afternoon. We'll start the next round of questioning with the official opposition.

Mr Bruce Crozier (Essex): Good afternoon. A project of this size, as we've known up to now and learned more about this morning, is significant. It's my

understanding that within your ministries you each have what I'll refer to as, and I think most are known by this name, an integrated justice project, and there are staff in your ministries that are involved in this. Is that correct?

Ms West: Let me respond first and then I'll let my colleagues add to that. Within each ministry in the business area that's involved in one of the projects there are staff involved from the business side. For example, within the Ministry of the Solicitor General or within the OPP there are staff who are involved in the business areas in dealing with computer-aided dispatch and the records management system, identifying their requirements and ensuring that there's the technology response to that.

In addition to within the business areas there's a project management office. The project management office is composed of staff from the ministries as well as staff from the consortium. Through the project management office and its lead within each of the projects there are staff involved in the development and implementation of the technology from both the consortium—EDS is the lead partner within the consortium—as well as from the ministry or from the government.

Mr Crozier: For example, when I go to the telephone directory for the ministries, each seems to have an integrated justice project committee. Further to that, it's my understanding that that group—through a similar project group on the Management Board of Cabinet, that's how the information would flow through to cabinet itself for decisions. Is that correct?

Ms West: I'll ask my colleagues to add to this. I don't think that within the Ministry of the Solicitor General, for example, there is an integrated justice information technology division that on behalf of the three ministries provides technology support to the three ministries. The integrated justice project probably in the telephone directory is shown as being under the Ministry of the Solicitor General because we have the budget that provides for them. I don't know that Management Board has, on the other side, any organizational unit called "integrated justice project."

Mr Crozier: They have one called "integrated network project."

Ms West: OK. So that's within the corporate CIO's organizational structure. I think the integrated network project is something different from the integrated justice project. It deals with larger network concerns of the government and is the responsibility of Management Board Secretariat.

Mr Crozier: So your three ministries don't have to interact with Management Board, then?

Ms West: Yes, we do, obviously. Certainly with respect to the basis, the foundation for our systems does rest upon the network itself. So the Management Board has a responsibility on that side. We then, in terms of our particular applications, would have staff with the consortium for the implementation.

Mr Crozier: The heads of each of these integrated justice project groups, what status do they have? Are they

directors; are they managers; are they assistant deputy ministers? What status do they have?

Ms West: Let me just speak to what's within this ministry and then I'll let the others speak.

The integrated justice project is led by an executive lead, and we're just in a transition with respect to the executive lead. But that would be an assistant deputy minister level that reports to all three deputies. On administrative matters it would report to me, because it's within my organizational structure, but otherwise it would report to all three deputies.

Mr Freiman: Speaking for the Ministry of the Attorney General, our project lead is a senior manager who'd be at the director's level. She coordinates with a steering committee that includes the assistant deputy ministers who are responsible for the business lines that are affected. The assistant Deputy Attorney General for court services, for business planning and for criminal law division would all participate in the steering committee to ensure that user needs are always understood and are always translated into the requirements for the project.

Mr Zbar: Again, in corrections it's a very similar situation. Our executive lead is at the director's level and he sits on the steering committee made up of the program areas of the ministry.

Mr Crozier: At a point in time when I was looking into this subject, I went to a Web site that named an assistant deputy minister "integrated justice." Would that be this project?

Ms West: Yes, that probably would be this project. Certainly the position or the title I was referencing is within my minister.

Mr Crozier: At the assistant deputy minister level.

Ms West: That's right. Yes.

Mr Crozier: My interest at that time was with a certain supplier called MFP Financial. Are you familiar with them?

Ms West: Yes.

Mr Crozier: And there was at that time a Michael Jordan, who was the assistant deputy minister, integrated justice. Which ministry was he with?

Ms West: That would have been with the Solicitor General, again as I described, on behalf of the three ministries.

Mr Crozier: I take it that Mr Jordan is no longer the assistant deputy minister, integrated justice, but someone else is.

Ms West: Mr Jordan left that position and went over to a position in Management Board about two years ago, and has since left the government to go to the private sector.

Mr Crozier: This information I had may be a bit out of date, because it was just last fall, I guess in September.

Ms West: At that time he certainly wasn't with the integrated justice project.

Mr Crozier: This may have been a bit out of date.

Now, on the other side, on the private sector side, I understand that EDS is kind of the lead and that it was

originally perhaps SHL Systemhouse, but one took the other under its arm.

Also, and I'd just like some confirmation, there was an article in which KPMG Canada, Teranet Land Information Services and a DMR Consulting group are part of the private sector consortium.

1310

Ms West: KPMG was originally, but for a short period of time, and then left it. But DMR and Teranet are part of the consortium, with EDS as the lead partner.

Mr Crozier: What I'm leading to, and you're confirming, is that you have an interest in who makes up the consortium that you're working with on this particular project.

Ms West: Certainly. At the time the consortium was chosen as our partner, obviously who made up the consortium was very important to us because we wanted the skills, the experience and the expertise that they brought to come to the project, that we wouldn't have had within government.

Mr Crozier: I mentioned MFP Financial Services, and there was an MFP technology. Are you familiar with that group? Is that part of the consortium that you've worked with?

Ms West: No, MFP is not part of the consortium, but MFP is a vendor that was chosen after a competitive tendering process to provide the leasing of the computer hardware, software and related equipment.

Mr Crozier: So they are involved in this—

Ms West: As a vendor, yes.

Mr Crozier: Yes. You will be well aware that in the fall I had questioned the minister—I went to the Chair of Management Board but I think it was referred to the Solicitor General—with regard to this MFP Financial and MFP technology, mainly because there was quite a bit of concern with this vendor when it came to the city of Waterloo, the city of Windsor, the county of Essex, Brock University and the city of Toronto. I asked the minister at that time to confirm for me that with any contracts we had with MFP, Financial or technology, we hadn't encountered some of those problems that were being brought forward by these municipalities.

Ms West: In response, I certainly can't comment on the problems or issues that any municipality or any other organization may have had with MFP leasing, but there have been audits that have looked at our tendering process and the selection of MFP, both internally and the Provincial Auditor has done an audit on government technology leasing, and they're used as a leasing—financing for the purchase of various hardware-software-equipment.

We also recently, late last year, conducted an independent review of the leases that we have, by an independent consulting firm called ON&Y Services, to confirm—what we thought was the case, but to confirm it externally—that our existing leases were reasonable. The justice cluster has received the benefit by way of MFP leasing for the hardware-software and services financing for the various applications that we've described earlier today.

Mr Crozier: Would you be able to provide those audits for the committee?

Ms West: I'd have to look to see if those audits were appropriate to provide to you. Obviously, the Provincial Auditor's audit is available.

Mr Crozier: I might just ask the auditor: have you audited them? She just commented that obviously you've had the opportunity to look at it.

Mr Peters: We have, as you know, a no-name policy, but we have, in various audits, commented on the computer leasing arrangements that were in place in a number of ministries. Offhand, I don't recall whether there was one on your ministry, Ms West. Also, I'm not aware of the ON&Y activity, which is internal to the ministry.

Mr Crozier: Would you at least, then, undertake to see if, as you say, it's appropriate for you to provide those?

Ms West: Sure, yes.

Mr Crozier: I'd appreciate it very much because—and I want to be clear on this—I think it was said this morning that EDS—and I'll use these words, and please correct me—shifted leasing costs to the end and that they will come into the contract. I may not have jotted that down correctly. Is there something that will develop later with respect to these leasing costs?

Ms West: No. The leasing costs, of course, are part of the consideration within the business case. They're being identified, where appropriate, where it's an investment to the investment-benefit ratio. They're part of our consideration business case as part of our current costs and will continue to be costs associated with the project going forward.

Mr Crozier: OK. What I may have to do—and as I said, I apologize if I just didn't have the wording correct—is look at Hansard later to see what that comment was that struck me, and perhaps I can write to one of the ministries about it.

Mr Freiman: If it's of any assistance—this may not clarify, but perhaps it helps a little bit. As we've been discussing this morning, one of the features of this arrangement is to protect the taxpayer. One of the ways this project does it is to align costs with benefits. The idea of the project is that the financial benefits of the project are diverted at first instance to defray the costs of the project. What you may be referring to is the manoeuvring room within the project to ensure that costs arise at a point where there are benefits sufficient to pay for them.

What we want to do is ensure that there is no actual outlay of taxpayers' money, and the private partner, similarly, would like to ensure that payments are made out of benefits. That also controls the actual amount of investment. So that may have been a reference to the timing.

Mr Crozier: I appreciate and share that concern. Part of what I want to be sure of, with this significant increase in costs that has been estimated beyond this point, is that these leasing costs are part of that—that everything has

been considered—but are not a major cause of that increase.

I'm also interested in the fact that—it has been mentioned a couple of times that under this agreement, it seems that either party can just simply say, "I've had enough," and walk away from it. But I don't know, if there have been contracts with subcontractors and agreements in place, that it would be that easy to walk away from. If so, who would be responsible for them?

Ms West: The costs you refer to are paying for the current systems in place. So the systems in corrections and Sol Gen and that are being piloted within the Ministry of the Attorney General—the costs associated with that for the acquisition of hardware, software and equipment will continue because they continue to pay the cost of ongoing systems. There will still be an obligation to pay those costs. Within the contract, as we've described, there's a sharing of the risk and the reward for the payment of those. As we've also described, eventually, at the end of the contract, when the consortium is no longer with us, the government of course will continue with any ongoing costs, but the project then does provide the benefits from the project to help offset those ongoing costs.

Mr Crozier: OK. Thank you. I'll defer to my colleague.

Mr Bryant: You were speaking about, I guess, the cost-benefit advantages of the project, but surely the administration of justice cannot be compromised in the name of financial incentives. You also spoke of digital audio recording and where we're at in terms of its completion. I have to say—and I don't know how much time I have left, so I think I'll just make my submission a little longer and then let you respond. The Premier, Mike Harris, then in opposition, wrote a letter—you're probably aware of it—on December 16, 1993, in which he says of this replacement of court reporters with digital audio technology, "All too often valuable government employees are being displaced for the sake of short-term savings which might not necessarily make sense over the long term."

1320

The then Attorney General critic, Charles Harnick, raised the matter in the Legislature and said, "Besides the cost-benefit problems, there is the issue of, potentially, cases being thrown out because of problems with the transcript." Of course, that has happened. It happened in the Hannemann case of April of last year, where Mr Justice Casey Hill describes the case, not of a missing piece of a transcript, but of there being no official transcript, of there being, in his words, "an incompetent monitor, the failure of any quality control system to produce an accurate transcript."

In response to that, one of the interveners in the case said, "Well, yes, there are problems but this is just a dollars-and-cents issue." Isn't the administration of justice being compromised by the cost-saving that comes with the digital audio system?

Mr Freiman: I'm truly glad that we've raised this issue, because it's very important to stake out the ground.

In the Ministry of the Attorney General our mandate is to ensure the integrity of the justice system, the continued rule of law and respect for the principles of the constitution and of our legal system. We would not, under any circumstances, tolerate an initiative whose goal it was to save money if the result were to compromise the justice system in any way.

Mr Bryant: But that happened in Hannemann.

Mr Freiman: First of all, Hannemann, I'd note, had nothing to do with digital audio technology or any audio technology. It had to do with what Mr Justice Casey Hill perceived as a failure of quality control with regard to court monitors and court reporters. He made his comments. Again, a judge is never wrong either, so I don't take issue with his findings of fact in a particular case. The observation is correct that the integrity of the transcript is of such importance that we have to ensure that, whatever means we use to keep a record, whether it's a stenographer using a stenographer's mask or using some tape recorder, a court monitor or digital audio technology, there is quality control, there is backup, there is redundancy and there is a method of retrieving the original if a problem arises.

The project on digital audio recording is premised not on any issue of cost-savings—although there may be some significant benefits in that line—but from a vision of transforming the justice system from a paper-based system to an electronic system. There is an independent value in having an electronic record and in making the official medium of the court a digital record. There is tremendous benefit, both in terms of the integration of the entire system and in terms of the accuracy of the transcript if good digital technology is used.

But we're not simply bullying ahead. The reason we're proceeding at a measured pace—and some people think at too slow a pace; I've seen a number of articles that take us to task for the length of time it's taking to introduce this—is because we want to be sure that the primary users of the system, and that's first and foremost the judges but also the bar, are involved, understand and are satisfied with the quality. We've had tremendous participation. I can tell you that overall—you can never get 100% satisfaction—the judiciary is on board.

I don't want to reduce this to a personal matter or to anecdotal matters, but I was standing in line at a local bakery waiting to buy a dozen bagels and was unable to complete my purchase because a distinguished Superior Court judge wanted to take me aside and discuss digital audio recording, how important it was to get it going and to get it going quickly because the judiciary needs it.

So they're on board, mostly. The bar is definitely on board. We have the privilege of having one of the members of our liaison committee, Mr Derek Freeman, sitting here today because he is so interested in this and because there are representatives of the bar who are interested. They are stern taskmasters. They ensure that we have the highest goals and standards around. We will not implement a digital audio technology that doesn't satisfy the judiciary that the record they are getting is a

clean record and an accurate record and that we have fail-safe provisions to prevent anything being lost in cyberspace.

My view, having looked at the technology and having some familiarity with what goes on in the courts, is that the accuracy of digital audio recording is far superior to the accuracy of the kinds of technicians described in Hannemann, is at least as good as the accuracy of court stenographers.

Mr Bryant: That's what I was going to ask you. Are you saying to people who have concerns about this that the digital audio recording is at least as accurate and reliable as getting a human being to do it, a court reporter?

Mr Freiman: We won't institute it if it isn't. The side benefit is that it is infinitely quicker. One of the great obstacles in our civil justice system, and to an extent in our criminal justice system, is the length of time it takes to produce a transcript under present conditions. People who are familiar with the law or who have constituents who are waiting to have an appeal heard, whether it's in a criminal matter or in a civil matter, know the frustration of being told, "I'm sorry, the court reporter has not been able to get your transcript," because he or she is sitting somewhere else or has gone off on vacation, and we wait.

Mr Bryant: But in Hannemann it took five months for the transcript to be produced. Is that faster?

Mr Freiman: It's not digital audio recording, sir. Hannemann was not involved in a digital audio recording circumstance. That is our normal process. The issue in Hannemann was whether the operators, who are called court monitors, are worked to the same standards as court stenographers. The operator in Hannemann did not have the benefit of a digital audio recording device. It was dealing with something really quite different. It's a question of transcribing the standard audio tape. That's not what we're putting in.

The Chair: Last question.

Mr Bryant: So I guess Mike Harris and Charles Harnick were wrong in 1993. Is that what you're saying?

Mr Freiman: No. I'm saying Mike Harris and Charles Harnick raised an important issue. I haven't seen the letter, but the quote that you have given us indicates an anxiety on their part not to sacrifice quality on the altar of economy and not to dispense with employees simply on a whim, and we agree with that. I think the project is based on that sort of conception.

Mr Kormos: I'm looking again at the comparison on the chart that the auditor prepared in his report, between March 31, 1998, and March 31, 2001, a period of three years, in terms of the benefit-investment ratio and the hard numbers, investment costs and benefits, calculated numerically in dollars.

Mr Freiman: Could you give us a page number?

Mr Kormos: Sure. That was page 74.

I appreciate that you've been very clear that when you talk about the benefits, there are two types of benefits to be accrued: one is the financial benefits and the other is the non-monetary benefits. You made reference to those.

You talked about, for instance, the digital audio recording transcription system not having anything to do with saving costs but rather having more to do with improving the quality.

Mr Freiman: In fairness, its purpose is to improve the quality. It certainly has something to do with costs. We anticipate it can be a step toward efficiencies and the lowering of costs.

1330

Mr Kormos: The accrual of financial benefits is very important to the private sector partner, isn't it? That's the basis upon which they will get paid.

Mr Freiman: Yes.

Mr Kormos: As I understand it, there are only two ways to do that, and that is to reduce staffing among public sector workers who would be doing the job and who would be displaced by this technology—

Mr Freiman: I would say that's one of the ways to reduce costs, of which staffing is a very important component.

Mr Kormos: Could you talk about this technology impacting on some 22,000 workers? Did you use that number earlier today?

Ms West: Yes, 22,000 in terms of the impact of the project and the individual applications.

Mr Kormos: The impact that you're talking about, of course, is the termination of more than a few of those workers.

Ms West: No, that wasn't the intention; perhaps it's an impact.

Mr Kormos: Fair enough. But if one of the goals here is to reduce staffing and acquire savings, to wit, benefits, by virtue of reducing staffing, you're talking about termination of at least some of those 22,000 jobs.

Ms West: Let me just comment with respect to the impact on the 22,000 employees within the system. From my perspective, the impact that it will have within the OPP, for example, and the police services that use it will be enhanced public safety and security, individual security for them because of what the system—

Mr Kormos: OK. That doesn't reduce costs, though.

Ms West: —and it will reduce costs within the police system. The reduced costs are associated with efficiencies that are found within the system. It doesn't call for any specific reduction of individual staff but a general reduction in costs and an ability to realize greater efficiencies and lesser costs there.

Mr Kormos: You're not anticipating that this project, once completed, will displace any jobs?

Ms West: Within the police project.

Mr Kormos: OK. I'm going to refer to that in just a minute. But surely in other areas you are then anticipating that it will eliminate jobs.

Ms West: I'll let my colleague speak to their components.

Mr Freiman: It's difficult to quantify in terms of individuals and what will happen to a given individual. If indeed the technologies allow for greater efficiencies and allow us to do electronically that which was done

manually, then it is anticipated there will be less need for clerical personnel, especially. It's our hope that there will be a minimum of displacement, because the fact that we need fewer people in the more mundane, repetitive, clerical-type jobs may open up further opportunities in more rewarding jobs. But overall, whether it's through normal attrition or other means, we anticipate there will be a reduction in staffing.

Mr Kormos: Do you know by how much?

Mr Freiman: Probably several hundred.

Mr Kormos: Somebody obviously purported to be able to calculate, by way of estimate, the benefits. As I say, those benefits are in dollars and cents, so those benefits are either fewer jobs or increased revenues. Is that fair?

Mr Freiman: It's greater efficiencies or—

The Chair: Can you get a little closer to the mike, please.

Mr Freiman: I don't want to quibble, because I think by far the most significant aspect of that will be in staffing savings.

Mr Kormos: The most significant will be in staffing savings?

Mr Freiman: I would have thought, in terms of the savings, the most significant will be staffing. I think probably in terms of revenues there are a number of opportunities for increased revenues, especially in terms of filing fees and similar fees.

Mr Kormos: You mean increasing the filing fees?

Mr Freiman: And having new filing fees for new services. E-filing, especially, opens up the opportunity to realize revenues by providing new services and access to those new services at a fee.

Mr Kormos: That makes me curious, then, about the figures that are referred to, where over a three-year period of time, from 1998 to 2001, there is a dramatic reduction in the estimated benefits.

Ms West: Maybe I can just respond to that. I think we were referencing this earlier today as well. The major reason for a reduction in benefits is that the original contract had a fixed term associated with it: a fixed term for the work term for the implementation and a fixed term for realization of benefits. As we described earlier, for various reasons, the implementation period has been delayed. So the way that you see that calculated and presented in the auditor's report represents the total benefits for a particular period of time—that is, the current contract period—that would be realized on a cumulative basis as well as the cost that would be realized over that period of time on a cumulative basis.

The reason why one would see an impact on the lessening of benefits is because of the delayed implementation of the systems, delays actually of realizing the benefits, and so within the contract period of time there is less time to actually enjoy the benefits that get realized.

Mr Kormos: Then I refer to page 80 of the auditor's report and we find out, for instance, it was agreed that the \$10.5 million to be collected from the municipal police services communities wouldn't be collected because of

the nature of the sharing of the service and because it would be inappropriate to charge those services for putting their information on and, in return, getting their information back.

Ms West: This is a factor, once again, about the early stages of planning, the definition of the project and assumptions used at that point in time. The way the municipal police services, beyond the OPTIC services, the ones that share the OPP system—so this is in reference to municipal police services like Toronto, York region and Peel region. Their relationship to the project is on the exchanges of information: exchanges between crowns, so the crown brief exchange; exchanges between courts and the disposition of cases.

Mr Kormos: Sure. The next item, which also involves you, talks about the assumption that \$5.8 million was going to be saved because police wouldn't have to be involved in arranging the scheduling and managing police officers' court appearances. Yet it was discovered that in fact this was being done by police officers on light duty or on short-term assignments.

Ms West: Again, in concert with what I was saying earlier, there were assumptions that were made at the very early stages, as the project was defined, at a high level. Those assumptions set out that the police services outside of our OPTIC service who would be involved in exchanges of information, for example, would realize real quantifiable benefits. An assumption they had, for example, within their records management areas was that, because their staff were now doing it electronically and wouldn't have to do duplicate inputting and receipt of information, they would be able to reduce their numbers. As we further checked that out, as I said, as we went through further exploration with our partners, we discovered that that was not the case, that they could not commit to that, that those staff could not be further deployed. They wouldn't acknowledge that quantifiable benefit, and so we couldn't hold it to them.

Mr Kormos: For the life of me, I can't believe that your ministry would have made that error and those assumptions.

Ms West: The assumptions were made at a stage in which there had been some discussion among the municipal police services but not complete discussions with them and not a complete analysis of what each municipal police service had as part of their core staff and how this could benefit them.

As we further explored the possibilities, we discovered that that assumption was incorrect. As a result, the municipal police would not commit, and could not commit, to releasing something in the nature of \$10 million for the sake of the project.

Mr Kormos: Then on to page 85, where the auditor takes note of the fact that the taxpayer was shortchanged to the tune of around 10% in terms of the evaluation of the public sector workers' salaries—that is to say, the public sector workers who were working on this project—the shortchanging being that if it's off by 10%, then the province isn't accurately recording its contri-

bution to effect its 25% participation. Fair enough, and I understand that has been responded to, right?

Ms West: Right.

Mr Kormos: But more significantly is, just as the taxpayer got shortchanged by undervaluing that public sector work by 10%, the private sector may have been enhanced significantly by grossing up salaries to the tune of almost 400%. The auditor makes reference there to a public sector salary of \$340 a day yet for the same job the private sector partner charging back \$1,200. What's going on?

1340

Ms West: Again, this relates to an issue that we discussed earlier. With respect to the rates that were identified and charged by the consortium, these rates are, we think, quite reasonable and fair given the risk that the consortium is taking on. The risk that the consortium is taking on is that they will invest in the project up to \$200 million and there is no guarantee of return. As a result of that, of course one expects that the rate by which they charge that would include an opportunity for realizing a higher profit. That's represented in the premium rates that they would charge.

We think that's quite understandable given the nature of the project. It's once again looking to balance the risk and reward that's available to the partner. The consortium partner actually has the higher risk and currently has invested over \$130 million in the project and has received back a total of \$2 million in return.

Mr Kormos: Quite right. So when the auditor talks to the need to justify and document that disparity, that differential between ministries' rates and the consortium's rates, what you said, in your view, constitutes the justification?

Ms West: I agree that there has to be an appropriate documentation of the justification, and the justification is in the nature of reasonable rates given the risk that's being assumed.

Mr Kormos: The implementation to date and as projected: are there locations or venues in which indeed additional staff may be required as a result of the introduction of this technology?

Ms West: Obviously for the planning and implementation of the project itself, of course we have additional staff involved in that. Those staffing costs, as we've just been saying, are part of the cost-benefit projections in the business case.

Mr Kormos: What about the head office up in Downsview, which Shelley and I are determined to visit soon?

Ms West: On the support of the systems going forward, of course there will be additional costs associated with supporting and maintaining the systems that we put in place. As we've said, the benefits are intended to offset those costs.

Mr Kormos: You said "several hundred" staff people. We've gone through the Sol Gen areas and we've discovered that some assumptions made about displaced staff people simply weren't correct. As I said, I can't

believe the Solicitor General made that mistake. I'm sure the private sector people would have made those assumptions and driven them.

We're talking about the prospect of additional staff being necessary to run some of this hardware and other computer stuff, because that leaves fees, revenues, as the other avenue from which benefits will be derived.

You talk about the private sector's risk. So far, they haven't met the target—remember the twofold target that we spoke about this morning of the maximum capital contribution and meeting the benefit-expense ratio—indeed, we're far from it, and yet they're still being accommodated. Isn't the recourse now to either generate new fees or to increase existing fees, if there's going to be profit in this for the private sector?

Mr Freiman: Not necessarily. First of all, I wouldn't make any assumptions at all about how the final reckoning will be made. My colleague has rightly pointed out that the consortium is now in a position where it has invested a large amount of money and it is not entitled to any return until benefits are realized. That probably alerts us to the fact that the risk of overestimating benefits falls disproportionately on the private sector. If there has in fact been a miscalculation, then to the extent that they bear the lion's share of the risk, they will be the ones who suffer from the fact that the benefits have been overestimated as compared to where they are now.

I'm not sure about your reference to continuing to accommodate the consortium. The fact is that while we're renegotiating, the contract that now exists remains in force, and we continue to operate under it, and that means they continue to bear the lion's share of the risk, and to the extent that benefits are inadequate, the main burden falls upon them.

In terms of adjustments, again, I don't want to pre-judge anything as to what the consortium may or may not be entitled to, but insofar as you're asking about fees being a potential vehicle, we are limited. Even if we wanted to be unreasonable, the law is really quite clear about what you can do by way of fees and how fees are to be quantified. Fees cannot exceed the actual cost of providing the service.

Mr Kormos: I want to go back to the \$1,200 per day for the \$340-per-day staff person. I want to make one thing clear, at least in my mind: the fact that the private sector consortium is charging back \$1,200 doesn't in any way, shape or form mean that they're paying that person \$1,200, does it?

Ms West: No.

Mr Kormos: Indeed, they may be paying that person no more than what that person made, the \$340 a day, in the public sector.

Ms West: And of course what the consortium is charging for is all their overhead—

Mr Kormos: No, no, I understand. But they're charging back \$1,200 and they may be paying no more than the \$340 that person was earning in the public sector.

Ms West: That's possible. I don't know the particular salary rates or the individuals—

Mr Kormos: They may be paying less.

Ms West: I don't know what their individual salary rates are.

Mr Kormos: They may be paying less. That's fair, isn't it?

Ms West: I agree.

Mr Kormos: If they were astute capitalists, they would pay less.

Ms West: I don't know how they would keep the staff of that quality and expertise, but I can try to—

Mr Kormos: Astute capitalists have their ways and means.

Ms West: Yes, I agree with you. But again, just to remind us that they can charge and note that as their investment; they aren't guaranteed any recovery—

Mr Kormos: I understand. I just want it in my mind because sometimes we sit here, and this came up with Andersen, you know, those scoundrels, those thieves over there, Community and Social Services. Thank God this isn't anywhere near as bad. It isn't the criminal scandal that Andersen is, it's a mere scandal. It doesn't have the criminal qualities that Andersen did, and does.

In Andersen, we were assuming of course that they were paid. People were operating with the assumption that these staff were getting paid. But, again, I understand this is because of the risk these people are taking.

Now, were fees an essential part—the fees charged by, primarily, I assume, the Ministry of the Attorney General, because I'm not aware of any that are charged out of the other new ministries—were fees an issue in the initial round of negotiations with the private sector parties?

Mr Freiman: You mean in terms of the renegotiation or the original—

Mr Kormos: No, the original fees. Was disclosure demanded or required of the fees, the revenues, that the Ministry of the Attorney General acquires through the justice system?

Mr Freiman: Part of the business case was fees—always. In any renegotiations, an examination of fees is part of it all, but always subject to, as I said, very, very clear limitations imposed by the law.

Mr Kormos: Yes. So the private sector had full disclosure, from the government, of the revenues from the Ministry of the Attorney General in the first round.

Mr Freiman: I'm not sure that's correct.

Mr Kormos: Well, you didn't lie to them.

Mr Freiman: No. The issue with fees is the amounts that can be charged for new services, and there was a discussion of amounts that could be charged for new services.

Mr Kormos: The reason I'm asking that is because they knew full well what the revenue capacity was of the justice system back in 1998, the private sector.

Mr Freiman: To some extent, though—I don't want to quibble—the major focus of discussion would be on the possibility of creating new revenues. So it wouldn't be what's already there; it's what might be created.

Mr Kormos: OK. Fair enough. And over the course of three years-plus, the private sector partners have learned that the reduction in the staffing component is far less significant than what they appear to have anticipated it was back in 1998.

Mr Freiman: That's probably correct.

Mr Kormos: So clearly their ongoing participation is in reliance upon new revenues, isn't it?

Mr Freiman: No.

Mr Kormos: Is it just good-hearted capitalists?

Mr Freiman: No. Just as our goal in the negotiations is to maximize the benefit to the government and therefore to taxpayers without increasing the risk or exposure, their goal is to minimize their risk and maximize their revenues, and they're looking for ways. We consider those ways. If they're doable, then we'll try to do them; if they're not doable, we can't do them.

1350

The Chair: OK. We'll have to leave it there.

Mr Kormos: Thank you. But we don't have to.

The Chair: We must be fair to all sides here. Mr Maves.

Mr Maves: In Mr Kormos's questioning he talked about the wage rate for some of the private sector positions. You started to talk about what is included in that wage rate. I'll afford you the opportunity to expand on that.

Ms West: Specifically, what they would include and why they would charge a particular rate—I was speculating as to why the rates would be higher, and they wouldn't specifically be what the consultant or the consortium would have to pay their individual employees. So within their rate, of course they would take into account their other costs associated with providing services to the government.

With respect to, again, why they would be charging a higher rate, that relates, obviously, to the risk they would be assuming with respect to the project and the fact that they may not recover, and so they're looking for their premium return for assuming that risk.

Mr Maves: So in a wage rate that's in a contract of this sort you're going to have overhead, actual wages and benefits paid to the employee conducting the work, profit, risk, a variety of things. Did you know the wage rates coming in? Did you know the wage rates that were going to be charged when you entered into the contract?

Ms West: That would have been part of the early negotiations and would have been agreed upon at the time the contract was concluded. There is provision within the contract with certain conditions for an increase by the consortium of those rates, and they have not been increased since the start of the project.

Mr Maves: OK. One of the principal parts of the auditor's report was a benefit stream that was estimated to accrue from implementation of the project until 2005, and so when the benefit stream has been reduced from \$326 million, which was estimated, to \$238 million or whatever, that reduction is the benefit stream, and the auditor's report on page 79 says, "A large" part of this

"was attributable to delays in introducing new systems," and therefore the reduction in the benefits, or a reduction of benefits that are going to be realized between now and 2005?

Ms West: That's the largest reason for the reduction of the benefits. It's just that the current contract term, the current benefit term, won't allow for actual recovery, accumulated recovery, of the benefits to the extent that was assumed because of the implementation date of the projects. Because the projects have been delayed in their implementation, the benefits at the same time have been delayed.

There are other specifics, as Mr Kormos has identified, in which there are specific areas, on the basis of assumptions made at the early stages, that certain benefits could also be included but then later it was discovered that they could not be realized. But the major reason for that reduction is the time factor.

Mr Maves: Right. So some of those benefits which won't be realized between now and 2005 because of delays will in fact be realized at some point in time beyond 2005.

Ms West: Absolutely. The way the contract works, of course, is that after the benefits term—and the benefits term is that term during which the consortium can share in the benefits—they are limited to that degree. But in fact those benefits actually continue on an annualized basis forever, if you will, and for the time after the benefits term, the government receives 100% of the benefits return.

Mr Maves: So dealing with the contract that's in place now, post-2005 the entire benefit stream will, 100% of it, accrue to the government.

Ms West: That's right.

Mr Maves: And that will be the case forevermore going forward.

Ms West: Correct.

Mr Maves: And EDS: any benefit that they'll possibly receive going forward would be in the sales of their systems that they're able to develop for Ontario?

Ms West: They don't have proprietary rights in the systems. That would rest with the individual suppliers. One of the other values that I think EDS and the partners see in participating in this project is the fact that they can present themselves to other jurisdictions or other organizations as this having been a major accomplishment, and therefore demonstrating their competency and ability to be able to take on projects of a similar size, nature, complexity. But they don't have the proprietary rights to benefit from the specific application of our systems in other jurisdictions.

Mr Maves: Do you have a revised estimate now, upon full implementation and post-2005, of the annual benefit stream that will accrue to the government?

Ms West: That's something that forms the basis of the business case, that forms the basis of the negotiations, so at this stage in time I wouldn't want to disclose that, because it's pertinent to the negotiations underway.

Mr Maves: OK.

Ms West: But certainly as the negotiations go forward, the intent is, the goal is, to ensure that those benefits realized offset the costs being incurred and to be incurred into the future.

Mr Maves: Mr Kormos also raised the issue, as the auditor did on page 85, “that the project management office incorrectly calculated the per diem rates of the ministries’ staff. As a result, the rates charged were about 10% below what they should have been.” Has that been rectified or is that part of the current negotiations?

Ms West: That’s something, first of all, that we couldn’t rectify because it had been agreed to.

Mr Maves: Right.

Ms West: But as part of our current negotiations, rates, both on the government side and the consortium side, are part of the consideration for negotiations.

Mr Freiman: Maybe just to add one point that may have escaped some people: whether or not there was an error in the original calculation, the amount by which the government is credited for its investment of time is also subject to a gross-up. It was intended to be at the top of the salary scale for the public servants in question and then it was grossed up in order to balance to some extent the gross-up that’s implicit in what the consortium was credited with. That really gives us a graphic illustration of how we have to think about this. On the government side, it’s not that we’re paying the public servants an extra 40% to work on this project. We’re grossing up their salary to account for some of the same things my colleague talked about in terms of overhead etc. We get credit as an investment for the grossed-up amount, just as the consortium gets credit as an investment for its grossed-up amount and then at the end of the day, to the extent that benefits cover those expenses, there’s an entitlement to recover it. If the benefits don’t cover the costs, then you never get it back.

Mr Maves: I want to return also to an issue that was raised earlier by Mr Bryant and the auditor about security concerns. I’d just ask the auditor first, in your statement about the security measures on the system, how many breaches did you uncover?

Mr Peters: We didn’t uncover breaches. We just uncovered weakness in the system. As we described, a single-letter code was allowed. Also the particular—let me just find the reference. I think there was also a reference made to the fact that very often, if you make three attempts with a false password, the system will shut down on you and say, “Go away, we’re know you’re not an authorized person.” We also found that that feature was not working. We did not find individual breaches but we did find weaknesses in the way the security was applied.

Mr Maves: You talked earlier in the first group of questions I asked you about field testing parts of the system that you’re moving forward with and you field tested those that are already in place.

Ms West: Sorry, is this still relating to security, or just generally field testing?

Mr Maves: In your systems, both the police system and—

Ms West: Yes.

Mr Maves: You’ve field tested them?

Ms West: Of course, yes.

1400

Mr Maves: What feedback did you receive from people during the field test about security breaches?

Ms West: I’ll speak on behalf of the police issues. I’m not aware that we received any particular concerns about security breaches. As we described earlier, some of the reference to the weak, if you will, controls that were seen to be in place were actually being used at the time that this testing was occurring. Certainly we recognized, once we put the system into place using real data, that the security systems had to be appropriate for the data that were part of it. So on field testing, I haven’t heard that there were any concerns about security breaches per se beyond generally dealing with security as a necessary part of the system. Morris, do you have anything to add?

Mr Zbar: Again, I think where we need to start is that the successful and secure operations we’re talking about, certainly in corrections, rely first and foremost on staff. Staff—probation officers, correctional officers—have access to these systems. They are professional, they understand what the security concerns are, what the needs are. They have protected passwords and they retain those protected passwords. I’m not aware, as I say, of any security breaches. We certainly are cognizant of the Provincial Auditor’s concern about security and we take it very seriously. We are looking at ways of constantly improving security.

PKI was mentioned earlier. That’s a government standard that’s currently being developed and implemented across a variety of systems, including ours. We’re constantly looking for ways of improving security. But in corrections, again, most of our hardware, our computers, are either in jails or in probation offices. The access there is generally limited to staff, and staff are very cognizant from a training point of view in terms of security measures.

Mr Maves: You field tested your OTIS system with the parole officers and probation officers?

Mr Zbar: The system is live, so—

Mr Maves: I know that. Before it went live, you field tested it?

Mr Zbar: We did some tests, yes.

Mr Maves: OK. When you went live, there was training for all parole and probation officers?

Mr Zbar: Yes, prior to going live, during going live and continuing. As I mentioned earlier, we have a number of training initiatives and opportunities.

One, we got together a group of probation officers, actual practitioners, who became associate trainers. They were trained in the system prior to it going live. They went around and held training sessions with all of their colleagues. That was before going live. We decided after going live, because this was such a complex system, that we would retain those associate trainers. They were around for a number of months following going live to

deal with concerns that probation officers have and to continue the training.

Second, we expanded the help desk operation so that people can call if they have a technical problem or don't understand a certain field and can get advice and help on it.

Third, we had on-line training as well as part of OTIS, where you could go on line and get information. We continue to do training. We currently have, as I mentioned earlier, a number of focus groups made up specifically—and I'm referring to probation, although the system is in the institutions as well. But it's the probation case management that requires this complexity, so I'm focusing on that. We currently have focus groups—I believe some of them are meeting this week—to look at what else needs to be done in terms of facilitating usage.

Again, I want to stress to you, we went from a paper-based ministry to a computer-based ministry in 1997 and 1998. We've gone from total paper to almost 100% computerization. It hasn't been without pain. It's a major adjustment for folks who have not used computers, especially folks of my generation. The younger ones—I shouldn't make reference to age, but generally folks who are coming in—we just hired 165 new probation officers. This is second nature to those folks. They don't have a problem with usage and technology. Some of the folks who haven't grown up in a computer environment have experienced problems over the last four years and we have worked very hard with them because they are good probation officers. We have worked very hard with them to assist them in terms of providing courses and classes and being very patient in terms of utilization, and we continue that.

Mr Maves: What's been your feedback from the field, then, when you field tested, when you trained and now that you've implemented the system? In general, what's been your feedback on your systems?

Mr Zbar: As mentioned earlier this morning, it's mixed. We've had some positive feedback. I think almost everybody, to a person—although I shouldn't say that—would say this is a very good offender tracking and information system. It's very robust. It has the mug shots and a whole bunch of features that didn't exist.

I think where people have expressed concerns is with the case management component of the system because of its complexity. As I mentioned earlier today, we have taken steps to try and address that. But going forward, we anticipate that if this system is anything like the previous system in terms of time frame, we're going to be using this system for another 10 to 12 years minimally. It has room for tremendous growth. It allows us, from a public safety point of view, to put in all kinds of additional features, and what we need to do is stage those things so that we don't overload our folks right at the beginning. We're making adjustments as we go along.

As was mentioned earlier, any time you introduce a major provincial system—which this one is, a stand-alone system, there are implementation issues, and I would not deny those things. But the fact is the system is

up and running. It runs every day. It tracks the 80,000 offenders on a daily basis. It has 60 million records which are still there. It's being used every day in 124 probation offices, 45 institutions and is tracking, as I mentioned earlier, the courts' movements and a whole variety of other things.

We understand the challenges and I don't minimize them. I would not do that, because that would be disrespectful to the probation officers who are my colleagues. I understand the concerns and we are working on them with them, and I stress that: "with them." We have involved probation officers, we continue to involve probation officers, and if there are problems in the institutions—again, I'm not mentioning institutions because there don't seem to be those issues, because the case management system isn't as important to the records people in institutions. But whenever there are problems, we bring folks together to deal with them. We have done that and continue to do that.

Mr Raminder Gill (Bramalea-Gore-Malton-Springdale): Thank you very much and I do appreciate it. On page 74, I see the benefit-investment ratio. First of all, let me emphasize. I think we all agree that the integrated justice system is a good thing and soon will be implemented better. I think that has been agreed upon. Going to page 74, it says that the benefit-investment ratio on March 31, 1998, was estimated to be 1.81 to 1. Then on March 31, 2001, the estimation was reduced to 0.76 to 1.

I read somewhere this morning in one of the clippings where the Provincial Auditor is saying that it may be as low as 0.5 to 1. This is in the December 10, 2001, *Law Times*, in the very last column. Do you see that? Are we heading toward zero benefit ratio? Is that what we're getting to; from 1.81 to 0.76 to 0.5?

Ms West: First of all, you're quite right in referencing that these are projections. These are projected ratios based upon projections of costs to the end of the current contract term and based upon projected benefits to the end of the current contract term. This is the area in which effectively it's not meeting a discontinuance criteria that either party, as we've heard earlier, could decide to exercise and remove themselves from the project. That's why we have our negotiations currently underway.

As part of the negotiations underway, certainly one of the things we're looking very closely at is the cost side. We've worked very hard, both parties, to try to look at how we might reduce costs to further cure this particular ratio. But the major factor that reduces benefits on one side and increases costs or investment on the other side relates to the delay in implementation. So what we're recognizing is that one of the things we do have to consider is pushing out the work term to recognize what the true work term is now. We've talked about the implementation; it's been delayed. We now have to adjust it according to the work that's required to complete the projects as currently projected. We have to look at the work term as well as the benefits term, and by doing that the result will affect the benefit and risk-to-investment ratios.

The point of the negotiations is to look, among other things—there are other issues, of course, that we want to consider to improve our project delivery and to improve clarity and accountability as part of our negotiations. But certainly that's what specifically has to be addressed to bring the project back to a ratio that will allow for its completion.

1410

Mr Gill: If the trend is that it's not being attractive, then my concern is, would the EDS partners or anybody else who happens to be involved still be involved or still want to be engaged in that?

Mr Freiman: Of course that's really why we are in negotiations right now. It's never attractive to face a situation where you don't get back your investment. That is certainly an undesirable way for the private partner to continue in the project, and they are looking for creative ways and we are looking for creative ways to meet their concerns without disturbing our concerns and without disturbing our responsibility to protect the taxpayers of Ontario.

Mr Gill: I understand we've spent about \$130 million. Is that what we've spent so far?

Mr Freiman: We have not.

Mr Gill: The project has cost \$130 million?

Ms West: The project has cost about \$170 million; \$130 million of that has been the investment of the consortium.

Mr Gill: How much of that would be hardware costs?

Ms West: I don't know that I've got that information, but—

Interjection.

Ms West: A very small amount. I'm hearing "a very small amount." I know that's not a quantified number.

Mr Gill: Just estimate.

The Chair: Are we talking about \$1 million, \$5 million, \$10 million?

Ms West: It's less than \$40 million. Does that help?

Mr Gill: So a lot of that is so-called soft costs—software costs, if you want to call it?

Ms West: A large component of the costs associated with this, as we said earlier, is the staffing costs: staffing costs on the part of the consortium and staffing costs on the part of the government. Then additional costs would include software as well as hardware acquisition.

The Chair: Do you have a number of other questions, because we'll have another round after this, or else I will let you go for another few minutes.

Mr Gill: No. In the interest of saving time I'll stop. I've got one more.

The Chair: Go ahead. We'll just add it on to the time for the others.

Mr Gill: If I can make an observation, I think there was some discussion at length about digital audio recording. From my experience in the medical field—not that I've been in the medical field, but I have some knowledge of that—it seems to work quite well in terms of the accuracy of digital audio recording and in terms of the timeliness, as I understand, in the hospital setting with

the specialists' notes and all. It's done pretty well overnight. Any improvement in that—and I know there's a great accomplishment in the medical field, where the accuracy, which has to be there, is there. If I can somewhat alleviate the concerns about the accuracy of that. Do you want to input on that?

Mr Freiman: I can say that the technological standard is high now and increasing all the time. It does lead to a benefit in a number of important areas. Especially in a multicultural environment such as we have in Ontario, there is a large variety of accents and inflections that one finds in a courtroom on a daily basis. Those can sometimes pose a real challenge to human operators. The digital audio recording seems to be able to deal with those challenges at least as well as, and in most cases better than, human operators. To the extent that it can do that, it's a great benefit to us as well.

The fact is that the accuracy, already high, is improving consistently. I think you're right: the example of medical technology and the medical applications gives us good reason to have confidence that the technology, the technological end, is sound. As I said before, and it's important to stress, we've made commitments to the judiciary about the accuracy of this technology, and we're not letting it out the door until the judges are satisfied that what they're getting meets their needs. We've told them it's going to be as good as what they have now or we're not going to implement it.

Mr Gill: One of the things that was mentioned earlier is that one of the reasons for the cost overruns, if I heard correctly, is that when you went back to the courtrooms and realized that what they needed was going to cost more, one would think that would be the starting point, not that you went back to the courts in between and found out what they needed.

Mr Freiman: Maybe it's best understood as a dialogue of sorts. Remember, we were starting out, as my colleague said, without hard numbers. We were starting out with a vision that we tried to translate into numbers and predictions. The folks who put together the business cases were, in my submission, highly motivated to get it as right as they could, because the accuracy of the projections would have a direct impact on what they could expect at the end of the day.

As an aside, perhaps I should say that I think the government of Ontario and the people of Ontario were well served with the kind of project we have, where the risk is largely on the private sector, because it is a high-risk project. While some may have difficulty with the nature of the reward or the quantum of the reward that potentially was available to the private sector, from the point of view of what's been called insurance, the fact is that the risk was to a significant extent shifted to the private partner in a circumstance where it was clear it was high-risk.

We tried our best. It was in our interest and in the consortium's interest to get it right. The parties did what they did and thought they had it right. It's in the nature of these things, as you try to apply in reality what you have

down on a piece of paper—or hopefully on a computer somewhere, since we're trying to get rid of paper—that you come up against reality and start to understand where the problems are. That becomes the initiation of a dialogue to say, “Wait a minute. Let's now correct our assumptions and see what that does.” That has an effect on the business case.

That in turn leads you to re-examine some of your other conclusions, and it is a continuing dialogue until such time as you can actually implement it. In our case, the reality is—and we've said this throughout the morning and now into the afternoon—that what we know now doesn't bear out a large part of what we had hoped would be the case when this project started.

In my view, people have behaved very responsibly as they've realized there were matters that had to be adjusted, and they've come together. The consortium has been entirely honourable in this in terms of sitting down and seeing what can be done in our mutual interests to correct any errors or any deficiencies and how we can move forward. You're right: it would have been much better if we could have understood this at the beginning. But there has to be a starting point somewhere.

Mr Gill: You did mention that it's a very large project, one of the largest projects the province and the private partners have undertaken. In what context is it the largest? Is it Ontario-wide, Canada-wide or worldwide?

Ms West: With respect to the nature of this project, this is the largest of its kind that we're aware of anywhere. Certainly for Ontario it would be the largest project we've ever undertaken. Certainly within the justice system in Canada it's the largest integrated justice approach that's been undertaken to date. So it's complex in that nature and it's complex in the numbers of people who will be affected by it, who use the current systems or the future systems. It's unique in the technology that's being used; it requires a business transformation in most of the areas in which it has been applied.

1420

Mr Freiman: If I could just supplement that, I think in fairness there is a possibility—and we don't have the numbers, obviously. The British justice system is undertaking a massive transformation not dissimilar to our own. At maturity, I suspect it will be larger than ours because they have a larger system than we do. But they're undertaking roughly comparable sorts of initiatives—not exactly the same because they don't have the same players at the table. They're doing it more in what we would call silos than we are. We're trying to work with the entire justice sector because we recognize, as a number of inquests and a number of other sources have recognized, that we are all interconnected in the way we deliver justice and it would be a very good idea, therefore, if we were all interconnected in the way we collect data and in what we know. We should know the same things our partners know and we should share that and be able to leverage that.

Mr Gill: Last question for now?

The Chair: Sure, last question.

Mr Gill: In terms of the current negotiations going on, when do you estimate them to be completed and, if you know, what's the worst-case scenario of the cost?

Mr Freiman: I'd have to respectfully decline to give our negotiating partners any inside knowledge as to what our bottom line is. I don't think we should do that. It's a little dangerous, also, to speculate on time. I don't want to set false deadlines. The reality is that there is a contract in place that regulates the relationship between the parties. It's not satisfactory, given the true fiscal situation, to either party to continue, but the project will continue under that contract. Both parties are motivated to make the adjustments necessary to allow us to continue before the end of the contract term.

Mr Gill: Is that the reason you didn't have a worst-case scenario in the start?

Mr Freiman: No. I think what we've been saying all morning is right: the simple explanation is that people did the best they could with the information they had. Looking back on it, it probably would have been a better idea for them to give a range. For whatever reason, they thought they had it right and they used the numbers that they came up with.

But again, it wouldn't have been that everyone would have been bidding to go as high as possible. Both sides would have been highly motivated at the beginning to get it right, because to the extent you don't get it right you're instituting a business case that is going to get into difficulty at some point. Neither side would have wanted that.

The Chair: OK, thank you very much. We'll give some additional time to the two other parties as well. So now it's Mr Crozier.

Mr Crozier: Based on your experience and the business plan, in retrospect, had we known that rather than a project cost of \$180 million, it was going to be \$359 million, and had we known that, at least at this point in time, the expected benefits would have been reduced from \$326 million to \$238 million, would you have gone ahead with this project?

Mr Freiman: It's not clear to me that we can actually do that sort of a calculus, because if we can go back to the beginning, had we known then what we know now, we would have known that the time frames would be different and would require a different provision. What we've heard today, for instance, is that the benefits are declining, not because there are necessarily that many fewer benefits—there may be some adjustments. Mr Kormos is right: there have been some revisions downward on a number of the benefits that simply were optimistic. But a large proportion of the decline in benefits has to do, as my colleague has pointed out, with the fact that they're going to fall outside of the benefits term.

So it is likely, if we were starting with what we know now, that we wouldn't have the same timelines and therefore the calculation of benefits would have been different. It's also likely that if we knew then what we know now, we would have started out with a different assumption about out-of-the-package software. We

would have built into the business case—and therefore the costs would have been somewhat different, but we wouldn't be surprised—something that didn't rely on out-of-the package, and so some costs that, frankly, were directed toward implementing that would have been avoided.

So we wouldn't have had the same cost structure, we wouldn't have had the same benefits structure. What we would have had, with the benefit of improved information, was a more accurate business case that probably would have featured lower costs and somewhat lower benefits.

Mr Crozier: So when I stand back and look at this and take into consideration all our discussion, is it fair for me to say, notwithstanding these obstacles you've run into and are going to have to deal with, we would have done it because it needed to be done?

Mr Freiman: Yes.

Mr Crozier: OK. I appreciate, hindsight being what it is, that—

Mr Freiman: That's why, speaking, I think, on behalf of all of the deputies, it was encouraging to hear the first words from this committee being words of support for the concept of the project. That there are things we wish had turned out differently no one can deny, but the justification for the project that was there when it was initiated continues to be there. It is a good thing to link the three ministries. It is a very good thing to allow the police and the courts and corrections to exchange information. A number of coroners' juries and, I believe, a number of judges commenting believe that we can save lives by doing this. It's hard to put a price tag on saving lives.

We're here to explain how we got to where we are and to demonstrate that we have learned a great deal from what the auditor has pointed out to us, but we're not here to say that we shouldn't have done this. We should do this.

Mr Crozier: Good. I just want to add the comment that the observation was made earlier that these information technology projects always go over cost. I just hope we don't accept that as fact and that that's the way life has to be. I hope all of us try to get it better the next time on the next project, that's all.

Mr Bryant: I got cut off by our non-partisan Chair here, so I just wanted to wrap up on a few things. No, our Chair is doing a great job.

Just to return for a moment to the issue of court monitors, Deputy Attorney General, I understand that you were saying this wasn't an issue of a faulty audio recording, but rather it really comes down to quality control and the court monitors. But I know that the deputy wouldn't want to defend the five-month delay in getting a transcript out.

Mr Freiman: Absolutely not. As you'll be aware from your experience in private practice, there is nothing more frustrating to the parties than to be told they can't proceed because they're waiting for a transcript. I'm constrained to say it's inexcusable in this case, but it is

not unheard of with the most highly trained court stenographers using the most modern transcription equipment—not digital audio recording—for the same sorts of delays to occur.

Mr Bryant: You may have addressed this, so I'm sorry if I'm asking you twice: what did your ministry do after Hannemann to try and ensure that this didn't happen again?

1430

Mr Freiman: Certainly, we improved the quality control. I'd like to say, and I believe I can say with some assurance, that this was an isolated case. I won't get into details, but most disasters are the result of a concatenation of a number of necessary but not very significant factors coming together at once. Had one of them been different, this wouldn't have happened. Included among them were illnesses, replacements, training issues and personal issues. You can't eliminate all of those, but we've increased the quality control. We have reduced to writing some of the protocols that concerned Mr Justice Hill to ensure that we comply with not only the spirit but the letter of the Criminal Code, which Mr Justice Hill pointed out to us we might not be complying with. Most importantly, we've been consulting with the judiciary to ensure that their observations are taken into account in our court practice.

Mr Bryant: An article in the Law Times reported on this case. A spokesperson for your ministry said that since Hannemann was released, the Attorney General released a two-page memorandum that clarifies the role of reporters and monitors and lists recording devices approved for use in the courtrooms by the ministry. Can you make that available to the committee?

Mr Freiman: I'm sure we can. Again, just to be clear, that was done to meet not Mr Justice Hill's complaint about quality but the fact he pointed out to us that there were certain details in terms of certifying under the Criminal Code that he believed had not been totally complied with. We might have had a slight difference of opinion on it, but there's no point in arguing when the easy thing to do is make it absolutely transparent. I can't imagine it is anything other than a public document, and I'll provide it to you.

Mr Bryant: Switching gears just for a moment, you've spoken of ensuring the judiciary is satisfied. We've had raised some issues impacting those who are concerned about victims' rights, maybe not necessarily in your ministry, but they are nonetheless involved. Is the Office for Victims of Crime involved in any way in terms of auditing, if you like, or overseeing what is happening to ensure that victims themselves are also going to be satisfied?

Mr Freiman: Again, I think I'd better turn that over to one of my colleagues because, to my understanding, that wouldn't be an issue yet, in any event, in any of the applications from our ministry.

Mr Bryant: So everybody knows this in your ministry.

Mr Freiman: Yes.

Mr Bryant: But as far as you know, the office is not involved as an auditor at this stage.

Mr Freiman: As far as I know, the Office for Victims of Crime has not been involved and has not raised any concerns.

Mr Bryant: Along those lines, back to victims, I should ask, do you think it would make sense for the Office for Victims of Crime to get involved, given that confidentiality of victims' information has become an issue?

Mr Freiman: I have to say that, like my colleague, the first I heard of this was in the Star article this morning. I'm not sure I'm assisted a great deal in understanding what specifically is being referred to and what the issues are by a statement that says the system has no integrity. To the extent there are issues, we tried to ensure that stakeholders are involved in the solution of the issues. I'm not certain I understand as yet what the concern is, who has it and, therefore, what the solution is. I wouldn't eliminate the Office for Victims of Crime or other victims' representatives, but I hesitate to just jump up and down and say, "Yes, I think that's a great idea," until I really know what the problem is.

Mr Bryant: In terms of really knowing what the problem is security-wise, I guess we would turn to the auditor's report. We don't need to speculate on where the concerns are; they're spelled out.

Mr Freiman: But with respect, I believe that the specific concerns which the auditor characterized this morning as weaknesses have been addressed in terms of responding to the specific weaknesses. As my colleague did observe, the context in which the weaknesses were observed was not an operational context but a preparatory context. I can tell you that at home on my computer I have a one-letter password for Windows and my son has a one-letter password for Windows, because the only concern we have there is not to mix up our files. I also have a work computer at home, where I have four different passwords that have to change frequently, which means I'm always carrying around lists to figure out what my password is. But there it really matters, because it's an operational field. I wouldn't enter a one-letter password in my work computer, but I'm not going to enter an 18-letter password in my play computer to let me play solitaire.

So with respect, I believe we have addressed the weaknesses that were identified. The committee can at least rest assured there was no compromise of security, because there was no actual data on the systems where the weaknesses were identified.

Mr Bryant: On that front, let me ask: it should concern us that someone within a ministry involved in the integrated justice project, in particular, corrections—and this is someone who was quoted in the article—is saying that the offender tracking information system “acted like a virus, slowing the progress of my work and in some cases sabotaging it altogether.” Is your ministry going to investigate this?

Mr Zbar: Again, I'm not going to try to speculate on what that individual means by what is being said there,

but I take it that it refers to some of the implementation issues we've had. As I've mentioned to this committee, we have done a whole raft of things, from training to bringing in associate trainers to having focus groups, to try to address those concerns. Again, those concerns, I believe, because you're referring to an article, and I haven't had a chance to find out what the specific issue is—

Mr Bryant: But you're going to.

Mr Zbar: I'm going to, but I would also suggest, based on what I do know about my colleagues in probation, that the concerns they have expressed are not with the offender information and tracking system; they're with the case management component in terms of the complexity of using the system. I think the reference there is to the use of the system. The individual being quoted or misquoted, whatever the case may be, is suggesting that it's cumbersome. As I said, we are looking into and are working with probation officers to see if we can streamline the screens. As I mentioned earlier, the assistant deputy minister issued a memo a month or two ago, which deferred some of the features so that probation officers wouldn't find it as cumbersome. We continue to train and meet with focus groups.

Mr Bryant: You don't have any reason to think this person was misquoted?

Mr Zbar: I have no reason to think that.

Mr Bryant: Again switching gears to consulting services, page 87 of the report, reference is made to the former Ministry of the Solicitor General and Correctional Services hiring a consulting firm. This is about the \$584,000 fee being paid for what was originally a \$250,000 contract, which had been revised to become a \$511,000 contract. The question is, how does a \$511,000 contract get paid with \$584,000 without amending the contract? How did that happen, and what are we doing to fix it?

Ms West: I'm not sure I can speak to how that happened. Again, we appreciate the auditor's recognition of this, and we note that an error was made and that we've taken measures to ensure it doesn't happen again. We have looked at our procedures. Ensuring compliance with government policies and procedures in contracting consultant services is very important to us. It's an area where we all have to guard against any non-compliance, and it's something we've already addressed by putting in further procedures to ensure there is proper oversight and monitoring of contracted services as well as the acquisition of any consulting services. Again, we will continue to monitor any of these consulting contacts. We will want to ensure they conform to corporate guidelines and are verified by supervisory staff.

1440

Mr Bryant: I'm not sure if the consulting firm was ever identified. Who was the consulting firm?

Ms West: I don't know if it was. I don't know myself.

Mr Bryant: You don't know. Oh, right, you told me that.

The Ministry of the Attorney General also had a contract for \$320,000, which rendered a payment of

\$581,000 without any amendment of the contract. Again, we won't speculate how it happened. I guess the question is specifically what's being done to—

Mr Freiman: Exactly the same controls my colleague has identified have also been implemented in the Ministry of the Attorney General, and we're confident that sort of problem will not recur.

Mr Kormos: I'm finished, but there are a couple of things that have been bothering me. You said that the government is into this for, what, around \$30 million or \$40 million?

Ms West: About \$40 million since our last—

Mr Kormos: About \$40 million for the taxpayer, and then EDS and its investors around \$140 million.

Ms West: Around \$130 million.

Mr Kormos: Around \$130 million. You see, this is what's bothering me, because I've listening to everything you've been saying and I appreciate what you've been saying. You relied upon EDS because you didn't have the expertise inside the government to do this big project. EDS provided that expertise that allowed you to create the budget and the business plan that was put to Management Board, right? You gave them all the best information you could and they relied upon that and put everything together and prepared this proposal to Management Board. Have I got that right?

Ms West: No. Well, the relationship between the government and EDS and the consortium is a partnership arrangement, so certainly we relied upon and looked to EDS and its partners in providing to us the expertise and the experience and skills we didn't have in government. We contributed to that as well; we have our certain expertise and experience and skills that we brought to the project as well.

In terms of the project planning that formed the basis for any reporting out on business cases and reporting to Management Board, that would have been a joint exercise and we would have been the ones who would have brought it forward. Obviously, the government ministry would have brought it forward to Management Board.

Mr Kormos: Sure, at Management Board, but then the auditor says that your numbers on page 74, where you show investment costs of \$312 million, in fact—am I correct?—should be \$359 million because there's \$47 million to be expended after the termination of the agreement, but they really should be considered part and parcel of the total investment?

Ms West: I'm just looking for the reference on page 74.

Mr Kormos: "However, since \$47 million in costs would be incurred after the work term end date ... the business case did not include all of the estimated costs." So estimated costs really, as of March 31, 2001, and they could change based on these negotiations, are really \$359 million, right?

Ms West: Yes, and I think what that's reflecting is the issue once again on the timing and the end date that's currently part of the contract that doesn't reflect the true case, so the work term—

Mr Kormos: OK, but as of almost a year ago today—well, 11 months ago to the day—we are up to \$359 million in terms of costs.

Ms West: These are projections we're talking about—

Mr Kormos: Yes, in terms of gross costs.

Ms West: —and even from this period of time there will have been some adjustments as part of our current plan.

Mr Kormos: It could be even higher.

Mr Freiman: And it could be lower.

Mr Kormos: It could be lower, of course.

Ms West: It could be lower. We are looking particularly at lessening that.

Mr Kormos: But I haven't seen that pattern.

Mr Freiman: Well, you asked, sir.

Mr Kormos: OK, your comment.

Mr Freiman: One of the ways we can improve the business case is not just to improve the benefits or the fees; it's also to reduce costs.

Mr Kormos: OK, but the costs have grown from—never mind the \$180 million estimated, but the \$200 million that was the red flag, that was the exit ramp. Is that what you call it?

Mr Freiman: The exit ramp I thought was the 1.1. The \$200 million would be a red flag.

Mr Kormos: A red flag. Those are the two warning signals and the exit opportunities for either of the parties unilaterally to leave, when expenditures went over \$200 million or when the benefit-cost ratio fell below 1.1 to 1.

Let's take this a little further, then, because in the benefits, the March 31, 2001, schedule that you folks provided to the auditor says benefits of \$238 million, which leaves us with a 0.76 to 1 cost-benefit ratio, but the auditor says on page 70 that that's an overestimate by \$57 million.

Mr Freiman: Can you direct us to that?

Mr Kormos: Yes. The second bulleted item, the second mini-paragraph on the page. I figured that's how the auditor got down to 0.5 to 1. I'm just assuming that. In his quote in that legal magazine, the lawyers' magazine, he got down to 0.5 to 1 in terms of cost-benefit. He says that even your benefits on these 11-month-old cost-benefits are overstated by \$57 million, which takes you down from the stated ratio of 0.76 to 1 probably to around 0.5 to 1. Fair enough.

All said and done, I don't know. I come from Welland, down in the Niagara region. It's a very small ethnic town. Down where I come from, if we had a partnership like this and my partner took me way past the red flag and directly toward the exit ramp in a deal, and when I'm into it for \$40 million and he's into it for \$130 million and the benefits keep going down and the costs keep going up, down in Niagara, in places like Welland, we'd say, "Thank goodness our lawyers had enough good sense to build in these red flags and these exit ramps." That's what we do down there. It might be the same way in Kingston.

The Chair: We do the same in Kingston.

Mr Kormos: What surprises me is that clearly EDS ain't taking that exit ramp, notwithstanding that its own red flag said, "Turn right because there's an exit ramp ahead"; the government ain't taking the exit ramp, the public partners, and I'm wondering why. I suspect that there has been an interest you're negotiating. That means you want to keep the partnership going in one way, shape or form. EDS and its investors are already out \$130 million, less the \$2 million they've got so far, so \$128 million. They stand to be out a whole lot more and yet they're not taking the exit ramp.

I find that very interesting. Do you understand what I'm saying, Chair? They're not at the stage where they're saying, "I'm going to cut our losses." But then I read, again at the top of page 70, the second bulleted item, which begins, "Inadequate research in the preparation of the March 1998 business case resulted in projected benefits," and we covered some of those dealing with the Ministry of the Solicitor General. I'm wondering if one of the issues here is that the reason to want to negotiate this is for fear that EDS may well litigate it if EDS were in a position where the partnership were terminated, because they would say things like, "We received some grossly inaccurate information from the Ministry of the Solicitor General. We didn't receive full disclosure. The data provided to us were neither accurate nor candid." So I'm just curious as to whether that's why the government would want to negotiate a continuation of the partnership rather than terminate it.

What do I tell folks down where I come from who believe in red flags and acknowledge them, and when they see an exit ramp after having a red flag waved, bam, they take that exit ramp? What do I tell those people that we people are doing in terms of this type of business deal up here in Toronto?

Mr Freiman: The first thing, I imagine you wouldn't want to speculate on what your partner's motives are.

Mr Kormos: I'd be loath to.

Mr Freiman: I would be loath to in public as well. I certainly would be loath to speculate about their legal theories, if they have any.

Mr Kormos: I'd be loath to.

Mr Freiman: I would probably ask myself what would happen if I took the exit ramp, and I might conclude that the exit ramp might have its fair share of nails and broken glass on it as well. I'd also conclude that the party that takes the exit ramp and gets over the broken glass, over the nails and back on to the road will not be any nearer to an integrated justice solution which has an independent justification. I would conclude that from the point of view of my partner, although I wouldn't want to speculate on why they wouldn't do it, they must see a benefit in completing this project as well.

1450

Mr Kormos: That's right. I'm sure they do, which means that they've got to see some revenues at the end of the tunnel. I know you've reassured us all during the course of the day, "Don't worry, they've got big exposure here and the prospect of not making a penny." Am

I being totally cynical to suspect that they are doing their negotiating best to ensure that there is some profit in this exercise for them at the end of the day?

Mr Freiman: I wouldn't want to speculate and I wouldn't want to get into the details of negotiations.

Mr Kormos: Of course not.

Mr Freiman: However, in the abstract, if I were thinking about any negotiation, I would assume that each party to the negotiation would have its goals and would try its darndest to realize the maximum possible goals in the negotiation; the other side would be vigilant about that also. The best negotiations come where the parties understand their mutual interests and find a way that is compatible with their mutual interests and it doesn't require one party to lose and the other party to win.

Mr Kormos: Exactly. We refer to it as principled.

Mr Freiman: It's principled but it's interest-based and it's not zero sum. To the extent that the parties have formed a good working relationship in the past, despite a number of difficult challenges, it is to be hoped that they each see the potential for principled, interest-based, win-win situations. While that possibility is alive, it would be irresponsible for either party to go driving down the exit ramp, over the broken glass, over the nails and on to a road that doesn't lead to greater justice.

Mr Kormos: You called it an exit ramp. Down where I come from we call it a parachute. When the plane's out of gas and it's diving, you don't bother to check who packed the parachute. Anyway, thank you, folks, very much. I appreciate it.

The Chair: Are you finished, Mr Kormos?

Mr Kormos: Yes, sir.

The Chair: Anyone else?

Mr Steve Gilchrist (Scarborough East): Ms West, I'll just make one quick follow-up or actually a clarification to your response to Mr Bryant and his last series of questions. I want to make sure I'm not mischaracterizing your answer.

I believe Mr Bryant asked you about the change from the agreed upon price of \$250,000 and how that became \$584,000. To be fair, I would like you to have an opportunity to clarify, because the auditor suggests that it was done without documentation to explain the need for any increase over the originally agreed upon price. What, if anything, was discovered as to the rationale for the increase from \$250,000 up to \$584,000?

Ms West: I guess what I was trying to do is acknowledge what the auditor has pointed out to us, that in terms of that contract it was not in compliance with government policies and procedures. I'm not speculating on the fact that the value received from the consultant who was involved in the contract wasn't actually worth the money that was paid, but it's obvious that we didn't do proper documentation and that there was non-compliance with the procedure requirement.

As part of our follow-up to that, we have put in place procedures to ensure that we have tighter scrutiny of our consulting contracts and assurance that this won't happen again.

Mr Gilchrist: I'm a little troubled here. Non-compliance with the procedures is one thing, and I certainly understand how that would have to be part and parcel of a finding like this. But it's also, apparently, in the absence of any documentation, not compliant with the contract. If the auditor has been able to accumulate all of the relevant documents and if there's an agreed upon price of \$250,000, how can a cheque for \$584,000 be issued? Somebody had to sit down and tell the paymaster to write the cheque. Somebody before that had to tell that somebody the rationale for how it got from \$250,000 to \$584,000, and to do that, presumably they had to refer to some tenet in the contract that allowed for that variance.

If the contract did not allow that variance, why are we not getting the \$334,000 difference back? If the contract did allow the variance, where does it say that? In the middle, if you have somebody who has misled the paymaster, what are we doing to have that person arrested and charged? Because obviously that is a fraud.

So please explain to me how the documentation inconsistencies can result in a cheque of \$584,000 being written without some very specific authorizations, presumably in writing.

Ms West: I think that's the point. I think what you see here is the auditor quite properly criticizing us for not ensuring that there was a formal amendment to the contract, for not ensuring that there was a documented explanation with respect to the increase above this ceiling price. I don't think there's any reason that has been identified for concern that in fact the work wasn't performed, the work wasn't performed at rates that were appropriate and that the sum that was paid wasn't properly owing. From a legal perspective—and again, I wouldn't want to speculate on what our legal position on this would be. But obviously there's an assumption that we would have been obliged to pay this, even if the documentation that ordinarily would be required and is prudent and will be in place in the future—that that wasn't in place wouldn't absolve us of our obligation to make this payment.

Mr Peters: If I may help out, there were two amendments signed, which added up to the \$511,000. What happened in these amendments is that the fee that the consulting firm could charge was increased to \$511,000, but there was no change in the deliverables, nor was there any documentation to support what was being done to increase the price. So the legal substance was in place.

Mr Gilchrist: Excuse me, for \$511,000. Your own notes say \$584,000.

Mr Peters: For \$511,000. Oh, for the difference for the—I see where you are getting to. There's \$73,000. I can't help you on that one.

Mr Gilchrist: Well, if you can't help us—and presumably you've seen all the documents. Ms West, my background was with Canadian Tire, and I can't begin to count the number of thousands of cars that came into our garage. In every case, the customer and the person on the service desk arrived at a contract as to the work to be performed. If having come in for a brake job, when you came in to pick up your car we said, "Oh, by the way, on

a whim, but it's at the same hourly rate, we have also changed your speedometer cable," clearly you would have had no obligation to pay for that. It wasn't part of the contract. Over and above any amendments, which in and of themselves are troublesome if we didn't get anything out of it—and I think a good lawyer would tell you there has to be some kind of benefit accruing. So it raises certain question—

Interjections.

Mr Gilchrist: Either one of the lawyers on the other side. Those are troublesome changes enough, if the government and the taxpayers didn't get any benefit for the doubling in price. But what I find particularly odious is that even if the ministry's stated position is that we had an agreement to go up to \$511,000, somebody cut a cheque for \$584,000. Where is the written authorization for the \$73,000 difference? And if there isn't one, why don't we get the money back?

Ms West: As I said before, we accept the criticism from the auditor with respect to this, and I think our effort is to ensure that we don't find ourselves in this situation in the future. With respect to this specific instance, we followed up. We would have taken any action that would have been our entitlement with respect to any collection on this and otherwise, again, the effort should be to ensure that it doesn't happen in the future.

Mr Gilchrist: With the greatest of respect, you can't just come before us and say, "We're going to do better in the future and we've looked real hard at this." Either there was a legal basis for paying \$584,000 or there wasn't. That's the simple point to be made here. And if there wasn't, then somebody can't get the money from the government, it's as simple as that. They have no legal claim on \$584,000 unless there is a document signed by both parties that says they have a legal claim on that. If their legal claim is on \$511,000—this is not all that complicated—somebody writes back and says, "Sorry, in this case the auditor has revealed there was an error in bookkeeping; we expect you to write the \$73,000 back." If that party, in response to that letter, says, "Oh, no, Mr So-and-so or Ms So-and-so in your ministry has signed a document authorizing the \$73,000," I think it is your right as the deputy to have that documentation and then to follow up. In the absence of that proof, though, this is an open-and-shut case. The taxpayer should have that \$73,000 back.

I appreciate your comments, but in the absence of that level of diligence, and that kind of response, I guess my next questions will have to be to the minister himself.

Mr Maves: Do you have any timelines for wrap-up of the renegotiation of the contract?

Mr Freiman: We discussed that to some extent. It's not a good idea to set artificial deadlines. As we've discussed a number of times today, the work term ends in 2002. That probably sets an outside potential timeline for getting this thing readjusted. But we're not trying to impose artificial deadlines or make promises we can't keep.

Mr Maves: Who are the renegotiating team for the government?

Mr Freiman: I have the descriptions—I'm so used to discussing them by name, and I don't think it's appropriate. We've retained a negotiating team of four highly expert members who report directly to deputies on a weekly basis. If you give me one minute, I'll get the accurate descriptions.

It includes the executive lead for the integrated justice project, who is a person with many years of experience and expertise in managing large technology initiatives. It includes an assistant deputy minister, who represents the ministry's requirements in any negotiated agreement. We've supplemented those two individuals with people with particular talents and expertise: a senior consultant who is one of the most experienced in Canada in developing alternative service delivery models and putting together related business cases and deals; and finally a very senior private sector counsel, at government rates, who is one of the most experienced in Canada in representing governments in negotiating private-public partnerships. That's our four-person negotiating team and, as I say, they report on a weekly basis directly to the three deputy ministers you see here, plus the corporate information officer for the government.

Mr Maves: If there was a separation between the government and the consortium, I assume we own everything that's been developed to date. They can't walk away with any of the technology, any of the systems they've already developed and field tested and so on. We own that.

Ms West: The systems that are in place—we own them, if you will. We have entitlement to them, and we will continue to have responsibility for them into the future as well.

Mr Maves: How about those that are being field tested now? The same thing?

Ms West: Yes, they would be under our ownership and control.

Mr Maves: Thank you, Chair.

The Chair: Anyone else?

Thank you very much for your attendance here this morning and afternoon. We appreciate it. And thanks to all the people who came with you as well.

We stand adjourned until 10 o'clock tomorrow morning.

The committee adjourned at 1503.

CONTENTS

Wednesday 27 February 2002

2001 Annual Report, Provincial Auditor: Section 3.03, integrated justice project (Ministries of the Attorney General, Correctional Services and the Solicitor General)	P-273
Ministry of the Solicitor General.....	P-273
Ms Virginia West, Deputy Solicitor General	
Ministry of Correctional Services	P-276
Mr Morris Zbar, Deputy Minister of Correctional Services	
Ministry of the Attorney General	P-276
Mr Mark Freiman, Deputy Attorney General	

STANDING COMMITTEE ON PUBLIC ACCOUNTS

Chair / Président

Mr John Gerretsen (Kingston and the Islands / Kingston et les îles L)

Vice-Chair / Vice-Président

Mr Bruce Crozier (Essex L)

Mr Bruce Crozier (Essex L)

Mr John Gerretsen (Kingston and the Islands / Kingston et les îles L)

Mr Raminder Gill (Bramalea-Gore-Malton-Springdale PC)

Mr John Hastings (Etobicoke North / -Nord PC)

Ms Shelley Martel (Nickel Belt ND)

Mr Bart Maves (Niagara Falls PC)

Mrs Julia Munro (York North / -Nord PC)

Mr Richard Patten (Ottawa Centre / -Centre L)

Substitutions / Membres remplaçants

Mr Michael Bryant (St Paul's L)

Mr Steve Gilchrist (Scarborough East / -Est PC)

Mr Peter Kormos (Niagara Centre / -Centre ND)

Also taking part / Autres participants et participantes

Mr Erik Peters, Provincial Auditor

Clerk / Greffière

Ms Tonia Grannum

Staff / Personnel

Mr Ray McLellan, research officer,
Research and Information Services