

2.31 Board of Commissioners of Public Utilities

The Commissioners of the Public Utilities Board, the Directors of Newfoundland and Labrador Hydro and consumer advocates are all appointed by Cabinet and are accountable to Government. The appearance, therefore, is that Cabinet could be seen as being in a position to influence all parties in matters relating to Hydro rate regulation. While it is not suggested that the Board carries out its duties and responsibilities with anything but the utmost good faith, the perception of impartiality is paramount and necessitates a strong system of accountability to ensure public confidence.

As the administrative body that regulates such matters as utility rates and service, matters which directly impact the daily lives of consumers in Newfoundland and Labrador, it is important that the Board be, and be perceived as, independent from the executive branch of Government in its functioning. In order to strengthen and enhance the public perception of independence and impartiality of the Board, we recommend the accountability to the House of Assembly should be strengthened. In particular, there should be a legislative provision which requires that the Board must prepare an annual report and provide it directly to the Speaker of House of Assembly for tabling. The legislative provision should also clearly outline the information required by Members of the House of Assembly to hold the Board accountable for its activities and should provide for a reasonable review of the Board's performance.

The consumer advocates do not prepare any form of annual report for the House of Assembly outlining details of their expenses and the work performed for the expenses incurred. These costs, which totalled approximately \$500,000 per year in each of the last three years, are ultimately passed on to the people of the Province.

The Board has not updated the Strategic Plan it developed in 1998 to reflect changes since that time. Furthermore, the Board does not prepare an annual operational plan to focus its activities towards achieving its strategic goals and objectives.

The Board's assessment revenues are exceeding its expenses resulting in a significant accumulated surplus of \$1.2 million as at 31 March 2004. Although the *Act* has a provision which allows the

Board to reduce future assessments and eliminate any surpluses, the Board has decided not to take this action. As a result, consumers in the Province have paid for this surplus through the rates the utility and insurance companies charge.

The Board has contravened the *Public Tender Act* and the *Public Utilities Act*, and its travel and entertainment expenditures are not consistent with Government's policies.

2.32 Fines Receivable

Collection efforts at the Department of Justice relating to fines receivable require improvement. The fines receivable balance has increased in each of the last five years and at 31 March 2004 totalled \$23.4 million, an increase of \$5.3 million (32%) since 2000. The Department has determined that only \$4.6 million (19.6%) is expected to be collected while \$18.8 million (80.4%) was considered uncollectible.

Of the \$23.4 million in fines receivable, \$21.9 million is recorded in the Department's Ticket Management System (TMS) while the majority of the balance of \$1.5 million is still in the Provincial Court. Many of the accounts comprising the \$21.9 million in fines receivable recorded in the TMS are quite old - 80,134 accounts totalling \$18.9 million (86.4%) of the receivables had been outstanding for more than one year with 38,599 accounts totalling \$11.2 million (51.4%) outstanding for more than five years. Some of the accounts had significant balances.

Although the Office of the High Sheriff has a Judgement Enforcement Registry, the Department is currently registering accounts with balances greater than \$1,200; therefore, 83,870 accounts with balances less than \$1,200 and totalling \$9.4 million are not registered. Furthermore, at 31 March 2004, although there were 3,434 accounts greater than \$1,200 registered, action to collect the amount due had been initiated against only 117 accounts.