



STANDING COMMITTEE ON PUBLIC ACCOUNTS

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**STANDING COMMITTEE ON PUBLIC ACCOUNTS
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Rosetown-Elrose

Ms. Joanne Crofford, Deputy Chair
Regina Rosemont

Mr. Lon Borgerson
Saskatchewan Rivers

Mr. Ken Cheveldayoff
Saskatoon Silver Springs

Mr. Michael Chisholm
Cut Knife-Turtleford

Mr. Andy Iwanchuk
Saskatoon Fairview

Mr. Kim Trew
Regina Coronation Park

[The committee met at 10:30.]

The Chair: — Good morning, ladies and gentlemen. Welcome everyone to the Public Accounts Committee meeting. We have an hour and 15 minutes to deal with two items on the agenda. First item will be Northern Affairs, taken from chapter 15 of the 2005 report volume 3. And then we will move on to chapter 16 which is Agriculture, Food and Rural Revitalization.

Just a couple of matters to bring to your attention. We have received a response from the government to our report, which the Clerk will be tabling with all members of the committee. Also I think you have received a response to a question that I believe I asked regarding funding of health care. So just, if you haven't seen that, just make note that that has been provided by the Department of Health.

We have one substitution this morning. Substituting for Mr. Andy Iwanchuk is Mr. Ron Harper. Ron, we welcome you to our deliberations here this morning.

Public Hearing: Northern Affairs

The Chair: — We will now proceed directly to item 1 on the agenda, Northern Affairs. We have presenting on behalf of the Provincial Auditor's office, Mr. Rod Grabarczyk — I got that right. And then we have the deputy minister of Northern Affairs here, and we will call on him to introduce his colleagues and respond with a brief response if he would care to. And then we will turn the meeting over to members of the committee to ask any questions that might be on their mind.

We have a fair bit of material to go through in a fairly short time. We've put two items on the agenda, so I would just encourage everybody to be as precise and as crisp as possible this morning. Nevertheless we expect you to have the time to deal with the issues at hand.

So, Mr. Grabarczyk, if you would care to give us a summary of your findings.

Mr. Grabarczyk: — Thank you and good morning, Mr. Chair, and members of the committee.

I will provide an overview of chapter 15 in our 2005 report volume 3. The chapter begins on page 297 and describes the results of our audit of the Department of Northern Affairs for the year ended March 31, 2005. In this chapter we report three matters.

The first matter on page 300 relates to the department's controls over cash receipts. We continue to recommend that the department follow the procedures set out in the financial administration manual for safeguarding money received. These procedures include reconciling the record of cash received to the bank deposits. Not reconciling the cash receipts of that deposit increases the risk that public money may be lost or incorrectly recorded without timely detection.

The second matter reported relates to the department's Northern Development Fund loan program. The department needs to effectively monitor the loan program. Otherwise the risk

increases that the department may not achieve its objectives for providing these loans. Therefore we recommend the department receive and analyze the borrowers' financial and operating information as required by its loan agreements.

On page 302 we report that the department paid government employees of the department's environmental quality committee \$4,550 in the year and \$11,284 in the period April 1, 2000 to March 31, 2004. The financial administration manual indicates government employees on departmental committees are not eligible for compensation. Near the year-end the department stopped compensating government employees serving on this committee. That concludes my overview.

The Chair: — Thank you very much and now I'll call on the deputy minister, Mr. Al Hilton, to introduce his colleagues and respond if he cares to. Mr. Hilton.

Mr. Hilton: — Thank you, Mr. Chairman. I'd like to introduce the officials that are here with me today. Immediately to your right, Mr. Chairman, is Gerald DesRoches. Gerald's from our La Ronge office, and he's our senior accounts manager. Immediately behind me and to your right is Richard Turkheim, who is the executive director of resource and industry development. Directly to your left is Anita Jones, the executive director of planning and financial management. And immediately behind me to your left is Glenn McKenzie, the assistant deputy minister of Northern Affairs.

I should say, Mr. Chair, that in my 25 years in government this is the first time I have appeared before Public Accounts. So if my inexperience shows, I'll apologize to the committee in advance.

Just to make a few observations. First of all I'd like to acknowledge the generosity that the auditor's office has shown to me since I've become deputy minister of this department some seven months ago. I had questions and when I wanted to meet with them they were always available and subsequently when I had questions that I wanted to talk to the auditor's staff about, they always made themselves available. So I wanted to acknowledge that.

I won't go on at any great length. I think that we have put in place measures that hopefully speak directly to the concerns raised by the auditor. I have some level of comfort that we've done that over the course of the last 12 to 18 months, and quite happy to answer any questions that people might have about how we've gone about doing that. Thank you, Mr. Chairman.

The Chair: — Well thank you Mr. Hilton and we welcome you to this premiere appearance before our committee and hope you find it enjoyable. Just remind you that of course there are thousands watching by television, but I would not encourage you to expect too many people to ask for autographed copies of *Hansard* following the meeting. We will open up our session for questions. We'll start with Mr. Chisholm.

Mr. Chisholm: — Well thank you, Mr. Chair. I guess my first question is regarding the first item that was pointed out by the auditor's office on the controls over cash received. What is the definition of cash in this case? Are we talking about actual

cash? Are we talking about cheques that are in the mail? He's talking about cash in the mail? I'm just wondering, like it's not a recommended practice to be sending cash in the mail at any event. And is that actually happening?

Mr. Grabarczyk: — Generally we're referring to is cheques that are coming in the mail.

Mr. Chisholm: — Okay. That's good. So I guess my second question in that is, what has been tightened up within the department as a result of the auditor's recommendations in that regard?

Mr. Hilton: — I actually, on becoming deputy and after talking to the auditor's office, I went to La Ronge and actually sat through the process. What we have in place at the moment is we have two people opening the mail at all times. And we have two people making the entry into the cash book and into the electronic record. And we have two people initialling each of those entries.

We then have a third person that will fill out the bank deposit slip and reconcile the total on the bank deposit slip with the amount of monies, through cheques generally, that we've received on any particular day. And then I believe, and Gerald can correct me if I'm misleading the committee here, then I believe we have a fourth person that reconciles the amount of the money on the deposit slip with the total in the entry book.

Mr. Chisholm: — Thank you. I think that's . . . My second question was again in line with the second area that was pointed out by the auditor's office regarding the loan, the whole loan program. Now the loan program, as I understand it, is through the fund. Is that correct? Are there loans other than through the northern fund?

Mr. Hilton: — The only loans the department administers are loans under the Northern Development Fund loan program.

Mr. Chisholm: — Right, okay. Thank you. I guess my question is . . . Well for one thing we noticed that the provision for bad debts has gone up by \$100,000 in this year's budget. Does that mean that there is anticipated to be X number of dollars more loaned this year then, like new monies loaned?

Mr. Hilton: — Yes, Mr. Chairman. In the budget that was tabled in the legislature, the total amount of money available to Northern Affairs to loan under this program has gone from 2 to 2.5 million. By regulation we have to provide in our budget a 20 per cent loan loss provision. So the loan loss provision has increased by 20 per cent.

Mr. Chisholm: — And I guess my question is, historically the loan loss provision from what I understand is quite in excess of what has been required to actually cover loan losses. Is that correct?

Mr. Hilton: — I think that's a fair statement, yes.

Mr. Chisholm: — And that loan loss provision, my understanding, was set up back in '95 as a regulation as to the amount. Has there been any discussion as to whether that should be adjusted downward to more closely reflect the actual

performance of the loans?

Mr. Hilton: — One of the things that the new deputy has his staff undertaking is a review of the loans program. So issues around the 20 per cent loan loss provision, issues around the interest rate charged, are all issues that I'd want us to look at. I think it's fair to say that the loan loss provision will be established on the basis of input and observations from the department as well as from the Department of Finance and others.

Mr. Chisholm: — Okay, thank you. Now I understand that there's . . . some organizations are borrowing money and other organizations receive grants. I wonder if you could tell me how an organization would qualify for a grant and how an organization would be considered for a loan, what the difference there would be.

Mr. Hilton: — I'll just refer to some paper I have with me to make sure I describe it accurately.

Mr. Chairman, in order to qualify for an NDF [Northern Development Fund] loan there are the sort of obvious kind of eligibility rules. The individuals have to be legally entitled to remain in Canada. They would have had to have resided in the North for at least 10 years or one-half of his or her life. They need to maintain their primary residence in northern Saskatchewan. A corporation or a partnership must have more than half of which is owned by a northern resident, the majority of whose employees reside in northern Saskatchewan, and they need to maintain an office in northern Saskatchewan. As well, local governments, Indian bands, or First Nation organizations also qualify.

Eligibility for the NDF loans pursuant to The Northern Economic Development Regulations include the following: projects relating to mining or other resource sector development, projects that contribute to the diversification of the northern Saskatchewan economy, projects that the minister considers to be essential to communities in northern Saskatchewan, projects involving traditional northern Saskatchewan production activities, and projects involving low-risk investment opportunities in the northern resource development sector.

I might also add, Mr. Chair, that the minister may approve a loan if the project's located outside of northern Saskatchewan, if in the minister's view the project offers significant investment, employment, or other economic development opportunities to northern Saskatchewan, and of course if the project meets the criteria that I just outlined.

In terms of the grant portion, there are sort of two parts to the NDF grant program. We will provide grants to a maximum of \$25,000 to individuals who apply for the purposes of doing marketing research and development around a business idea, organizational development, or business skills training, as well as youth entrepreneurship. We also provide core funding to five regional development corporations in the North.

Mr. Chisholm: — Thank you. I guess I have a question that's maybe a little more specific regarding Northwest Communities Wood Products. They have in the past received grants. Are they

also recipients of loan proceeds? So is there combinations of loans and grants that go to certain organizations?

Mr. Hilton: — Mr. Chairman, I'm told that we have not provided a loan to northwest community forest products. We have provided them grants though, however.

Mr. Chisholm: — Could I ask you to repeat that please? I didn't . . .

Mr. Hilton: — I'm told that we have not provided loans to northwest community forest products. We have, however, in the past provided them grants.

Mr. Chisholm: — Okay. I think I understand some of the reasoning and the methodology of qualifying for loans but I guess I'd like you to go over that qualifying for grants. In this particular situation it would appear then what Northwest Communities Wood Products have received is forever non-repayable; it's an outright grant whereas other organizations are . . . qualify for loans which are repayable. I just don't quite understand the difference between how, even though you've explained the qualifications.

Mr. Hilton: — Mr. Chairman, if I can clarify. Unless I'm mistaken I do not believe that the grants provided to northwest community forest products were made under the Northern Development Fund grant program. They were made through some other authority. So the maximum amount of grant that you can receive under the Northern Development Fund grant program is \$25,000, and I do not believe that grants provided to northwest community forest products were made under that program.

The Chair: — If I could just interject in there. Are you saying then, Mr. Hilton, that the other grants did not come under the jurisdiction of Northern . . . out of your office, Northern Affairs?

Mr. Hilton: — No, Mr. Chairman. I'm saying that I believe that the grant payments that have been made to that organization in the past were made under the authority of The Government Organization Act, not under the authority of The Northern Economic Development Regulations.

The Chair: — Was it administered through your department?

Mr. Hilton: — It would be administered through my department, yes.

The Chair: — Then could you give us the criteria for those grants?

Mr. Hilton: — Sorry, Mr. Chairman. I'm just looking for the information. I think the authority provided to Northern Affairs through the GO [government organization] Act, the grants were provided to Northwest Communities Forest Products to help implement the intent of the government's forestry policy, which was a policy designed to try to ensure that local Aboriginal people — both Métis and First Nations people — benefited by the development.

So for example, in the fiscal year in question, in '04-05, we

provided an operating grant of 225,000. The money was provided on a one-time basis to assist the company to establish a viable business. And as I understand it, without disclosing information that I'm not supposed to disclose for commercial purposes, that grant I think was specifically designed to assist Northwest Community Wood Products to establish a subsidiary that they owned called the Beauval Forest Industries.

The Chair: — Mr. Chisholm.

Mr. Chisholm: — Am I to believe then that this is a one-time grant only of \$225,000 although the maximum grants normally are \$25,000? So it would be an exception to the rule of . . . Are we saying that this money came from a different source than the new source?

Mr. Hilton: — It came under a different authority, Mr. Chairman. It didn't come under the authority of the Northern Development Fund regulations. It came under the authority of The Government Organization Act, whereas the minister and the deputy have the authority to make special one-time grants such as this if it is deemed to be pursuing the policy objectives of the government.

Mr. Chisholm: — Okay. Thank you. My understanding is that there was an additional \$50,000 grant in the '05-06 year. Would that be under the new authority regulated by the \$25,000 maximum amounts, or would this again be a one-time exceptional situation that was added to the last one-time exceptional situation?

Mr. Hilton: — The additional grant that was made in fiscal year '05-06 was made under the authority of The Government Organization Act, not under the Northern Development Fund regulations.

Mr. Chisholm: — Okay. Thank you for those answers. I guess moving along to the third part of the report, there was the situation where government employees that were doing some committee work were being paid over and above their normal salary. It was deemed that these were ineligible payments.

I guess my question is, was there any procedure to recover these overpayments for . . . going back to April 2000, or for the most recent incident in last year's . . . Was there any request that people repay what was determined to be ineligible amounts that were paid to these people?

Mr. Hilton: — The amount . . . Well let me back up. Several months ago we sought, through the assistance of the comptroller's office and the Public Service Commission a clarification of the FAM [financial administration manual] policy. With that clarification it was determined that public servants should not be receiving per diems for time served on government committees.

Upon hearing that the deputy wrote the two individuals in question to clarify the policy for them and to inform them that they would no longer be receiving per diems. In addition to that, the deputy wrote each of the members of the environmental quality control committee to indicate to them that it is their responsibility, should they become an employee of the Government of Saskatchewan, to self-declare and that they

wouldn't be entitled to a per diem.

We are also taking the additional measure of working with the Public Service Commission and the Department of Finance. So from time to time the deputy can run the names of our environmental control committee members through the government payroll system to ensure that there is no situation where somebody would become, might become a member of the public service after being appointed to the environmental control committee and therefore getting a per diem as well as pay.

On the question of collection of the overpayments, it has been my decision not to go back several years and ask these individuals to repay because in my judgment the practice that was being pursued by the department at the time was a departmental decision, and the fact that the overpayments were occurring when they shouldn't have been was not the result, I do not believe, of the individuals intentionally trying to deceive the government.

So I guess what I'm saying, Mr. Chairman, is that I put the onus for this situation on the department and not on the individuals.

Mr. Chisholm: — Thank you for that. I think that's all I've got.

The Chair: — Mr. Allchurch.

Mr. Allchurch: — Thank you, Mr. Chair. I just have a few questions for the deputy minister. Have there been any cases of fraud or theft within the department that have been referred to your office by the government for the year 2005-2006?

Mr. Hilton: — I'm pleased to report the answer to that question is no, Mr. Chairman.

Mr. Allchurch: — What was that?

Mr. Hilton: — The answer to that question is no.

Mr. Allchurch: — Thank you. I have no more further questions then.

The Chair: — Mr. Cheveldayoff.

Mr. Cheveldayoff: — Just one quick question. We have heard quite a bit about a First Nations loan fund coming from the government to be announced sometime this month. Will your department be administering that fund?

Mr. Hilton: — No, Mr. Chairman, that fund will be administered by CIC [Crown Investments Corporation of Saskatchewan] as I understand it. And I'm looking forward to getting briefed on it.

Mr. Cheveldayoff: — Mr. Chair, to Mr. Hilton, will it be replacing any of your existing funds that are operating at the present time or will it have any impact on your department whatsoever?

Mr. Hilton: — It won't replace any of the programs that are currently administered by Northern Affairs. It will expand . . . It will increase the number of financial instruments that are

available for Northern Affairs to refer clients to. I have not been briefed on the fund yet. But an additional financial instrument like that I think is an opportunity that my staff will want to take advantage of in terms of referring clients to that fund, if it turns out that that fund is best suited to meet their business development needs.

Mr. Cheveldayoff: — I had a couple of specific questions about the fund. I'm not sure if you have the information or not, but will that fund enable the government to take equity positions within companies in First Nations.

Mr. Hilton: — Mr. Chairman, I'm really not the right person to ask questions about the fund. I'm looking forward to getting briefed on it myself.

Mr. Cheveldayoff: — Thank you, Mr. Hilton. I'll have opportunities to question the Minister of Finance about it at a later time, so thank you for your answers, Mr. Chair.

The Chair: — Thank you. Just a couple of questions. Mr. Hilton, you mentioned earlier on regarding the discussion of loans that some of the loan proceeds were forwarded to First Nations bands, I believe. Was that correct, or were there other First Nations organizations that you included in that? I'm just wondering what percentage of the total number of loans would be allocated to First Nations bands or some other official organization and also what percentage of the total dollars lent would be forwarded to those same organizations?

Mr. Hilton: — Mr. Chairman, I'm advised that it has been several years since we have made a loan to a First Nation or a First Nations organization, so while they qualify under the program, obviously the uptake has been very limited in the last few years.

The Chair: — So then just to clarify, could you tell me what percentage of these loans then would be forwarded to individuals, I'm thinking of as opposed to say, corporations?

Mr. Hilton: — Mr. Chairman, if we think back to '05-06, I believe there is approximately 37 commercial loans. Now commercial loans can be made to corporations, partnerships, or individuals. And there's approximately — and Gerald, correct me if I'm wrong — there's approximately 90, 70 to 90 loans that we made last year to primary producers.

Sorry, I was going back a year earlier. Last year it was approximately 30 to primary producers. They're individuals; typically they would be commercial fishermen or trappers or people involved in wild rice harvesting.

The Chair: — All right, very good. And then just a final question with regards to the control over cash receipts that are required. Can you without reservation assure the Public Accounts Committee that you are fully complying with the financial administration manual at the current time?

Mr. Hilton: — Yes. I think that as a deputy I am satisfied that we have put the measures in place to respond to the concerns raised by the auditor. I'd certainly be interested in the auditor's observations on that. And I would also observe, I think it's fair to say, that the whole process of financial management is a kind

of a process of continuous improvement. So we're going to try to continuously improve as we go along.

The Chair: — All right. Are there any other questions by any of the committee members? We have one recommendation to deal with in chapter 15. If there is no more general discussion I would point you to page 301. Ms. Crofford.

Ms. Crofford: — Yes, I'd like to move that the committee concur and report progress.

The Chair: — Okay. I was going to actually read the recommendation, if that's all right, Ms. Crofford.

Ms. Crofford: — Oh sure. It's such a short one I thought everyone would have it memorized.

The Chair: — Would you like to recite it by memory then, Ms. Crofford?

Ms. Crofford: — I wouldn't want you for a teacher.

The Chair: — Sorry. I apologize. I just had a hunch, let's put it that way. The recommendation on page 301 reads:

We recommend that the Department of Northern Affairs receive and analyze the borrowers' financial and operating information as required by its loan agreements.

Ms. Crofford, do you have a motion?

Ms. Crofford: — I'll move that we concur and note progress.

The Chair: — Okay. A motion to concur and note progress. Is there any discussion on the motion? Seeing none, we'll call the question. All in favour? That would be carried unanimously, I think, even with an extra vote there which the chairman didn't see.

That concludes the discussion on chapter 15 and the first item on our agenda. Mr. Hilton, I would like to thank you and your colleagues for appearing before the committee. It wasn't too brutal an endeavour for you, and we hope to see you again at some point in the future. Thank you very much.

Mr. Hilton: — Mr. Chair, through you I'd like to thank all the members of the committee.

The Chair: — All right. And we will ask the folks from the Department of Agriculture, Food and Rural Revitalization if they could take their place as witnesses. And we will proceed to chapter 16 of the same volume, 2005 report volume 3.

Public Hearing: Agriculture, Food and Rural Revitalization

The Chair: — Colleagues, presenting on behalf of the Provincial Auditor's office this morning is Mr. Andrew Martens. And following his brief summary of the auditor's findings in chapter 16, we will call on the deputy minister of Agriculture, Mr. Doug Matthies, to introduce his colleagues and provide a response if he would like. And then we will open up the remaining time for our meeting this morning to questions

from committee members. So we will give the floor to Mr. Martens.

Mr. Martens: — Thank you, Chair. Members, government officials, I'm pleased to present chapter 16 of our 2005 report volume 3 related to the Department of Agriculture, Food and Rural Revitalization as it was then known. This chapter includes the results of our audit of the department and its related agencies for the year ended March 31, 2005.

The department is responsible for overseeing several special purpose funds and agencies, and these are listed on page 306. To complete our work on five funds and agencies we worked with their appointed auditors to form our opinions. As noted on page 308, we have concluded that the financial statements of the departments, funds, and agencies are reliable. The department and its agencies complied with the law. And the department and its agencies had adequate rules and procedures to safeguard and control public resources with the following two exceptions.

The first is a new recommendation. The department did not maintain adequate accounting records and consequently did not prepare accurate financial statements for the Agri-Food Innovation Fund. We found the department needs to track information concerning individual projects undertaken by the fund. However due to staff changes a lapse in these procedures occurred. Therefore we recommend that the department provide adequate guidance and supervision to staff recording information and preparing financial statements.

The second is a repeat of a recommendation we made in our 2004 report volume 3 concerning the Pastures Revolving Fund. On June 20, 2005, the committee concurred with this recommendation.

We continue to recommend that the department include guidance for financial reporting in the revolving fund's policies and procedures manual. Proper written guidance on financial reporting will help staff to prepare accurate financial statements for the revolving fund.

That concludes my remarks. We'd be happy to answer any questions you may have.

The Chair: — Thank you very much, Mr. Martens. And, Mr. Matthies, again welcome. Introduce your colleagues and respond as you wish.

Mr. Matthies: — Thank you, Mr. Chairman. With me this morning I have Mr. John Babcock on my left. John is the secretary to the Board of Directors of the Agri-Food Innovation Fund. On my right is Mr. Rick Ashton. Rick is the acting director of lands branch. And sitting behind me is Karen Aulie who is the director of our corporate services.

In terms of the Provincial Auditor's comments to the members, I would indicate that the department concurs with the recommendation of the auditor as it relates to the Agri-Food Innovation Fund, and we have taken steps at this time to address the concerns around supervision and guidance. We now have two staff that are involved in the preparation of the financial information and the review of the information. And

we have also instituted a process where our manager of financial services, who is an accountant with a professional designation, meets periodically with the branch staff to provide the supervision and the guidance that is recommended by the auditor. So we certainly concur and worked collaboratively with the auditor to develop that recommendation.

With respect to the second item, the Pastures Revolving Fund, this item as well we worked collaboratively with the Provincial Auditor to develop our solution. And what we have done is we have actually upgraded the manual, and I brought a copy of it with me here today because I note with some chagrin that it was the second year that this item was reported. So we made sure that we have addressed it, and we have updated our manual. We have, in addition to that, provided training to our managers and to our administration staff this spring on the changes that are in the manual.

And a third measure is we have a new resource in the branch. One of our staff members is a financial manager that we obtained from DCRE [Department of Community Resources and Employment], and so his personal expertise brings additional expertise into the branch. And this branch also works with our manager in our corporate services branch, who is the professional accountant, to make sure that we provide the appropriate levels of oversight.

So we appreciate the recommendations of the auditor, and we believe that we have moved to address the concerns.

The Chair: — Thank you, Mr. Matthies. Before I open the floor for specific questions, I just have a general one for the auditor regarding numbers on page 305 of the report. I noted that the expenditures from the department are listed at \$780 million, and then agriculture revenues by source, below that, is \$408 million. Am I correct then in understanding that while the expenditure of the Department of Agriculture might be in these areas — \$780 million — own-source revenues are only a part of that and then actually are less than half of those dollars? Would that be a correct interpretation?

Mr. Martens: — We pulled these numbers from the summary financial statements, and this is what the statements would show. So that the province through the GRF [General Revenue Fund] has — well through the GRF and other funds — has spent \$780 million but the revenue is not up to that level. So premiums from the Crop Insurance Fund or other sources only partially fund the expenditures of the government.

The Chair: — The reason I raise this is because I think there is a misunderstanding amongst the public . . . And of course maybe I'm over-sensitive being involved in agriculture myself. But there is a sense that the province of Saskatchewan, through revenues generated by taxes to its people, are funding about \$780 million worth of farm programs when in fact a chunk of that is producers' own crop insurance premiums. And also another significant chunk comes from the federal government. Of course that's taxpayers as well but on a broader base.

So, Mr. Matthies, just a general question. Is there a communications strategy that promotes . . . suggesting that the \$780 million is, you know, is this huge amount of money that's being forked out by Saskatchewan taxpayers? Or is there an

effort to make it clear that not all these dollars come from taxpayers — from Saskatchewan taxpayers — but a significant amount, in fact over half of these dollars, come from the producers themselves and from Ottawa?

Mr. Matthies: — Thank you, Mr. Chairman. I guess the first thing I would say is that the department does not roll together the expenditures around agriculture in the same manner that the Provincial Auditor does, so I'm not going to speak directly to those numbers.

But what I would describe is, in characterizing the government contributions for agriculture, typically what we will look at . . . And if we were to just think back to the previous year, the budget for the department was approximately \$265 million. We obtained additional special warrant funding in the neighbourhood of \$160 million to fund programs like CAIS [Canadian agricultural stabilization income] and BSE [bovine spongiform encephalopathy]. Also money for the meat strategy would have been a part of those amounts. And in addition, the province provides an exemption to agricultural producers for PST [provincial sales tax] for farm inputs.

And so when the department speaks about the government contributions to agriculture, we focus on the budget plus the special warrants plus the tax exemptions. That in the last fiscal year is in the 6 to \$700 million range. And those are the contributions from the province.

We do not do the same characterization that the Provincial Auditor has done here, so that when the department speaks to the numbers, we don't include the federal contributions for CAIS or for crop insurance. And we wouldn't include the producer contributions as well.

So I guess it's a different way of casting the information, but we certainly don't follow quite the same approach.

The Chair: — So when your minister or when the department indicates the per capita spending which occurs quite frequently for agriculture, are you saying then that the federal dollars and producer payments are excluded from that number? Or are they included in that number when these per capita numbers are thrown out?

Mr. Matthies: — The per capita numbers represent the cost to Saskatchewan taxpayers, so they would not include the federal contributions for CAIS or crop insurance nor would they include the provincial . . . I mean the producer contributions for crop insurance.

The Chair: — Okay. Mr. Bjornerud.

Mr. Bjornerud: — Thank you, Mr. Chair. I just want to follow up on where Mr. Hermanson had gone there a little bit, and I need maybe a little further explanation. Because the minister on a number of occasion has said the provincial government has put in about 700 . . . in excess of \$700 million into agriculture. And there is a misconception out there I think by many that that's actually what the provincial government is spending.

And if my numbers are right here, according to the 2005 audited report it looks to me like about \$372 million is what the

provincial government actually put into programs. And correct me if I'm wrong, but when expenditures come to 780 but then we look under agriculture revenues by source — federal government, 255 million — maybe you could give me a breakdown of what that 255 entailed. Like is that crop insurance? Is that CAIS funding? What would that be?

Mr. Matthies: — Mr. Chairman, I guess I would first direct part of the question to the auditor perhaps because the auditor has compiled the numbers in that way. It's not how the department represents it. And in terms of the dollars that the province provides in support for agriculture, again I'll just sort of recap.

There's three main numbers that I'll use. So the 265 that's in our base budget, there's approximately 250 or \$260 million in PST exemptions that are available to the farm community. That number would show up I believe in the Department of Finance's presentation of tax exemptions. I can't remember the piece or where I've seen it in the document, but it's a publicly disclosed number. And then in the last fiscal year — and I don't have the number exactly in front of me — but the special warrant amount in '05-06 for example would have been in the neighbourhood of 150 or \$160 million.

So the sum of those three is, yes, that 6 to \$700 million item, that is what our minister refers to when he's citing the support provided by the province. And again none of the federal contributions for CAIS or for crop insurance are included in those figures.

Mr. Bjornerud: — Then, Mr. Chair, to the auditor, possibly he could comment on that. The federal government money that comes in, can you give us a breakdown on actually what the \$255 million is for? Is that crop insurance funding? Is that CAIS funding? What would that breakdown be?

Mr. Martens: — I don't have the exact details, but these are the numbers that are reported in the financial statements prepared by the Department of Finance. Now it includes information from the departments — that would be GRF information — as well as other organizations that go into the agriculture category. For example, Crop Insurance Corporation would be the largest. So from the federal government the crop insurance premiums would be a large part, and CAIS and other related funding would be another major part. And I don't have the further details of the remainder.

Mr. Bjornerud: — Good. Thank you. The deputy minister mentioned PST exemptions and if I heard him right, talking about \$260 million. Do you use, when you audit the books for Agriculture, include that 260 million as an expenditure?

Mr. Martens: — No, we don't. That would just be a reduction in the PST revenue as shown by the Department of Finance I believe.

Mr. Bjornerud: — Okay. Thank you. And that's the way I understand it. If you don't take it in, you would have a hard time spending it and would have a hard time understanding how anyone would say, well we're actually spending that dollars, when really in essence it's a break on the tax that Agriculture is paying out there.

Possibly to the auditor again and this probably is a question that he could answer. When we come to CAIS funding and farm stability — \$238 million — I believe that would include CAIS dollars, and yet the budget for this year . . . The budget for last year I believe was the base budget for CAIS, was \$98.8 million.

I guess my question is, is it not a bit irregular to only count the base funding and then by special warrant pay the additional money for CAIS down the road? Is that not an irregular way of budgeting? Because I think we know — and we're talking estimates here — that that cost is going to be there. Why wouldn't that be there originally in the original budget?

Mr. Martens: — Well I think it's up to the department maybe to respond to that, but my observation of that is that a certain commitment was made at a particular point in time — well in advance of the year when the estimates are done — and due to increased revenue that the province brought in, they decided subsequently to upgrade and fund the program. So I think it's just a matter of timing and so probably is a reasonable process to add the additional through a special warrant.

Mr. Bjornerud: — Would the minister care to comment on that then, why the additional or the base funding is always there at the beginning? And remembering that we're talking estimates here, so wouldn't it be fair to say . . . I believe last year wasn't it in the neighbourhood of \$150 million, the additional money that was put in by special warrant. Why wouldn't we include that in the original budget that just came out? Would that not be simpler?

Because I guess the problem that arises for farmers out there is when they go to their banks and say, you know, I want to apply for an operating loan, that the banker every year is probably . . . Well I know this is a fact because farmers have told me, and I've actually talked to some of the credit lenders out there, that the CAIS program is not fully funded each year and it brings in some . . . Well it's not a stable way of doing it.

And I guess my question is, why wouldn't we put that estimate in there of say \$250 million or whatever we think it's going to cost us throughout the year? Why wouldn't we put that in with the base funding at the beginning of the year?

Mr. Matthies: — Mr. Chairman, perhaps I'll just respond with sort of the fact pieces because there's obviously some policy pieces there that might more appropriately be directed at the minister rather than to officials. But if I can just sort of speak to the fact background pieces.

In terms of the funding for the CAIS program, what the government has committed to at this point is to fully fund the '3, '4, and '5 CAIS years. In the budget for '6, '7, is as the member correctly identified, approximately \$99 million in base funding. And then the budget speech also indicated that the government would review additional funding requirements for '06 in the third quarter.

When the province signed on to the ag policy framework agreement, the best estimates that we had from the federal government at that time is that the ongoing average costs of the CAIS program would be approximately \$100 million. So there are clauses in the APF [agricultural policy framework]

agreement that the province could trigger, I guess, to limit its cost to the estimates that were provided by the federal government during the course of developing that program.

What the province has done in the first three years of CAIS is it has reserved the right to exercise that clause, if you will. And then subsequently during the course of the fiscal year, I guess, taken a broader assessment in terms of its fiscal capacities and pressures and then made the decision to provide full funding.

Right now when farmers are looking at registering the claims, they would be filing claims right now for the 2005 CAIS year. Full funding for that has been announced. That was announced last November, I believe. So for the claim year that they're filing right now, full funding is in place. The '06 year, they will be filing for that in a year from now.

And the commitment that was in the budget speech was that the government would reconsider that position in the third quarter, and I can't speak to where they would go on that. That's sort of beyond my scope. But that's a bit of the history piece and the facts that may assist in providing some understanding there.

Mr. Bjornerud: — Good. Thank you. Speaking of CAIS and I guess and I'm sure you're aware of this, that the last little while there's been a tremendous amount of clawbacks where payments have been made to producers out there. It varies from say 5 to \$100,000 payments out there. And in some cases they've have been asked to totally repay these payments. And it's creating a tremendous hardship when you throw into the mix the grains and oilseeds payment that just came out for some of the producers out there.

The ones that had a clawback or a call for that repayment of those payments that were made according to the CAIS administration, that these were in error and that the money should be repaid. They're also losing their grain and oilseed payments, so not only are they being asked on one hand to return a payment that they may have got six months ago and have spent on bills and everything else because they desperately needed that money.

Is your department contact the CAIS program in any way? And I guess why I'm asking this is because many of the farmers — in fact most that I've talked to — have no ability to pay this money back and were really counting on the grain and oilseed payment to come. And now it isn't coming for them and really puts them up against the wall. And I think you're probably very aware of this, as I am, that a lot of it has to do with inventory numbers going in, where grain may go in, in November at a certain price and then when you inventory it over because you don't sell it in the same year. And the CAIS administration does not seem to understand or not want to understand or does not have the ability to understand that the price drop or the price increase will really change the position that the farmer's actually in.

And I guess my question is that are we doing anything to try and have this rectified? I know there's changes to the CAIS program coming. But I guess my concern here is that there's a number of farmers out there that are on the verge of either going under or declaring bankruptcy right now, that certainly needed a shot in the arm, and the last thing they needed was to get a call

that they were, you know, asked to pay this money back. And I guess I point my finger directly at the CAIS administration but then remembering that we, you know, are part of the program, and it's our farmers out there that are caught. And it's just a tremendous bind out there.

Have you contacted the CAIS administration at all to try and see if some of these things can be changed? And why I know they can be changed . . . is we have a gentlemen in Yorkton that actually takes cases like this on a . . . He farms but he's, you know, he has a degree. And he has found in pretty near every case that he's looked at it that when the . . . if you can get the CAIS administration to look at the numbers of inventories going in and inventories coming out, and get them to understand the reality of the numbers, you know, if there's a drop there of, say, a buck fifty or two bucks a bushel — and I'm only giving you a hypothetical situation — that actually there is no clawback. And in some cases he has actually found where the CAIS program owes them more money. And it all falls back to this.

So to make my question a little shorter, have you contacted the CAIS administration to see if we can straighten some of this out because time is of the essence?

Mr. Matthies: — Mr. Chairman, there's several very good points in those comments. I guess certainly administration of the CAIS program is done by federal officials. And we have seen, I'll say, frustration over the years with service issues coming out of that program. And so the province has pushed the federal government to try and improve its services. And we have advocated, and successfully, that the federal government would then set up an office. So they do have an office of about 80 staff in Saskatchewan. We thought that that would help increase sort of the general knowledge because you might get more of an ag base of employees.

Around the overpayments themselves, there were a number of additional measures that were provided to producers in the prior crop years to try and accelerate the timing of cash to payments. So when we were going through BSE, for example, a mechanism was put in place to offer \$100-a-head advance to help producers get through that.

But at the end of the day, the criteria was always that you have to file the forms and see where the numbers work out. And so what we're seeing right now is a number of people who were cash-strapped at the time, exercised options for an advance payment, and with the borders opening in July we had a turnaround in cattle prices, and for whatever combination of factors, there's a significant number of people who are in an overpayment situation.

What we have done, I guess, is we have encouraged the federal government to accelerate the analysis around moving to a two-price system for example with the CAIS program so that you would recognize changes in the inventory pieces. And had we had that during the BSE piece, of course it would have been significant in terms of an adjustment to the timing of cash flow entitlements. So we're encouraging, and the ministers I think are expecting a report I believe in June at the next Ag ministers meeting in terms of progress on that.

Now there is some I'll say uncertainty, if I can describe it that, in terms of where this will go because the new federal government has indicated that their desire is to replace the CAIS program so . . . But at the same time because farmers were looking to plan, Minister Strahl had indicated that he didn't anticipate that there would be a whole lot of changes to the '06 program. We would get through that, and then we would look at something new. So ministers are expecting a report again at the June fed-prov meeting around where that will end up. But at this time, we don't know where those changes are at, just if I can sort of describe it that way.

One of the other pieces I guess and that you're aware, is in terms of the need for cash flow and trying to find resources to assist for producers right now. The minister did take a number of producer representatives down to Ottawa in early April and pressed the case for some additional support, and we'll, I guess, we'll find out this afternoon when the budget comes down the results. I'm not sure I can offer more.

Mr. Bjornerud: — Good. Thank you, thank you for that. And I think we're in agreement that we've had the AIDA [agricultural income disaster assistance] program, and the CFIP [Canadian farm income program] program, and now the CAIS program, and it seems to me is that all we've really done is change the name and the problem stays there.

I just want to mention too . . . And I'm wondering if the province has even thought of — and I know I've talked with the minister about this before, is maybe as Alberta does — administering the CAIS program or the new program whatever it would be down the road here in Saskatchewan because, I think you know, the situation's different here by far because we have most of the arable land, grain and oilseeds grown here in Saskatchewan. And I'm not sure, in fact I feel that it would be much more efficient if it was administered here in Saskatchewan.

I know in Alberta's case they have some clawbacks but they administer their own program. But in the situation where there is a clawback, someone they feel has got an overpayment, they call the farmer and they actually go to the point of even sitting with that farmer and saying you were overpaid \$45,000. Rather than you have to pay it back immediately and cut your grain and oilseed payment, we'll work it out over ten years or you know if it's a younger farmer maybe over a longer period of time. It takes a little bit of the burden off. And you know I'm just wondering if maybe if we were administering it here, maybe we'd have a little more flexibility you know in that situation.

Mr. Matthies: — Mr. Chairman, certainly I would say that the province has considered that in the past. As a matter of fact I was part of a team myself that went to Winnipeg to talk to officials there and understand what they were doing and see if it was something we wanted to take on, or if we could at least give them some advice or insights into how they might improve their services.

But what I would say is that the province has taken the position in the past that we thought if we were part of a national group that was providing the administration, then the province would achieve a financial savings because if you had — the thinking

being — one administration group that would serve multiple provinces, then we would all gain somewhat by economies of scale and integration thereof.

And we have seen improvements in the service. As you've indicated, from AIDA to CFIP to CAIS, there have been some improvements, and we have been successful in getting the federal government to open an office here in Regina with about 80 staff. But at this point, we still I guess have left with the position that we think the long-term cost to the province is or should be cheaper where you have a national administration to sort of share that benefit of economy of scale.

Then I guess the one example that I would point to that we took significant note of, and it goes back probably a year, a year and a half . . . I may not have the dates quite right, but you may recall that in Alberta a couple of years ago or a year ago — I can't remember exactly — they were actually so far behind in their processing that they just kind of opened the floodgates and said here's the payments and we'll verify it after.

In that year, when we compared the processing statistics for where the federal government was for Saskatchewan versus Alberta, they were far in advance. And so while the optics looked good for Alberta that they've let all this cash go, what they did is they essentially said holy cow, we're so far behind; we're just going to let the money flow, and we'll do an audit process after.

So that experience served to, I guess, reinforce messages that the federal government was providing us that they had been making improvements in their efficiency of delivery and we do continue to push them. We do contact the CAIS administration on specific files where a producer may come to us and give us that specific permission to act on their behalf if they're getting some frustration or feeling that they're not getting anywhere. So we do do that, but the first point of contact is with the officials at CAIS themselves.

Mr. Bjornerud: — Thank you. Just for the sake of time I guess we'll jump a little further down here. And I think you touched on some of these things in your opening remarks, but the Agri-Food Innovation Fund . . . And the auditor I see has some concerns in here, and I believe it was due to a staff member leaving the department. Can you maybe comment on that, that I think you said that that has been rectified to this point?

Mr. Matthies: — Yes. I believe the incident that sort of led to this was we had one of our professional accountants took an opportunity in another department, and we had about a six-week period of time where we didn't have someone with the financial expertise or the accounting designation providing the oversight, and it was right at the year-end. So when the branch was preparing the financial statements for the Agri-Food Innovation Fund, there were some year-end accrual adjustments that were missed or incorrect. And so what we have done is we now have two different people in the branch who operate on the file, and we have a manager in our corporate services area who is a professional accountant provide the direct oversight and guidance.

Mr. Bjornerud: — Thank you. When we come to the past year's revolving fund . . . and I believe the auditor has

mentioned that this is the second year that the recommendation has been made for more guidance in policy, and I think you touched on this too. But can you elaborate on that, how you've dealt with that situation?

Mr. Matthies: — What we had . . . and in this case it also arose, I believe, from during the year-end process. There were some accrual and other adjustments that were not correct, and they were identified in the process of finalizing the financial statements. But I think it served to point to the need on our side to provide more guidance to staff. We had previously referred staff to the financial administration manual. And so what we've done this time . . . as we have our own manual for the community pastures program, and we have actually included new provisions within our own manual here too, some of the procedures and processes that should be done to make sure that we don't have these type of errors.

And in addition we have the manager from our corporate services group meet periodically with the staff to make sure that we don't have a repeat.

And the third thing, I think I mentioned earlier as well, the other thing is we've actually trained all the managers and the admin staff now on the changes that are in the manual. And we have a new resource, Mr. Bill Adams who came to us from another department, but he had a financial background, so he provides a stronger financial accounting knowledge right within the branch. So we believe we have identified and remedied the issues.

Mr. Bjornerud: — Okay. I want to thank the minister for his answers and the auditor for his responses. And I'll pass over to Mr. Chisholm.

The Chair: — Mr. Chisholm.

Mr. Chisholm: — Thank you, Mr. Chair. I've got a quick question on page 305. I notice that interest on loans and investments went down from 7 million to \$2 million in the one year. I was just wondering what the reason would be for that.

Mr. Matthies: — I'll just confer with one of my colleagues for a moment.

Mr. Chisholm: — Sure.

Mr. Matthies: — Mr. Chairman, I believe the information here relates primarily to the loans in our ACS [Agricultural Credit Corporation of Saskatchewan] portfolio. And we have been reducing that portfolio over a period of time. And so as the loan amounts decline then so would the interest earnings.

That I believe would be the lion's share of the items. There may be some other miscellaneous ones in there, but I guess other loan programs that we would operate . . . We have a short-term hog loan that was provided to the industry a few years ago during a cash crunch. And again as these loans are retired, then the earnings would diminish.

Mr. Chisholm: — Just a quick question on the ACS. Does that relate to land that was . . . was that old land bank land, those kinds of loans? Are they decreasing over time as . . .

Mr. Matthies: — Yes. The province used to, through the Agriculture Credit Corporation, offer a number of loans to producers. Primarily or a number of them dealt with livestock actually, had a number of livestock loans. Some would have involved land at some point over the period of the time that ACS was operating.

I can't remember the year exactly, but I believe back in the mid to late '90s, the government made a decision to discontinue that new lending operation. But basically we've continued to manage the loan portfolio and a number of the loans had anywhere from 5- to probably 25-year terms. And so we've just been sort of managing the windup of that portfolio.

Mr. Chisholm: — Thank you. I've got another . . . I'd just like to get back to the CAIS program just for a moment. You indicated that there's now 80 staff or approximately 80 staff persons working in Saskatchewan on that program. Could you tell me how that would relate to the total number of people that are working in the program? And again, how that would relate to the number of customers, clients from Saskatchewan versus the country as a whole?

Mr. Matthies: — Mr. Chairman, I'm probably not able to give you a complete answer on that because the CAIS administration is looked after by the federal government and I don't have the numbers in terms of, you know, the total staff complement that they operate their programs on. We can certainly try to get that information.

In terms of our client base, you know, Saskatchewan has about 40,000 farmers that have revenues of more than \$10,000 and so that's kind of the number that we typically look at.

And I can undertake to obtain information from the federal government if you're inclined, but we wouldn't have that off the top.

Mr. Chisholm: — Okay. I would appreciate having a look at those numbers. One other question regarding to CAIS and then I think I'm finished. CAIS is one of the major, obviously, expenditures of Agriculture, Food and Revitalization and has been over the last number of years. Do we have a number as to what the administrative cost is — realizing that it's federally administered — in relation to what the number of dollars that end up in the producer's account or bank account or wherever, just as far as a measure?

Mr. Matthies: — Mr. Chairman, the payments to producers under the CAIS program in the first three years have been probably in the magnitude of 1.3 billion in total over the three years. The administration costs are I believe in the magnitude of 25 or \$26 million a year for Saskatchewan. So the 1.3 over three years as a total payments. That's only to Saskatchewan producers. That's not to producers in other provinces. And the annual admin costs I believe is in the 25 to 26, and both of those amounts would be split between the two levels of government.

Mr. Chisholm: — That's it for me.

The Chair: — Thank you, Mr. Chisholm. Can I just ask a couple more questions in the same line of thought? Does your department know the numbers for CAIS as it relates to

Saskatchewan's benefits versus producers in other provinces?

And I know there's no two producers exactly the same. But if there was a producer in Saskatchewan and a producer in Alberta or Manitoba or in Ontario for that matter with exactly, you know, the same margins, the same numbers, my understanding is that there are some provincial differences in the program, and some producers in other provinces may benefit more or less than Saskatchewan producers. Do you have those numbers, and can you relate them to the committee?

Mr. Matthies: — The CAIS program is a national program. And so if you had two identical producers with the same reference margin and the same margin in the claim year, they would get the same dollars.

There are some provinces who have chosen to enhance some of the programming. And Alberta's the one that's typically pointed to because Alberta has enhanced their CAIS program in terms of giving producers really the choice of two different ways to calculate the reference margin. That is outside of the scope of the national agreement and is paid for fully by the Alberta government without any federal dollars going into it.

And so aside from that, I don't believe there are any other major significant differences. But a province may choose to enhance an individual program if they want, but the focus in developing the ag policy framework was to try to move away from that to try to get to a point where it didn't matter what province a farmer was operating in, that he would have access to equivalent programming.

And the genesis for that really went back to some of the trade issues that we had seen in Canada because if we have a country that wants to take a countervail for example against a particular commodity in Canada, they really didn't care if a program ran in Quebec was different than what ran in Saskatchewan for example. They just countervailed Canada. And so part of the thinking behind the APF programming was to try and move to more of a nationally consistent program so that we wouldn't jeopardize producers in one province because of additional measures that a government may offer in a different province. And we know that farmers are very good at looking over the fence to the next province and if it looks good over there, why don't I have it here? And so the notion was, if you farm in Canada, you should have access to equivalent programming. So what Alberta has done is above and beyond.

The Chair: — That's the theory, but of the course the practice, as you've noted, is quite different. And the benefits to Alberta producers — with whom Saskatchewan producers have to compete and to which Saskatchewan producers are measured against — is quite different. I was . . . You don't have the numbers of the benefits for Alberta producers and any other province that have, you know, funded enhancements over Saskatchewan producers?

Mr. Matthies: — I do not have those with me at this time. We do get statistical reports periodically in terms of payouts. I don't recall, however, that they have any breakdown in terms of how much was a supplementary amount due to the change.

I believe when Alberta announced that they were offering

producers that option, that there might have been a cost estimate in their press release. And so that would be publicly available. But I don't believe that we have seen any detailed breakdown from them since then. They administer their own programming. And so what they tend to report, or at least the numbers that I'm most familiar with, are the aggregate payments; here they are in total.

The Chair: — Okay and my . . . If you can get those numbers I think the committee would appreciate knowing that information. My final . . .

Mr. Matthies: — Mr. Chair, just a clarification then. Payments across the provinces or just in Alberta?

The Chair: — What is the effect or what are the amounts of the enhanced programs versus the, you know, the basic program that we receive in Saskatchewan, the unenhanced program we receive in Saskatchewan? I guess what I want to know is, you know, what is my neighbour to the west receiving from CAIS because of the provincial supplements that my constituents aren't receiving, and how big a factor is that? You know, are they getting double what my constituents would be getting out of the program because of these enhancements? Or is it, you know, is it 5 per cent or 10 per cent? I think that makes quite a difference and I would like to know that.

The final question is with regards to the future of CAIS. As you've mentioned, the federal government have talked about discontinuing the current program and either rebuilding it or replacing it. What has your department done in the way of preparing for this? Do you have a team working on Saskatchewan's proposals for a new program? We have been very critical — I'm speaking now of the opposition — very critical of Saskatchewan in the past for taking a wait-and-see attitude. Let's see what they come up with, and then we'll say whether we like it or don't. And I think 99 per cent of the time we've been saying we don't like it.

What are we doing to correct that so that we're at the ground floor to make sure that the replacement or the offspring of CAIS meets Saskatchewan's needs?

Mr. Matthies: — Mr. Chairman, I guess what I would advise is since the federal minister indicated that he wanted to replace the program — and I would say that there was messaging by the federal government after the fed-provincial ministers' meeting in BC [British Columbia] earlier this spring — that we have a policy assistant deputy minister group with representation from all provinces and the federal minister and the federal government who have been meeting probably on a every three-week basis to try and craft and understand what the go-forward position looks like.

The feedback that I have from my policy ADM [assistant deputy minister] is that at this point a lot of what the federal government may be looking at is they're fairly tight-lipped on. Where the discussion has focused then in terms of understanding . . . Is there going to be additional money, and how will that be targeted in terms of a new farm program? Because if the dollars are the same, then all you're doing is you're just distributing it differently. So if you're going to effect something that pays out more money or that will meet

needs in a different way, you have to understand that question first. Are you just shuffling the deck, so to speak, in terms of the dollars, or is there new money or real money coming to the table?

[The committee adjourned at 11:52.]

And all provinces were unanimous last year in terms of pushing the federal government for changes to address provincial affordability issues as well. In Kananaskis last summer, all 10 provinces had promoted a joint approach in terms of how they'd like to see disaster situations funded more heavily by the federal government. There was some work last fall to move that agenda forward, but I think at this point we're still in a wait-and-see in terms of whether the federal government will choose to go down that path or not.

And obviously from their side in the policy design, if they were to provide additional funding to address the concerns of provinces, I guess from their side it may diminish the pool of money available for producers. So, you know, that's a give-and-take, a to-and-fro that is probably directed to the federal minister.

The Chair: — Thank you. I think that if you talk to people in the industry, they would suggest that both of those facets need to be addressed. There need to be changes to the program, and there needs to be more dollars in the program. And I think they would like to see Saskatchewan be more proactive in the design and in the makeup of a new program.

I've taken more time than I should. I see the Chair of the NDP caucus is getting a bit antsy. I assume there are no more questions. I think he has a meeting that he has to Chair very soon.

There is one recommendation before us on page 310 by the Provincial Auditor who says:

We recommend that the Department of Agriculture and Food provide adequate guidance and supervision to staff recording information preparing financial statements.

Is there a motion? Ms. Crofford.

Ms. Crofford: — Yes, I move that we concur with the auditor and report progress.

The Chair: — Again a motion to concur and note progress. Is there any discussion on the motion? Mr. Allchurch says he won't vote this time. We'll call the question, all in favour? It's carried unanimously. That brings us to the conclusion of chapter 16.

I want to thank you, Mr. Matthies, for appearing before the committee once again. I understand that you may have new responsibilities in the future, and if you appear before us it will be in a different capacity, most likely unless there's some kind of a crisis in the short term. I want to thank you and your officials for appearing here. I want to thank the Provincial Auditor with his officials for again doing a fine job for the committee, the folks from Finance for being here, and all of my colleagues. Thank you for your time and your questions. I declare this meeting adjourned.