

- The number of pensioners is steadily increasing while the number of active members contributing to the Fund has remained relatively constant. As a result, pension benefits are increasing at a much higher rate than pension contributions. For 2002, pension benefits of \$296 million exceeded total contributions of \$202 million, excluding special payments of \$144 million, by \$94 million (or 47%).
- In 1998, Government started to make special payments into the Fund with a view to reducing the unfunded pension liability. Since that time Government has made special payments totalling approximately \$840 million. However, these payments are not large enough to reduce the unfunded pension liability - in fact, the unfunded liability over that time increased by over \$200 million.
- Interest costs on the unfunded pension liability have increased from \$171 million in 1994 to \$270 million in 2003, an increase of \$99 million (or 58%).
- Over the last two years the Fund, similar to many other large pension funds in Canada, has suffered significant losses on its investments. For the year ended 31 December 2002, the Fund recorded a loss of \$73 million on the sale of investments and also recorded a decline of \$179 million in the market value of investments held at year end.

2.16 Food Premises Inspections and Licensing

The Department of Health and Community Services has the mandate for some of the programs and services being delivered by the Government Service Centre, including the food premises inspection and licensing program.

The *Food and Drug Act* provides for the inspection of food premises to ensure public safety in relation to the food supply. The *Food Premises Regulations* were enacted under the *Food and Drug Act* to prescribe the manner in which food intended for human consumption should be prepared, packaged, stored, transported, sold, advertised or exposed for sale, and delivered. An integral part of the inspection

process of food premises requires that inspectors physically inspect food premises.

Many of the weaknesses identified in the food premises inspection and licensing program during our 1998 review have not been corrected. For example:

The Food Premises Regulations

The Government Service Centre could not demonstrate whether food premises were in compliance with all areas of the *Food Premises Regulations* as inspection report forms do not provide the information necessary to make this determination.

There were 317 food premises in the Government Service Centre's database which were operating without a valid license at the time of our review.

Memorandum of Understanding

The Government Service Centre is not fully complying with the Memorandum of Understanding in that:

- Approximately 40% of food premises reviewed were not being inspected at the required frequency. This represents an increase from 1998 when we found that approximately 35% of the food premises tested were not inspected in accordance with the required frequency.
- The Department of Health and Community Services is not being provided with the required reports on program activities by the Government Service Centre.

Policy and Procedures

Our review indicated issues regarding the adequacy of and compliance with policy and procedures and the food premises database as follows:

- Policy and procedures were deficient in several areas, including: no guidance for the inspector in determining the

timeframe within which identified non-critical health hazards required correction; no guidance for the inspector with respect to the follow up of food premises that repeatedly violate the *Regulations*; procedures related to the recording, investigating and reporting of food related complaints were not clearly established; and no policy with respect to the proper documentation of follow up inspections.

- The database of food premises is neither current nor accurate.

Our review identified instances of non-compliance with policy and procedures as follows:

- Inspectors did not always provide the food premises operator with the required time frame to correct the identified non-critical health hazard.
- Licences were sometimes issued even though there was no evidence on file to indicate that identified critical health hazards were corrected prior to the license being issued.
- Inspections are not representative of year round operations of the food premises in that they are mainly performed between November and March each year.
- Inspection reports are not always properly completed. For example, reports did not always adequately describe the health hazard and/or the corrective action required.
- Follow up inspections were not always completed to determine whether previously identified health hazards were corrected.

Performance Indicators and Monitoring Procedures

Our review indicated that the Government Service Centre does not adequately monitor the food premises inspection and licensing activities. In particular:

- No operational goals or objectives for the food premises inspection and licensing program have been established and no operational plan is in place.
- There is a lack of matching of resources available with the work that has to be completed because in most regions management does not fully participate in the planning and scheduling of inspection and licensing activity.
- Effective inspection and licensing activity monitoring is not possible because the database used to monitor inspection activity is neither current nor accurate, there is no schedule in place against which to monitor inspection activity, and management does not review completed inspection reports.

2.17 Office of the Commissioner of Petroleum Products Pricing

The Office of the Commissioner of Petroleum Products Pricing was established in May 2001 with a mandate which provides for the establishment of geographic pricing zones throughout the Province and the regulation of maximum pricing for petroleum products at the wholesale and retail levels throughout the Province. In October 2001, the Commissioner announced 14 primary pricing zones and 4 sub-zones, and also set maximum prices for petroleum products in each of these zones.

Our review indicated that:

- The Commissioner did not comply with the requirements of the *Petroleum Products Regulations* in establishing geographic pricing zones and setting maximum prices in that adequate information was not obtained on **historical** prices for petroleum products charged to retailers and consumers throughout the Province and on the **historical** margins between fuel costs and these prices. As a result of not obtaining this information, the Commissioner could not consider, as required by the *Regulations*, those factors and costs that may have explained the differences between **historical** prices and between **historical** margins in establishing geographic pricing zones and maximum prices.