

**Mr. Chairman:** — We were wending our way through . . . (inaudible interjection) . . . Page 23, thank you.

**Mr. Glauser:** — Mr. Chairman, I wonder if we could just go back, now that we have our Prince Albert representative here, and see what we're going to do on that DNS.

**Mr. Chairman:** — All right, agreed. We were, yesterday, Mr. Dutchak, considering whether or not we want to call DNS. Paul, as well — you're both Prince Albert. The thought was expressed that the thing has been broken up and is now in a number of different departments. It's kind of yesterday's news, but it's your decision whether or not you want to call them.

**Mr. Katzman:** — Well, I think, just to fill in those loose ends — Paul, you weren't here; Sid, I think you were. To fill some of the loose ends in here, Paul, is the economic division is left and the community division is left. Am I correct? So they have staff for those areas. I don't know if they have staff for the others; that's my concern more than anything, because I think we'll be pulling them out of housing or wherever.

**Mr. Glauser:** — Look at 2.2.2 there, Paul.

**Mr. Katzman:** — That's page 17.

**Mr. Lutz:** — And I think page 19.

**Mr. Katzman:** — He has the staff for economic development, that's still there — from this announcement.

**Mr. Meagher:** — You're suggesting, Mr. Chairman, the difficulty is that they're now into all these other departments, that we would have to be . . .

**Mr. Chairman:** — They have no staff to cover many of these activities, it's now been put in with other departments who will have no experience in . . . (inaudible) . . .

**Mr. Glauser:** — I don't know, maybe it would be worth while to have them, and just flag that particular item, and see what's happening.

**Mr. Chairman:** — You're referring to economic development loans?

**Mr. Glauser:** — Yes.

**Mr. Chairman:** — All right.

**Mr. Glauser:** — See if we're getting anywhere with those, eh?

**Mr. Dutchak:** — Yes, we'd like to.

**Mr. Chairman:** — You'd like to? We are dealing now with the year ending March 31st, 1982, actually, with line departments.

**A Member:** — That's correct.

**Mr. Chairman:** — Okay. What about the construction of northern schools?

**Mr. Barnhart:** — Sir, when you say you would like to — would you like to call them, or like to flag them?

**Mr. Chairman:** — I'm sorry. I thought you might like to call them. Perhaps I wasn't listening though.

**Mr. Glauser:** — Yes, I used the wrong terminology there. You do call them.

**Mr. Chairman:** — All right. And construction of northern schools, was that included in your comment, Mr. Glauser? Did you want them called? Or, I don't know, there may be nothing there to call, that's my concern.

**Mr. Glauser:** — Well, no. I don't think so. That's now in the Department of Education.

**Mr. Chairman:** — Okay, so we'll just bypass that. Okay. Anything more on DNS then?

**Mr. Katzman:** — Did we handle 2.2.8?

**A Member:** — That's where we are.

**Mr. Katzman:** — Okay.

**Mr. Lutz:** — We adjourned on 2.2.7 yesterday.

**Mr. Katzman:** — Good enough.

**Mr. Chairman:** — I had thought we decided we wanted to call the Department of Health on this matter and I gather . . . The Clerk tells me we did make that decision. Mail and telecommunications branch — 2.2.8.

**Mr. Katzman:** — I'd like to call them. I gather they've been here several times.

**Mr. Chairman:** — That's what I think I said yesterday. This is an old . . . (inaudible) . . . movie?

Okay. Calling Revenue, Supply and Services, I guess. I'm not sure which of the new departments that's in — probably still . . .

**Mr. Katzman:** — It says Rural Affairs, or some darned thing here.

**Mr. Chairman:** — It can't be Rural Affairs.

**Mr. Katzman:** — . . . (inaudible) . . . Revenue Supply, sorry.

**Mr. Chairman:** — Revenue Supply, yes.

**Mr. Katzman:** — Revenue Supply.

**Mr. Chairman:** — Cash? All right . . .

**Mr. Katzman:** — I want the teachers' contributions.

**Mr. Chairman:** — Teachers . . . 2.2.9, then. Teachers' contributions ledger.

**Mr. Katzman:** — That's all three plans?

**Mr. Chairman:** — Mr. Lutz?

**Mr. Lutz:** — I beg your pardon?

**Mr. Chairman:** — Mr. Katzman asks if 2.2.9 refers to all of the plans, or what is covered there? It's the new plan and the old plan — the formula plan and the money purchase plan.

**Mr. Lutz:** — I would anticipate, without digging into it right now, that it's probably both. I believe the commission administers both.

**Mr. Katzman:** — Let's pull them in. If I read this correctly, they're not keeping good records on the both sides of the contributions, plus the interest accrued, which ends up being the benefit of . . . the moneys to buy the benefits.

**Mr. Hunt:** — These comments weren't made with respect to the annuity fund.

**Mr. Lutz:** — What page are we on here?

**Mr. Katzman:** — Page 25. No, I'm sorry. I did . . . not looking at the compendium.

**Mr. Lutz:** — That particular item was dealing with the annuity fund.

**A Member:** — Teachers' annuity fund.

**Mr. Lutz:** — Okay. Which is the new plan? Is that what you're calling the new plan?

**Mr. Hunt:** — Well, there are three. There's the teachers' superannuation fund, teachers' annuity fund and teachers' supplementary allowances fund. I believe those are the three that Mr. Katzman referred to.

**Mr. Katzman:** — You know, this is just a crucial item that you brought to point, because of the accruing factors and everything else for pension benefits purchases. Yes, let's pull them in here, because this is something that can't go on.

**A Member:** — That's administered by education.

**A Member:** — Teachers' superannuation is administered by the commission.

**Mr. Chairman:** — Indeed it seems to refer to both. I looked . . . Internal control — the first comment on the compendium is commented 'that the balancing . . . (inaudible) . . . for the Minister of Finance's contributions to the various funds should be . . . (inaudible) . . .' So it does seem to cross over from one end to the other. Although it seems to deal primarily with the new annuity fund.

**Mr. Hunt:** — The memorandum deals with all of them, but some of the points, I expect, deal with just one rather than another.

**Mr. Glauser:** — I wonder if I could ask how this is arrived at. Are there individual records on each?

**Mr. Benson:** — Each teacher . . . You have to maintain a record of the contributions made by each teacher in the plan.

**Mr. Glauser:** — What would be happening here that the records wouldn't indicate that, like, when these moneys come forth they are then applied to each record, eh?

**Mr. Lutz:** — They are required to maintain a subsidiary record wherein they would record for each contributor plus the matching of the amount contributed by each teacher each year, so that at any time you know what his eligibility to acquire an annuity, dollar wise, will be, and they haven't maintained these individual teachers' records at an adequate level where you can determine that.

**Mr. Katzman:** — In the placing of the matching amount, and when it hits that account for revenue, it makes such a crucial difference.

**Mr. Lutz:** — If you don't maintain your record from the teacher's contribution you cannot match it because you don't have a record.

**Mr. Katzman:** — Correct, and you also don't know . . . When the interest isn't brought in on time, which over a 20-year period would cut a pension — 10 years worth of benefits, I think, is the magic number, if you're 30 days behind in accruing interest.

**Mr. Lutz:** — That would probably depend a good deal on your interest rates, but depending on how the interest rates move it could down 15 or 20.

**Mr. Katzman:** — Yeah, it's a real big amount of money when you play with it, when you're done with it.

**Mr. Glauser:** — Are these records kept on a manual . . .

**Mr. Benson:** — Yes, yes . . . (inaudible) . . . They're probably inefficient in maintaining records. Currently, we're in the process of converting from the manual system to the EDP system, and they are light-years behind, to say the least. We have been trying to work with them to get it caught up to date, and we agree it's a problem. So if somebody superannuates, they have to manually go through the calculation because the EDP system is not current.

**Mr. Lutz:** — Possibly I should know this, but I'll ask: did they abandon their manual system when they tried to convert to the EDP?

**Mr. Benson:** — No, that's compounding the problem.

**Mr. Glauser:** — They've both been going at the same time.

**Mr. Chairman:** — Both their scribbler and their video display terminal going simultaneously. Okay, I gather we want to have a talk with these folks. The first line on the next item says it all.

In my three previous reports to the Legislative Assembly I've expressed my concern with respect to the existing levels of detailed audit coverage carried out by Revenue, Supply and Services in connection with its revenue assessment activities for education and health tax, motor fuel tax and tobacco tax.

I think we want to talk to these folks. It's a fair amount of money involved. Agreed? Or not?

**Mr. Katzman:** — I have a problem with this one. We don't do fuel tax any more. We did under this act. We do health and education tax and tobacco tax. Is our problem in one of those three, or is it in all three? Or is it the system that we're questioning?

**Mr. Lutz:** — Our problem in this particular regard hinged on a recommendation by the select standing committee on public accounts where they asked this department or the people involved to do an appropriate study of this matter. We have examined their documents well after this study, and we don't really think they addressed the request of the select standing committee on public accounts in this regard, as I state in this report.

**A Member:** — Okay. Recall them.

**Mr. Chairman:** — The next one is a similar problem and a similar concern. The leases, I gather, are not unusual in the commercial field, and that is . . . (inaudible) . . . is based in part upon the gross revenue — gross sales of the preceding year. They are not doing a proper audit, or any audit in some cases, I gather, of the gross sale, and therefore they stand the risk that the amounts reported, the gross sales may not be accurate, and the rents may not be accurate.

**Mr. Lutz:** — This is a systems problem, Mr. Chairman, in that the leases require this kind of an examination. We believe that if it's required as a term of the lease that the landlord should, in fact, be complying with his own terms.

**Mr. Katzman:** — My memory may not serve me correctly, but I think we are into a legal dispute with why they didn't file these, and I think before we get into it let's find out if there wasn't some legal dispute on at the time about payments.

**Mr. Chairman:** — Okay. I don't argue with you, but how do we find that out except by calling the department themselves?

**Mr. Katzman:** — Well, I think we can have the Clerk ask if there were, you know, phone the department and ask was there a legal dispute of some kind on at the time this was . . . (inaudible) . . . I think there was a withholding, if I remember correctly, and I know the news media isn't always right but sometimes they get lucky. But if I remember the news media correctly they were indicating there was a problem and this was the way the tenants were sort of fighting back, by withholding this till they got the problem solved. I'm strictly going by memory.

**Mr. Chairman:** — Do you want to do that and contact the departments then and bring back a bit more information on it?

**Mr. Katzman:** — Because that may answer why they didn't file — because there was a dispute over something that happened there.

**Mr. Chairman:** — Okay. Well, then, we just reserve comment on that until tomorrow when the Clerk gets an opportunity to bring back further information.

Corporate and capital tax collections. Again the same problem — no proper follow-up to determine the proper reporting is done. What's the total amount? Mr. Kraus, what's the total amount of the revenue collected under the corporate capital tax?

**Mr. Kraus:** — I would have to see if I can find that in the public accounts, Mr. Chairman.

**A Member:** — It's not a lot of money.

**Mr. Hunt:** — \$19.5 million.

**Mr. Chairman:** — \$19.5 million. Is that the figure?

**Mr. Hunt:** — That's right, and for the year ended March 31, '82.

**Mr. Benson:** — The corporation capital tax.

**Mr. Hunt:** — Page 823, volume 1.

**Mr. Chairman:** — There does seem to be some room for improvement here. This, again, is the same Department of Revenue, Supply and Services. They are coming anyway, so I guess we'll get an opportunity to discuss this with them when they're here. I don't know whether we need to pursue that any further. The department's coming, and I certainly want to ask them about it. We're back to DNS again, and with unauthorized expenditures.

**Mr. Katzman:** — I believe in this year we appropriated no money in the budget for firefighting, and then we voted it after, so that would explain why they're overdrafted if they weren't voted any money. Is that the year? And then the next year we put in dollars. Some years we do; some years we don't, for fire-fighting, but we vote the money after it happens. That's one of those . . .

**Mr. Chairman:** — You just . . . (inaudible) . . . legislature when the fire season's over. Is that accurate? I don't remember.

**Mr. Lutz:** — I beg your pardon, Mr. Chairman. The question was?

**Mr. Chairman:** — Well, Mr. Katzman said that the problem here was that . . .

**Mr. Katzman:** — I'm not sure if it's that year.

**Mr. Chairman:** — . . . no money had been voted. Fires had broken out. The department had fought them, and then the money was voted afterwards, and that that was not in fact unusual given the difficulty in predicting the extent of the fire season.

**Mr. Katzman:** — I'm not saying that that is the case in this year, but in some years we have voted no money and some years we do vote money for it.

**Mr. Lutz:** — Mr. Chairman, Mr. Katzman, this comment occurred in the previous year as well, and in response to a similar comment in my internal control memorandum for

the previous year, the department responded as set out at the top of page 29 in my report to the legislature relative to the fire suppression appropriation. We have an appropriation set at a nominal amount of \$500,000 in spite of fixed program costs in the \$1.5 million range. All funding to support the activities of this program must be initially provided by virement from other programs. This process often cannot respond to the financial requirements in a timely enough manner to prevent overexpenditure in the suppression appropriation.

**Mr. Chairman:** — If I understand it correctly, what the criticism is, not the . . .

**Mr. Katzman:** — It's not the department.

**Mr. Chairman:** — . . . Well, I'm not sure. As I understand this . . . (inaudible) . . . the criticism here is the overdrafts, not the expenditure of funds.

**Mr. Glauser:** — Well, I think it's both. There's reference to the virements that take place.

**Mr. Lutz:** — If they did not run the overdraft, they could not have overexpended their appropriation because Mr. Kraus, I think, cannot honour their vouchers. Is this correct? If their appropriation has run out you would not pay any more accounts.

**Mr. Kraus:** — That is correct.

**Mr. Lutz:** — So they got around this by running a bank overdraft on their imprest account.

**Mr. Kraus:** — Well, there are a number of circumstances that caused that account to run into an overdraft. This problem has been with us for some time. We even tried to provide them with some ability to make those payments as rapidly as they have to without overdrafting. Unfortunately, it hasn't always worked out successfully. And perhaps I could have Mr. Benson just address the issues as they stand now, at least with respect to the bank account overdraft. I can't speak to the estimate part myself.

**Mr. Glauser:** — Is this not a similar situation which takes place in the Department of Highways, where we run into a freak storm and they may have overexpended their budget?

**Mr. Kraus:** — Well, this is different in the sense that we are actually giving them a bank account that they issue cheques on separately and apart out in the field. There's two aspects to this. First there's the appropriation here, that you've voted in the House. Then, secondly, so that they can make payments to the fire-fighters right on the spot we give them an imprest bank account that they issue cheques on themselves, you see. And they're overdrafting that on occasion.

You see, the old problem: they just couldn't send the vouchers down to us for payment and then we would send the cheques to the fire-fighters. I'm not intimately involved in the process, but I can imagine when the fires are being fought and the fellows want their pay-cheques they want them now. So we have given them a bank account to do that.

And so there's the two problems here. One is that on occasion they're overdrawing the bank account. The other problem that the auditor is drawing is that he doesn't feel

there's sufficient funds voted in the proper subvote or appropriation in the first place. And I can't address the appropriation part of it, but we have addressed the overdraft part of it.

**Mr. Benson:** — On the bank account side, we've fixed that problem by running it through a revolving fund.

**Mr. Glauser:** — This was going to be my next question, because this is what we're looking at now, the type of legislation, those Bills 1 to 5, which would eliminate this kind of thing happening.

**Mr. Benson:** — But the overdraft is similar to what's been called to your attention before, and that's that banks, technically, shouldn't be authorizing those overdrafts.

**Mr. Katzman:** — Well, if I read you correctly, this new bill before the House will solve this problem?

**Mr. Benson:** — Yes.

**Mr. Katzman:** — And we don't need this, we don't need this . . .

**Mr. Benson:** — On the bank overdraft issue.

**Mr. Katzman:** — Oh, sorry. Well, a major part of this is the fire thing anyway. Am I missing it, or am I correct on that, Mr. Lutz? The major concern here really is the fire thing that keeps coming back up.

**Mr. Glauser:** — Well, I think it's the case of the overdraft, as they've stated here.

**Mr. Katzman:** — It's always the fire account that's costing in this department.

**Mr. Lutz:** — Mr. Chairman, Mr. Katzman, it seems to be a repeater on a fairly consistent basis, and it really contains three elements: an appropriation that's not adequate to meet the needs of this particular vote, the reliance they're placing on a virement process to get them more money as they need it; the fact that when they are given an imprest account they immediately run a bank overdraft just to meet the day-to-day expenses. There's three elements to this particular problem that concern me.

**Mr. Katzman:** — But the comptroller has indicated, in his opinion — and I repeat, his opinion — the new legislation before the House will solve this, and in that case I feel no need to call these people because I actually know that. You know, the whole reason for these nine bills was to solve this kind of problem, where you don't vote the money.

**Mr. Chairman:** — Well, if that's the general view of the committee, I'm not that overly passionate for calling them. Agreed?

**Mr. Kraus:** — If I could just qualify that, Mr. Katzman. I don't want the committee to misunderstand what we're saying. We're saying that it will resolve the overdraft problem; that part of it, it will certainly resolve.

**Mr. Katzman:** — If that's the problem, it's been indicated several times, as far as my notes are concerned — last year's book, this year's book, and before, always indicated the fire-fighting problem. Now, if there's another area . . . We're into policy, and here's



my problem. The general practice is to vote very little funds, or as you say, half-a-million dollars for funds. Expenditures one year, if I remember correctly, went almost to \$4 million. Nobody knows how much fire we're going to have ahead of time, so you vote the nominal amount and pay the bill at the end. You know, the Lord willing, we'll have none. We'll have some money left over. We'll just have to pay them for sitting on their thumbs — that's probably the minimal amount. But aside from that, if the new legislation covers the problem that we keep flagging, then there's no need to go through it.

If the new legislation, as far as the policy of not voting sufficient funds . . . I can live with that in this case because nobody knows. We're voting the minimum amount rather than the maximum amount because nobody knows how much fire we'll have. And there's nothing we can do about that one.

**Mr. Chairman:** — Okay.

**Mr. Glauser:** — I'd just like to go back to that one second here, though, and for this reason: that still doesn't allow them to run an overdraft. They would have to requisition those funds, would they not? Because that overdraft still should not exist.

**Mr. Hunt:** — Right. That's why, going through the revolving fund it would be treated as a budgetary expenditure when the money goes out.

**Mr. Glauser:** — And then that money would be requisitioned as quickly as they needed it to prevent the overdraft in the account?

**Mr. Chairman:** — Okay? Onwards. The appropriation exceeded purchase of property. I gather the problem here was that they had committed themselves to a public ceremony before they got the payment processed, and they were caught and provided a cheque through some questionable means and then tied it up afterwards.

**Mr. Katzman:** — How nasty you guys were then.

**Mr. Chairman:** — What was that?

**Mr. Katzman:** — You guys were nasty.

**A Member:** — That's okay. We'll get our come-uppance.

**Mr. Chairman:** — Obviously they should not have got themselves into the position of having committed themselves to present a cheque at a public ceremony, but once having made that commitment I can see the problem. Anybody want to pursue that any further?

**Mr. Meagher:** — I'd just like to have a question back on this fire suppression. Is it still administered under the Department of Northern Saskatchewan? Does anyone know?

**A Member:** — Pardon?

**Mr. Meagher:** — Fire suppression?

**Mr. Benson:** — No. It's moved to the Department of Tourism and Renewable

Resources.

**A Member:** — Renewable Resources? Yes, I thought George got it.

**Mr. Chairman:** — It's a terrible pain in the neck when you get a bad year, when you get a dry spring. It can just drive the minister crazy. Everything will go wrong.

**Mr. Katzman:** — Including your aircrafts . . . (inaudible) . . .

**Mr. Chairman:** — Including the aircraft. They all quit flying simultaneously, that's right. And then all . . . (inaudible) . . . parts only made in the high mountains of Tibet or something, that's right. I know from experience; I was there.

**Mr. Katzman:** — It's almost that bad to get parts occasionally for those things.

**Mr. Chairman:** — You've got some aircraft that are . . . bought some aircraft from the navy, and you can just ask yourself what quality of aircraft you're going to get when the navy consider them worn out. They aren't new airplanes.

**Mr. Katzman:** — The only thing to be said about them is they fly and they dump water.

**Mr. Chairman:** — Occasionally.

**Mr. Katzman:** — But they're not regular on flying and they're not regular on releasing their water,

**Mr. Chairman:** — Okay. Overcommitments of appropriations — does anyone want to pursue that? That's not unusual. It shouldn't happen, but it seems to.

**Mr. Katzman:** — Okay, let me get back into this variance, warrants and variant. Virements, sorry. With the new sort of rule coming down or the suggestion that you can use department total global rather than . . . You know, you're moving stuff . . . (inaudible) . . . within the department was one issue. But then having to ask for extra money at the end of the year is a second issue. By tidying that up, which I understand is being done partly with these five bills again — there are nine in total . . .

**Mr. Benson:** — I don't believe that . . . (inaudible) . . .

**Mr. Katzman:** — They will have no effect on this one. So that is something else that is being talked about now, is somehow tidying that up.

**Mr. Kraus:** — Mr. Katzman and Mr. Chairman, the problem here is that I don't think this really involves virements at all. What the problem here is that a department is to ensure that it either has moneys appropriated in the first place, or that it has subsequently got a special warrant, the total of which should cover off all the cash cheques that are issued and charged against their appropriation plus any accounts payable that have accrued to March 31 but have not been actually paid out. The sum of those two — the accounts payable and the cash cheques that have actually been issued — should equal the amount of the original appropriation plus the special warrant. And there is a process that the Department of Finance goes through with the departments towards the end of the year, as you're aware of, I'm sure, where they ask the departments to make an estimate, and if there's a shortfall, as compared to the original appropriation, then there should be a special warrant issued so that they'll have enough. And what's happening here is that the accounts payable, when added to the

moneys actually paid out, exceed the total of the appropriation plus the special warrant, and that's a problem that does occur from year to year for different departments.

**Mr. Katzman:** — Basically you said '80 to '81, 23 million, and '81-82, an additional 10 million. Correct? And this is, of course, accumulation of several departments. And with that he's saying that basically two departments were short funds. And you cannot, if I remember correctly, move from Tourism money to Education, because if you don't spend it, say, in Tourism, and Education is short, you must get a warrant for the additional funds. You can't move, even though your total budget may come in line. Okay, I've got it clear in my mind.

**Mr. Glauser:** — Well, these are rather significant amounts that we're looking at here and it would seem that the legislature is being bypassed. I don't know.

**Mr. Benson:** — What compounds it too, if I might add, is that at March 31, if you knew what the payables were that would be one thing, but we're on the cash basis of accounting so all the money we've spent to the end of March plus the dollars that we spend during the month of April are charged against the old appropriation. If we don't pay all the bills, or if they aren't all in, then they aren't a charge against the old appropriation. And so that's really what's at issue here, is those unpaid bills to the old year that get paid in the new year.

**Mr. Kraus:** — Yes, but the departments must budget for them in the old year, as well as budget for them in the new year. That's just the way the system works in the government.

**Mr. Glauser:** — Well, it still comes back to the fact that they are overcommitments, even though you're going to relate them back to the old year or they have not been considered in a budgetary fashion for the new.

**Mr. Kraus:** — No, I agree the auditor's comments are valid.

**Mr. Chairman:** — Do you want to call the Department of Finance to discuss this with them? I guess the appropriate officials are here. That's right.

**Mr. Kraus:** — In this particular case I am not involved in the budgetary process, Mr. Chairman. I understand how the process works, but I'm not the one that . . .

**Mr. Chairman:** — To answer for it.

**Mr. Kraus:** — No. I'm not part of the . . .

**Mr. Katzman:** — Who answers for this?

**Mr. Kraus:** — It would be the budget bureau — deputy minister of finance. Rob Douglas.

**Mr. Chairman:** — Do you want to call them to discuss this?

**Mr. Katzman:** — Well, I'm torn between yes and no. Let's put a flag beside it and maybe . . . How does that hit you?

**Mr. Chairman:** — I wouldn't mind discussing it with them. It might not accomplish any other purpose than to increase my understanding of this whole process. I have a feeling that we don't have one of the great scandals of the century here. On the other hand . . . (inaudible interjection) . . . But I'm not sure it is policy. I'm not sure it is that, Ralph.

**Mr. Katzman:** — Well that, you know, that's my hang-up. I'm not sure if we are into policy decision that we are going to . . . We have committed the money; okay, we're going to ask for it under the new vote, and we get . . . (inaudible) . . . funds to pay the bill. Unfortunately we didn't catch it within the first 30 days to get it in the supplementary estimates, so it's got to hang around for almost a year, basically, to find it. Am I correct in that assumption? It doesn't get in on supplementary estimates, that's the problem.

**Mr. Hunt:** — Is that a question for us?

**Mr. Lutz:** — Mr. Chairman, perhaps I will endeavour to speak to that, Mr. Katzman. If in fact parliament is supreme, and if in fact the money was voted to that level of dollars for a department, I suggest to you the department should not either pay more . . . They can't pay more than they have got, because Mr. Kraus won't process a cheque; but neither should they incur debt beyond the level of funds they have left to make payments.

**Mr. Katzman:** — I have been here, Mr. Lutz, and I make no bones of what you say . . .

**Mr. Lutz:** — I'm endeavouring to respond to your question, Mr. Katzman.

**Mr. Katzman:** — Your comments are 100 per cent right and I accept them, but I'm also a realist. A realist says that I've been here since 1975. Since '75 there has been an overexpenditure somewhere when the government were doing supplementary estimates, which means a warrant.

The question I feel here is, the warrant wasn't known soon enough to get in the supplementary estimates. That's really the problem. Am I right they didn't get the warrant in time to get in the supps? That's all we're talking about. So somebody wasn't catching his numbers fast.

**Mr. Lutz:** — I think, looking at the *Public Accounts* book, you can't really tell from these figures in here whether an appropriation includes a special warrant or not, can you?

**Mr. Kraus:** — They do if we were able to . . . (inaudible) . . .

**Mr. Lutz:** — Yeah, but do they show us a separate line in the book?

**Mr. Hunt:** — I believe they're included in the total for appropriations program. Special warrants are deemed appropriations, initially, in any case.

**Mr. Lutz:** — What my point is that some of these departments which have in fact overcommitted their funds may in fact have also received a special warrant and still overcommitted. You can't tell from reading the *Public Accounts* of the province whether that's a fact or not. You'd have to go back to the supplementary estimates and tie them in.

**Mr. Katzman:** — Well, let me give you a hypothetical case. Sorry. Let me give you a factual case. It's handled what I think is by the rules, but it's playing games, really, when it's following the rules. The Department of Government Services, or Revenue, I'm not sure which it is — Government Services — who ordered filing cabinets, for example. In January, places orders for filing cabinets, not to be delivered until May, yet the order and the commitments made there. There is no funds in the government board and they pay them out of the next year because they receive them in the next year. They've made a commitment. But the commitment was next year's funds, and that's legal.

**Mr. Hunt:** — Commitments in this case only refers to goods and services received before the year end. So we're not talking about goods and services received after the year end. So we're talking about accounts payable, not commitments for future acquisitions of goods and services.

**Mr. Lutz:** — I had no quarrel with the proposal you just made that a department might do that. If the services or the goods are provided in the subsequent year, rightly so, that's where they should be paid. We are talking about goods and services that have been received, services have been rendered, in that year in excess of the amount of dollars the department had to spend according to what was voted to them by parliament.

**Mr. Katzman:** — Other than parliament being supreme and the rules as you indicate, we have the final say, one way or the other, to allocate the money to make it legitimate, either by supplementary or supplementary — supplementary because that's basically what we're talking about. We're talking, I'm afraid, on policy that says: government employees, we've got to have it all in by the 31st so that we can bring in the supplementary estimates. Maybe the Clerk can assist me on this one. Do we ever see a supplementary for a year, brought in, say in, let's call it June (that brings lots of length), or late May, to cover some that might have got missed prior? In what year would you charge it?

**Mr. Benson:** — If I might explain that. You don't need the supplementary estimates if you pass the appropriations bill because special warrants become an automatic charge against the next appropriation. So they are handled in the appropriation bill, the next appropriation bill, or through supplementary estimates.

**Mr. Hunt:** — Yes. So the reason why you have supplementary estimates is if you did not have them, those special warrants which were issued after the main estimates were passed for the current year would have to be included in the main estimates for the next year.

**Mr. Katzman:** — I think I've learned something I didn't understand before.

**Mr. Hunt:** — They are deemed appropriations.

**Mr. Katzman:** — Warrants are suggested when you run out of money in a department when you need more in the department. And the other one is one area of your department to the other. March 31st comes down and you're really short of total dollars in your whole thing so you can't move any money, so you ask for additional money so that your department will fit within what you've asked for. What you're now telling me is that charge comes in in the supplementary estimates with next year's budget.

**Mr. Benson:** — It's not included in that it has to be voted by the legislature, and it's a

matter of how it's voted — either a supplementary estimates or it's handled in the next appropriation bill that says, okay, we're dealing with last year's expenditures as well as next year's. Okay. So it has to be voted by or ratified by the legislature, regardless.

**Mr. Katzman:** — We've done both here, haven't we?

**Mr. Benson:** — Yes, because of the circumstances.

**Mr. Lutz:** — The fact remains that a special warrant, which is an authorization for a department to spend more money, ends up in what we call the supplementary estimates, and these also are voted by parliament, if you will — in this case, the legislature.

**Mr. Katzman:** — I would love to suggest we don't bring them in because Mr. Chairman and I will spend a week with them figuring out all these systems that they seem to be developing, and I don't know if it's productive. It's good for our own information but it may not be productive in committee.

**Mr. Chairman:** — How do the rest of you feel about it? The Prince Albert contingent here.

**Mr. Meagher:** — Certainly it tweaks my curiosity. I would like very much to . . .

**Mr. Chairman:** — I think it might be useful considering we've got a . . . (inaudible) . . . committee, Ralph.

**Mr. Katzman:** — I realize that. That's why I say that I will dig into. It may not be relevant as far as . . . (inaudible) . . . but will be excellent knowledge for all those involved.

**Mr. Chairman:** — All right. Let's agree to call the budget bureau on this thing.

**Mr. Glauser:** — I would just like to, Mr. Chairman, clear up one thing in connection with that, and if we could imagine that \$23,187,736 as then showing up in the supplementary estimates come March of . . . never going . . .

**Mr. Kraus:** — It may become a charge against next year's appropriations. What would have happened is, when these \$23 million were paid out, and they would have been paid out, they were in fact charged then against next year's appropriation. So the fact that you didn't cover off in the last year at some point doesn't matter any more because when — I'm not saying it doesn't matter — when they are paid they are charged against the new appropriation in the new year.

**Mr. Benson:** — It's not as if they get paid without a charge to an appropriation.

**Mr. Kraus:** — They just eat up the next year's appropriation and you have to absorb it if you're the department.

**Mr. Katzman:** — I'd love this . . . (inaudible) . . . I will make it several times, Ned. It's political and I make no bones about it. That's the way you balance budgets from the past history of the place by putting it in the next year's estimates. And I repeat: that's political, I know it.

**Mr. Chairman:** — At least you had the good grace to make that comment after the

press had gone so . . . (inaudible) . . . Okay. Same comment. That's part of . . . (inaudible) . . .

**Mr. Katzman:** — Let me ask a question and I say it a little tongue in cheek. I think we should maybe bring these people in early because everything they say may have a lot of bearing on some of the things we get into later.

**Mr. Chairman:** — We can bring them in first if you like.

**Mr. Kraus:** — And, Mr. Chairman, that would be the Department of Finance then rather than . . .

**Mr. Chairman:** — In the budget. Yes.

**Mr. Katzman:** — I think a lot of their answers will affect things later on and make it easier for the members to understand.

**Mr. Chairman:** — School grants. What's your feeling with respect to this item?

**Mr. Katzman:** — My question is . . . (inaudible) . . . Is it in order now? Do we know? It says it looks like it has not been established. It sounds like we should be establishing something.

**Mr. Kraus:** — Mr. Chairman, I can comment that, while it's perhaps not the appropriate thing, but at least in these situations where they do make this type of error, they can recover from the school board the next time they make a grant. However, we have been advised that procedures were implemented to verify that the grant calculations are double-checked in the future and they should be double-checked. Why that wasn't happening I can't be quite sure.

**Mr. Chairman:** — And do they as . . . (inaudible) . . . recover . . . (inaudible) . . .

**Mr. Katzman:** — Oh, yes they've always recovered.

**Mr. Chairman:** — There is no point in getting into a snit about this kind of thing.

Teachers' superannuation administrative expenses. There is no suggestion here that expenses were approved which should not have been, rather they were approved by the wrong authority. If that is the limit of the problem I would hope that it would be corrected, but I'm not sure that it's worth calling upon. Although they're coming anyway, as a matter of interest. They're coming anyway to deal with the other issues.

**Mr. Katzman:** — No, not this group.

**Mr. Chairman:** — We're not calling the teachers' superannuation commission?

**Mr. Katzman:** — Sorry, are you talking 2.4.3.1 or 2.4.3.2?

**Mr. Chairman:** — I was on to 2.4.3.2.

**Mr. Katzman:** — Sorry.

**Mr. Chairman:** — Okay. Beef stabilization payment to producers — \$3,813 paid to a D and E animal. What was the total amount of this program?

**Mr. Kraus:** — The total amount of the program or the . . . (inaudible) . . .

**Mr. Chairman:** — The total amount of the . . . (inaudible) . . .

**Mr. Kraus:** — \$3,800.

**Mr. Chairman:** — A fairly small sum.

**Mr. Katzman:** — Is this plan A, for lack of a better explanation? Do we know if this is plan A? Yes, it would be plan A, March 31, 1982. It would still be plan A. That is the cow-calf program.

**Mr. Benson:** — No, no. This is beef stabilization.

**Mr. Katzman:** — So I mean it's when its calf has to go finish to go for sale. So what's happened is somebody who had a cow . . . (inaudible) . . . and a D and E is gone through.

**Mr. Benson:** — I might add, Mr. Chairman, that the process has been rectified by the department and there is a second person checking and the \$3,800 has been collected.

**Mr. Lutz:** — It has been recovered?

**Mr. Chairman:** — Okay. I gather there is little point in . . . Special ARDA grant program — \$14,000 given away to a farmer who was not eligible.

**A Member:** — What happened to it?

**A Member:** — Was that retrieved?

**Mr. Katzman:** — You know, I hate to say it, but I would like ARDA (Agriculture and Rural Development Act) in here for a total different reason.

If you read page 31, and 32 after you've read 31, where the heck does that enterprise go? My curiosity is just killing me. The farmers aren't allowed to do it, yet so many things that are farmer-oriented aren't allowed to be agriculture. I think we've got a case, one of those fun ones, where a guy is high on the creek on one side and low on the creek on the other and there's no place to go.

**A Member:** — We can always ask that during Agriculture estimates, I suppose.

**Mr. Chairman:** — Not as conveniently. Why don't you call ARDA then if you've got some curiosity about the program?

**Mr. Lutz:** — Mr. Chairman, please, ARDA, I believe, is a federal thing. This is Industry and Commerce you're after.

**Mr. Kraus:** — There are a number of departments, Mr. Chairman, who administer portions of the ARDA agreement, if you will, and so you would find that there might be three or four departments, for example, that can issue grants under the ARDA program.



**Mr. Katzman:** — I think maybe we'd better ask the question in the House. It may be more proper.

**Mr. Chairman:** — It strikes me that you're going to be asking these officials about the merits of the federal government program, actually.

**Mr. Katzman:** — Well, no.

**Mr. Chairman:** — Well, ARDA (Agriculture and Rural Development Act) is one, which they simply administer. I understood your question to be: why does ARDA have the parameter that it does? It would be an appropriate question if it were a provincial government program, but it's not. It's administering the federal government program and not defining the parameters.

Okay, living allowances to DNS. I gather, no, or do you want to pursue that one?

**Mr. Katzman:** — Is this the one we ended up with a court battle over?

**Mr. Kraus:** — I can't speak to that, Mr. Chairman, but I do know there was a problem with getting the order in council to state correctly what travel sustenance and allowances, etc., etc., were to be paid. And I do know that this has been transferred to a new department who subsequently is moving regulations through that will correct the problem.

**A Member:** — It has moved through.

**Mr. Kraus:** — It has moved it through.

**Mr. Lutz:** — By making these legal.

**Mr. Kraus:** — Well, at least payments from now on will be legal because the OC has gone through, just some weeks ago, as a matter of fact.

**Mr. Katzman:** — There was a court case on something very similar.

**Mr. Lutz:** — I believe those were university attendees, Mr. Katzman.

**Mr. Katzman:** — Yes, that's correct.

**Mr. Glauser:** — Was there not something to do with taxation with the federal government on this?

**Mr. Lutz:** — Yes. It was a different matter, different issue — residents of the North who were attending university and were subsidized. And I think last year we held the position that this should, in fact, be taxable income in the hand of the recipient. And, in fact, the tax department did confirm my stand in this regard.

**Mr. Katzman:** — And subsequently they waived the charging of the tax on it.

**Mr. Lutz:** — That was not my problem, Mr. Katzman. The position we adopted was this should be income in the hands of the recipient, and the tax department so confirmed.

After that, the resolution of the thing is not in my purview at all.

**Mr. Chairman:** — Okay.

**Mr. Lutz:** — Mr. Chairman, one question of Mr. Kraus. Can you tell me what department will be administering this order in council making these living allowances legal?

**Mr. Kraus:** — It's Continuing Ed for now, but it will be the new Manpower Department.

**Mr. Chairman:** — There's some criticism over the name manpower, so we're going to change it to person power. I assume that government caucus member will . . . (inaudible) . . . concerned and change the name to the department of person power.

**Mr. Katzman:** — . . . (inaudible) . . . people power.

**Mr. Chairman:** — People power. Power to the people: that is much better. It would be quite confusing, but it sounds like you people are finally going to get the revolution going. Grants to northern schools.

**Mr. Barnhart:** — Excuse me, there's no action under living allowances?

**Mr. Chairman:** — I think no action, no. Grants to northern schools, I gather no action here again. It's a mirror image of the other earlier one. Arts board grants. This is an intriguing problem. If there is no authority to be paying money to music, arts and drama, then that act should be amended because that's a big piece of their function.

**Mr. Benson:** — We're happy to report that they're going forward with legislative amendments, and it was rather ironic that that particular agency was not empowered to make those kinds of grants.

**Mr. Chairman:** — Yeah, they have been doing it since time immemorial.

**Mr. Katzman:** — . . . (inaudible) . . . former government.

**Mr. Chairman:** — Arts board grants. Gosh, they started making those back in the days of CCF.

**Mr. Katzman:** — Oh yeah, I know. I'm trying to figure out how the auditor missed it . . . (inaudible) . . .

**Mr. Lutz:** — Mr. Chairman, I was about to say I was equally alarmed when this particular quote came forward this year.

**Mr. Chairman:** — Loans. Department of Agriculture, agriculture advance account — loans for which there was no statutory authority.

**Mr. Katzman:** — Okay. For my benefit, are we talking weed spray and grasshopper sprays and all that stuff, or what are we talking about?

**Mr. Kraus:** — No. In this particular case, they were buying feed, I believe, in the event . . . alfalfa in particular, in the event of a drought. It was something like the chemical purchase. It's sort of an insurance approach.

**Mr. Katzman:** — Yeah, we bought, if I stand correct to explain it, I think it was Outlook alfalfa's. We bought so many loads of pellets and stuff and put it aside in case there wasn't sufficient product and we sold it somewhere after half the winter was over because we knew we didn't need it. Or is this the money that's never been . . . (inaudible) . . . Oh, I know what it is now. Mr. Chairman, I think we cannot touch this. We have a problem — a court case on this. Am I correct, gentlemen?

**A Member:** — I'm not aware . . .

**Mr. Katzman:** — . . . (inaudible) . . . seeing a whole bunch of other junk on this.

**Mr. Benson:** — The agency is going into receivership. Now I don't know if there's a court case now open on the thing.

**Mr. Chairman:** — The fact it's in receivership, I don't think . . . (inaudible) . . .

**Mr. Katzman:** — No, that's my concern.

**Mr. Lutz:** — When is this receivership commencing? Do you know, Gary, or has it commenced?

**Mr. Benson:** — We haven't followed up on it since we were involved in putting the statements together, so . . .

**Mr. Katzman:** — I know there's also some . . . It's a tricky one.

**Mr. Chairman:** — I gathered in reading this, perhaps erroneously, that this is not a technical problem. It is not something that they could have done, that should have done in a slightly different fashion, as with the payment of the expenses by the teachers' superannuation commission, this was something in fact . . . (inaudible) . . . not been doing. This was an act which was not authorized.

**Mr. Kraus:** — I would put it this way. At the time they entered into this agreement, the firm was producing the inventory, or was to be producing the inventory, and was to be holding the inventory, I suppose, for lack of better storage, and we looked at the payments and we could see where the department was indicating that in fact inventory was being acquired, and so, as far as we were concerned, when the payments were being made it was a payment for the purchase of inventory. Now there were subsequent events that took place, that I think the auditors questioned whether in fact inventory was purchased.

**Mr. Benson:** — The position of the Provincial Auditor, who could speak for himself, was different than ours. We thought it was inventory there had to be; he felt, since we never took possession of it, it was really a loan, and therefore they were not empowered to make a loan, and technically we had to agree with the auditor.

**Mr. Chairman:** — Well, if they had purchased inventory, as you had assumed, rather than just . . .

**Mr. Benson:** — They never took possession of it.

**Mr. Kraus:** — You see, from the evidence of the payment evidence, it would indicate

that they were in fact acquiring inventory, and I believe that was the intent.

**Mr. Katzman:** — They did acquire inventory, technically.

**Mr. Chairman:** — But never paid for it?

**Mr. Katzman:** — And they were paying for it, technically. But the inventory was bought by the plant from the farmers. The farmers were paid, but the inventory was never transferred to the government, and therefore the government did not receive it, but there was inventory being purchased, and there's the problem. It stayed in the middleman's hands and never got to us.

**Mr. Hunt:** — We have a legal opinion that might be helpful in this connection, if I may quote. This is the lawyer's opinion:

In my opinion, every sale of goods and chattels not accompanied by an immediate delivery and followed by an actual and continued change of possession of the goods and chattels sold creates a security interest and should be in writing and registered under the provisions of The Personal Property Security Act. It seems clear to me from the reading of the agreement that you submitted to me that it falls into this category, and no matter how it is disguised, would be interpreted by a judge to be such.

**Mr. Lutz:** — You know, further to that, the people administering this advance account did in fact provide about 40 per cent of the amount of this loan as a bad debt provision at the year end. In fact, they agreed that there was some element of doubt as to the collectability of this six hundred and some thousand dollars, which they weren't qualified to make in the first place.

**Mr. Katzman:** — Well, I have a feeling, and I may sound strange, but I think we're looking at the wrong department when we go to call Agriculture, because I understand there is another department that guarantees this loan. Am I correct? Somehow Co-ops gets into it.

**Mr. Benson:** — . . . (inaudible) . . . arguing about a technicality as to whether it's inventory or a loan, and technically, I think, the Provincial Auditor is right. The other side of the issue is whether we're going to recover that money, and it seems unlikely.

**Mr. Chairman:** — It seems to be more of a technical problem than perhaps I thought it was. Yes, it is something of a technical problem. The background wasn't in here, and it wasn't known to me.

**Mr. Katzman:** — You ought to spend some more time in opposition. You sure learn all these things in . . .

**Mr. Chairman:** — Yes, this is a great education.

**Mr. Katzman:** — You'll get 20 years at least.

**Mr. Chairman:** — And to think we actually made some effort to win the election.

Okay. I gather you don't want to call this crowd?

**Mr. Katzman:** — I think it's just a problem there.

**Mr. Chairman:** — All right. Land titles offices. We made a recommendation last year in the Assembly and it was included in our report. I gather we don't want to thresh old straws, and if no one disagrees with that, go on to superannuation allowances.

**Mr. Benson:** — What was the disposition?

**Mr. Chairman:** — Oh, well, we had gone through this last year, a couple of months ago, and recommended to the legislature that changes be made to this system. I assume we don't want to thresh this straw all over again two months later.

Municipal Employees' Superannuation Act. What's your feeling with respect to this?

**Mr. Glauser:** — It seems to me that when they were here they were talking about having an actuarial study done on that program and I was wondering if anybody here can enlighten us as to whether that is going ahead?

**Mr. Chairman:** — I don't recall which of them were going to do it and which of them had done it.

**Mr. Glauser:** — Oh, wait a minute. This is superannuation allowance.

**A Member:** — No, no, this is the municipal employees'.

**Mr. Katzman:** — Well, have they corrected anything? If not, their fingers need slapping. They've gone totally away from what the act reads.

**Mr. Benson:** — They actually agree with the Provincial Auditor and they are intending to have legislative amendment.

**Mr. Lutz:** — Which then means that if they have in fact overpaid some of the superannuates they cannot really go get it back.

**A Member:** — Although legislation could deal with that issue.

**A Member:** — Oh, yes.

**Mr. Chairman:** — You'd have no problems of getting it back.

**Mr. Lutz:** — The fact remains that it's a good possibility they have overpaid some of the superannuates. I understand from Mr. Benson's comments they're proposing to do something to this legislation.

**Mr. Benson:** — Yes, section 22.

**Mr. Kraus:** — They had interpreted 'to give' to mean something beyond what it obviously meant and so they believe that is a correct way to interpret it, rather that's the way it should be applied, so they are making moves to have it amended the way they think it should be.

**Mr. Lutz:** — They wrote certain restrictions into the legislation which makes it law, but the restrictions were rather disregarded when they were doing their payment process

to superannuates, as I understand this case.

**Mr. Chairman:** — Do I gather we want to call these people? Is that the upshot of your discussion?

**Mr. Glauser:** — Well, if they're correcting it I see no need to.

**Mr. Benson:** — We're not concerned.

**Mr. Katzman:** — I think we should ask them to send us a written comment on how much the overpayment came to. Then we can make a decision. I don't know if we can even collect it.

**Mr. Benson:** — I think what has to be clarified: while the department agrees with the Provincial Auditor that there was inadequate authority they don't take the stance that it was an overpayment. They intend to modify the legislation to ratify what they've been doing all along.

**Mr. Katzman:** — So, we are not going to be living by the 2 per cent, 35, best five, then, is what you're saying to me. They're going to come in with something for those that are out there, grandfathered, will supersede the normal . . .

**Mr. Benson:** — I think in terms of what the department intends to do . . . I don't think we can speak for them. We don't know exactly what they are intending to do, other than that they are intending to resolve the problem.

**Mr. Kraus:** — To put it in simple terms, I guess, they feel that the superannuation allowance should be calculated the way they've been calculating it. That may not be exactly the way the law has called for, but they thought that's the way it should be calculated, and they think it's correct and that they're going to proceed . . . (inaudible) . . .

**Mr. Katzman:** — We would like them here then, because I think we've opened a kettle of fish that is not what it looked like. It looks like they're going one step above the law.

**Mr. Chairman:** — Yeah, it does appear that way.

**Mr. Katzman:** — And it's one step above a negotiated contract.

**Mr. Chairman:** — It does appear that they're being a little generous here.

**Mr. Katzman:** — My only nervousness here is, normally I think this is a negotiated thing, and all of a sudden if they're paying more than the negotiated . . .

**Mr. Hunt:** — The teachers might be; I'm not sure about the municipal employees' fund . . . (inaudible) . . .

**Mr. Chairman:** — I think it is, I think there's an association called the municipal employees' superannuates association. I think there is.

Okay. Call this crowd. I think this is municipal affairs.

**Mr. Barnhart:** — Municipal employees' superannuation commission is apparently

. . . (inaudible) . . .

**Mr. Chairman:** — Ah, there is a commission. Okay. Yes, indeed, I see that in the last paragraph.

**Mr. Katzman:** — And, you know, when you notify them, I think, Mr. Clerk, the key line is here is what we're talking about is the payment and the legislation that allows it and how they've superseded it and what's cost us. And if they grandfather the existing people that . . . and go the rest properly, what does that do, because I think we're going to have to talk about it.

**Mr. Barnhart:** — Yes, Mr. Chairman, I'll refer them to this . . . (inaudible) . . . to the Provincial Auditor.

**Mr. Chairman:** — Thank you kindly. Okay, borrowing authority exceeded, 2.4.4., I note the Saskatchewan Research Council. I would think we would want to call this in that these people appear to have gone beyond the basis upon which they were established, and it does not appear to be a technical problem. It appears to be one of this council taking on a new life of its own.

**A Member:** — Mr. Chairman, it's just the preamble then.

**Mr. Katzman:** — Mr. Chairman, Ned, I would say that you don't . . . Finance can handle 2.4.4., because there's a whole bunch of them in here.

**Mr. Kraus:** — I would agree that perhaps Finance should speak to this. I don't like to make excuses for any of these agencies; however, in the case of the Saskatchewan Research Council, I could talk maybe in practical terms. They could find themselves in the situation — this isn't borrowing I'm talking about, but perhaps investing money. I don't believe they have the authority to invest money, but perhaps they're given a grant that's in excess of their needs right now. They might have \$50,000 excess cash. They wouldn't have authority, I believe, to put that into a short-term certificate, which you would say is just good management of the money. Similarly, they may be deficient in their funds and may need to extend, get a line of credit at the bank, so they can meet their bills until the grants flow in. And it seems that it may be appropriate to allow an agency like this to have a line of credit, if properly approved and so on by a central agency, and with a law in place that would allow that type of approval, would allow them to make short-term investments if they have a slight surplus at any time.

**Mr. Chairman:** — It may well be that the appropriate solution is not to down-size them to their former role, but to change the law and so on . . . (inaudible) . . .

**Mr. Kraus:** — Well, if this problem is going to be addressed, there's two ways if the decision is made to provide some additional authorities. Either you have The Saskatchewan Research Council Act amended . . . or, I'm sorry, that's one way. Another way you might be able to deal with this problem is to deal with it through the finance act, and I would suggest . . .

**Mr. Hunt:** — Mr. Chairman, if I may, I believe we point out in the first paragraph here that these cash needs arose not because of activities they were conducting that were going to be eventually funded by grants, but activities which were going to generate fee producing income from other parties. So there was no provision, I guess, for

working capital to finance that type of activity. Are you aware of any legislative amendments?

**Mr. Kraus:** — Well, all I can say is that I'm aware that — how can I say it — there are a number of acts that are being amended this year, or maybe, and I would think that the Department of Finance perhaps could speak to this problem.

**Mr. Chairman:** — We're going to have the Department of Finance in first thing. Why don't we raise this with them . . .

**Mr. Katzman:** — And then we can call the others.

**Mr. Chairman:** — . . . and we can take it from there. And I guess that would apply to all these. The computer utility corporation just appears to have been an oversight in getting the necessary board minute.

**Mr. Katzman:** — Any one. Number three is similar.

**Mr. Chairman:** — Number three is similar. Four is a slightly different kettle of fish. And, again, I guess we can discuss that with Finance.

**Mr. Katzman:** — 2.4.5 is Finance again.

**Mr. Chairman:** — It's some time since I've read this, but I gathered there wasn't any major problem here. Or have I forgotten it?

**Mr. Lutz:** — No, Mr. Chairman, Mr. Katzman, I am required by my legislation to report any case where the money was spent on the authority of a special warrant. We covered this off by advising the reader that special warrants are included in supplementary estimates, are in fact voted in the House.

**Mr. Hunt:** — Except that because of the timing last year we were required to report that none of them had been passed.

**Mr. Lutz:** — This was a different year — 1982.

**Mr. Chairman:** — 2.5. I guess, apart from the . . . It's some time since I've read this and I'm having a struggle. The first one was the Department of Agriculture, for which financial information was not available to support the value of investment recorded in trust funds. I'd ask Mr. Lutz to give me a little more detail. I, for one, am having difficulty.

**Mr. Lutz:** — The horned cattle purchases trust fund invested in preferred shares of the Saskatchewan Hereford Sales Company Ltd. I was unable to form an opinion as to the value of that asset on the balance sheet of the horned cattle purchases trust account.

**Mr. Katzman:** — Are we talking pin-pointers?

**Mr. Lutz:** — I beg your pardon?

**Mr. Katzman:** — Are we talking about a thing called pin-pointers?

**Mr. Lutz:** — I'm talking about an investment in preferred shares that was made by the horned cattle trust account, and I don't know what the value of that asset is.



**Mr. Hunt:** — The reason for the qualification is explained at the beginning of paragraph 2 of the opinion: ‘Because financial information was not available for the Saskatchewan Hereford Sales Company, I was unable to form an opinion on the carrying value of the investment . . .’

**Mr. Katzman:** — We didn’t get the financial report of the Saskatchewan Hereford Association, therefore you can’t comment on the \$ 135,000. Is that what you’re saying?

**Mr. Lutz:** — I did comment on it. I qualified my opinion because I couldn’t determine what the value of that might be.

**Mr. Katzman:** — And we have no right to ask Saskatchewan hereford for the bills . . . (inaudible) . . .

**Mr. Lutz:** — For their financial statements? We made an appropriate attempt by whatever means to get enough information to be able to say yes, that investment of that much is worth that much, or is worth this much less, or is worth this much less and we couldn’t get that information. We therefore qualified.

**Mr. Chairman:** — This is administered by the hereford association?

**Mr. Lutz:** — This is administered by the Department of Agriculture.

**Mr. Katzman:** — It’s legislation. The board is a combination of two from cattle breeders, one from the stock growers, one from farmers’ union, one from SRA, one from federation, one from the Department of Agriculture, and one from the dairy shippers . . . (inaudible) . . . I’m not sure, which is an eight-man board.

**Mr. Chairman:** — I wouldn’t mind discussing this with them. I’d be the first to admit that it’s not an area that I know a whole lot about or that I’ve had a lot of experience in. It strikes me though that this goes to the very crux of what you’re supposed to be doing and that is the investments.

**Mr. Katzman:** — My comment here is this is not an investment.

**Mr. Chairman:** — What is it?

**Mr. Katzman:** — It was a . . . if it’s the . . . That’s why I’ve asked if it’s the pin-pointers. If it’s the pin-pointers, it’s the same as the federal government got involved with and after they used them for five years we wrote them off. That was the agreement.

**Mr. Chairman:** — What are pin-pointers?

**Mr. Katzman:** — The pin-pointers are equipment which measure the back fat and the consumption conversion of feed and so forth in a research station, which that is.

**Mr. Chairman:** — I thought we were talking about shares . . .

**Mr. Hunt:** — This is an investment in preferred shares. It’s been . . .

**Mr. Katzman:** — I think preferred shares were issued to cover the pin-pointers and after five years the preferred shares were . . .

**Mr. Lutz:** — After five years what happened?

**Mr. Katzman:** — We have no more claim on them — given up.

**Mr. Lutz:** — Volume 1 of the 1982 *Public Accounts* on page H 5, financial statements prepared by the people over at Agriculture state on their balance sheet that this 135,000 is, in fact, an investment in Saskatchewan Hereford Sales Company Ltd., reference note 4. And note 4 says:

The investment in the Saskatchewan Hereford Sales Company Ltd. represents the cost of 135,000 non-voting preferred shares of that company.

Because I cannot form an opinion on the value of those shares — is it an asset that can be realized? —we qualified my certificate.

**Mr. Katzman:** — The shares are worth zero.

**Mr. Lutz:** — Well then the qualification is valid,

**Mr. Kraus:** — We have comments here if you wish to just supplement what you're saying. The auditors of the hereford sales company were working, I guess even in October, to prepare financial statements for the year ended August 31, 1982; however, we have information here that would say the shares will likely be written down (in brackets it says off) during the current year because of the financial position of the company. So I believe . . .

**Mr. Katzman:** — They're in receivership.

**Mr. Kraus:** — . . . Mr. Lutz's qualification was certainly warranted.

**Mr. Chairman:** — I guess I misunderstood the purposes of the horned cattle trust fund. I thought the horned cattle trust fund was a fund which they collected a fee and then gave grants to organizations who did research or in some way or other furthered the industry as a whole, like the Department of Agriculture, the university or something.

**Mr. Katzman:** — How about Agribition — 35,000 every year?

**Mr. Chairman:** — Well, how do they come to be giving money to a private company, or is this not a private company?

**Mr. Benson:** — The purpose of the fund, according to the legislation, is to promote research and development in the livestock industry.

**Mr. Katzman:** — They had a research station therefor feedlots for feeding bulls and so forth.

**Mr. Lutz:** — And in fact on page H 5 of the public accounts book, if you read their schedule of expenditure, that is in fact what they're doing: aiding research in the cattle industry. This is an investment in shares of Sask Hereford Sales Company Ltd.

**Mr. Kraus:** — Presumably, they are undertaking that kind of activity.

**A Member:** — Oh, yes.

**Mr. Meagher:** — Well, what is this company? What is its function?

**A Member:** — Saskatchewan Hereford Sales Company.

**Mr. Meagher:** — Is it a limited company? Registered company?

**Mr. Lutz:** — It says in here it's a limited company, but I don't know who owns the shares. It would have to be if it's a certain number of shares.

**Mr. Chairman:** — It couldn't be a non-profit business corporation.

**Mr. Meagher:** — Well, it would be relatively easy to find out who the principals are. The registrar of companies would have that information.

**Mr. Katzman:** — Well, I can probably fill you in. It's owned by the Hereford Association, which is a non-profit association. Their directors of that association run it. They have two functions. They have their corporate association office there, but that is the minor function. But their function is the research feedlot where they do bull testing for all different breeds and not just Herefords. And they also have a sales company which is a company that exports cattle all over the world, mostly Herefords, but have been involved in others. But the base of money here was for the bull-testing station, which is north here, north of Regina, on whatever highway that is straight out — 6.

**Mr. Glauser:** — Yeah, I was around the city here when that organization came into being, and when they got located out there north of the city. However, I understood that in 1981 there was some expertise brought into the office out there to endeavour to straighten out the financial statements which had not been prepared for some two prior years. And I thought that this was now corrected and that they had produced a financial statement.

**Mr. Kraus:** — I can state here I have some facts on that. In fact, the auditors for the year ended August 31, '81 denied an opinion on the financial statements for that particular company because of serious deficiencies in the accounting records in the system of internal control. However, it would appear that even though financial statements were prepared then for '82, maybe the accounting records were all brought up to date and so on. But the value of those shares is still . . .

**Mr. Glauser:** — It's still in question?

**Mr. Kraus:** — Oh yes, from what I can gather here.

**Mr. Chairman:** — Why would the money have been given to them in the form of investment rather than the form of a grant? That strikes me as an odd thing to invest in. I can understand them giving to them in the form of a grant. What I can't understand is them receiving it in the form of an investment.

**Mr. Kraus:** — I cannot speak to that, Mr. Chairman. You would have to ask the people that administer the trust fund.

**Mr. Chairman:** — I have some suspicions about why it was given in the form of an investment rather than a grant. It may prove to come to naught.

**Mr. Katzman:** — Where are we going on this one?

**Mr. Chairman:** — I wouldn't mind asking them the questions about it. I'll probably raise them down at . . .

**Mr. Katzman:** — Well, Mr. Chairman, if I may, I would suggest that none of the people that were there except maybe one person in the department, one person on that board, the . . . (inaudible) . . . trust board is still around today because I know the . . . (inaudible) . . . have changed all their people because of the mess they had up there, for obvious reasons.

**Mr. Kraus:** — The investment goes back, as you may recall, to '75-76.

**Mr. Chairman:** — No. I wasn't aware of that. Well, it may be just something to be getting into. I . . .

**Mr. Katzman:** — I do know there's lawyers into it up to their eyeballs right now, because it's in receivership.

**Mr. Chairman:** — Okay. I may be beating a dead horse here, it may be too old. But it struck me an odd thing to be investing in, but maybe that's too old to be relevant. How do the rest of you feel?

**Mr. Katzman:** — Leave it alone; leave a sleeping dog alone.

**Mr. Chairman:** — Okay. DNS — northern construction advance account. What is your feeling with respect to this? There are several pages of DNS items here; it goes all the way through to 42.

**Mr. Katzman:** — This is the one where we have the fraud — the run-amok lawyer case, isn't it? Is this that old mess? Sure it is. Sask Housing now has it all. Am I correct?

**Mr. Benson:** — It's the northern construction . . .

**Mr. Chairman:** — I've got to step out and make a phone call. I'll give the chair to Mr. Glauser. I have no strong feelings on what we do with DNS.

**Mr. Vice-Chairman:** — Well, here again, this as you say, is in Sask Housing.

**Mr. Benson:** — Just, I think, item D. The construction advance account is remaining intact and will be operated by the old DNS.

**Mr. Meagher:** — Okay, a question: who do we have to call in to get into the northern construction advance account?

**Mr. Benson:** — From a practical standpoint that's difficult because maybe the officials who were responsible for operating that are gone.

**Mr. Hunt:** — Was the highways advance account not assuming some of the . . .

**Mr. Benson:** — . . . in the highways construction, the people like Don Murphy and Ray Purdie and those people are . . .

**Mr. Hunt:** — No, but are the assets of northern construction not being transferred to highways advance account?

**Mr. Benson:** — Many of the assets are . . . (inaudible) . . . highways. Right.

**Mr. Hunt:** — So is the northern construction advance account still operating after January 1?

**Mr. Benson:** — . . . (inaudible) . . . Well, it's needed in the North for municipal efforts — sewer and water and that sort of thing in the North.

**Mr. Lutz:** — Schools.

**Mr. Benson:** — Schools.

**Mr. Hunt:** — So it's not being carried on by the highways advance account then?

**Mr. Benson:** — Pardon?

**Mr. Hunt:** — It's not being carried on by the highways advance . . . (inaudible) . . .

**Mr. Benson:** — Those activities aren't being conducted . . . The highway construction is done by the of Highways, so it's just that element that's been transferred.

**Mr. Katzman:** — Which one are we doing — c, d, e, or what?

**Mr. Lutz:** — We're doing page 38, item b, northern construction advance account. This is another one of those cases where by legislation I am required to report those cases where I did not issue a clear certificate on financial statements, subject to audit by myself, and I therefore report. In this case we qualified my certificate on the northern construction advance account for the year ending March 31st, '82.

**Mr. Vice-Chairman:** — I think that if we had these people in here we could be looking at many days. I don't know. What's your feeling on this, Paul? This is located in Prince Albert. That office is.

**Mr. Benson:** — Well, it has been located in Prince Albert. With the reorganization and realignment of DNS the responsibility has moved to La Ronge.

**Mr. Katzman:** — Okay gentlemen, Mr. Chairman, if I may. Page 39, second paragraph. We're into a legal court case over this one, aren't we? Sorry. The Northern Lights School Board and the federal government is. But is this a court case or what is it?

**Mr. Lutz:** — I think what happened, Mr. Katzman, is in '82 when this school, or these schools, as the case may be, were completed, there was a cost overrun in excess of what the people in Northern had agreed with the federal end of the arrangement, as to what level of costs they would share, and at issue is an excess in cost of roughly \$2 million. And at the date of the balance sheet when we did our examination, not only was there no assurance that this 2 million would be paid over to the federal, but also indication that it would not be. Now it's a continuing negotiation thing, I believe. I don't

know of a court case as such but they are certainly negotiating this thing.

**Mr. Katzman:** — There is some kind of a funding . . . (inaudible) . . .

**Mr. Young:** — Mr. Auditor, if a school was being built why wouldn't it be tendered, and you'd have X amount with the contractor? I'd presume it was cost-plus situation.

**Mr. Lutz:** — Because the northern construction advance account was in fact a construction advance account put in place to construct these things. It's an arm of the Department of Northern Saskatchewan.

**Mr. Young:** — And the sky is the limit on what they can spend building a school there?

**Mr. Lutz:** — Not when they sign their agreements with the federal people who share the costs. That's what's at issue here.

**Mr. Vice-Chairman:** — Well, and similarly that's where the \$9 million came in overruns in the housing.

**Mr. Lutz:** — I think that's . . .

**Mr. Hunt:** — Those payments were with CMHC and they are also subject to negotiation.

**Mr. Vice-Chairman:** — But has not now the federal government agreed to pick up that difference in the housing, but have not agreed to pick up the difference in the schools?

**Mr. Benson:** — I'm not aware of any decision made. Maybe you are. Both of these items were being negotiated last time I knew, with their respective federal agencies.

**Mr. Katzman:** — Could we leave it this way, and I may be nuttier than a fruit cake: let's ask them if they can give us some written position of where the thing is now, and then we'll make our decision when we call them here? Does that make sense, Mr. Lutz?

**Mr. Lutz:** — Mr. Chairman, and Mr. Katzman, I think you people will have to decide this kind of a matter. I can't respond, really.

**Mr. Katzman:** — Well, my concern is: (think there's 'negotiations', it says all through here, 'built, affecting these overruns'. . . (inaudible) . . .

**Mr. Lutz:** — If you wish to determine the status of the negotiations, you have to talk to the people who are negotiating. I don't even know who they are.

**Mr. Katzman:** — Okay, here's my comment, Mr. Chairman, it's very simple. They overran, and we know it. They're trying to get their share from the feds. That's basically what you say here. You couldn't put the statement on your report like you're required to. Therefore, you must report it to us because of that. It is up to us to decide if we want to go in and figure out why they went two million or three million or whatever over. That's our decision.

**A Member:** — Agreed.

**Mr. Katzman:** — But if they get . . . but I don't know where we go from there.

**Mr. Vice-Chairman:** — I think we should have them in because this is the only way we're going to find out.

**Mr. Katzman:** — I think the education for the new members . . . (inaudible) . . . will be worth bringing them in. I understand how . . .

**Mr. Young:** — . . . (inaudible) . . . public schools.

**Mr. Katzman:** — It's going to be a little bit of public school on this one because if I remember correctly . . . Well, I don't want to tell you to explain it, because I'll probably . . . (inaudible) . . .

**Mr. Hunt:** — Has DNS been called now? Economics have so that they're coming already.

**Mr. Lutz:** — They have already agreed, I believe, with this committee, to all their northern . . . (inaudible) . . . for items 2.2.2 and 2.2.3.

**Mr. Katzman:** — Those officials can answer that?

**Mr. Hunt:** — If you let them know ahead of time precisely what you'd like to know in that area.

**Mr. Benson:** — I think that's a good . . . (inaudible) . . . Mr. Hunt, because many of the officials aren't the same ones who were responsible at the time. They aren't even around. They're going to have to go back and investigate themselves to find out and bring the facts forward.

**Mr. Katzman:** — Well, except there is some negotiations on. So they must have . . . (inaudible) . . .

**Mr. Benson:** — On the negotiating side, yes. But on the CMHC, for example, though, that's Sask Housing that are doing the negotiating. Nobody in DNS is.

**Mr. Vice-Chairman:** — That's why this gets a little bit tricky to deal with. But there are still those people in the northern advance account . . .

**Mr. Benson:** — Do you mean employees, or . . .

**Mr. Vice-Chairman:** — Yes.

**Mr. Benson:** — There is a DNS; vestiges of DNS remain intact in La Ronge.

**Mr. Young:** — So, . . . (inaudible) . . . if they are trying to negotiate with the feds and we comment and ask them lots of questions, and it gets put in our *Hansard*, it ain't going to do them a lot of good if the feds come armed with a copy of this thing into the next round of negotiations. So maybe we would be best to leave it alone. Well, the report's there, but if we asked them vis-a-vis the overruns . . .

**Mr. Benson:** — Well, the press . . . unless you had an in-camera session.

**Mr. Young:** — Well, I'm just trying to protect any negotiating position that the province may have against the feds. There may be a lot of dirty laundry aired here, if the feds had to turn around and say, 'Well, here's how you did it. To heck with you guys, we ain't going to cover your overrun because you're a bunch of jerks.'

**Mr. Benson:** — The chairman might discreetly find that out. You could perhaps find out whether negotiations are still sensitive or not. That might tell you what to do.

**Mr. Vice-Chairman:** — Yes, I think that's the direction we're going to have to go here before getting into that side of it on those negotiations. But there is another side to this as well as those negotiations. But perhaps . . .

**Mr. Benson:** — Well, I think, what was being raised is if we launder out or discuss at length the causes for the overruns that might, at this time, that might . . .

**Mr. Vice-Chairman:** — It would have the same effect.

**Mr. Benson:** — But if the negotiations are over with, then that shouldn't be an issue. And I don't know of the status of the negotiations.

**Mr. Young:** — I think that would be very, very political if we got into it, . . . (inaudible) . . . If in fact the negotiations are over, we can ask how it was that they managed to overrun as badly as they did, which obviously is so bad that the feds won't touch it with a 10-foot pole by the sounds of it.

**Mr. Lutz:** — I believe, if I may, that they do have a contract in place before they begin construction with the federal people who will share, I think, 75 per cent of the cost. And the contract normally puts an upper limit on what the . . . (inaudible) . . . will share on.

**Mr. Young:** — So obviously the feds . . . For argument's sake, if it was a million dollar contract and the feds were going to share 750,000, and the darn thing cost 2 million, the feds say, 'We only want to share 750, not 1.5.'

**Mr. Lutz:** — As per contract.

**Mr. Young:** — Yes. That's all they've budgeted for down east or something like that.

**Mr. Benson:** — I know, but construction in the North is a unique . . . And it's not unique to Saskatchewan; every province in the country has problems delivering in the North.

**Mr. Young:** — Then they should put a margin of a northern factor on their number, shouldn't they?

**Mr. Benson:** — Perhaps, yes. There should have been MUPs or maximum up-set prices, but there weren't. And historically, CMHC and the Department of Northern Affairs have always paid, and that's been their argument used by the department to say, 'Well, you've always paid in the past, so why is this a problem?' I think Mr. Lutz is quite right in qualifying his opinion. That's the excuse raised by the department: we've always had overruns, and they've always paid us, so we're not concerned.

**Mr. Young:** — For once in my life I agree with the feds.



**Mr. Vice-Chairman:** — Well, I think, that in order to get moving here, I think that we will do some investigation and see where those negotiations are at, because there was an item in the paper in Saskatoon last week indicating just exactly what I outlined here: they had not come an agreement to a full extent on the schools, but that they had reached an agreement on the housing, and that they were going to pick up the difference because of what you've said — the unique situation in the northern construction. So if we can avoid any upset in that, because until you've received a cheque, negotiations are still, in effect, going on. So, I think we had better just drop those for now, and we'll get back to it, we'll refer back to it later.

**Mr. Barnhart:** — Mr. Vice-Chairman, could I just seek clarification. You're referring then to points (b) on page 38, (c) on page 40, and (d) on page 41, that you as vice-chairman are going to check into the background of this and report back to the committee at a later time?

**Mr. Vice-Chairman:** — That's right.

**Mr. Barnhart:** — Is that it?

**Mr. Meagher:** — But we reserve the option of calling them.

**Mr. Vice-Chairman:** — Yes, that is correct. I don't want that to pass.

**A Member:** — No.

**Mr. Meagher:** — We want to be able to get to those items at some point.

**Mr. Young:** — . . . (inaudible) . . . just jump right in.

**Mr. Meagher:** — For your information, the CMHC have made an announcement in the press that they're prepared to pick up the . . .

**Mr. Vice-Chairman:** — You saw the item too, then?

**Mr. Meagher:** — On housing, on urban housing. And I think that it's important that we not let this pass, by virtue of the fact that two different levels of government are negotiating over our money and that we are still taxpayers, Canadian taxpayers as well as Saskatchewan taxpayers. And I want to get at some of this stuff.

**Mr. Vice-Chairman:** — Absolutely. And the schools though, I think that that is part of this withdrawal — it may be, I don't know — part of this withdrawal of support that they have indicated in the education. So that would be a dangerous one to handle right now.

**Mr. Meagher:** — Well, as long as we don't lose the opportunity to call them. That's all I'm concerned with.

**Mr. Glauser:** — Mr. Chairman, to bring you up to date, we are going to have this delayed for the time being and once we've determined that negotiations have in effect been settled, then we will come back to this again.

**Mr. Chairman:** — Okay. Fine. We're then dealing with (e), are we? WDM? Forty-three. Some suggestion that they might not have got all the donations and grants from the

federal government they were entitled to. Is that a proper interpretation of your comments?

**Mr. Lutz:** — I think my interpretation would be that we were not able to verify that all of the grants from the federal government did in fact end up in the records, and neither could we verify from the other end what they should have been. There was a bit of a loophole in the whole verification process. And rather than say, yes, we think this is exactly right, we said, we don't really know.

**Mr. Young:** — Mr. Auditor, maybe there's something I don't understand, but why couldn't you just go to their bank and look at the deposits and point a finger and say, okay, here this \$200,000 came in, and this \$800,000 came in, and therefore determine what federal grants — and you couldn't determine if they got all the ones that they were entitled to, but you could certainly, I would imagine, unless they put it under the mattress, determine the ones that they did get.

**Mr. Lutz:** — Well, we did that all right, but we could not determine exactly how much they should have received. We couldn't find documentation. We know what went into the bank; that's the easy part of it. We don't know what should have gone into the bank.

**A Member:** — Let's call them.

**Mr. Chairman:** — Let's call WDM.

**Mr. Katzman:** — Let's call them just to clarify that point, so they can clean it up for future years.

**Mr. Kraus:** — Could I make a comment? Because I'm not sure you could clean this particular issue up. It's not unlike it — and I hope the auditor will agree with me — it's not unlike a church audit where, and I haven't conducted one, but I think it's similar, where you cannot be sure what collections should be made. You can certainly comment on the fact that the money that was receipted and recorded, has been accounted for properly, but you cannot always be sure what the revenue should have been. And therefore you will qualify it and say that you're unable to verify that all the revenues that should have been received had been received. That is not an uncommon audit qualification in certain types of organizations, and I don't think this one can be resolved. Now maybe I'm wrong, but . . .

**Mr. Lutz:** — Mr. Chairman, I have to concur with Mr. Kraus. If you look at any financial statement, I believe, for any charitable organization in Canada, you will find this soft qualification in every case where they are realizing a material part of their revenue from donations. Donations being that type of a revenue item, you will find, I think, in 99 per cent of the cases, that every auditor who does one of these will give the qualification because he cannot really verify what level of donations were in fact made to that organization versus what level of donations ended up in the coffers of that donation. It's a peculiar type of income, and you really can't nail it down. And every auditor does the same thing on a thing like this,

**Mr. Young:** — Well, Mr. Auditor, there must be someone in the WDM, some executive, manager, or somebody, who would know what . . . have a grip on what was available from the feds. I don't, a lot of people don't, but somebody there must know what the feds have in the works that he could take from. Oh, sure. We can't call someone from the feds

to ask them, 'How much could you have given to the WDM?' so we've got to do it the other way around. But there must be some whiz kid with the WDM who would know what was available from the federal government and whether they got it all or whether they missed out on this or that grant. I don't know who that would be but that would be the person we can maybe see. Somebody there must have the grip on it but I don't know who that person would be. Some curator or something wouldn't but some other business type in the system should know that stuff.

**Mr. Lutz:** — Mr. Chairman, Mr. Young, I believe this is a very difficult thing in any organization that received donations. Now as I remember the case here, we endeavoured to verify the number from the federal end, and while I don't have all of the details with me, neither do I have the manager who had control of this particular audit, we encountered problems from the other end. We could not find out for whatever reason they might have. The same as we couldn't find out from the Hereford people how much that loan was worth, we promptly qualify. I cannot say that that loan was worth \$135,000 when I cannot find out and I cannot say that all of the donations they received were all they should have received and reported.

**Mr. Young:** — I'm not suggesting that you can at all. Don't get me wrong. I'm saying there must be someone in the WDM system who has a grip on what they received from the feds and would have a little bit of a guilt complex maybe knowing that he didn't apply for this one or that one, or missed out on this or that.

**Mr. Chairman:** — I don't think that is the comment that is being made. There is no suggestion that there isn't someone there who's qualified and able and competent to receive the grants. I think what Mr. Kraus is saying is that it is an extremely difficult thing to verify in writing. This is not an allegation of incompetency or lack of diligence in doing it. All I think Mr. Kraus is saying is that there is no real way of verifying that in the budget so that an auditor can verify that you've received all that you're entitled to.

**Mr. Glauser:** — I think what enters into this also is that even with looking at the federal government, or the provincial government, there are so many divisions of those bodies that those funds come from that you cannot pin it down to, 'It came from A, B, C or D.' It's too wide.

**Mr. Lutz:** — Mr. Chairman, if you can advise me of the date when the Western Development Museum people might appear before this committee, I will pull out from the crown corporations committee the manager from my office who had charge of this audit, and we will have him here which will certainly, I think, be more edifying for the members, because he is more intimately aware of what went on here than I am. However, if you call them I'm prepared to do that.

**Mr. Katzman:** — Would you try that one more time for my benefit?

**Mr. Lutz:** — Are we doing to call Western Development Museum?

**Mr. Katzman:** — You would pull this fellow from where?

**Mr. Lutz:** — From sitting in watching crown corporations operate. We have people all over the place.

**Mr. Chairman:** — Pull his official who did the audit. Do you want to call them?

**Mr. Young:** — Maybe we should just kind of reflect on what good he could do. I mean, he would maybe say, ‘Well, I applied for every darn grant that I knew of.’ End of line. And what more can you do?

**Mr. Chairman:** — I think that is the . . . (inaudible) . . . That is what he’s going to say and then you’ll be dead ended.

**Mr. Katzman:** — Let it go.

**Mr. Chairman:** — West Side Community College.

**Mr. Katzman:** — Where is that located at?

**Mr. Lutz:** — West Side is at Meadow Lake, I believe . . . (inaudible interjection) . . .

**A Member:** — West Side Community College.

**A Member:** — Buffalo Narrows?

**A Member:** — It is Buffalo Narrows.

**Mr. Glauser:** — Is this under the Department of Education now?

**Mr. Benson:** — Continuing Ed now.

**Mr. Glauser:** — I don’t think we want to bring that in.

**Mr. Chairman:** — Okay.

**Mr. Katzman:** — There was no fraud. That’s the main thing we’ve got to watch.

**Mr. Barnhart:** — Do I understand then, for (f) and (g), pages 44-45, no action?

**Mr. Chairman:** — If the problem were to reappear in a subsequent report after Continuing Ed took over, that would be different.

2.6.1 — authorization for the underwriting of guaranteed funds annuity contracts.

**Mr. Katzman:** — Yes, please.

**Mr. Chairman:** — Okay — deficit payment, Department of Agriculture, agricultural supplies advance account.

**Mr. Katzman:** — First time, isn’t it, for this one?

**Mr. Lutz:** — I believe that is the first time, Mr. Katzman, we have reported this type of thing. I can’t recall an earlier one, but that does not mean there wasn’t one some place back.

**Mr. Chairman:** — Where did the loss appear, if it wasn’t charged to the department’s appropriation? Or was it just not charged anywhere? Was it just ignored?

**Mr. Hunt:** — By legislation, it was to be charged to the appropriation in the year

following, and so, I guess, it's been charged in '82-83, has it not?

**Mr. Benson:** — I can maybe explain what's happened. It was an evaluation problem and, to satisfy the auditor, by the time they made the adjustment, it was too late to make provision in the budgetary estimates for the following year, if you follow what I mean.

We've already finalized the estimates for '83-84, and yet Mr. Lutz was having a problem with the audited statement for March 31, '83. We had to make an adjustment on the valuation. We wouldn't be able to make budgetary provision for another year. And that's what's happened here. The budgetary provision was made in the year following that.

**Mr. Katzman:** — Okay, so it's looked after, and there was a special circumstance.

**Mr. Chairman:** — Okay, Crown Investments Corporation — a suggestion that the statements presented to . . . that their information presented to the legislature be presented in a more complete form.

**Mr. Katzman:** — I thought I'd leave that to the crown corporations committee . . . (inaudible interjection) . . . That's because he audits them, and . . . (inaudible) . . .

**Mr. Chairman:** — It would seem to be more appropriate to leave it . . . (inaudible) . . .

Authorization of transactions in Saskatchewan Housing Corporation.

**Mr. Barnhart:** — Sorry, Mr. Chairman, 2.6.2: what was the action on that one?

**Mr. Chairman:** — 2.6, 2.3 . . . (inaudible) . . .

2.6.4 — Saskatchewan Housing . . .

**Mr. Katzman:** — Well, no, I would say on 2.6.3, that the chairman of this committee can, or maybe the Clerk could make a note to the Clerk of the other committee saying this appears in ours and we suggest that they handle it if they want to do anything with it.

**Mr. Chairman:** — Why don't we just resolve the matter by agreeing that this committee will refer the matter to the chairman of the crown corporations committee for attention?

**Mr. Katzman:** — If they want to do anything with it . . .

**Mr. Chairman:** — Let's do that. Let's record a formal minute.

**Mr. Katzman:** — Because they may not realize it's here.

**Mr. Chairman:** — Yeah, we record a formal minute and we can prepare a letter to the chairman of the crown corporations setting it out.

Okay, authorization of transactions, Saskatchewan Housing Corporation.

**Mr. Katzman:** — It's new, anyway.

**Mr. Chairman:** — It's something that should be pursued. I guess the thing should be cleaned up. The question is whether or not it should be cleaned up here or in crown corporations. This is kind of a mixed bag.

**Mr. Katzman:** — Send it back to crown, the way I read it.

**Mr. Chairman:** — I'm not sure of that. Just . . . (inaudible) . . . I'm not sure that's true. It appears the problem is with the authorization for the amounts paid to the crown corporation from the Consolidated Fund.

**Mr. Hunt:** — Those amounts are paid out of the Urban Affairs . . .

**Mr. Chairman:** — It strikes me that this may be . . . (inaudible) . . . This may be something we want to take up with Finance again. I don't know.

**Mr. Young:** — Could I just get information? Why is it, Mr. Auditor, that the crown corporation, Sask Housing, would be receiving moneys directly from the Consolidated Fund and not CIC, shall we say?

**Mr. Hunt:** — They operate a number of grant programs — or administer them — and the funds are provided through the Urban Affairs subvote, so that Sask Housing incurs the program expenditures and bills Urban Affairs, in effect, for administering these programs.

**Mr. Chairman:** — This crown corporation, in fact, serves some of the functions that a line department might serve. It's a peculiar vehicle. It is not a crown corporation in the strict sense that Sask Mining and Development is.

**Mr. Young:** — Ralph mentioned the \$3,000 . . . (inaudible) . . . grant on the houses. Would that be an example of money that Sask Housing issued the cheque and yet it came from the Consolidated Fund?

**Mr. Lutz:** — I think the point we're making here, Mr. Chairman, Mr. Young, is that some of the authorities they're using to do these things were put in place some years ago, and in the interim period of time Sask Housing has launched numerous new programs which were not even existing when some of these authorities were put in place, like '79. And we are of the opinion that there should be some new authorities for some of these things that are happening. The same with an old order in council. We think maybe that old order in council, which was sort of a blanket job, is not really good authority for doing what they're doing. And our legal counsel agrees with us, by the way.

**Mr. Hunt:** — Our legal counsel advises that the way the legislation is currently worded, that it appears to require OCs on an annual basis, or more often than that perhaps, at least to set out the terms under which the advance is to be made, and so on. There are actually three subsections to section 36, so it's a little more detailed than you see here. It may be a matter of reconsidering the wording of the legislation to clarify the intent that the government has.

**Mr. Glauser:** — Well, the direction has changed considerably, even within the last 10, 11 months, I would say.

**Mr. Lutz:** — I guess our point probably is contained in the last part of the last paragraph on page 49:

If this practice is followed, cabinet authorization and the opportunity for review by the regulations committee of the legislature is permitted, both of which are important elements to assure that programs with a wide spread effect on individuals, and with the potentially significant impact on the province's financial resources, are appropriately reviewed and approved.

**Mr. Hunt:** — That's actually with respect to the other issue, the authorization of programs and whether or not regulations are required in every case within a program. Criteria has changed. Legislation currently reads that Lieutenant-Governor in Council may issue regulations. So I think our lawyers are in agreement that if they didn't issue any regulations the corporations . . . (inaudible) . . . could in effect determine the criteria by themselves. And our comment here is that it's perhaps more appropriate level of review required here with respect to this type of activity.

**Mr. Katzman:** — I think that's cute. If you don't put out any regulations you can do anything you want, but if you put out regulations you've got to live by them.

**Mr. Hunt:** — Yes, they currently have in place regulations dating back in the . . .

**Mr. Lutz:** — Mr. Chairman, Mr. Katzman, our position is that if regulations are in place you should live by them.

**Mr. Katzman:** — If you have no regulations you can do anything you want.

**Mr. Glauser:** — Well, I would think in connection with this one, Mr. Chairman, that we perhaps should determine before ever calling them in here, as to whether new legislation is being contemplated, or just . . . (inaudible) . . . is happening.

**Mr. Chairman:** — I think we were going to discuss it with Finance. They're coming in anyway. I think . . . sorry.

**Mr. Benson:** — I don't think this is an issue for Finance to be addressing. This is a Sask Housing issue . . . (inaudible) . . .

**Mr. Hunt:** — Mr. Chairman, if I may go back to Mr. Young's original question, the grants to Sask Housing and the types of programs that are operated can be seen on page C 38 of volume 1, if you look at the various subvotes, and operating grants under The Senior Citizens Home Repair Assistance Act, subsidies in respect of low rental housing projects and so on. There are numerous subvotes on that. That's one element of Sask Housing's activity. They're also engaged in land assembling and development operations, mortgage and loan activity and so on.

**Mr. Young:** — It's in that book. Like Ned said, it's more of a line department than a crown corporation. It's right in that there.

**Mr. Chairman:** — It serves some of the functions as well as the northern area respective line departments. Okay. You want to . . . (inaudible) . . . corporation. I would think we would. If they're proposing legislation, I guess that would solve it.

**Mr. Young:** — Well, all we need is just to do some OCs on these things.

**Mr. Chairman:** — That may be.

**Mr. Hunt:** — Our lawyers have a difference of opinion on the OC matter, on the section 36 aspect with respect to the regulations, bringing them in tune with the programs,

**Mr. Young:** — An OC is a regulation.

**Mr. Hunt:** — OCs normally authorize regulations. In some cases ministers can authorize regulations, depending what the act says.

**Mr. Young:** — The act authorizes regulations.

**Mr. Hunt:** — Well, the act authorizes the minister or cabinet to make regulations. In most cases it's cabinet, depending on the significance. Sometimes the minister can issue regulations. I think mineral resources, and Energy particularly, the minister is.

**Mr. Lutz:** — It depends on how the act reads.

**Mr. Young:** — . . . (inaudible) . . . Lieutenant-Governor in Council.

**Mr. Hunt:** — Most often.

**Mr. Chairman:** — Okay. Are we going to ask the Saskatchewan Housing Corporation to come then?

**Mr. Katzman:** — We have them coming already.

**Mr. Chairman:** — No.

**Mr. Barnhart:** — Mr. Chairman, the minutes from the last time 2.2.5, I note, with regard to Sask Housing, they are to be called.

**Mr. Katzman:** — So they're here.

**Mr. Chairman:** — Okay. Tomorrow morning what do you want?

**Mr. Katzman:** — Just hang on. Where are you going tomorrow morning? We are now done this book. I assume that we don't go into 3.1.

**Mr. Chairman:** — I assume we don't . . . (inaudible) . . .

**Mr. Katzman:** — So we are now ready to call somebody. We've agreed Finance will be first?

**Mr. Chairman:** — That was what I was about to say.

**Mr. Glauser:** — Well, do you want to start Tuesday?

**Mr. Chairman:** — Why not tomorrow?

**Mr. Katzman:** — Why not Tuesday? Just in case they go two or three days, there would be 'continuity.'

**Mr. Chairman:** — Oh, heavens. You dilettantes. I would personally prefer it if you meet Thursday, and meet as often as we can and get the work done. I'd sooner finish it



up, although I don't feel strongly about it, because we could always meet during the summer, I guess. I guess I'm a prisoner of the past practice of trying to . . . (inaudible) . . . everything through by the end of the session. Change that; I don't care. If you guys prefer to deal with . . .

**Mr. Katzman:** — I just think it would be nice . . . (inaudible) . . .

**Mr. Chairman:** — But we don't have the . . . (inaudible) . . .

**Mr. Glauser:** — Are we going to sort of set a time frame for dealing with '82?

**Mr. Chairman:** — That's a good question. I was thinking of raising that. Normally, in past years, we would have had a time frame defined for us. It would have been before the prorogation of the session, because the committees . . . (inaudible) . . . at the time of the prorogation of the session, and I, as you have gathered am something of a prisoner of that in the sense that I've been trying to ram things through to get things done by the end of the session. We no longer need to finish by the end of the session. There may be some merit in not doing it that way, by giving ourselves a little more time to be prepared and ready for these things, and not running it through . . . (inaudible) . . . hitting with a battering ram. So Mr. Glauser's question is a very good one. Do we still want to aim to finish the bulk of the work? Admittedly there may be some ragtags included such as social services which we are not going to deal with before the end of the session. Or do we want to not aim for that, but simply aim to have '82 completed by the end of '83, and complete some of the work in the summer and fall? Mr. Glauser's question is a very good one and I was going to raise it, actually.

**Mr. Young:** — My feelings on it are that we should try to sit as much as we can when the House is sitting because if you look at us all here, everybody except yourself is from Saskatoon or further north, and it's just a hassle driving down to the . . . (inaudible) . . . to drive across the street. If we could pile it into House time it's really convenient for myself anyhow.

**Mr. Chairman:** — You are compensated for mileage and per diem.

**Mr. Young:** — I know that.

**Mr. Chairman:** — What's your feeling, Paul?

**Mr. Meagher:** — Well, I share . . . (inaudible) . . . view that as much as is practicable if we could accomplish the . . . (inaudible) . . . work of this . . . (inaudible) . . .

**Mr. Chairman:** — Have you guys got some problem?

**Mr. Katzman:** — No, no. No problem. My concern is normally they may take two or three days . . . (inaudible) . . . That was all my thought was. And we're not giving them enough warning. I mean one day's warning is not always sufficient.

**Mr. Meagher:** — Could we, in a general sort of way aim for accomplishing the work of the committee in this session, but of course if that's not possible, then . . . When is the House going to adjourn?

**Mr. Chairman:** — Oh, I think at the normal time. We have usually finished by Mosaic,

which is the last week in May for those non-Regina people, I think we're going to meet that again. I say that for a couple of reasons: the estimates have already . . . We went through the estimates a couple of months ago, and there's only so many times you can rehash yesterday's newspaper. The legislation, some of it we have seen it before . . . (inaudible) . . . the advance accounts it's not, it doesn't introduce a lot of new principles. I don't think the session is going to last any longer . . . I think the session will end at a normal time and that's around the third week in May.

**Mr. Katzman:** — With that in mind, we could almost finish.

**Mr. Glauser:** — We should be able to finish. That's what I had in mind, that we should finish up in this session.

**Mr. Katzman:** — Unless we get DNS . . . (inaudible) . . . The only advantage, and I make this note jokingly, if we're meeting after session at least you can bring DNS in at 8 in the morning and work until about 5 in the afternoon. You know, you're not meeting only two hours a day.

**Mr. Chairman:** — If you had a big department like that there would be an advantage to doing it after. Okay. I don't in any sense plan on holding ground on this thing, and if you guys want to start Tuesday and not break it up, that's fine. If we're going to finish by the end of the session, I would have preferred to have started tomorrow with Finance. I think 24 hours warning is really all they need, and I'm not sure the continuity problem between Thursday and Tuesday is all that great, but I don't feel strongly about it and I'll accept your . . .

**Mr. Katzman:** — Tuesday at 10:30, Wednesday and Thursday next week. Correct? Who is on stand-by? Sask Housing? We've got to get somebody on stand-by.

**Mr. Chairman:** — So we agree that we're not going to meet tomorrow?

**Mr. Young:** — I can be here tomorrow, but I'll leave it to the convenience of other people.

**Mr. Meagher:** — I'm not as concerned as the member for Rosthern about the continuity . . .

**Mr. Glauser:** — I have things that I need to look after tomorrow that I haven't been able to.

**An Hon. Member:** — We have two members who can't be here till next week.

**Mr. Chairman:** — To heck with it then. We'll leave it until next week.

**Mr. Katzman:** — But who is stand-by? That's my concern.

**Mr. Chairman:** — We should have, we should before we go, and when we have a few minutes, we should give the Clerk a list of the order in which we think we're going to call. At least the first four or five, so he can warn them to be around next week, and not be on holidays, up fishing or whatever they do. Yes.

**Mr. Benson:** — With respect to Finance, what I'm wondering is: do you want to ask them questions or would you like them to make a presentation on how things happen

with respect to some of these issues?

**Mr. Chairman:** — A presentation would be better, yes. Certainly we may have, we obviously will have questions afterwards, but the presentation would be I think very useful.

**Mr. Kraus:** — Will you be asking on the particular issues that you raised during this . . .

**Mr. Glauser:** — Cash handling, these kinds of things.

**Mr. Benson:** — Well, that's what I'm wondering about, what sort of presentation you want. That would determine who comes.

**Mr. Meagher:** — If it would be possible and convenient, I would appreciate a short general presentation.

**A Member:** — Of the budgetary process?

**Mr. Meagher:** — Exactly. Of the mechanics of government.

**Mr. Katzman:** — No.

**Mr. Meagher:** — Yes, with a view to giving us an enlightenment on the process prior into getting into the details.

**Mr. Young:** — We have this one if you're familiar with it. Public accounts committee orientation seminar of September 16, 17 and I missed getting that first hand as did Mr. Dutchak, and I've read at it but there's nothing like the real thing.

**Mr. Chairman:** — We have three members who have joined the committee since we had it. Why don't we try and ask Finance to give us a condensed version of it? We don't need the Cook's tour, it's just a more condensed version, and then deal with the particular questions which we raised, and then members can pursue it with questions thereafter. And the Clerk, you may have notes of what particular items we raised and the Clerk will give you . . . (inaudible) . . . How does that sound, gentlemen?

**Mr. Katzman:** — In their comments, I assume they will be addressing specifically the comments raised in the auditor's report.

**Mr. Kraus:** — There were several issues raised regarding overcommitments. There was some concern — it was on the borrowing and the lending for some of these institutions. Like you're saying in addition, you want us to go back to the September 16 thing and give you a thumb-nail sketch of that again.

**Mr. Katzman:** — That's this whole thing, when school was for two days.

**Mr. Chairman:** — Just the thumb-nail sketch of it I think. It's not . . .

**Mr. Katzman:** — The question is: do you want to read it or do you want them to repeat it? That's really the question.

**Mr. Chairman:** — Well, I think what they said, Ralph, is that they would like to hear it

. . . and have an opportunity to . . .

**Mr. Meagher:** — I didn't say to read a 50-page book, I simply said in a general way give us a thumb-nail, short presentation of the mechanics of . . . (inaudible) . . . programs. This is certainly not unreasonable.

**Mr. Young:** — We should have one of them every year.

**Mr. Chairman:** — Yes, you could have one every year. Okay, agreed.

**Mr. Katzman:** — I'm having some problems with it, Mr. Chairman. I'm having problems with a precedent here. That's my only concern here. I have no argument about doing the repeat of the 16 type of thing. I have no argument about asking questions that are in the report. But I do not know if this is the proper place to go into the estimates and how the estimates are brought forward and so forth.

**Mr. Chairman:** — Why is it an improper place?

**Mr. Katzman:** — I don't know if it is. That's why I'm asking.

**Mr. Chairman:** — But if it isn't, I would approach it this way, Ralph. Unless you can suggest it somehow or other is improper, then it suggests that it's perfectly proper if the members want information on the financial structure of government. Surely that's what we're dealing with in the committee. And unless the members have a grip on what the financial structure is, this process is impossible. That's why we had that thing in September.

We now have three new members on the committee Sid, Kim, Paul and what I think they are asking for is not a full-blown three-day extravaganza, but a half-hour thumb-nail sketch which will take them through it, then they can deal with the more specific items.

**Mr. Young:** — We have to learn something so that we can stop Mr. Katzman.

**Mr. Katzman:** — I'm not concerned, as long as we are not making a precedent, that's all.

**Mr. Meagher:** — Maybe the member for Rosthern may be a little jealous of his experience and knowledge, but I think it's entirely appropriate that we become informed as well.

**Mr. Katzman:** — My concern is . . . I think the chairman will agree that a lot of times I've always asked prior: are we setting a new precedent? And I'm always concerned with precedents because they come back to haunt you in due course.

**Mr. Meagher:** — The other option, of course, is for the member for Rosthern and the chairman to conduct this themselves and just phone us the results.

**Mr. Chairman:** — I think we're coming to the conclusion with some reservations from the member for Rosthern, and we are going to ask the Department of Finance for a thumb-nail sketch and . . .

**Mr. Kraus:** — I understand then, rather than the . . . It took us perhaps two to three hours from Finance . . . (inaudible) . . . about 15 or 20 minutes.

**Mr. Chairman:** — I think it's a little heavy. I think 15, 20 minutes is probably all we can afford at this juncture.

**Mr. Kraus:** — To give you the overview.

**Mr. Chairman:** — Yes.

**Mr. Kraus:** — Okay.

**Mr. Chairman:** — Then they can deal specifically with the items which were raised, and you check with the Clerk to make sure you've got them all.

**Mr. Lutz:** — Mr. Chairman, may I speak to this subject?

**Mr. Chairman:** — Yes.

**Mr. Lutz:** — For the benefit of the new members in this committee, if at any time you believe it's in your best interests, I would be pleased to run you through that element of that presentation with which I was connected, at your convenience. I have a room out of my office where this could be done, if it were the wish of these members that that should happen. It's available.

**Mr. Young:** — Sure. I was only bringing this forth because, as you may have noticed in my two days here, I shut the whole thing down and asked some procedural question, and I go on. And if one knew more, then the meeting would carry longer without the necessity for me to interrupt to ask why this and why that. Thus, the whole meeting would be benefited by virtue of the new people knowing more of the procedure.

**Mr. Chairman:** — I wouldn't mind hearing it again, too.

**Mr. Katzman:** — I think Mr. Lutz made a good comment. Tomorrow is free for his side of the comment, if they wanted to meet with him. I mean, you know, tomorrow morning.

**Mr. Chairman:** — All right, if they want to they can.

We should as well have some kind of list of the order in which we want the departments called. Is there any reason why we wouldn't call them in the order in which they're raised in the Provincial Auditor's book? There may be, but if there isn't, can we just follow that order, just in the order in which they come up?

**Mr. Glauser:** — With the exception of Finance, which would come first.

**Mr. Chairman:** — Which will come first, yes.

**Mr. Katzman:** — Finance first; I would like Sask Housing second.

**Mr. Benson:** — I just raise the issue if you're . . . I think the vice-chairman was going to check out the sensitivities with respect to this CMHC-SHC negotiations. And if you wanted to have them just talk to you on one occasion, you may want to hold off.

**Mr. Katzman:** — And if we wanted DNS, it has to come on Tuesday, so it's here for the days if we need them.

**Mr. Hunt:** — Mr. Chairman, if I may make one further comment with respect to Sask Housing, we're in the final throes of completing the financial statements, and producing our sign-off and attempting to get treasury board format approval and this sort of thing.

**Mr. Katzman:** — So we'll leave them alone for a while.

**Mr. Hunt:** — Well, we're striving towards the end of this week; I'm not sure whether we're going to make it. Certainly, the annual report stages will still be in process next week.

**Mr. Chairman:** — Okay, that's agreed that we'll deal with the departments in the order in which they arose in the Provincial Auditor's report. Of course, any member may, at any time, suggest that that order is not appropriate, and we can figure it around. But for the moment, we'll assume we are going to deal with them in the order in which they are raised. Okay, meeting adjourned.

The committee adjourned at 11:55 a.m.