

EVENING SITTING
COMMITTEE OF FINANCE

General Revenue Fund
Health
Vote 32

Item 1

Ms. Haverstock: -- Thank you very much, Mr. Chair. I welcome you this evening, Madam Minister, and all of your officials. Would you please explain what your vision is for your particular department, Madam Minister?

Hon. Ms. Simard: -- Well the department has been asked to implement health reform, and I assume you're talking in terms of the vision with respect to new health care services as opposed to a vision for my department. No? What do you see my department doing? Do you want to clarify the question?

Ms. Haverstock: -- I'm most specifically interested in your overall vision for your department, not specifically with having been mandated with health care reform, but to speak in a much broader way of where you see your department in a visionary sense.

Hon. Ms. Simard: -- Well first of all the mandate of the department is to provide leadership for the health system in order to protect and improve the health of Saskatchewan people.

The department works in a variety of partnerships with health care stakeholders throughout the province, and it sets standards. It provides services. It monitors and evaluates. It provides leadership and policy planning for health care purposes in Saskatchewan. So the department also provides a supportive function for health care stakeholders and district boards throughout the province and for other health-related organizations.

We're moving health care, as you know, from a focus on health care to a focus on health. We're moving, and the department is involved in the policy development in this area very extensively, from a focus on individual treatment to a larger focus on population health. We're moving from focus on epidemic diseases to a focus on the increase in chronic diseases. We have to deal with that as a department.

There's a change from the focus on providers in the health care system to a focus on patients. As in the past, as you know, the focus has largely been on providers in the health care system as opposed to focusing on patients and what is the appropriate care for patients. We are shifting the health care system, or the department is working in that direction, a shift from prescriptive health care services to more independence and choice in the health care system. There's a focus changing from sickness and accident care to more health promotion and disease prevention.

And there's a whole other range -- for example, shifts from institutional focus to a more community-based focus, shifts from independent health sectors with ill-defined roles to interdependent facilities with clearly defined roles; where there's a change to more cooperative and collaborative planning, a change to more managed costs in resource use as opposed to costs that are not controlled and resource utilization that's not controlled.

There's much more of an emphasis on accountability and effectiveness and more interventions based on research. So there is . . . and the department of course is working very extensively in the whole area of leading and providing support, and providing standards and goals in the whole area of moving us from those earlier focuses I mentioned about to the new focus, for example, from individual treatment to population health.

Now that is not the vision or that is part of the vision on health reform but you seem to be distinguishing the two, between the department and health reform. I mean I can go on much further as to all of the goals of health reform and the general direction we're moving, but it seems as though you are zeroing in specifically on the Department of Health.

Ms. Haverstock: -- Thank you, Madam Minister. I actually, just for clarification sake, will be starting at the broadest and becoming more specific, and this is really why I asked for your statement on a vision. It would be like a mission statement, if you will.

As well as, you mentioned goals, I'll go in more specifically to objectives and then the people for whom those will be responsible for making sure those objectives are met, the kind of time lines involved, the measurability, and so forth. So if you're wondering where I'm going, that might be more helpful. Just so that we're on the same wavelength.

What are the specific public policy objectives then, that drive your department? And I would like as well, just to . . . if you'd like to start with that one and I'll go to the next, but you may wish to consider at the same time, who has established these particular objectives? The public policy objectives of your department, how are they reviewed and revised? And what means do you use to communicate them to your employees as well as to the clients you serve?

Ms. Crofford: -- Mr. Deputy Speaker, I ask permission to introduce guests.

Leave granted.

INTRODUCTION OF GUESTS

Ms. Crofford: -- Thank you. We have in your gallery, a group of 19 young people from Westminster Cubs, Westminster United Church, who have come down to watch the proceedings this evening, see how we spend our evenings. They're accompanied by their

teacher, Tim Bleiler, I believe, and I'll be happy to meet with them later at 7:40 in room 255, and I'd like you to join me in welcoming them.

Hon. Members: Hear, hear!

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Item 1

Hon. Ms. Simard: -- Thank you very much. Well as the member opposite is aware, the Government of Saskatchewan has redefined health in Saskatchewan along the lines of the World Health Organization definition of 1984, which is that health is a state of complete physical, mental, and social well-being, and not merely the absence of disease or infirmity. It is the extent to which an individual or group is able, on the one hand, to realize aspirations and satisfy needs, and on the other hand, to change or cope with the environment. So that generally is where we are moving and striving to achieve.

A number of the goals to foster then -- healthy people and healthy communities -- have been established by the government when we released the vision, **A Saskatchewan Vision For Health: A Framework For Change**, in August of 1992.

How did we arrive at that? Well as the member opposite is aware, there have been numerous studies done on where health reform should be going over a period of decades in this province. That research and those studies were all reviewed extensively by the Department of Health. They then consulted broadly with people and organizations and groups in Saskatchewan, and as a result of that, the vision for health in Saskatchewan was prepared and tabled in the legislature. We are continuing that process through the Provincial Health Council.

The Provincial Health Council has been discussing health care goals and are presently consulting with people in communities to see how those goals might be realized in those communities. They are specifically being asked to look beyond traditional health care services at the broad determinants of health, because we know that our health is impacted far more through other things than health care services in particular.

We know that if we can deal with environmental issues, for example, and some other problems that face us in a society, that we'll do far more to improve the health of Saskatchewan people than if we pour more money into institutions and traditional health care services.

It's important to maintain a very strong health care . . . acute care sector, but we must remember that by pouring money into high tech and many of the very expensive services, in an unlimited and uncontrolled fashion, we don't generate better health for

Saskatchewan people. So we work from the premiss that we must take a look at what the broad determinants of health are, how we might in some way be able to influence them so that we live healthier and happier lives. In that regard we've asked the Provincial Health Council to consult broadly.

And if I might just go through the goals to foster healthy people and healthy communities, they are: to ensure health is a priority and a responsibility of all sectors of our province; that's to try and encourage. This isn't going to happen overnight but we are working to encourage a more intersectoral response to health issues. That's why we have umbrella boards in the province so that we don't have one board in one institution or one board in one program. We have an umbrella board that coordinates all services within that and can also look beyond and is mandated to look beyond traditional health care services, because those other services may be far more determining of our health than a hospital or a physician in a particular community.

So we have to refocus our thinking. Not to say that those other services aren't important, because they are, but we must refocus our thinking as to what is going to improve our health. We want to ensure effective and affordable service delivery and empower Saskatchewan people, communities, and health professionals to take a more active role. And this is very important, I think, going into the 21st century. And we just heard a presentation tonight by Dr. Mustard, who clearly points out that we must move to more civic communities, communities that have more input; communities who participate with people in developing policy for future health care services or other programing.

We have to work with communities as much as we possibly can and empower communities more fully. There again, that does not happen overnight. That's a process that we've put in place and yes, it is fledgling, it is new, but we have defined the need to do that. And as best we can, we're working in that direction, and I believe it will establish a prototype for future processes in the province of Saskatchewan and in other provinces in Canada.

We must strengthen family and community-based support and prevention approaches. We believe that's important. We must enhance health promotion and disease prevention. Absolutely we must maintain essential and appropriate services, develop alternative approaches, reduce health inequities, and that is very important in this province, particularly with the aboriginal population and northern situation that we have. And so we have established that as a goal, and we will work towards trying to reduce inequities, but there again, it won't happen overnight. We must enhance health research and evaluation.

And those are nine goals that have been established for healthy people and healthy communities. And as I indicated earlier, the Provincial Health Council is trying to determine how that might be achieved in each community. And the Department of Health is

monitoring on an ongoing basis what district boards are doing to try and achieve these goals, but as I pointed out earlier, it is very much in a developmental stage at this point.

Ms. Haverstock: -- Thank you, Madam Minister. If I may just have some further clarification, when I was asking about the specific public policy objectives, I think some of the goals that you have laid out are very laudatory, worthwhile, and important.

I'm just wondering how is it actually broken down in terms of who determines what the objectives are? Is it the department? Is it the umbrella board to which you referred? I'm wanting to know where the responsibility lies.

(1915)

And then I would like, please, to know how the process is established for actual review as well as revision, perhaps, of objectives as one goes along because, as you most rightly pointed out, much of what is transpiring is different. It hasn't been done before. Some of it is highly innovative, and it is like testing the waters. I'm just wondering where the responsibility lies as far as establishing the actual objectives and then who would and how they would be determined to be revised and perhaps reviewed as time goes on.

One of the things that may be useful is if you would just take one example. Choose whichever you'd like.

Hon. Ms. Simard: -- Thank you very much. First of all, with respect to the development of the goals, the goals were set by the Government of Saskatchewan, but they were set in consultation with stakeholders and the public. There were massive consultations that took place. In fact we had stakeholders sitting around a round table developing the health care goals for the future. These are also being examined by the Provincial Health Council and they came forward with their discussion paper on goals which are essentially the goals that I have outlined.

They are now going to the public to get further input and may revise those goals after they have had that sort of input. So from a macro point of view that is how the goals are being set and revised. However, within the context of those goals, district health boards can break them down, because they are very general in nature, and establish how they want to achieve those goals. So the district boards also have . . . there's local input through needs assessments that are being done.

Right now throughout the province, district boards are doing needs assessments as to what they believe their real health care needs are and this will help them to flesh out the goals. It will allow them to give input to the Provincial Health Council in establishing goals and it will allow them to develop programing for example, with respect to a particular goal. So it's very important throughout this entire process of establishing goals and determining how we move to implement them that communities are empowered

and people are consulted. And that's what we have been attempting to do.

We also have the Utilization and Research Commission which is analysing appropriate services, health care services, and whether or not they are appropriate or effective. They are taking a look at costs. They've made a number of recommendations to us as to how we could improve and we have moved on a number of those recommendations. They will be monitoring the delivery of health care services and their appropriateness and that will also help us to monitor and evaluate goals as we move through health reform.

I've talked at length already about the Provincial Health Council and what it will be doing in terms of moving us in the direction stated by the World Health Organization, in a direction of more community involvement, more community-based services, and much more attention to the broad determinants of health care.

We are in the process of developing a new information system in Saskatchewan. I think you're familiar with it. It's absolutely necessary, if we are going to be able to achieve the sort of health reform that we want and to be successful in reaching our goals, that we are able to provide district boards with the kind of data that's important to make some of the decisions they have to make as to what appropriate services are, and what their needs are, and how the health status of their citizens are affected by the programing that they put in place.

So the districts are working with this information system. They are consulting broadly as they work with it, and we are consulting with districts and health care people as we set up the information system.

We will also be looking at outcome measures. As the member opposite knows, there is very little in the form of outcome measures in Canada, North America, or the world as a matter of fact.

So as we develop outcome measures, or if another jurisdiction develops outcome measures, we will incorporate it into the system and test it and monitor it and see how it works. While all of this is taking place, of course, we will be maintaining a strong acute care sector and maintaining the services that people have enjoyed in the past.

The information system that is being developed by the Department of Health is being monitored by other countries at this time and other jurisdictions in Canada because one of the . . . I was at a conference in Victoria where there were several countries represented. One of them was the United Kingdom. When I talked about the umbrella boards we were putting in place, they said that they were very excited about that concept. They hadn't moved to an umbrella board. They'd only done institutions in that particular jurisdiction because they had certain concerns, and they were interested in hearing how we had dealt with that.

But then they went on to say that however, if you have an umbrella board of that nature, you must have a data system that follows people throughout the entire health care system. And of course I was pleased to be able to say yes; that is semi-operating, and it will be fully operating very soon. It's unique. I don't think there's anywhere else in the world where they can follow people through an entire health care system. So in future years . . . and future generations should be able to benefit from this system. But we can be assured that this system will be monitored fully by people here in Saskatchewan and even other jurisdictions who are interested in it.

I don't want to ramble on, other than to say that there are a number of mechanisms being put in place to measure the success and the appropriateness of services that are being delivered in Saskatchewan and to determine the impact of health reform.

Ms. Haverstock: -- Thank you very much. Madam Minister, I'm just going to run through very, very quickly some of what you said, so I can have some understanding because I want to have one question for clarification.

You indicated that in fact these public policy objectives are set by the Government of Saskatchewan through the Department of Health, that in fact you were assisted by different stakeholders including those -- I would imagine -- who are not only service providers but others related to the health care field and perhaps even those who receive health care services.

You also receive assistance as far as establishing the objectives, clarifying further what the objectives are for the Provincial Health Council. That in fact this then goes to the district health boards as far as inclusion in being able to refine some of those objectives, or perhaps more likely to participate in the implementation of those objectives, and you've utilized the utilization review commission and their role.

One of the things I'm most interested in is communication. What means do you use to communicate these public policy objectives to your own employees within the Department of Health, all of these related groups, if in fact some of the objectives are under review and perhaps require revision as time goes on. And further more, how is this communicated to your clients overall?

Hon. Ms. Simard: -- Thank you very much. Well let me say first off, I wish we could do a lot more in terms of communications, but we are doing a lot. With respect to employees, my deputy informs me that there have been a number of workshops that have taken place in the department. There have been internal publications that go to departmental staff that update them on health reform. There have been video messages, where this is affordable, that have been offered to departmental staff to inform them on health reform and goals and where we're heading.

In a state of change of this nature, communication is sometimes difficult because people tend to be threatened by change, and therefore communication becomes very, very difficult.

However, having said that, we have set up union-management consultation groups for the purposes of informing people about health reform goals and where we're heading. District boards meet with myself, and on other occasions, with their association. They are being provided with all sorts of educational workshops and the ability to go out and communicate with their residents. So they then turn around and communicate with the people in the district.

As well, the Associate Minister of Health and myself and the deputy minister and the associate deputies have done as much as they possibly can in terms of face-to-face speaking engagements. So we have done numerous speaking engagements throughout the province and we talk to people as often as we can about health reform, what it means, what the goals are, and where we're heading. We have some 40 to 50 staff people in the field every day who are communicating with as many people as they can and working with people at the grass roots level. There have been press conferences held.

(1930)

I try and get out to the media, the secondary media outlets and then other media outlets throughout the province as often as possible in order to give them an update on where we're going and give them a chance to ask me any questions. We have met with consumer groups on numerous occasions to inform them. We have put out health reform update for district boards and people working in the health care area to inform them as to what is happening because we believe it's crucial that from district to district there is communication so people can learn from things they're doing from district to district.

There were a whole series of post-budget meetings that took place -- and my deputy's just provided me with a list of these. I'm not sure how many, but one, two, three, four, five and a half pages. And I think there was some 600 meetings that took place just last year alone by departmental staff and ministers.

So we had done a lot in terms of communications but we can do more. And I'm always looking for other possibilities to try and tell people what the goals are and get some input from them as to how they think we can achieve these goals. And I just simply want to make the comment that in a time of change, and a state of change of this nature, communications is often difficult and imperfect, and so we recognize that. But having said that, I also want to say that the department has done a tremendous amount in terms of trying to get out and talk to people and get their input.

Ms. Haverstock: -- Thank you very much, Mr. Chair, Madam Minister. You've enumerated a number of

what you term goals, and I call objectives, and I'm wondering if you could tell me the criteria that you use to ensure that the objectives are being achieved.

Hon. Ms. Simard: -- There are a number of criteria that can be considered when we're determining the success of achieving the health goals. The most important, of course, is the health status of the population. The goal of health reform is to achieve a healthier population, and so health status of the population will be a very important indicator.

Now this will be measured through mortality and morbidity rates, accident deaths, causes of deaths, for example. However, because a number of the determinants of health are broad in nature and are preventive or non-treatment oriented, if you like, non-traditional, we also have to look at it from a very long-term point of view.

And so the Provincial Health Council has been mandated to do a longitudinal study of health impacts and health status in Saskatchewan. It's my understanding they will probably use the Health Services Utilization and Research Commission to set up and follow through on that study over a long period of time. But they will be launching and putting that longitudinal study into place.

There are some short-term indicators that we will be looking at that I think are important, and they include things such as implementation of healthy public policies through the Provincial Health Council or the legislation. We brought forward The Public Health Act, and the Provincial Health Council will be making other recommendations to us about healthy public policies. The implementation of those policies will be sort of a short-term indicator of whether or not we are moving to achieve our goals.

I think the enhancement or growth of community-based programs is something that is short term. We can take a look at that and say yes, we want to move to more community-based services. Are we doing it? Has there been a growth in this kind of programming?

A decrease in inappropriate utilization is another short-term indicator that I think is important. The Health Services Utilization and Research Commission has already pointed out some inappropriate utilization and if we can demonstrate a decrease in inappropriate utilization through policies that district boards and governments implement, then I think that's a short-term indicator.

One of the suggestions, for example, from the utilization commission in terms of . . . this isn't necessarily inappropriate utilization but it has to do with utilization -- was the fact that in long-term care the people who were in greater need of long-term care were sometimes less likely to be admitted to institutions. That comment was made by the Health Services Utilization Commission as a result of that and the utilization commission communicating with district boards.

And they sent out a pamphlet that talked at length about their long-term care analysis. We have already seen some boards move in to create a single point of entry for long-term care patients so that those who are in greatest need of care are placed first, and it's not being done institution by institution now. So these kind of things, I think, are short-term indicators of whether or not we are successful in moving towards some of the goals that have been stated.

I think another short-term indicator would be evidence that district boards are taking increased responsibility for their residents' health and for health services. And I am witnessing that right now in Saskatchewan by some district boards who have done needs assessment and have actually determined that farm safety is their greatest health care need in their area and that mental health services that aren't traditional but are of a broader nature and that early childhood development is much more of a health need than a hospital in their particular community.

And so district boards are already accepting that responsibility for their residents' health and are putting forward this need as a need that should be funded by the government, and we are taking those needs into consideration as we determine what global funding is.

So that is some of the indicators as to whether or not health reform is being successful.

Ms. Haverstock: -- Thank you very much, Madam Minister. I wouldn't for a moment want to imply that that's an easy task. The measurability part is going to be quite an overwhelming task. I think what's really very important, however, is being very specific about the criteria and then, of course, coming up with however that is going to attempt to be measured.

Looking at some responsibilities now, would you describe the senior management structure of your department, please?

Hon. Ms. Simard: -- Thank you. First of all, we have the deputy minister, Mr. Duane Adams. And then we have three associate deputy ministers, one in charge of strategic services such as northern health services, health planning and policy development, wellness and health promotion, corporate information and technology, and so on, and communications . . . epidemiologists, sorry, is in that strategic services area.

Then there's the associate minister of insured services division; that's medical care insurance, prescription drug, provincial lab, and vital statistics.

And then there's the associate deputy minister of integrated health services division. That is your district support. The programs, director of programs, management support, and capital and special operating policy unit is in the integrated health services division.

So we have three associate deputies in charge of strategic services, insured services, and integrated health services. There is another branch which is human resources, and another area which is finance and administration, and that's it. Thank you.

Ms. Haverstock: -- Thank you. What structures are in place then in the department to ensure that the objectives are achieved and that as well that when adjustments are being made that the necessary adjustments can actually take place?

Hon. Ms. Simard: -- Well first of all, all of the associate deputies are tied to a direction by the deputy minister. And in the context of policy development, there is a health planning and policy development unit in strategic directions, and a wellness and health promotion unit, so that policies and goals are being developed and monitored on an ongoing basis.

The deputy minister then establishes certain directions as he's advised by people within his department who have expertise in determining how policy is being implemented and whether it's being implemented appropriately.

And there are, of course, management committees established in the Department of Health to review these things and to instruct the managers on the policy direction that the deputy minister determines in consultation with his professional people.

The whole issue of financing to the Department of Health, of course, is tied into whether or not strategic directions are appropriate, what they should be, and whether or not they're achieving the goal of health reform. So it's all tied in in that fashion.

(1945)

There's another important element and that is that there are a number of external advisory committees. I know the member is aware that we were just in her city and announced the establishment of a mental health advisory committee which will be working very closely with government, but will also be at some arm's length of government and will have non-government people on the committee, who will not only have the responsibility for providing government with recommendations as to future directions with respect to mental health, but will also have the mandate of monitoring and evaluating the services that are being delivered.

There has been provision made for representation from the district level, and so the provincial advisory committee is not just centralized. It also has input from the district level and then there will be input flowing the other way so that the programing that is developed is coming from the grass roots up and also from the provincial council to the district boards. There'll be a two-way street.

These kind of advisory committees -- there is another one in alcohol and drug addiction -- that are being established are being established for three reasons, I

think. First of all, to provide us with advisory bodies as we move through health reform and make sure that their voice is being heard at the district level and at the central level. Also to make sure that we have non-governmental, more community input as we develop policies. And thirdly, to give more power to non-governmental people to monitor, and evaluate, and participate in the whole development of health reform at the district level.

That's important because we believe, in government, that we must move toward more community involvement, more community input, that that is the direction that people want to move, it's the direction we must move in society generally, and we're doing it in health in a fairly major fashion. But as I said earlier, it still is developmental.

But these advisory committees will perform an external check on the Department of Health as to whether or not we're achieving goals. They will perform an external advice and policy development capacity, monitoring and evaluating capacity. And I think through their input we will have a much better health care system in Saskatchewan.

Ms. Haverstock: -- Thank you very much, Mr. Chair. Madam Minister, I am very interested in the advisory committees to which you've just made reference. Could you tell me how many there are to date and how they are funded? I'm interested in who comprises them, from where they actually come, the decisions that . . . and you can illustrate with the Mental Health Advisory Committee, if you wish. That perhaps might be the one that would be closest to what I would understand best.

And I'm particularly interested in how you receive information from them. To whom do they communicate? And you're saying that they will have some capacity to evaluate success of what is really happening as far as health reform is concerned. So what I would like is just to have you clarify for me how they would be making that kind of evaluation, like based on what?

Hon. Ms. Simard: -- We have some 20 to 30 advisory groups in the Department of Health. Some of them are very high-level policy-making bodies, such as the Mental Health Advisory Committee, and others may be very specific, for example, the Saskatchewan Transplant Program Advisory Committee or the Medical Technology Advisory Committee. There are some very specific ones and then some very broad policy . . . yes, I will provide you with all this information.

Some of them aren't paid at all; some are paid, depending on what sort of work that they're doing. And some of them are professional people; if it demands professional people, then they would be staffed by professional people. Some may be from society at large or may be university academic individuals. It really depends on what the need is.

With respect to the Mental Health Advisory

Committee . . . each of the names of the mental health here . . . The new members were, for example, from the northern addictions program for La Ronge; another individual who is a native elder from Duck Lake; another person who is a life skills instructor and outreach employment counsellor from Indian Head; another person, psychiatrist at the regional psychiatric centre; another person a retired farmer; another person a senior citizen who farms; and then there was a former president of the Saskatoon self-help group for persons with mental illness; a social worker from Regina; a principal at a collegiate; and a social worker from Regina and past president of the schizophrenia society.

So the people who are chosen to that particular committee were either family of people who were consumers or may even have been consumers themselves, and professional people working in the area, and we made sure there was an aboriginal component to the committee. They were chosen then very much from interested people at large. And that is how this sort of high-level policy committee would generally be chosen.

There are a number of other committees here, however, that are very specific. There's the Alcohol and Drug Abuse Advisory Council that was announced by the Associate Minister of Health, not that long ago. And its mandate is to recommend policies and to generally . . . very general policies and also policies to address the needs of specific target groups, to recommend strategies to achieve these policies and to evaluate. And the composition of that group, for example, was . . . it's not laid out the way that one is but I can get you that information. But there again it was . . . well I don't have the full details on that so I will look for that information and I can get you the details on that.

Ms. Haverstock: -- Thank you, Madam Minister. You may not have this with you this evening either but I am quite interested since you say that there will be . . . part of their mandate will be an evaluative one. I am interested in knowing how they will go about making those evaluations based on specific criteria. What will they use as far as measuring success or the need for change, that kind of thing? I'm very interested in that.

As well, I don't know if you have this available but when you send the information if you could differentiate between -- and you don't have to be really specific but it would be nice to know -- those people who are receiving some form of remuneration versus those who are not. And I was quite struck by one thing you said, particularly with regard to the Mental Health Advisory Committee, and you can correct me if I'm wrong. Did I understand you to say that there was someone who had actually been on the receiving end of mental health services who was part of that group? You indicated that there was a consumer, I hope.

Hon. Ms. Simard: -- We have a consumer on it but we can't get more specific than that.

The other question you had asked is whether or not we could differentiate between receiving some form of remuneration and those who are not, and I think we can do that.

The other question you had asked is how do we evaluate with respect to Mental Health Advisory. The Mental Health Advisory Committee will be involved in establishing with the Department of Health how they will be able to evaluate and what sort of monitoring ability they'll have but that hasn't been worked out yet.

Ms. Haverstock: -- Thank you very much. I've found this most interesting.

I'm sure you more than anyone will acknowledge that there's been considerable change in the Department of Health experienced by the staff in particular, not only because of mandate, but I'm sure that we can say that this would have resulted . . . created, perhaps, some tensions and some stress, and possibly at times even reduced productivity.

What have your officials done to address that kind of concern within your own department? And I would like you to actually characterize the morale of the department now, let's say relative to where it was a year ago.

Hon. Ms. Simard: -- You're quite right. There has been a lot of tension in the Department of Health and amongst all health care people throughout the province because we are through a massive change and it causes tension and stress.

I think that as the department has just explained to me, the morale this year is probably better than it was last year because a lot of the change has already occurred. If there are Health department people who are anxious at this time it will be those who are facing devolution of services to the district board.

And what the department is doing to deal with that is having information-sharing sessions; they're urging the workers who will be devolved to talk to the district board so they can determine where they're going to fit and how it's going to work out. They're being urged to talk to them as quickly as possible in order to alleviate their anxieties.

I understand that SGEU (Saskatchewan Government Employees' Union) is helping the department out in this regard and they are working together on that. There has been a tremendous amount of information sharing that has taken place over several months now with departmental staff.

The department itself has been reorganized and most of that is complete at this time. And therefore people are a little more certain, for the most part, as to where they fit in the reform process that has taken place, not just in the department, but also in society at large.

(2000)

The district boards are moving to get their amalgamations, and everything is as complete, and their transfer merger agreements as complete as possible in order to settle the matters so that employees are able to fit into a certain place and know where it is going to be moving in the future.

I would not say that there has been reduced productivity in the Department of Health. I have seen an incredible amount of work being done by people in the Department of Health and I know that they are working very, very, very hard to do as much as they possibly can and to meet the demands that are being imposed upon them from external sources as well as from the Minister of Health.

And I must say I think they've done a very admirable job. I could not categorize anything that they've achieved in the last two years as reduced productivity because I think they've moved health reform along so quickly and have done it very competently. In spite of everything that we have heard, we are getting recognition from other provinces and other international jurisdictions as to how health reform is being implemented in Saskatchewan.

And a great deal of that credit goes to the departmental officials, the administrative staff, and the 40 to 50 that are out there in the field. And an enormous amount of credit goes to the hundreds of people in Saskatchewan in every community that is doing something to further health reform and is partaking in the process because it could never have happened without them, and there are literally hundreds out there involved in the process.

And it hasn't been perfect, and it's been far from perfect, but there's been a tremendous amount of community pulling-together which is the process we were attempting to encourage. But it has been much more effective than what I thought it would be. And we do now see many, many people throughout the province getting involved in the needs assessment, and it's a real civic community working towards the final health care goals which is what we have established.

So I can't underestimate how much the people have done at the grass roots and how much the health care stakeholders have done because it has been a cooperative effort with doctors and nurses and other health care professionals. So it's my hat's off to the department and the people of Saskatchewan.

Hon. Mr. Shillington: -- I move this committee report progress.

The Chair: -- The minister has moved the committee report progress. Is that agreed? Agreed. Carried.

Ms. Haverstock: -- Yes, Mr. Chair, I just would like to thank the Minister of Health this evening and her officials for coming in and answering my questions. Thank you.

General Revenue Fund

Saskatchewan Property Management Corporation Vote 53

Item 1

Hon. Mr. Lautermilch: -- Thank you very much, Mr. Chairman. I have with me tonight the president of Saskatchewan Property Management Corporation to my left, Brian Woodcock; and behind me I have John Law, the senior vice-president of finance and accommodation; beside him is Rob Isbister, director of financial planning; and to his left is Al Moffat, the vice-president of commercial services.

The Chair: -- I'm tempted to recognize the other members who are standing, but I know that they have no business before the committee; but would ask them to take their seats and conduct your business in such a way that it doesn't transgress on the business of the committee.

Mr. Goohsen: -- I thank you, Mr. Chairman. Well good evening, Minister, and welcome to your officials. I guess there might be a reason why some people are called lucky and other people aren't, but regardless of those things, here we are, you and me, and we have some questions to ask and hopefully we can get some answers.

I'm new in this critic area so you will bear with me if I ask questions that seem a little simplistic perhaps at times, but the way I look at it, being new at this, probably I know about as much about it as most of the Saskatchewan people, at least the majority of them, so the questions I ask would be the kind of things they wouldn't know about either, so maybe we can help everybody by taking it on from a new perspective.

Now I noticed when I was preparing my notes, Minister, that we had in our records in the file, a news release that came out December 13, 1993. It's got your name first, Minister, it says:

... responsible for Saskatchewan Property Management Corporation, today announced the start of an ambitious program to relocate key departments and to cut costs of government.

Earlier this fall, SPMC held a proposal call to renew or replace 140,000 square-feet of space. While primarily geared to Saskatchewan Highways and Transportation and Saskatchewan Municipal Government, as well as SPMC, related moves during 1994 to 1996 will involve other departments in a more comprehensive space plan.

I think I'm going to refer to this in a few different questions. And so in order for me not to be asking a whole bunch of questions in a series here and then have you try to pick up on which ones you can remember, I think I'll stop there and allow you to comment on the related moves that you're talking about in 1994 and what you're talking about to go to 1996 and what is involved in these departmental moves.

Hon. Mr. Lautermilch: -- Thank you. Mr. Chair, I guess in order to answer the question, what we set out to achieve when we embarked upon the Regina space proposal call was to see if we couldn't achieve a cost-effective group of properties that we would be leasing on behalf of the government and different government departments that would be cost effective but then on the other hand that wouldn't be destroying the business community in terms of driving the market to below what it would cost to operate and to maintain a building.

We looked at other jurisdictions in Calgary and Winnipeg, and quite clearly there was a glut of property on the market in those areas as there was here in Regina. And it became quite clear that, as a government and a large player in downtown commercial property, if we were to embark upon a wholesale cut and forcing the lowest common denominator, that we could really create some problems.

So what we were looking for was fair market value for the property, given today's economy and today's realities. And what we were able to do by our proposal call was to save the taxpayer of Saskatchewan over \$3 million in the next three years.

I want to say that with the reorganization, we'll be consolidating some of the different department branches. Some as examples were in more than one property and were not running as efficiently as was felt they could. So by the consolidation and by the proposal call, we were able to, we believe, have more efficient government operations and at the same time be more cost effective on behalf of the taxpayers.

Mr. Goohsen: -- Well thank you, Minister. Now we're going to definitely have to take a look at this in a little more detail in order for me to understand what's going on. Now you announced . . . your announcement -- rather -- that departments would be calling for new leasing proposals. You indicated that you were going to save this \$3 million in costs for office space and we're going to have to pursue that a little more to see if there actually can be those savings involved. So I guess my next question is how much government office space was subject to this proposal call; and why was this specific group of offices under review?

Hon. Mr. Lautermilch: -- Thank you. You have asked a question of which there can be and are many details. I'm going to attempt to give you a breakdown of how the \$3 million works.

For the year '94-95 there will be a small savings in terms of the numbers of dollars. The '95-96 fiscal year increases and then '96-97 increases yet more. In '96-7 the actual saving would be in the neighbourhood of 1.6 million. In '95-96 the cost saving would be in the neighbourhood of 1.3 million. And in '94-95 I believe the figure is . . . it's a little less than 100,000, but we've also factored in the costs of moving and consolidating the different departments. The departments that were

affected in the moves were Municipal Government, Social Services, Environment and Resource Management, and the Liquor and Gaming Commission.

(2015)

Mr. Goohsen: -- Thank you, Minister. I'm certainly going to have at least one colleague interested in the Liquor and Gaming Commission aspect of this whole process. So I'm not going to go into that right away because we want to get into this line of questioning a little further before we go into the other ones.

Just of interest, are ministerial phones included in Saskatchewan Property Management? Ministerial telephones -- ministerial phones, telephones, cell phones, that kind of stuff? Are they included in Saskatchewan Property Management?

Hon. Mr. Lautermilch: -- Yes, I am told by my officials that cellular phones and the telephone bills, expenses of that nature, would come out of the ministerial budget, which is part and parcel of Property Management Corporation's overall budget.

Mr. Goohsen: -- How many would that be?

Hon. Mr. Lautermilch: -- To my knowledge, we have a bank of phones in the ministers' offices. There are extensions at each of the secretaries' desks, each of the MAs' (ministerial assistant) desks, and at my desk as well. And we have one cell phone, to my knowledge.

Mr. Goohsen: -- Could you tell us if anyone has more than one cell phone?

Hon. Mr. Lautermilch: -- No, in total there are six people working in my office, plus myself, and we have one cellular phone.

Mr. Goohsen: -- That's between the six, right? That's between the six of you you just have the one, and you pass it around. Okay. I should let you get that on the record if you want with the next question, so just put that in your memory bank.

Back to this leasing thing. You put out a call for proposals. Can you tell us the total number of proposals that were submitted?

Hon. Mr. Lautermilch: -- I'm told by the officials there were 12 to 15 proposals that were put forth.

Mr. Goohsen: -- Could you tell us, Minister, what the criteria by which these proposals were assessed? Were they assessed only on the basis of lowest lease rates or were there other factors considered in this process?

Hon. Mr. Lautermilch: -- Well I think quite clearly we were looking at the quality of space, I guess the accessibility for the client groups. We were looking at packages that would fit the amount of square feet that would be required by the different departments, as

well as cost.

Quite clearly it takes more to satisfy the needs of a department that would be using this space than just cost. There would be renovation costs. I guess we would be looking at, as I've indicated, accessibility and the quality of space as well. All of these are important in terms of putting together a package for our clients. And through these proposals we indicated the parcels we would be requiring and based on that we chose what we felt to be the most economical and the most suitable space.

Mr. Goohsen: -- Minister, could you tell us how many previous leases were renewed after this process?

Hon. Mr. Lautermilch: -- Well I am told by the officials, it was . . . and it was quite a bit of a complicated move because we had some leases change because departments would be moving from one existing lease to a different lease, and that would mean a new lease.

We are basically in the same buildings that we were but in different configurations. And some of them are with new leases as I understand it.

Mr. Goohsen: -- Well, Minister, with all due respect, complicated is why we're here because this is supposed to be the place where we get the details, even the little, minute details. We're supposed to be able to find this out for the taxpayers. And so we're going to challenge you to tell us what exactly is going on here and what happened.

So you can't tell us how many previous leases were renewed, so maybe you'd like to try it from a different direction. How many of these previous leases were not renewed? How many departments actually did move and what were the criteria used in deciding to move these departments?

Hon. Mr. Lautermilch: -- Well I'm going to read in then, I guess, the specific moves. Education is at London Life Building -- was at London Life Building. The new location is in London Life, the Walter Scott, and the Alford Floors Building.

The Department of Highways was in London Life and it remains in London Life. Municipal Government was in the Palliser Building, the North Canadian Oils Building, Saskatchewan Place, the Health Building, and the London Life Building. It is now consolidated, instead of the five locations, into the London Life Building.

CSMA (Central Survey and Mapping Agency) purchasing was in South Broad Plaza. It remains in South Broad Plaza. The back-fill strategy, the Liquor and Gaming Authority was in Park Street, 1660 Park Street and the Toronto-Dominion Bank Building. It will be moving to the North Canadian Oils Building.

The Department of Highways was in the Western Building and it will be located at 1660 Park Street.

SERM (Saskatchewan Environment and Resource Management) was in the Walter Scott and the Health Building and it will be consolidated to the Health Building.

IMAS (Indian and Metis Affairs Secretariat) was in Saskatchewan Place and it will be moving to the Palliser Building. And I don't know if you need more detail than that in terms of square footage or square metres.

Mr. Goohsen: -- Well, Minister, perhaps you wouldn't mind sending us a copy of that particular material, or tabling it or whatever process works, so that we can have it. Yes we'd like the details of the square footage and all the rest. Would you like to just table that or would you like to read it into the **Hansard**?

Hon. Mr. Lautermilch: -- The copy that I quoted from, I have some marks on, but I certainly will send you a copy of this document. Have we got a clean copy here? Yes, we have a clean copy, and we'll send that over.

Mr. Goohsen: -- Thank you, Minister. Your marks wouldn't have bothered us at all.

So if I've got this right -- and maybe I haven't -- but why is it that so many of these leases which went out under the proposed call were for buildings which the government already was leasing, or am I wrong?

Hon. Mr. Lautermilch: -- Well I think part of it was some of the leases were due to . . . they were close to the end of their term, and we needed to renew the leases. We had an idea of what we required in terms of square footage if we were to put, as an example, Municipal Government together. I think quite clearly it would make sense if you're looking at five different locations with one government department, if there was a way with respect to a proposal that might come from a developer or from an existing building that we could accommodate Municipal Government in one location, that it would make sense to do that.

And so we put the proposal calls out based on what our requirements were. We were, as I indicated before, looking for the quality of space, some cost effectiveness. And I indicated before that it's quite clear that market conditions had changed since some of these leases were in fact signed by the previous administration. And we felt that we could generate some cost effectiveness and some efficiency within government to save \$3 million for the taxpayers of Saskatchewan over a period of three years by renewing and put a proposal call out. And renewing these leases I think is frankly no small feat, and I think it's something that the people of Saskatchewan were looking for from us when we were elected and given our mandate in October of 1991 to run as cost-effective government as we could.

So by that, we decided to use the proposal call as opposed to arbitrarily selecting, as was the case in the past. We decided to put it out for tender and to have all

of the business and all of the developers have a fair chance at offering to supply space to the Government of Saskatchewan.

We went through the request-for-proposal process. We looked at the proposals that came to us. And based on the content and all of the criteria that we talked about before -- the quality of equipment, the amount it would cost to retrofit them, and the price -- we made our decision. And as I said, the net result of that was a cost saving to the people of Saskatchewan of some \$3 million over a three-year period. And I think that's good government and I think frankly, it makes good business sense.

Mr. Goohsen: -- Well, Minister, certainly it will be that good business sense if in fact it turns out that we will save the 3 million. I've had some folks suggest it, and perhaps that's not going to be the case if we research this properly.

So let's go through the process and prove what we've said one way or the other. Now in the past, I take it from your comments, that leases were renegotiated and when that happened of course, you simply went through the process of considering if that was fair or not fair, and then leased or not.

So I guess one of my questions is: why would you put the landlords through the extra red tape of submitting proposals if in fact a lot of the properties that you were talking about leasing were ones that you had previously leased anyway? You really didn't bring in many new players, I guess is what we're saying here.

If you did, how many new players are involved? And you know, just how much need was there for all of this extra work and extra proposal and extra red tape that people went through?

Hon. Mr. Lautermilch: -- Well I guess if I am to condense my answer, what I would put . . . the proposition I would put to you is this: that there are a number of business people who have properties in the inner city of Regina who wanted access to government business. And we met with the stakeholders, with the property owners, and what became very clear to us is that they were willing to engage themselves in, and wanted us to put forth, a competitive acquisition solution to our downtown space problems.

I guess simply put: they all wanted a crack at government business. So we threw the request-for-proposal option, offered them that, and I think the end result was, in fact, that we have saved the people of Saskatchewan \$3 million over a three-year period, and I think that's no small potatoes, as I've indicated before.

We have allowed the business people fair access to government tenders, which is a novelty, frankly, given some of the past performances of the previous administration. But I don't want to get into that. I would rather look at what we might do in the future and how we may continue to allow business people

access to government business and at the same time generate a cost-effective relationship with the business community.

So having said that, really that's why we did it: to allow access by all the business people which is what they were asking for. But secondly, we felt that it would be more cost effective than any other method we could have chosen.

(2030)

Mr. Goohsen: -- Well thank you, Minister. I appreciate your observation that you were getting somewhat political. And I think you're wise in your decision not to go that course just this early in the evening because obviously I can turn my colleagues loose on you in a political manner, and we can have an insult-trading session for the rest of the evening, if that's what you prefer. I certainly think that they're up to it even if I'm perhaps not.

You allude to \$3 million worth of savings, so now we're going to give you your chance to prove that you have saved \$3 million by asking you to justify these claims.

Now how much will the government be paying over the course of the leases as proposed . . . or as opposed, rather, to the previous leases? In other words, the old leases you had, we'd like to know what they were worth. How much was involved?

And you've got new leases. We'd like to see how many of these new leases you've got, at what dollar rate you're paying for the new leases. And we want to be able to compare them and see that there's a \$3 million less. We want the figures for the entire lease period though, not just for a year or two, because leases are sometimes prorated at different rates per year. There's all kinds of factors like that. So we want the whole bag of potatoes here, Mr. Minister, if you don't mind and not just half the load. We want to see all of the figures that you've got to prove your point.

Hon. Mr. Lautermilch: -- Thank you. Because of the nature of the contracts with the businesses that we're involved in, and I think you can understand that we're not at liberty to disclose in detail and by individual building, and I would certainly rather not do that at the request of the people who we have entered into these lease arrangements with.

What I would like to do and what I would rather do is give you the aggregate amounts per year that we will be saving from the total of the moves that we have made. In 1994-95 we will be saving about \$400,000. We will be costing the government 390,000 roughly, in terms of renovations and moving costs. So there will be a net savings of around, as I understand it, around \$10,000.

In '95-96 the total annual savings on the aggregate of the leases is 1.45 million. The total costs in that fiscal year will be 208,000 and we will realize an annual net saving of 1.242 million for that fiscal year.

In the year '96-97 the total savings will be one point -- well just roughly one and a half million and the -- I'm not sure what this is here -- I guess the figure for '96-97 then is about one and a half million dollars.

Mr. Goohsen: -- Well, Minister, I have a lot of trouble understanding how you can claim confidentiality in this matter and use that as a "trust me" approach. You almost sounded like a used car salesman there for a few minutes the way I was starting to have to trust you. But reminding myself, of course, that you're not a used car salesman and that your nickname is Lucky, I think we'll have to delve into this just a little bit further.

Minister, explain to me how it is that if you as the government are leasing most of the rental property for office space in the city -- there's hardly anybody else in competition for that space -- how could that possibly be a confidentiality problem? Who are you competing with that you have to keep this information confidential? Explain that to me. I'd like to understand this.

Hon. Mr. Lautermilch: -- Well first of all, let me say that this proposal call is only 6 per cent of Regina's market space so quite clearly there are other players.

And I would want to remind the member that SPMC's (Saskatchewan Property Management Corporation) existing policy, with respect to information that is available and information that is not available, has been in existence since 1976. Now if I add up the number of years and the number of years estimates have been done and the number of contracts and requests for proposal that have been let over -- I guess -- now an 18-year period, quite clearly the government's policy with respect to disclosure hasn't changed over a period of 18 years.

Now that must be for one particular reason or the other. My guess would be that it is a reasonable policy, or the former Tory administration would have had some 10 years of estimates to change it. Now if the policy remains in place over the period of time when the former administration is in place . . . it was there prior to their election in 1982. It's been there since their defeat in October of 1991. It would, to me, make some kind of sense that there would be some information that landlords would rather not have disclosed. We've broken down in terms of the years, the three fiscal years, the number of dollars in savings would add up to the \$3 million figure that we announced, and we think it's reasonable.

We think it's also reasonable that we protect the people that we do business with. I would think that you could understand that it wouldn't be a normal course of business to be publishing a business arrangement in the **Leader-Post** between two businesses in downtown Regina any more than it would be to publish those kinds of details in **Hansard** where that kind of information could do damage to some businesses. So I say to the member, the policy has been long-standing. And the fact that it's been there for 18 years should come as no shock to members opposite. We think it makes business sense,

good business sense, and it's part of the agreement that we make with those we sign our agreement with.

Mr. Goohsen: -- I have an uncle who, when somebody told him something he didn't quite believe, would say that that's the bunkum. I think that was as polite as he could get in terms of words that we can use in the parliamentary forum. So I'm going to say to you that I think this is a bunch of bunkum because I think that you're spending taxpayers' dollars on leases and I don't believe that there's a conflict of interest here or any confidentiality that needs to be protected. I quite honestly don't think you're saving the \$3 million; I think probably that there are riders in these leases that we don't know about, that's going to end up costing a lot of money as we go that we'll never find out about.

I don't, quite frankly, trust you as a lease expert or a used car salesman and I'll substantiate my claim as to why not by referring to the fact that in your initial announcement you stated that there were savings of 20 to 30 per cent was achieved in some cases. You then clarified that you meant that the saving was 20 to 30 per cent on average. So we say at that point, which is it? What was the real average saving per office achieved through this initiative?

You can answer that, as well as to answer us more clearly why you think we should believe the kind of bunkum that you've been giving us.

Hon. Mr. Lautermilch: -- Well let me say to the member opposite, you may not believe me and I mean that's fine; I can live with that and I want to assure you that I'll go home and sleep this evening irrespective of whether or not you would believe our figures or my figures specifically.

But I want to say to you that the president of the Saskatchewan Property Management Corporation met with the individuals who submitted bids and they specifically asked that the amounts not be disclosed. And we will respect that.

I will say to the member opposite, I think he knows and understands business well enough to know that it could have a major impact on market conditions and may be potentially damaging to third parties and I think he knows that. But what I say to the member from Maple Creek, if he doesn't trust me, he should ask the former premier or one of his other colleagues to go out into the members' lounge and phone downtown and phone a few of the business folks who may have been involved, or some of the large corporations who may have been involved, and ask them if disclosure of this information was not, in fact, asked to be held.

And I guess I can't assure him any more today other than what I already have by suggesting that he ask some of the folks that are involved. And I don't ask him to believe me, but what he should do is watch very closely as these cost savings are passed on to the different departments -- to Municipal Government, and to Social Services, and Environment and

Resource Management, and the Liquor and Gaming Commission. And he should watch in estimates over the next two and three years as the proof of the reduction in the costs of this lease space is in fact evidenced in the amount that's entered into the blue book.

So it's not a shell game. I want to say to the member from Maple Creek, this isn't the shell game that we have here. We have legitimately saved in the neighbourhood of \$3 million. We believe that these are the types of things that we need to do in order to balance the budget in this province, and we're going to continue to do some hard negotiating on behalf of the taxpayers, the people of this province.

And so I just say to you, watch in estimates as you see the actual reductions in costs to these different departments, and you will see the \$3 million savings evidenced quite clearly.

Mr. Goohsen: -- Well, Minister, suppose we take you at your word for a minute here, and you're going to save \$3 million. And so then what you're saying is that your average of 20 to 30 per cent savings is accurate. How do you explain that these same landlords -- because most of these leases were renewed with the very same landlords you had before -- how do you explain that all of a sudden these people could afford to take 20 to 30 per cent less money for their rentals? Did their property taxes go down by 20 to 30 per cent, or did their power rates go down by 20 or 30 per cent? Or did they suddenly win a lottery, perhaps?

How do you explain that these people can afford to take these kind of significant drops in lease rates in the city of Regina?

(2045)

Hon. Mr. Lautermilch: -- Well, you know, I think if the member is in tune and aware of the conditions and the market conditions in downtown Regina, he will know that there's a 20 per cent vacancy, as there are in some of the other major cities across western Canada -- in Winnipeg and in Calgary. And he will know that when you have that amount of vacant office space, that owners, building owners, and building managers will be looking to lease what they have in terms of vacant space, which in fact has on this occasion driven the market costs down, which has resulted in a saving for the taxpayer of Saskatchewan.

Now the member may not feel this to be good business sense. And it may be in fact a bit of a hardship on some of the owners of some of these properties, and we recognize that. But I want to say that the taxpayers of Saskatchewan have also had some hardships placed upon them by virtue of the fact that they're paying \$850 million in interest every year, each and every year, on a debt that they would rather not have been put in place on their behalf by the previous administration. And I think they recognize that we need to do, as a government, everything we can to cut the internal costs so we can afford to be paying this \$850 million in annual interest payments.

Now no one wants this kind of money to leave our province and the stark reality is that by virtue of the fact that there is a massive debt been incurred in this province, we are required to pay this interest. And what that means is that we have to go out shopping for cheaper office space because frankly -- I say to the member from Maple Creek -- we can't afford to be spending the kinds of dollars as a government as was the past practice.

And that's why we have cut the cost of operating this government by proposal calls, such as we have done in downtown Regina, because the people of the province simply don't want to be paying any more than the market will demand. And quite clearly, with the request for proposal, and the involvement of all of the business community in downtown Regina, we have in fact secured leases based on what the market demand is. And as I've indicated to you, a 20 per cent vacancy rate will have some downward pressure on market rates.

So I say to you, the consolidation, and the increased efficiencies that we're going to be able to generate, and the fact that we're going to save \$3 million over the next three years is no small measure . . . in no small measure what the people of Saskatchewan have been asking for and the kind of leadership that they're looking for from their government.

Mr. Goohsen: -- I'm glad you got back on track at the end there, Minister. Now would you agree with me that the provincial government is probably the largest single user of office space in Regina? Even though you're not nearly taking up all of the office space, you probably would be the biggest customer as an individual? Do you not think then that your actions will significantly drive down the market price for office space in Regina?

And with a view to answering that question, perhaps you could consider the lease prices that you've achieved, you've claimed that they are in the market range, I think would be a good term, in the city of Regina. Now in your department's estimations, are you in the high end of the market range or the low end of the market range? Could you give us a bit of an indication where you are on that scale of high to low along with the effect you are going to have on the market? And would you mind giving us a list of the landlords that you leased from so that I can phone them?

Hon. Mr. Lautermilch: -- Let me say to the member from Maple Creek that the officials tell me that we are right in about the middle of what the market range is and has been. But I want to say to the member from Maple Creek that we have used a different approach and we have tried to find a middle ground.

We didn't want to drive the cost of very expensive and prime space down to \$7 a foot, but I can tell you that that hasn't been the experience in some of the other major cities. And let me refer specifically to Winnipeg, where a Conservative government, I

assume, is a fairly major player. I am told, and my officials tell me, that it's commonplace to see \$7 and \$8 square-foot prime space in the centre of Winnipeg. But we attempted not to do that because we knew the impact that it would have on this community.

And I want to say to the member opposite that he asked as to whether or not we're one of the major players. I would assume that the province would be the single largest player followed closely, or maybe very close to equal, the federal government. And I want to indicate as well when the markets are stronger -- and they inevitably will be -- when those rates increase, we'll pay higher rates as well when that happens. So I say yes, we're a fairly major player. We have in fact found about middle of the market range, and we think that's a reasonable approach, and we know that the taxpayers of the province will be satisfied with the savings that we've incurred.

Mr. Goohsen: -- Well, Minister, I'm going to repeat my request for the list of the names of the people that you think I should phone because I really would like to telephone them up tomorrow and follow this up. I don't like to, you know, make idle bluffs or indications. And I definitely want to phone those people, so I'd appreciate it if you give me a list of those names of the landlords involved so that we can phone them and ask them their opinion.

And you've alluded to the effects that your actions will have on the investment property in the city of Regina. And given the depressed economy then . . . of the depressed economy, I guess this is going to have a very negative effect probably on rental property in Saskatchewan. Do you believe that considering that you've sort of come into this leasing at a time when the economy is depressed, where vacancy rates are high, do you not feel that maybe you took a little bit of advantage of the people who own the properties, in that you have perhaps unfairly driven the market down already without, as you said earlier, not wanting to. Perhaps you've already done that.

So do you believe that you have bargained in good faith with the landlords of this city, Mr. Minister?

Hon. Mr. Lautermilch: -- Well first of all let me say that in terms of a list of whom you may want to contact, we will send across a list of people who the president of Saskatchewan Property Management Corporation met with to discuss the proposal call and the direction that we were taking. So that list we will send across to you. Let me say as well, about the same time this proposal call was let, there was a private deal reached that was in the same price range as what we reached with this proposal call.

I will as well send across an executive summary of an impact assessment that we the corporation had done by a private firm out of Ottawa, I believe, to confirm that we in fact were concerned, first of all, about the impact that this proposal call would have on the downtown business community; and secondly to confirm that -- as was our assessment -- there would not be any major impact in terms of letting this

proposal call, as we did. And we will send that across to you as well so you too can be satisfied as we are.

Mr. Goohsen: -- Well thank you, Minister, I appreciate that. I'm going to look that over very carefully and after we study it, we definitely are going to take the matter up with you a little further.

Where is the Saskatchewan Property Management equipment stored in the city of Regina? Do you have warehouses where the excess chairs, and tables, and things like that are stored? Are there locations in the city like that? And after you've answered that, I think I'll let my colleague from Kindersley ask you a few questions.

Hon. Mr. Lautermilch: -- The main warehouse for that kind of furniture is at 110 Henderson Drive. It's called the Gemini Building. We also have storage in our on-site and in our buildings throughout the city. So it's not located just in one particular spot. There's stock in other areas as well.

Mr. Boyd: -- Thank you, Mr. Chair. Mr. Minister, I was wanting to ask a number of questions about your department's and SPMC's plans for the MLA (Member of the Legislative Assembly) office equipment. I wonder if you could bring us up to date on what the plans are for that.

Hon. Mr. Lautermilch: -- I'm assuming you're referring to office equipment that we would be putting into the MLA's offices in the constituencies. Do I have that right?

Mr. Boyd: -- And existing equipment.

Hon. Mr. Lautermilch: -- The existing equipment would come back when a member ceases to become a member. If we can transfer it, as was the case in the equipment from the member from Regina North West where the member who preceded her, his equipment was passed on to her. If that might be able to be arranged in some cases, we'd be certainly more than willing to entertain that.

I want to say that we haven't developed a firm policy as there is no immediate need. But what we would see is a list of equipment: desk, typewriter, computer, paper shredder if necessary. Those types of things would be . . . the offices would be furnished in the same fashion as we do the different levels of government officials. An ML (management level) 1, for an example, would have this quality of furniture and the amounts would be specified. And we intend to work with the members, with your members of the Board of Internal Economy and the Leader of the Third Party in developing a list and a set of equipment that will in fact serve the needs of the members in the constituencies.

Mr. Boyd: -- Thank you, Mr. Minister. Mr. Minister, it's my understanding in speaking with some of the folks in financial services that they have been requesting some sort of direction from the SPMC with respect to the existing equipment and so far your

department hasn't responded. Is that correct?

Hon. Mr. Lautermilch: -- The president indicates that he is not aware of any requests, but I certainly, as the minister responsible, understand that we need to have this in place. If there is a request that has been put, we certainly aren't aware of it.

But I guess there are two things that could happen with the existing equipment. If it's non-usable equipment, it would be disposed of through sales and salvage, the same as other obsolete equipment of government is. If it's usable, quite clearly we would encourage members to use the equipment. I don't think there's any major secret to this kind of a system. The federal government has used it for years and years and I think it's something that could be workable.

But I think the main thing is to ensure that we have a proper inventory and that proper track of the equipment is kept and that it transfers from member to member. If a member ceases to be a member -- is defeated or retires -- that a newly elected member would be able to walk in and take over and be ensured that there would be a reasonably equipped office.

But I can see only two options. If there is surplus equipment, it'll be sold the same as any other surplus piece of government equipment. And on the other hand, if there's a need for new equipment in the MLAs' offices, it would be provided through Property Management Corporation, which is a system that your members of the Board of Internal Economy agreed to as well when we put that motion forth that members would no longer own the equipment in their constituency offices, but that it would revert to being property of the Government of Saskatchewan. And I believe, if you search the records, you'll find that your representatives to the Board of Internal Economy supported the government on this initiative.

Mr. Boyd: -- Yes, that's indeed correct, Mr. Minister. I'm just wanting to get some detail about that.

I recall a number of MLAs on our side receiving letters from -- I believe it was from the Speaker, I'm just not sure -- with respect to office furniture and asking whether or not you had any financial liability . . . individual members that had financial . . . for example, a loan to buy the equipment out. Has that been done? Have a number of MLAs actually fit into that situation?

Hon. Mr. Lautermilch: -- I'm told by Mr. Woodcock that he is working actively with the Clerk of the Legislative Assembly to develop a policy with respect to those outstanding loans so that the liability for government-owned property would no longer exist and be held by individual members, but that the outstanding loans would be assumed by Property Management Corporation and that a payback period would be worked through. And the policy is being worked on with Property Management Corporation and the Clerk.

Mr. Boyd: -- Have any of those arrangements taken

place so far?

Hon. Mr. Lautermilch: -- No.

Mr. Boyd: -- Why not, Mr. Minister? It's been some time now. What's the hold-up?

(2100)

Hon. Mr. Lautermilch: -- What we can do is undertake to get for you a status report, and I give you my commitment that if there are any members that you are aware of that are experiencing difficulties because this policy hasn't been I guess definitively put forth, that we would be more than willing to have a look at that. But my guess is that we can have this effectively dealt with by the end of the month.

Part of the difficulty is to try and determine how the payback period works. There are some varied discrepancies with respect to the aggregate amounts of these outstanding loans, and our attempt is to ensure that they can be paid back on a fair basis, but that members who have outstanding loans don't benefit over what other members would receive because of the amounts that would be required to pay back . . . we don't want them to be either too high or too low; we want them to be fair. But if you're aware of any particular problems in this area I'd certainly be more than willing to meet with you after estimates tonight or tomorrow, but hopefully we could have the policy in place and effectively working by the end of the month.

Mr. Boyd: -- Thank you, Mr. Chair. Mr. Minister, it seems to me that you're going to wind up with 66 separate situations. There's MLAs that obviously have a difficulty with this because they've been long-term MLAs. There's MLAs that have still not been paid out on equipment that they have purchased, and there's new MLAs that have bought equipment and some took out loans. Some paid for it themselves directly and then are sort of on the hook. I mean we're kind of in a period of time here, as you appreciate I'm sure, where at one point it appeared that the MLAs were going to be left with the equipment and then there was a change in . . . And we agreed to the change -- no problem with that

-- but there are a number of people out there that have either a loan or have essentially bought the equipment themselves and have given the government a loan. And it seems to me that the sooner you deal with this problem, I think the better everyone would feel about it.

Hon. Mr. Lautermilch: -- Well I can only agree with the member from Kindersley. We're in a fairly dramatic transition here in that the former directive allowed for the process, as you describe it, to take place.

When the directive was changed . . . and I think it was a very positive change that we made. The people of Saskatchewan, I think, felt that there was some unfairness irrespective of what quality of equipment might be in members' offices -- and I know some of them are fairly shabby and are not very elaborate

operations -- but felt that it was unfair for members of the legislature to be able to gain personally. I think that was a feeling certainly of government caucus members, that none of us wanted to gain personally by ownership to the equipment.

So we're in a bit of a transition period, but I give you the commitment tonight that we'll undertake to finalize that policy and get those issues dealt with as soon as is possible. And I'm assuming that we should be able to have this process completed by the end of the month.

Mr. Boyd: -- Well thank you, Mr. Minister. That's the closest assurance I think we've been given in a long time with respect to this. It's been two years and something now that this situation has been in . . . well essentially two years. I mean it's been two years past that since the election took place when a lot of people took out these kinds of loans. Shortly after the election was over, there were people making arrangements for furniture, and paying it out of their own pockets and that sort of thing.

It's been some time since the decision was made to transfer it all to SPMC. No question it hasn't been near that long. But, Mr. Minister, I certainly take you at your word and appreciate the fact that you're going to be dealing with this as quickly as possible. And we'll be holding you to it, quite frankly, because there are a number of members that I'm aware of that have brought it to my attention that they find themselves in circumstances they aren't very happy with.

Hon. Mr. Lautermilch: -- I don't know if you're looking for a response, but let me just respond quickly. I'm not sure of the date that the directive in terms of this change of ownership was made.

I can say this. When you purchased your equipment you knew what the guidelines were. All members knew what the guidelines were. And if they assumed a personal liability, they were well aware that they were taking on that encumbrance. That's how the directive stood and I'm sure he will know that.

If you were borrowing to a constituency office, any private member, personal dollars to buy equipment, at that time I'm sure you knew what the directives were. I'm sure all members would have known what the directive is, but I don't want to debate that.

I want to say that the decision was made just recently, though, for Property Management Corporation to assume liability of the outstanding dollars that were assumed prior to this policy, and we will undertake to have this cleared up as quickly as we can.

And I want to say that this is certainly not a partisan issue in that there are outstanding loans by all members on all sides of this Assembly, government side and opposition side, and we certainly understand the inconvenience that it's causing them and we'll do everything we can to get this out of the way.

Mr. Boyd: -- So you're going to deal with it both in

terms of personal loans -- essentially MLAs buying the equipment and using it in the office, and now they're finding that at the end of the day that the equipment isn't going to be theirs any more -- and you're also going to deal with it in terms of anyone that has a bank loan.

Hon. Mr. Lautermilch: -- Well yes. If you, as a private member, had borrowed the money, that will be dealt with. If it's a bank loan, that will be dealt with, and SPMC will be assuming that. And I'm sure the member from Rosthern, who sits on the Board of Internal Economy, would be . . . oh, wait a minute, there's been a little change. But I'm sure your member on the Board of Internal Economy, the Leader of the Opposition, would be more than willing to share the details of this process with you, as it was discussed at the board. And I apologize to the member from Rosthern. We did chair a few meetings at the board together though.

Mr. Boyd: -- A few months ago, Mr. Minister, we received a letter from the Speaker suggesting that they wanted a copy of any invoices that MLAs had for equipment they either paid for or took out a loan for, so it's been some time. And also, like I said, speaking with the people in financial services, they tell me that they have sent a letter to SPMC requesting direction on this and have received nothing back. In fact they sent a follow-up letter, I was told, to find out what the situation is and what the hold-up is with all of this.

So I appreciate your looking into this, and we can hopefully deal with this as quickly as possible. And I would just want you to check with your department officials to find out where those discussions are at this point.

Hon. Mr. Lautermilch: -- Well quite clearly, the Property Management Corporation officials will cooperate. As I've indicated, the Board of Internal Economy didn't ask them or hadn't made a request up until a month ago, so clearly they couldn't act until they'd had the request. They've got the request now and they're working on it.

Mr. Neudorf: -- Thank you very much, Mr. Chairman. Any time I hear my name being bandied about in here, I tend to jump to my feet. Actually I was going to get up anyway.

Mr. Minister, if I could just piggyback a little bit on the discussion that you and the member from Kindersley were having. I understand, according to the **Estimates** booklet here, that the mandate of the Saskatchewan Property Management Corporation is to provide a full range of accommodation, commercial, and custodial services to departments, agencies, and Crown corporations.

Now if that is the extent of the mandate, could you describe for me and the listeners perhaps how you, as minister in charge of SPMC, are now handling this extra responsibility of MLA offices, because to me it does not seem as if it fits directly into that mandate, and obviously maybe that is a shortened version of

what the mandate is. But could you describe for me the mechanisms and the machinations that we have to go through to bring it to your attention?

Hon. Mr. Lautermilch: -- I want to say to the member from Rosthern, it is consistent with the legislation and the role of Property Management Corporation in that we supply furniture and space for government branches and other entities of government, Crown corporations. So it seemed to us to make some kind of sense that because we have a furniture branch and because we deal with this and other arms of government, that it would just make sense, if government of one area or another were going to be required to supply for 58 MLAs -- since we've cut the numbers of members of the legislature -- that it would be responsibility of some branch.

Now it wouldn't make sense to turn this over, for an example, to the Department of Highways because they don't deal in office furniture. We purchase office furniture and photocopiers and things of that nature for other departments, so it would make sense that SPMC would serve the members of the legislature in that fashion as well. So basically that's why the decision was made for this branch of government to deal with that.

Mr. Neudorf: -- From whom was this request received to accept this new responsibility?

Hon. Mr. Lautermilch: -- From the Board of Internal Economy.

Mr. Neudorf: -- So there was written communication between the Board of Internal Economy and the president of SPMC; is that correct?

Hon. Mr. Lautermilch: -- The board requested of the Clerk to contact the president of Saskatchewan Property Management Corporation. And I understand that that process now, with respect to developing that policy, will in fact take place.

Mr. Neudorf: -- I'm not questioning whether it's . . . On a rare occasion, I agree with you and I do believe that you are right, that it makes sense to do this. But I want to make sure that I understand the process that we're going through in order to accomplish the objective that we all have in mind and that we do it right. And that is my concern at this time.

To go on to some other issues, Mr. Minister, I understand . . . or could you perhaps explain to me how The Purchasing Act applies to SPMC?

Hon. Mr. Lautermilch: -- Well to the member from Rosthern, under the Act, Saskatchewan Property Management Corporation is mandated to serve in this capacity, and I guess so we do.

Mr. Neudorf: -- Well I don't follow that answer at all. I'm asking you, how does The Purchasing Act affect SPMC? What does it do to you, what does it make you do? Surely there's an Act that requires SPMC to do certain things. And that's what I'm asking you, what

they are.

Hon. Mr. Lautermilch: -- Okay, I guess that would probably require a pretty simple and straightforward answer. The Purchasing Act in effect mandates Saskatchewan Property Management Corporation to act in the area of supplying some of the things that you and I have discussed -- office equipment or furniture or things of that nature, and to purchase on behalf of other agencies of government the things that they need in order to function on a day-to-day basis.

Mr. Neudorf: -- Well, Mr. Minister, let me help you out. The Purchasing Act, specifically section 5(1) of the Act, requires public agencies to buy their supplies through SPMC. Is that not correct?

Hon. Mr. Lautermilch: -- That's correct.

Mr. Neudorf: -- Well I'm glad to have been able to be of some assistance then this afternoon. So now that we understand the public agencies are, in other words, by The Purchasing Act, required to buy their supplies through SPMC, is this done? Is this done in all instances? And what mechanisms do you have in place as a corporation to ensure that all public agencies follow that Act?

(2115)

Hon. Mr. Lautermilch: -- In answer to the member's question, it is in fact the legal interpretation that we in fact are required to purchase on behalf, but as well, the director of purchasing has the authority to allow agencies to purchase whatever they, the Director of Purchasing, would agree with a particular department to allow them to purchase on their own. As an example, and I'm trying to think of an example -- maybe forest fire suppression, just as an example -- there may be an emergency situation where SERM would want, because of the immediate nature of the problem, to purchase on their own and that certainly wouldn't mean that it would have to go through a process within Property Management Corporation.

Mr. Neudorf: -- So what you're telling me, Mr. Minister, is then it's all right for public agencies to go ahead on their own and buy willy-nilly without tender, without any kind of control on them, if it's an emergency. Is that correct, only in emergencies?

Hon. Mr. Lautermilch: -- There are two things that they require. They have to have authority under their particular legislation to embark on a purchase on their own and/or authority from the director of purchasing of Saskatchewan Property Management Corporation.

Mr. Neudorf: -- Mr. Minister, back a year or so ago, it was the auditor that said The Purchasing Act makes it mandatory for every public agency to buy through the Saskatchewan Property Management Corporation, and he was concerned that this was not always the case. The auditor was concerned that there were not controls in place to ensure that The Purchasing Act was being followed. And now you're getting up here and telling the Legislative Assembly that if any agency

wants to buy on their own, they can do it within their own portfolio or that of the director. So that does not seem to me to be quite compatible. Could you explain that?

Hon. Mr. Lautermilch: -- Yes, to the member from Rosthern, I want to say, as I've said before, some pieces of legislation allow other arms of government under that legislation to purchase on their own. And there are some questions with respect to whether the purchasing supersedes legislation that was put in place to deal with those entities of government or whether in fact they do not. The Provincial Auditor has taken the position that The Purchasing Act supersedes all other legislation, as I understand it.

And what we are doing is working to develop a list of those entities that have authority under their legislation and those that don't, and those that are acting in contravention of The Purchasing Act in order to determine a solution.

I don't think it's either black or white because to make the argument that The Purchasing Act supersedes all other pieces of legislation with regard to direct procurement is simply not agreed to in all cases. So we're working to sort this through. But the first thing we want to do is make an inventory and have a look at the different pieces of legislation that are affected under this.

Mr. Neudorf: -- Mr. Minister, it seems that you're the second minister today that I've run up against that is having an argument with the auditor, the Provincial Auditor. I was discussing just prior to 5 o'clock with the Minister of Health in the fact that the auditor was not able to perform his functions and his mandate under The Provincial Auditor Act because you folks in treasury bench, in cabinet, were not supplying him with sufficient funds so that in fact he could audit all the books that he was expected to audit.

Now here you are, you as the minister of SPMC, also appears to be in conflict with the opinion of the auditor. And it never ceases to amaze me that when confrontations like this occur, the Provincial Auditor is always on the losing end. And obviously from what you have just stated now, Minister, you are not prepared to take the auditor's word because, as you say, you have a different interpretation.

Now I believe, if I'm correct -- and you can correct me if I am wrong -- that this issue goes back at least to 1991. And what the auditor tells us is that . . . and he says, and I quote: SPMC told us (that's the auditing office) it is creating a list of public agencies subject to the Act. In other words, I interpret that as meaning that you are creating a list of agencies that are directly responsible to The Purchasing Act.

And then conversely I suppose, we could assume that that would leave us a list of those that are immune or removed from The Purchasing Act. And since you've been working on that list for so long and you deal with these agencies on a daily basis, I would assume that you would now be able to provide us with that

information, those two lists. And I would ask you for them at this time.

Hon. Mr. Lautermilch: -- To the member from Rosthern, we're still looking at putting that list together. I guess, just to try and help to explain, there are some arguments with respect to the definition of what in fact a public agency is. The Department of Justice in some cases has, as I understand it, had three different legal opinions, different legal opinions as to some entities as to whether they're public entities or whether they're not.

And so I want to make it clear that there is no conflict between the Saskatchewan Property Management Corporation and the Provincial Auditor. We're working through with the Department of Justice and the Department of Finance to ensure that agencies that fall under the definition of the Act are in fact using the services of Saskatchewan Property Management Corporation as we have been mandated by The Purchasing Act.

So firstly, there is no conflict with Saskatchewan Property Management Corporation, but there is some difficulty in trying to determine some agencies who may or may not fall under the Act. And I'm sure you've been around this legislature many years longer than I have, and I'm sure you will understand that there are different legal opinions on many different issues, and what we're trying to do is to help define this, work to the best of our ability with the Provincial Auditor, with the Department of Justice, and the Department of Finance to determine which entities are legally responsible to purchase under this Purchasing Act, hence through Property Management Corporation, and that process is ongoing.

And I can assure the member from Rosthern that when we have a definitive list we most certainly will pass that on to the members of the opposition, but that list at this point has not been finalized.

Mr. Neudorf: -- Well let me just, Mr. Chairman, say to the hon. minister that I don't believe I've been here much longer than you have. I know for a lot of members it may seem that long, but I think we arrived here on the same day and my constituents are still telling me it's not long enough yet, so hang around.

Mr. Minister, furthermore, could you explain to me why it takes three lawyers for three different opinions and the Department of Justice and the department or the agency . . . the corporation of Saskatchewan Property Management to interpret a relatively -- what it would seem to me as a layman -- a very relatively simple aspect of it. Either you are mandated under that Act, or you are not. What's the difficulty in this interpretation? Where's the hang-up? Which clause is so difficult to interpret?

Hon. Mr. Lautermilch: -- Well let me say to the member from Rosthern, I guess as a layman I don't always understand the workings of the lawyers and how they make some of their decisions. And I guess I'll just have to understand that I don't understand,

because that system hasn't changed for many years as I understand it, and I don't suppose it's going to change tomorrow, and perhaps you and I won't understand for a long while.

But I want to say that The Purchasing Act has been in place since 1976. And as an example, SIAST (Saskatchewan Institute of Applied Science and Technology) because of it's . . . it is a newer Act and because of the nature of the Act they have an awful lot of autonomy, and it is unclear as to whether or whether not they are legally a public agency.

Now some lawyers will say that upon looking at the Act that allows SIAST to exist, that in fact they should be under the purchasing agency. And there are other lawyers who will give an interpretation of that particular piece of legislation to say that in fact it may not be under The Purchasing Act which means Property Management Corporation wouldn't be dealing with it. And there may be a legal interpretation that would suggest the Act is unclear and doesn't indicate whether in fact it is a public agency as is required under The Purchasing Act.

So you may have in fact three opinions on this. And this is not something and not an issue . . . that will be sorted out. It may mean amendments to the Act that governs SIAST, and there may in fact be some changes that may have to happen under The Purchasing Act.

So to say that we all understand all of these pieces of legislation and can be definitive on each and every arm of government is a little difficult because legal interpretations, as you know, will change.

And what we are doing is trying to work through and sort these out with all of these different particular areas so it will become clear who in fact is governed under The Purchasing Act and who is not. And in the areas where there is a grey area as I've indicated SIAST may be, we're attempting to clear that up and we will do so as quickly as we can to satisfy the concerns of the auditor, and frankly to satisfy the concerns of Saskatchewan Property Management Corporation who are mandated under this Act to carry out that duty.

Mr. Neudorf: -- Well thank you, Minister, for illustrating so eloquently that you really don't understand how this thing works either. It just seems to me that when we have these many different kinds of opinions as you are suggesting, that the simplest and easiest thing would be to take the word of the gentleman that has been mandated by this Legislative Assembly to in his best ability, hold the government responsible for the expenditure of sums voted by this Assembly. And that is none other than the Provincial Auditor.

And he says this is his interpretation. He's not a lawyer but he's got lawyers on his staff and he is the trained accountant that is going to pursue the books and investigate the expenditures of this government. And I think that gives him an inside track on this matter. Because we are also willing and ready to take this

book, which is called the *Report of the Provincial Auditor* and that almost becomes the Bible in here, except when it doesn't suit our particular purposes at the time.

So I'm just saying to you, Minister, that it would seem to me that if the Provincial Auditor says, this in my professional opinion is what should be done, then the government should take note. And the government should take heed and say, well yes, maybe he has a good and valid point.

What significance . . . what's going through my mind now is, there's got to be a reason why you're making it so difficult for yourself in complying with what the auditor is asking you to do. In my layman's perspective, it would be such a simple matter for you to say, all right if that's what the Provincial Auditor wants, then we'll do it. Because you're just saying right now, you've got three lawyers and you've got four opinions. So why not take the lawyers' opinions from the Provincial Auditor and follow that. Then at least you will be following the officer of this Assembly. He is an officer of this Assembly, the Provincial Auditor.

Or what is so difficult or what's so magical, what's so impossible for you to do in terms of following what the auditor is requesting you to do? What are some of the implications that I'm not seeing here? That's why little red flags are going up right away and I'm saying to myself: okay, what's SPMC worried about? Where are some of the pitfalls? What's the political agenda perhaps? Do you want to elaborate on that?

(2130)

Hon. Mr. Lautermilch: -- Look, let me say to the member from Rosthern, if he has or if the Provincial Auditor had provided for us a list of entities to which he was concerned in respect to the purchasing, we would have been more than happy to comply with either looking at legislation or doing what we can as a government entity to comply with The Purchasing Act.

And if you have a list of some of those entities, if you would be kind enough to send it across, we would be more than willing to look at that. We quite clearly want to follow the guidelines of The Purchasing Act that's been in place for a number of years. And I want to say that there is no conflict with the Provincial Auditor. That's not what I'm saying. What I have indicated to you is there is some ambiguity in some areas in terms of whether or not some entities are legally, as the law is drafted, a public agency. And I use SIAST as an example.

Now I want to say to the member from Rosthern that if he is concerned about the integrity in government, concerned with the treatment of one of the officers of this Assembly, namely the public auditor, I ask him to turn his mind back to 1990 when the **Special Report of the Provincial Auditor** was tabled in this House, and the then Justice minister, a member of the Conservative government, embarked upon the most

vicious attack that any officer of this legislature has ever seen. And I want to say that I want you to remember that it was in fact a disgrace to all members of this House, the actions that your government, the Conservative government, took in 1990 on the attack of that auditor.

But I want to put that to the side and I want to ensure the member from Rosthern that in fact we are working to comply with the auditor's report. I say to him one more time that there is some ambiguity in some areas as to what constitutes a public agency that would fall under The Purchasing Act. We are attempting to compile a list so that we may be able to straighten out, through legislation if necessary, some of the areas where there is ambiguity and we intend to deal with it in that fashion.

But the bottom line is there is no dispute between Property Management Corporation and the Provincial Auditor. We are willing to work with him and we are willing to work with you. And if you have a list of agencies that concern you, please send them across and we'll deal with them in an appropriate fashion.

Mr. Neudorf: -- Let me remind you what we're talking about here, Minister. It says on page 247, chapter 28 under "Purchasing Agent":

.05 SPMC did not have a system to ensure public agencies buy their supplies through SPMC.

It's as simple as that. The Provincial Auditor says you do not have a system.

.06 SPMC administers The Purchasing Act. Section 5(1) of the Act requires public agencies to buy their supplies through SPMC.

.07 SPMC should establish rules and procedures to ensure public agencies buy their supplies through SPMC as required by The Purchasing Act.

.08 SPMC told us it is creating a list of public agencies subject to the Act. In addition, SPMC is developing procedures to ensure these agencies buy their supplies through SPMC.

That's what we're talking about, Mr. Minister. The auditor has not been satisfied. You tell me that it's a matter of interpretation as what is a public agency, but it's a compound problem. What about the regulations that you are going to be putting in place to ensure that indeed and in fact those agencies that have been identified as falling under The Purchasing Act does have a system in place to screen and to make sure that they follow that Act? So we have a compound situation. What are some of those mechanisms that you have come up with?

Hon. Mr. Lautermilch: -- Mr. Chairman, to the member from Rosthern, I want to take him to the auditor's report, and under .07 it says that:

SPMC should establish rules and procedures to ensure public agencies buy their supplies through SPMC as required by The Purchasing Act.

And I've indicated to him that other entities, other than there are some Treasury Board Crowns, that have the authority to purchase wherever they want, wherever they so choose under their legislation. So you have The Purchasing Act which indicates that Property Management Corporation should be the agent to purchase, and you have some other pieces of legislation will give Treasury Board Crowns the authority to purchase under their legislation. So you have two pieces of legislation that contradict each other. And what we are doing is trying to put together -- and I think the member is certainly overplaying the issue

-- what we're trying to do is put together a list, and an action is being developed to deal with the agencies that we feel and the auditor has suggested are in contravention of The Purchasing Act.

Now that may in fact require changes to the legislation, as I have said, in legislation that may govern a Treasury Board Crown.

But you know, I want to say to the member from Rosthern, you know what is really most important, not even so much as whether a Treasury Board Crown, other than Property Management Corporation, has the authority to purchase? Do you know what is really important, Mr. Member? What's important is that it's done in a fair system, and that it's done above board, and the people of Saskatchewan get quality for their dollar spent.

And I want to say to the member from Rosthern, what's important is that we have a true accounting of public government . . . or public tax dollars. That's really what's important. And what's important: that some of the Treasury Board Crowns who operate, operate in an above-board fashion and that we don't see the kind of . . . and in an above-board fashion so that we don't see the kind of waste and mismanagement as has been evidenced in this province in past years not so long ago. That's what's important.

And for the member to stand up and suggest that this government is operating otherwise is simply not the truth. And to try and create an image that there is some dispute between the Provincial Auditor and Saskatchewan Property Management Corporation is also untrue, and he knows that.

We tried to explain that there are conflicting pieces of legislation. There are pieces of legislation that are on the books that are in contravention of The Purchasing Act and he knows that as well. The auditor has asked that we look at this and develop a plan to deal with that. And we have said -- and I say to him again -- that we are dealing with those issues, and we will come to a fair resolve.

But I say to the member from Rosthern -- just one more time -- what is most important here is public

accountability. And what is most important is that there is honesty in spending taxpayers' dollars. That's what's the bottom line, and that's what's the most important issue in this. And I tell you, member from Rosthern, that \$16,000 worth of liquor that went to cabinet ministers' offices from a Treasury Board Crown without authority . . . the chief executive officer or whatever his title was, who now is a supporter of the Leader of the Third Party, and who she introduces in the legislature here as part of her new election team, tells people clearly that there's a difference between the old administration of the '80s and this administration, but not a difference between the Conservative Party and the Liberal Party because it's one and the same.

And as they leave your ship because of the practices of the 1980s, they join hers and she tightly tethers them to the mast so they don't get blown away.

But I say to you, Mr. Member, don't try and create an illusion of something that is not. We are attempting to comply with the concerns of the Provincial Auditor, as we have done since we've been elected in October of 1991, and that will continue. I've told you this evening that we are currently putting in place and developing a plan to deal with the concerns and agencies that are in contravention of The Purchasing Act.

And I just say to you finally, if that means that we have to amend some legislation, that deals with perhaps SIAST, then we're willing to look at that. But don't attempt to create an illusion of something, Mr. Member, that is not.

Mr. Neudorf: -- I don't know if I'm even going to try to resist the temptation to rebut some of those outrageous statements made by the member from Prince Albert there. If the Liberals want to pick up our discards, Mr. Member, that's their privilege and that's their prerogative. I have no objection to that at all.

But let me just also say to you that if your concern is to get the best bang for the public buck -- in other words, quality of material purchased by the taxpayers' dollars -- if, as you say, true accounting is something that you're really after, then why are we having this problem where about a fifth of the expenditures of your government is not accountable at all? It is not accountable to this Assembly, Mr. Member.

We have \$857 million being given to the health boards and yet I can't ask the Minister of Health any questions about it because she refuses to answer because that is the responsibility of the health boards. Oh yes, the health boards are going to be audited. Private auditors will do the job and they'll probably do a good job. But the Provincial Auditor tells us that that's not good enough for him. He cannot rely upon the work of private auditors. And you, Mr. Member, and I have sat in the Public Accounts long enough that we've both heard him say that on repeated occasions, both when we were full of sin when we were in government doing those same things. I don't think for one moment that that would matter which

government is in power. You're still going to have run-ins with the auditor. That's the name of the game, it seems.

So if you're talking about true accountability, you're sitting on that same board, the Board of Internal Economy, where I sat when we were arguing for sufficient funds for the auditor to fulfil his mandate. And you were in there when he said, you are not giving me enough money to fulfil my mandate. I will not be able to audit the books that I'm required to audit.

You know that; you were there. You heard him say that. In fact, Mr. Member, I think you were the one that made the motion that said that it's going to remain the same as it was the year before. And I don't pretend for one moment that we gave him enough money, but you guys were elected on the premiss that you would be doing things differently. That once you were in power, all of these kinds of problems would be solved.

So I do not think for one moment that this true accounting procedure that you're talking about is all that glossy, as you're making it out to be, because the Provincial Auditor disagrees with you -- \$857 million he cannot account for and he has to take somebody else's word for.

That's what we're doing here now, Mr. Member. And yes, we're talking about a relatively small issue and I did not expect that this relatively small issue would take up half an hour of our time. And I'm amazed at that myself.

But here we are arguing about what lawyers do best, and we're arguing lawyer talk here as to the interpretation of these things. It just seems so simple to me that if you're an agent of the Crown, you abide by the rules.

So, Mr. Chairman, that finishes basically this line of questions. I've got three more sets of questions in three different areas that I want to get into but we'll save them for a different time.

The committee reported progress.

The Assembly adjourned at 9:46 p.m.