

STANDING COMMITTEE ON PUBLIC ACCOUNTS

May 4, 1983

Public Hearing: Saskatchewan Housing Corporation and Department of Northern Saskatchewan (continued)

Mr. Chairman: — Meeting to order. I think when we left off yesterday, the witnesses were going to give us a description of the land-holding system in northern Saskatchewan. It was suggested that it was somehow different than what one might experience in Regina.

Mr. Lloyd: — Basically it is the same as any in Regina; it's just a process of turning Crown land into the titled documents for each parcel of land that was surveyed out. Then in that process once the title is applied to each lot, that title then is attached with the mortgage, and, of course, we hold title and mortgage of that property in that unit.

Mr. Chairman: — So it operates something in the fashion an agreement for sale would operate in southern Saskatchewan. Is that it, you hold the title until the purchase price is paid?

Mr. Lloyd: — Until the mortgage is paid off, yes. Like same thing in the South, you would hold the title and the mortgage to the property. Or, I guess, just the mortgage. I guess it's all in one document.

Mr. Chairman: — I see the shaking of head here, I'm not sure that we're getting it.

Mr. Willox: — I think with respect to . . . (inaudible) . . . Saskatchewan there are a couple of major differences. One, there is a lot of Crown-owned land in the North, and, of course, that is vested in the Queen in the right of Saskatchewan. And I gather there is some difficulties in getting transfers of that land — it requires an order in council — and that presents some delays in the process. The second major difficulty is that it is a remote area, and so there are some difficulties with respect to surveys, and defining lands, but ultimately the mortgage process would be very similar to what it is in the South: once lands are subdivided and are broken up into lots and blocks, the subdivision plan would be registered, and then the titles can be described on individual lot-by-lot basis. And in the process of transferring the titles, I presume, and this appears to be the case in what we have been able to understand, the regular process would apply, that both the title and the mortgage documents would be executed at the same time. So title would vest in the owner, and we would have as security mortgage document. In the event of default we would have a security and mortgage document. In the event of default we would have all the normal recourses to foreclose and retain title.

Mr. Chairman: — Okay, and that would be registered in the Prince Albert land titles office?

Mr. Willox: — I think it varies. I believe the North Battleford office is also . . .

Mr. Chairman: — Jans Bay might have been in North Battleford?

Mr. Willox: — I believe it was.

Mr. Dutchak: — Mr. Chairman, I wonder if they can tell us: all the housing files that you have, the active ones, had any of them had titles that were actually transferred to

the individual owners?

Mr. Willox: — I believe that there were some 600 units where there were actual mortgages registered.

Mr. Dutchak: — Are you saying that the title itself is in the name of the home-owner?

Mr. Willox: — I'm not sure on that. In a specific question, we can certainly check that and send you that information, but I would assume that that would be the case because we do have a registered mortgage and the records indicate they're being treated as mortgage properties.

Mr. Chairman: — I can tell by the look on the member's face that he disagrees with . . . (inaudible) . . .

Mr. Dutchak: — I'm frankly not sure what they were doing at that time. I saw the possibility of it being a mortgage of a leasehold interest from the Crown.

Mr. Chairman: — That's not what they're saying. What they're saying is there's a title document to transfer.

Mr. Willox: — We would hold the title to the land where the interim occupancy agreement is in place.

Mr. Dutchak: — And then the interim occupancy agreement— how long does that go on for?

Mr. Willox: — That, to my understanding is gone anywhere from a year to two years before titles can be registered and properties transferred and the mortgage taken back as security for the loan.

Mr. Chairman: — Okay, then, just give me the description of this — lot what, block what? — just so we know I'm referring to them the record's way, first and proper.

Mr. Lloyd: — Lot 1, block C.

Mr. Chairman: — Was lot 1, block C then, in March . . .

Mr. Lloyd: — Block 6.

Mr. Chairman: — Was lot 1, block 6, then, in the name of the Crown on March 31, 1980?

Mr. Willox: — That's correct.

Mr. Chairman: — It was in the name of the Crown. And I gather it was never transferred out of the name of the Crown into Mr. Yew's name?

Mr. Willox: — That's correct.

Mr. Chairman: — And I gather a mortgage then was never signed either?

Mr. Willox: — That would be correct.

Mr. Katzman: — What you're telling me now and what you said yesterday don't totally seem to ring. We should be talking two Crowns I think here. First of all, the Queen as you indicated first. Then you carve it out and it goes to, I assume, DNS.

Mr. Willox: — It's taken into DNS as a department, and therefore the title remains vested in the Queen in right of Saskatchewan. That's the difference between a department and a crown corporation.

Mr. Katzman: — The vacant land up there now is all in the Queen's name, the Crown. Let's move to the second step and what do you call that second step when you move it to DNS? Is it still called the Crown or the Queen?

Mr. Willox: — That's correct. On the title documents that we have here, we can just refer to those.

Mr. Katzman: — Well, my concern is, could you somehow differentiate them when you're explaining the two, so I know if there's been a middle, a movement in there? Except that there's been a movement from . . . There has been one movement, and I think we want to indicate there has been a movement of the title, even though it's Crown to Crown, because it indicates something is happening. Otherwise, it doesn't indicate anything happening.

Mr. Chairman: — Perhaps you have some comment.

Mr. L'Heureux: — If I could, Mr. Chairman, a quick comment. The way it's generally referred to is: the first part is an unsurveyed Crown land and the second part is surveyed Crown land.

Mr. Katzman: — So surveyed is when the title comes up. And that surveyed piece of land, the third step is the moving it to whoever is the new owner, private individual.

Mr. Willox: — Correct.

Mr. Katzman: — Could you do it as unsurveyed and surveyed, just so we understand what we're doing? I don't care how you . . . (inaudible) . . . I'd like some differentiation.

Mr. Chairman: — I don't think unsurveyed lands have a relevance to this because as I understand it this was all surveyed.

Mr. Katzman: — No, but it's unsurveyed first, when they start to build the houses. Then they're getting it surveyed, and that's the stuff that takes two years, to get that survey done and get it transferred to their name. Then they have to transfer it again.

Mr. Chairman: — My understanding, from information given the other day, though perhaps wrongly, was that this had been surveyed before.

Mr. Lloyd: — The land is surveyed first.

Mr. Katzman: — It's not separated yet.

Mr. Lloyd: — And then from the survey document, then you are able to draw up your titles for each parcel of land.

Mr. Chairman: — And you've got the title there for lot 1 block 6.

Mr. Katzman: — Not as March 31, 1980.

Mr. Chairman: — What's the date on that title?

Mr. Lloyd: — There is no date on the title — the certificate of title.

Mr. Chairman: — There is. Look at the bottom — unless you cut off the bottom of the title on the Xerox.

Mr. Katzman: — My point is they couldn't have transferred this to anybody anyway because they had to get the title, and they had to go through a couple steps first.

Mr. Chairman: — I'm not sure that that's what . . . I'm not sure the witness has ever given us that evidence, though.

Mr. Katzman: — He did the other day in his two-year comment.

Mr. Chairman: — All right, can you give me the number of the title, then?

Mr. Lloyd: — Yes.

Mr. Chairman: — It'll be 80 or 81-B, followed by five digits.

Mr. Lloyd: — It's 78-B.

Mr. Chairman: — All right, so the title had been surveyed at least by 1978.

Mr. Katzman: — Okay, the big title . . .

Mr. Chairman: — No.

Mr. Katzman: — So the lot had been surveyed then?

Mr. Chairman: — Yes. It must be, Ralph, for them to get the title. You can't get the duplicate certificate of title until the plan is surveyed, is registered. I know that by bitter experience. I am currently suing the provincial government over it; I'm acting as counsel on a suit for the provincial government, and I think I'm a small-time expert on this thing.

So it was surveyed. There was a lot available to be transferred to him. Was there some indication on your file that a mortgage had been prepared for Mr. Yew's signature?

Mr. Lloyd: — Yes, there was a mortgage prepared for him. It was sent out to the housing officer in area . . . (inaudible) . . .

Mr. Chairman: — Where would that office actually have been?

Mr. Lloyd: — They had an office in Buffalo Narrows for a few years.

Mr. Chairman: — And that would have been how far from Jans Lake?

Mr. Lloyd: — That's approximately 60 miles.

Mr. Chairman: — Was there ever any response from the housing . . . What was the housing officer's name?

Mr. Lloyd: — At that time, I believe it was Effie Christiansen, at that time.

Mr. Chairman: — Was there ever any response from that housing officer?

Mr. Lloyd: — On the file there's no response at all.

Mr. Chairman: — Was there any follow-up to the letter?

Mr. Lloyd: — There was no follow-up .

Mr. Chairman: — So you don't have the blank . . . Do you, in the file, have a copy of the outside mortgage?

Mr. Lloyd: — No, I don't.

Mr. Chairman: — Okay. I think I then interrupted you. You were describing the sort of the documents that you had on file. I think we're now past March 31st. 1980. Perhaps you can then go on and indicate what light your file sheds on this thing.

Mr. Lloyd: — Mr. Chairman, I went through the file last night, and due to the questions on all the different dates, I did go through the file and I listed all the dates, of each paper, what everything took place. And I've made copies if you yourself and . . .

Mr. Chairman: — That will probably be very useful.

Mr. Lloyd: — . . . and then we have the numbers documented.

Mr. Bailey: — Mr. Chairman, could I correct some information I provided yesterday, relating to the sequence of events here?

I said Lawrence Yew joined DNS in July, 1980. In fact, he joined June 5th, 1980. And I can confirm that he occupied a DNS staff housing unit on July 1st, 1980.

Mr. Chairman: — Good. Thank you.

Mr. Katzman: — . . . (inaudible) . . . Did his family?

Mr. Bailey: — Pardon?

Mr. Katzman: — Did his family?

Mr. Bailey: — I don't know.

Mr. Katzman: — Like, his family could have been up in the other house for another year and he could have been in DNS housing.

Mr. Bailey: — All I know is that Mr. Yew occupied the house on July 1st, 1980.

Mr. Katzman: — But there isn't any indication . . . Now, I'm trying to be precise because we're into . . . There isn't any indication that he had moved, so far in your records, out of the other house. So he could be . . . (inaudible) . . . in two places the same as I am. I live at 2700 Hill, and I live in R.R. 4, in Saskatoon — both residences. My family is there all the time and I'm there when I'm not here.

Mr. Dutchak: — This is fairly helpful, Mr. Chairman. I think . . .

Mr. Chairman: — Yeah, I think this is fairly helpful.

May I just ask you some questions then, about this, since you've been good enough to prepare . . . (inaudible) . . . January 8th, 1981 — Mr. Yew's housing subsidy filled out the same as last year. Was that a document that he signed?

Mr. Lloyd: — No. He did not sign that document. And we have a lot of documents like that, that were not signed, so the housing officers filled it out as the same as last year, because they could not get in contact with these people.

Mr. Chairman: — Where was the individual who was filling this document out? Where was he living?

Mr. Lloyd: — On that document, he probably was living in Prince Albert and going up for a week and . . .

Mr. Katzman: — Going up? Where would that up be? La Ronge?

Mr. Lloyd: — Well, he would go up to say, Jans Bay, into Jans Bay, Cole Bay, Beauval.

Mr. Chairman: — So, what you're suggesting is that a pattern had developed, whether appropriately or not, of completing these forms by simply copying out last year's, putting up a file and calling that a complete file.

Mr. Lloyd: — If they could not get a hold of the person for a check onto what his income was for that year they would probably just use it off the last year's file. And that seems to be the practice that was followed.

Mr. Chairman: — Okay. I don't know that we need to go over this material from Della McCallum in any great detail unless it sheds some light on it, and I don't know that it does. I would like a copy of the letter to Mr. Yew, if you've got that.

Mr. Katzman: — You asked for a copy of what?

Mr. Chairman: — I'm sorry. I should have been more specific. The letter of September 17, 1982.

A Member: — Item 24?

Mr. Chairman: — Item 24.

Mr. Meagher: — That's a letter to Mr. Yew.

Mr. Chairman: — That's what I intended to say.

Mr. Glauser: — That no. 24, the quit claim deed, would that have had to have been signed if it wasn't the feeling that there was a mortgage on that property?

Mr. Lloyd: — The quit claim is signed even if a person has an interim occupancy. That's the only legal recourse that we have to turn the house over to somebody else. Until the quit claim is signed that the people no longer want the house, the house is still in their name, and we have to have a quit claim signed in order to be able to have the house back and give it to somebody else.

Mr. Glauser: — Treating it just the same as if it is a mortgage?

Mr. Lloyd: — Yes.

Mr. Katzman: — No. 24, the quit claim, indicates, as far as your records are concerned, that the house — you were treating it as if Mr. Yew had a mortgage?

A Member: — No.

Mr. Katzman: — That's what he just said, didn't he?

Mr. Chairman: — I don't think that he was understood properly . . . (inaudible) . . .

Mr. Lloyd: — It's interim occupancy, and regardless whether it's interim occupancy, there's a quit claim has to be signed if a person wants to give up the house. And even if he was under interim occupancy or under a mortgage he still has to sign off the house, and a quit claim is saying he no longer wants the house.

Mr. Chairman: — I'm not sure this legal jargon is really intelligible by lay people, but there are two ways you can buy a house: one is through an agreement for sale; one is by taking title and giving back a mortgage. In fact, I gathered the Department of Northern Saskatchewan was treating interim occupancy agreements as a form of agreement for sale, and I think properly so. Thus they were getting quit claim deeds to bring an end to the interim occupancy agreement, which they viewed as a sort of agreement for sale, and perhaps properly so. We haven't seen it but it may well be accurate.

Mr. Lloyd: — Well, we have to follow the guide-lines that are set down with the CMHC and ourselves and there's supposed to be mortgage to the people, but sometimes the files are not complete for the purchase price, and the land — all the rest of it. So in order to start the process they are put into the house under an interim occupancy.

Mr. Katzman: — Mr. Chairman, I've got to challenge this document. Either I misread something yesterday, or misheard something, or there's something missing; but you indicated you sent a letter to Mr. Yew saying he owed money. It doesn't show up in this list. Is that part of the letter saying he owed X amount of dollars?

Mr. Lloyd: — Okay, fine. I agree that I omitted that for the simple reason it's . . . all it is a statement sent to him of his mortgage file and what it is, and it's here.

Mr. Dutchak: — Is that item 24, Mr. Lloyd?

Mr. Katzman: — No, he says he missed it.

Mr. Lloyd: — But I don't know what date that was sent. Northern housing mortgage statement that I had, that was drawn up in the office for the year end December 31, 1981, sent to Mr. Yew showing his payments, his arrears, his principal, insurance, and basically what he still owed on the house, but there's no date on it.

Mr. Chairman: — But that's . . . Sorry, I forgot there's somebody up.

Mr. Katzman: — May I finish? Okay, so if I was trying to keep this chronological between number 20 and number 21 — no, between 21 and 22, which is January . . . December 31, '81, you indicate to Mr. Yew that he owes X amount of money, blah, blah, blah. So that's missing off this list of things.

Mr. Lloyd: — Yeah. But I don't have a date for that.

Mr. Katzman: — But it is as of December 31.

Mr. Lloyd: — It's, 'The following is a summary of the activity in your mortgage loan account for the year ending December 31, 1981.'

Mr. Chairman: — I would like to either see the mortgage statement and item 20 (a), as it's now become, I guess . . .

Mr. Katzman: — 21 (a), I think.

Mr. Chairman: — Is it 21 (a)? Item 21 (a). I'd either like to see item 24 or 21 (a), or have a copy made at this point in time. I have a suspicion that what this is, is a calculation owing on the mortgage account, but is not a statement of what Mr. Yew owes, which may be something quite different, because he may have moved out. He may have turned the keys back. My understanding of what you said is: this is a statement of how much would be owing on the account if he was still in the house, and if he hadn't turned the keys back, and all the 'ifs' that we can't answer. And that's all that is. That is not in any sense a calculation of Mr. Yew's liability. It's just a calculation of what's owing on the account.

Mr. Katzman: — But Ned, the next important thing on this whole system, and that's what's got me going confused here . . . Number 24 on this list seems to indicate that Mr. Yew didn't do a doggone thing about it till September 17th. He didn't do a thing like, the next correspondence with Mr. Yew, suggesting the quit claim thing here, is September 17th, '82, and yet he was sent something in December 31st, '81.

Mr. Chairman: — That's why I would like to have a copy of that document.

Mr. Katzman: — He seems to have ignored what he was sent.

Mr. Dutchak: — While you're digging that one out: item 24 — does that letter indicate what Mr. Yew owes to the department? Does it have a figure in there? Did you advise Mr. Yew that he owns the property and he owes X number of dollars? Item 24.

Mr. Chairman: — Why don't you make copies?

Mr. Lloyd: — I have an extra copy of the document here.

Mr. Chairman: — Where's the closest Xerox machine here?

A Member: — Down at the end of the hall — Mr. Hardy's office, or Mr. Taylor's office.

Mr. Chairman: — Why don't you go and make copies of those documents for us?

Mr. Lloyd: — Do you want it of the original?

Mr. Chairman: — Oh, it doesn't need to be of the original. I don't care what you're going to copy.

A Member: — I have all the copies there. They're not relevant in the House.

Mr. Willox: — Mr. Chairman, just on a point of order here. We had requested that the committee rule on the confidentiality of the information, and both of these documents do contain numbers and figures and statements.

Mr. Chairman: — Regrettably, I think that the time when they can be kept confidential has passed us by, Mr. Willox. They've already been discussed extensively in public.

A Member: — That's what I've got here. Or do you just want the two pages, or . . . (inaudible) . . .

Mr. Chairman: — I wanted item 24 and 21 (a), yes.

I was about to congratulate the *Star-Phoenix* representative, who did struggle out at a remarkably early hour for the members of the fifth estate.

Mr. Katzman: — Mr. Chairman, I think we should put a motion this committee is now closed to all other members of the press except this one factor who was willing to come in the morning.

Mr. Chairman: — That's only fair. Since she made an effort to be there, costs ought to be closed for everyone else and she ought to get the scoop. That's only fair.

Mr. Meagher: — Mr. Chairman, do you think it would be wise to carry on or . . .

Mr. Chairman: — No, I think not in the absence of the Clerk.

(Short pause in the proceedings.)

Mr. Katzman: — Mr. Chairman, this here one document, I'm having some trouble reading the photocopy. Could we do a line across so we know what the heck the members are saying?

Mr. Chairman: Why doesn't Mr. Lloyd read it then.

Mr. Katzman: Yeah, I would like to . . . (inaudible) . . . I still can't read the two numbers. Is that 18237?

Mr. Chairman: — Why don't you read this for us, Mr. Lloyd. I think the document that the member for Rosthern is complaining about, it starts, 'Northern Saskatchewan

project management group. Northern housing mortgage statements' — the name of the document. It's just copy that didn't pick up the handwriting very clearly.

Mr. Lloyd: — Okay.

Arrears from last year — \$193.40. Principal and interest payments due — \$6,237. Add insurance on dwelling — \$208. Deduct subsidies on your behalf — \$4,562.40. Equals current year arrears — \$2,076.00.

The next line below that . . .

Mr. Dutchak: — I think we can read the rest.

Mr. Chairman: — Yeah, I think the rest is relatively clear.

Mr. Dutchak: — The question, Mr. Lloyd, this is a northern housing mortgage statement and these statements were sent out approximately at the end of each calendar year. Is that . . .

Mr. Lloyd: — It appears that they were drawn up at the end of December, 1981 and I would suspect that they were sent out sometime after they were drawn.

Mr. Dutchak: — To the home-owner?

Mr. Lloyd: — To the home-owner.

Mr. Dutchak: — But of course, according to your records, you'd have no way of knowing whether Mr. Yew received it. It was simply forwarded to him.

Mr. Lloyd: — That's correct.

Mr. Chairman: — And since he wasn't living in Jans Bay and hadn't been for some months, there is some possibility that this just went to the house and it just never got to him. Is that . . . I'm speculating I know, but . . . The point is, to the knowledge of the Department of Northern Saskatchewan he was an employee with an address in La Ronge. But this wasn't sent to his home address; this was sent to an address that he'd vacated some time before. What I'm suggesting, there's no reason why you should comment on it because it's a statement. There's no particular reason to believe he got this statement.

Mr. Lloyd: — I would have no idea whether he received it, or he did not receive it. We have nothing on the file saying that it came back.

Mr. Meagher: — Conversely, Mr. Chairman, there's no particular reason to believe he didn't.

A Member: — That's right.

Mr. Meagher: — . . . if it were mailed to the small community of Jans Bay where he would be well known.

A Member: — Mr. Lloyd, is Jans Bay Mr. Yew's home town?

Mr. Lloyd: — I wouldn't know.

Mr. Dutchak: — Does anybody know? It is his home town?

Mr. L'Heureux: — It's his original community. He comes from that area.

Mr. Chairman: — But he was living in La Ronge at the time?

Mr. Dutchak: — So they probably didn't destroy his mail, Mr. Chairman.

Mr. Chairman: — It may or may not have been forwarded. It may not have been forwarded. It may have been forwarded to the house in which he lived.

Mr. Dutchak: — Item 24. We've got a copy of it. (inaudible) . . . paragraph. This is a letter addressed to Mr. Yew dated September 17th, 1982. The second paragraph states:

To date no payments have been received from you resulting in your mortgage account being currently \$7,404.25 in arrears.

Again, you have no way of knowing whether Mr. Yew received this letter either?

Mr. Lloyd: — I have no way of knowing.

Mr. Dutchak: — This letter was sent to La Ronge, Saskatchewan, General Delivery. Correct?

Mr. Lloyd: — That's what's on the letterhead.

Mr. Dutchak: — Mr. Lloyd, according to your records, what does it appear Mr. Yew owes to date?

Mr. Lloyd: — I believe, in reconciling the mortgage account, it's in the neighbourhood of just over \$5, 000.

Mr. Dutchak: — And do you know why the discrepancy? Why it would say \$7,404 in his letter of September 17th, and now you indicate there's a little over \$5,000 owing?

Mr. Lloyd: — I really can't answer that, although we do have the mortgage ledger card here that was set up by the Northern Department in financial services, and we're having a little bit of trouble deciphering that, and in order to correct the arrears figure, we have had to go through the file and try to take when occupancy was in the house and reconstruct through the payments.

Mr. Dutchak: — Mr. Lloyd, from your position in studying . . . You've studied other files, I gather, like you . . . (inaudible) . . . before, correct?

Mr. Lloyd: — Yes, I have looked at a number of files.

Mr. Dutchak: — And looking at Mr. Yew's file, looking at all the other files, was this the similar position of other files?

Mr. Lloyd: — That is correct.

Mr. Dutchak: — So Mr. Yew's file wasn't very unusual, compared to the rest of the them?

Mr. Lloyd: — No, it's not. As far as the arrears go, it's not unusual. There have been discrepancies.

Mr. Dutchak: — Now, in Mr. Yew's house . . . (inaudible) . . . he owns, it would be a little different, I suppose — is that not a single payment was made. Is that correct?

Mr. Lloyd: — There are a number of units up there, or people that have not made any payments on their houses.

Mr. Dutchak: — Now, Mr. Lloyd, in the year under review, was there not a housing officer assigned to various areas, and this officer would scrutinize the particular mortgage files? Is that correct?

Mr. Lloyd: — The housing officer was the person that helped to set up the original person in the house. When that was completed, it was turned over to the finance department, who kept the mortgage ledger cards up until in 1982; January of '82 I believe they were turned over to the northern housing. So the housing officer was not required to check the mortgage cards to see who had made payments.

Mr. Dutchak: — Well, perhaps I will rephrase my question. I understand that an individual was in charge of checking the various mortgages that came in, and sending monthly statements out to the people that owned the houses. Are you aware of that?

Mr. Lloyd: — I'm not aware of any monthly statements going out.

Mr. Chairman: — While the member regroups, I have a few questions. You may interrupt me when you wish. I just want to recount and I want to refer to the wording of this letter: 'To date no payments have been received . . .'

Mr. Katzman: — Which letter, Ned?

Mr. Chairman: — I'm dealing with the letter of September 17th.

Mr. Katzman: — Thank you.

Mr. Chairman: — 'To date no payments have been received from you resulting in your mortgage account being \$7,404.25' . . . (inaudible interjection) . . . in arrears. Mr. Yew moved in on March 31 — moved out on July 1, we've been informed this morning; moved to La Ronge on July 1. He has stated — and I recognize this is not evidence before the committee — he has stated that he felt he had something coming to him because of his sweat equity, materials he had bought. He has stated that outside the committee, although not inside the committee. At any rate, he lived in it; moved out on July 1. At some indeterminate time the house was made available to Mrs. McCallum, well before September 17, 1982. She had been living in it. The \$7,404.25 is a calculation to September 17, 1982. It would seem to me to be clear beyond any peradventure that he didn't owe \$7,404.25. In fact that's . . . I gather that was just admitted, that that figure isn't owing in any event. If I got this letter, I wouldn't assume I owed \$7,4 . . . particularly if I'd lived in the house for three short months. I wouldn't assume I owed \$7,404.25. I wouldn't assume from this letter that I necessarily owed

anything. At any point in time was any sum ever demanded of Mr. Yew?

Mr. Lloyd: — No. As far as the records show there was never any sum demanded of Mr. Yew.

Mr. Chairman: — Which might buttress his view that given his short occupancy of the house he didn't owe anything on it. And that's a statement, not a question. Why was no . . . Do you know why no demand was ever made on Mr. Yew?

Mr. Lloyd: — As I understand it there was no demands made on anyone up there to make payments.

Mr. Katzman: — No demands on anybody in northern Saskatchewan to make payments, and they owed money.

Mr. Lloyd: — As I understand it.

Mr. Dutchak: — Do you know why?

Mr. Lloyd: — I have no idea.

Mr. Chairman: — What is your position . . .

Mr. Katzman: — Ned, hold it. I'd like to ask that same question of DNS officials.

Mr. Chairman: — Okay. Go ahead.

Mr. Katzman: — Does anybody know in DNS if there was claim . . . if maybe the housing portion didn't, but maybe a portion of DNS made the claims. Does there seem to be a date where the rest of DNS looked after, and then it was turned over? Can anybody answer that?

Mr. Bailey: — Presumably that when someone occupied a house they're made aware of what their monthly payments would be, and it would appear from what is being said here, as those monthly payments became arrears, no demand notices were sent out on those arrears. Is that what is being asked here? Because they knew in the first instance what their obligation would be, I would imagine, from occupying the house. But why arrears notices were not sent out, I'm not aware.

Mr. L'Heureux: — No, all I can say is that definitely the policy was that people should be notified when they were in arrears. And speaking from general knowledge, and not being with the department for the year under review, I would estimate that there may have been some problem in that particular area of the North. I would personally hate to make a generalization and say that that was the practice across the total North.

Mr. Dutchak: — Well, I would be prepared to make that generalization, Mr. Chairman, and we'll have to discuss the procedure because I have available to me a former officer of the northern housing division that was in charge of what we're talking about, and the information that I have is not consistent with what we're hearing.

Mr. Chairman: — May I make a suggestion, member from Prince Albert-Duck Lake, I think we're not far from finishing with Mr. Yew's file. Then we can get on with the issue

of how housing was handled in the . . . (inaudible) . . .

Mr. Dutchak: — Good idea.

Mr. Katzman: — Mr. Yew's file . . . (inaudible) . . . now. Mr. Chairman, I realize I'm not going to deal with Mr. Yew, but I'm going to deal with the principle here, but it affects Mr. Yew's file.

Mr. Chairman: — I was going to make the suggestion, and I'll make it and leave it if the member doesn't want to accede to it. Finish with Mr. Yew's file, and then deal with the principle of the housing files in general.

Mr. Katzman: — Okay, I'll tie it to Mr. Yew, I was going to make it as a general, but I'll tie it to Mr. Yew if you'd like.

Mr. Yew moves in, we understand, in March sometime into this house. Is that correct?

Mr. Chairman: — That was May 1; was it not?

Mr. Willox: — April 1, I think, was the date.

Mr. Katzman: — That is right; he's in in April. He moves in; your documents do not show when he moves out, until we seem to find a Mrs. McCallum there, and a note saying we think she's been there since, but nobody has been able to confirm that. There seems to be a period of a year that the house may have sat empty by the evidence the chairman is placing — the evidence the chairman is suggesting, to where you can verify that somebody is in the house. There seems to be a year in there, yesterday, that nobody seems to account for.

Mr. Dutchak: — I think the chairman agrees on that.

Mr. Chairman: — I agree that we have no evidence before us as to when the house was reoccupied. I understood that . . . (inaudible) . . . Mr. Yew took up residence in staff housing in La Ronge on July 1. I don't know how it's altered Mr. Yew's life-style but it strikes me as unlikely that he'd be occupying two houses at once, 200 miles apart.

Mr. Dutchak: — He was before.

Mr. Chairman: — There is no evidence that he was in La Ronge. You said he was occupying staff housing in La Ronge.

Mr. Meagher: — Well, Mr. Chairman, I'd like to pose a question here while we're dealing with this file that I think will shed some light on this. That letter of September 17 continues in the next paragraph:

You currently have ownership rights to this house by way of an interim occupancy agreement, which is in effect until a mortgage is prepared and registered against this property.

Mr. Chairman: — That doesn't shed any light on it. Let me just . . .

Mr. Meagher: — Well, just a moment. It establishes in my mind . . . And maybe we're wrong; maybe this department has a different policy. That's what I would like to know. In

any other part of the world that I'm aware of, if you are under a mortgage agreement, then you are responsible for that dwelling and should, in fact, be collecting rents or something from the occupant. You are still responsible for the payments. If you have a mortgage on a home and if you decide to vacate that home and put some other person in it, that doesn't exempt you from responsibility, and I would like to know if that's the position of the department. Is that the position of the department?

Mr. Chairman: — You guys are goofy. All that means . . .

Mr. Meagher: — We may be goofy, but that . . .

Mr. Chairman: — All that means, Paul, is that . . . If you want, instead of interim occupancy of agreement, read agreement for sale. All they're saying is the agreement for sale has never been brought to a conclusion. That doesn't mean he's responsible for the house.

Mr. Meagher: — I'm not saying he's responsible, I'm asking. The letter here indicates that he is, and I want to know if that is the policy of the department. Maybe that's . . .

Mr. Chairman: — I shouldn't have been interrupting.

Mr. Meagher: — I didn't suggest he was. I'm not making that allegation. I'm asking the witness if that . . .

A Member: — You're much too sensitive, Mr. Chairman.

Mr. Chairman: — I should not have been interrupting the member from Prince Albert. Go ahead.

Mr. Meagher: — While it may appear to be goofy, I suggest to you that this . . . (inaudible) . . . of the way they conduct this whole department appears goofy to me, but that's a matter of opinion. And as goofy as it may sound, I would like to know what that is: the position of the department . . . (inaudible) . . . responsible for that mortgage and house payment.

Mr. Lloyd: — Do you want me to answer this now?

Mr. Chairman: — Comment is required from you on the . . . (inaudible) . . . comment.

A Member: — Do you really think we're goofy?

Mr. Lloyd: — This is very hard for myself because . . .

Mr. Chairman: — You're not a keen judge of what's goofy.

Mr. Meagher: — Well, I want to know what this letter suggests.

Mr. Lloyd: — Okay. This is very hard, a lot of this, for myself, just joining the department in October 1st and the corporation, of course, taking over at a period through this time, and getting official take-over on November 1st. DNS housing did have a procedure drawn up as to how the mechanism of collecting was to be enforced, but as to my knowledge, in talking to my housing officers and the people that are still

with us up there, no attempt was ever made to collect any monthly payments, any arrears; no statements were ever sent out; the records, as far as the mortgages were concerned, were kept in financial services up until the period of a year or so. And what we have got now and taking over is to try and get some semblance of order into the mortgage file and the correct arrears. When we obtained the northern department we had approximately \$7 million in arrears. Since that time we have done calculations and gone through all the files and come up with approximately \$4.4 million in arrears. Now, we haven't at this time decided . . . We've got to that point. Now we have to come to what do we do with this. And, of course, that is something that has to be taken up in our internal and presented to our minister in order to resolve these problems. Mr. Yew's file is not unique in any instance to all the other files that we have. And 1,600 accounts takes a long time to get into the proper perspective, into a proper mortgage system. We have brought in a person who is quite versatile in mortgages to be able to get the record straight, so we know where we're going and what we're going to have to do.

Mr. Dutchak: — Mr. Lloyd, I think you've hit the nail on the head as far as Mr. Yew is concerned — that he's one of many. The question I'll leave with you is: why or who made the decision to not to collect any money and why was it made?

Mr. Lloyd: — I have no idea.

Mr. Meagher: — I think, Mr. Chairman, that your comment about the goofiness of this, I'll have to . . .

A Member: — Take exception.

Mr. Meagher: — No, I just want to — well, I'll have to take exception on it — but it brings to mind an Irish adage that this whole department seems to fit right in. It's: 'Who shall guard the madhouse when the madmen are the guards?' We really are unable to get any answers on this whole matter because they simply do not have the information.

Mr. Chairman: — If the members are finished, I have some more questions I want to put to these witnesses.

What is the position now with respect to what's owing by Mr. Yew? Let me tell you from where I'm coming so you've got a fair crack at it. With any private lending institution when a quit claim deed is signed . . . (inaudible) . . . extinguishment of liability, your only rights on an agreement for sale or a mortgage are to recover the property itself. Normally, when you obtain a quit claim deed and you obtain the property back, that is an extinguishment of the liability of the purchaser. So that's why I ask: what is your view as to Mr. Yew's current liability?

Mr. Lloyd: — Because the large number of files being in the same state as Mr. Yew's file, I don't believe we have actually came up with an answer as to what we're going to do with the arrears situation. This is given the fact that due to the social economic position of so many people in the North, it is going to be a decision that's going to be very hard to come up with, and the past way that the accounts were administered.

Mr. Chairman: — I'm not asking you . . .

A Member: — We have an objection on that.

Mr. Chairman: All right.

Mr. Katzman: The objection is very simple. He's indicating there's no policy decision, which affects hundreds of others.

Mr. Chairman: — And I know. I'm asking about this specific one.

Mr. Katzman: — And is right. And he said there was no decision made, and it's going to be made in conjunction with all the rest of them. And I think that my objection here is: if we say that he does owe, or doesn't owe, or whatever, we are prejudicing all the rest of the cases.

Mr. Chairman: — No, we're not.

Mr. Katzman: — Yes, we are.

Mr. Dutchak: — Well, Mr. Chairman, I have a further objection. Your question is clearly legal to him. I know what you're talking about on a quit claim deed and the effects of it under the various provincial acts. And I'm sure Mr. Lloyd would not know what you're talking about in that regard. And really that's what you're asking him.

Mr. Chairman: — No. That's not . . . Let me ask you a leading question then. Is it not a fact, when you took that quit claim deed you had no intention of pursuing Mr. Yew for any further liability? Or is it the position of the Department of Northern Saskatchewan that you're different than any other lending institution — and you're not a lending institution, but you're different than the Sherwood Credit Union or the bank — that you'll take a quit claim deed and then continue to pursue them for arrears? Is that the position of the Department of Northern Saskatchewan?

Mr. Dutchak: — Well that's an unfair question.

Mr. Chairman: — No. It is quite a good question.

Mr. Dutchak: — You're making a statement. We've got a promissory note, are you saying . . . Well, I'm not going to get into a legal argument with you, but that's what you're attempting to do with this gentleman.

Mr. Chairman: — No, I'm not. I'm suggesting to them: (a) you had no intention, until this matter was raised publicly, of pursuing Mr. Yew for anything because you've got a quit claim deed and that closed your file with Mr. Yew, effectively. And that's, I know, a leading question, and I'm asking you to comment on it.

Mr. Katzman: — Mr. Shillington, I've got a comment here. In various other departments of government . . . I'm a Legislative Secretary to a minister and I do know some things that happen in the departments, and when a quit claim is signed in some departments, the period from when you took possession to when you signed it, there still may be some liability. But you now have no forward liability. Now, you've got two questions you're asking.

Mr. Chairman: — Only when you're dealing with a corporation; only when you're dealing with commercial loans.

Mr. Katzman: — Only when you're dealing with . . . You have no further liability.

Mr. Chairman: — No. The court of appeal changed that in December of 1982, but that was after this took place. And I . . .

Mr. Katzman: — Try that again.

Mr. Chairman: — My suggestion to the DNS official is that when you got that quit claim deed that closed your file with Mr. Yew.

Mr. Katzman: — No.

Mr. Chairman: — Because that's the effect of a quit claim deed for anyone else.

Mr. Dutchak: — Perhaps the witness could answer whether the file is closed or open.

Mr. Meagher: — What is the effect of the quit claim?

Mr. Chairman: — Well, let him answer.

Mr. Lloyd: — Due to the fact, as I stated, we have not got to that position yet, and due to the fact that the large amount of arrears and accounts owing on the large number of files, we still have to and probably will have to go and get a legal opinion on how we address this.

Mr. Chairman: — You're saying you don't know what if anything is owing by Mr. Yew?

Mr. Lloyd: — We know by the files what Mr. Yew owed, or did not pay. That's all I know.

Mr. Chairman: — All right. Right. You know what he did not pay. You do not know what, if anything, is owing by him at this point in time?

Mr. Lloyd: — We know what he owed us, but whether the technicality of the quit claim and what he owed, whether we can collect it after he signs the quit claim or not, I would have to have a legal opinion on that.

Mr. Chairman: — Are you saying that you don't at this point in time know how much he owes? Is that what you're saying?

Mr. Lloyd: — We know by the files, and by when he went in the house, when he signed his quit claim, adding up the number of months that he should make payments, or should have made payments. Taking into that consideration from the time he went into the house till the time that he signed the quit claim, as far as our files show, that would mean that he would owe for each month that he had possession of the house.

Mr. Chairman: — Notwithstanding the fact the department had given this residence to someone else?

Mr. Lloyd: — The residence was given to someone else after he was, signed the quit claim.

Mr. Chairman: — Oh no, that's not what your records say, Mr. Lloyd.

Mr. Lloyd: — The person may have been living in the house, but that was not our say

that that person could live in the house.

Mr. Chairman: — But I understood you to say the other day that the local advisory . . . the LAC acted as, in a sense, an agent for the department in determining occupancy.

Mr. Lloyd: — They filled out the application for a mortgage loan for that person, which was sent in to the department, which a credit check was done. Then they were informed that they were on the list for the house for occupancy, and when that house . . . the details on that house were completed, then that's when that person could move in. If the person, and this happens in the North quite readily, that if a house is empty, people, because they need housing, will move into the house. Then we will find out that the person is in. Then we have to go and find the person that owns that house or is in under interim occupancy, get them to sign a quit claim, and do the legal work on it. And that's all we can do.

Mr. Chairman: — But then how did Mrs. McCallum — do you know how she obtained occupancy of the residence?

Mr. Lloyd: — As far as I know she moved in — maybe Mr. Yew said she could move in — I don't know. Maybe the house was empty, the house was empty, and somebody said, 'Well, it's there, we'll fill in an application. Go ahead and move in.' I don't know those answers. I don't know how it happened.

Mr. Dutchak: — Mr. Lloyd, did you check whether Mrs. McCallum was paying rent to Lawrence Yew?

Mr. Lloyd: — No, and that's . . . I suppose I would have to go up there, make a special trip, and try to find out all the sequence of events.

Mr. Dutchak: — Our line of questioning really gets into other matters aside from Mr. Yew, and I would sure like to get into that, Mr. Chairman.

Mr. Chairman: — You've got all the time you need to get into it. I have a problem with crown corporations, unrelated to this, that I'll have to deal with shortly. Wouldn't the department have preferred to have the money rather than the quit claim deed?

Mr. Lloyd: — This was before we took over. I don't know why the decision was made the way it was.

Mr. Chairman: — A scant six weeks before you took over. It just strikes me as passing strange that without ever asking for ten cents from him, from a house that he hadn't lived in for — from a house that he had moved out of, if you prefer that, for over two years, you'd write him a letter saying your mortgage account is \$7,400 in arrears. It wouldn't, it strikes me, have been a difficult process to go on and say, 'We would ask that you remit, that you bring your account up to date.' That was never done — simply a quit claim deed was sent to him.

If I got this letter for a house I'd moved out of, two years before that, a letter saying, 'Please sign a quit claim deed,' without ten cents being demanded of me, I think my assumption would be that I didn't owe \$7,400 or any sum anywhere near that amount.

I guess this matter is not going to be determined here. Suffice it to say that if you're having difficulty determining what Mr. Yew owes, I wonder if Mr. Yew is having any

difficulty determining what he owes. Have you received any correspondence from Mr. Yew directly?

Mr. Lloyd: — There's no letters on the file, just the regular documentation that . . .

Mr. Chairman: — I'm thinking of some very recent correspondence, from him or on his behalf.

Mr. Lloyd: — Yes, we received a letter to the head office here from his lawyer.

Mr. Chairman: — Would you read that letter into the record? If the members want I will table it as a public document, if the members want. I happen to have seen the copy of this letter.

Mr. Willox: — Do you want this letter read?

Mr. Chairman: — Either that or table it, whatever the members prefer.

Mr. Meagher: — Read it first.

Mr. Willox: — It's from the law firm, Graf, Zarzeczny, Linka and Lepage, without prejudice, May 2nd, addresses . . .

Mr. Dutchak: — Well, let's just see the letter, I think, before we table it.

Mr. Chairman: — Why don't you show the members a copy of the letter, before you table it?

A Member: — You said you've seen this letter?

Mr. Chairman: — I've seen a copy of it . . .

Mr. Dutchak: — What will this add to our investigation, Mr. Chairman?

Mr. Chairman: — Nothing, except it's a letter from an eminent Regina lawyer, stating that in that lawyer's view he doesn't know anything.

A Member: — What's the date of this letter?

A Member: — May 2.

Mr. Dutchak: — Well, Mr. Chairman, without reading it, I object to this even being tabled in this inquiry. We're reviewing 1981-82, and again I reiterate what I said yesterday: You're going to have to determine, Mr. Chairman, whether you're acting as chairman of this committee, or are you going to use the committee's functions to clear your colleague who appears to have got himself in a bit of a legal problem here? And I clearly object to the filing of this letter, and you may want to consider your position, perhaps, at this time.

Mr. Chairman: — If the members object, I'm not going to pursue that. I think we're in the position, I guess, of something of a Mexican stand-off.

Mr. Katzman: — Mr. Chairman, you're abusing your privileges, in plain English.

Mr. Chairman: — I am not. You have abused this committee. If you want to get into a shoving match, I'm quite prepared to do that. When you brought up Mr. Yew's file, an elected member, without any solid information as to what was owing by him . . . And you don't know that — at least the witnesses don't. If you do . . .

Mr. Dutchak: — The information is here.

Mr. Chairman: — They say they don't know what is owing by him.

Mr. Dutchak: — That's your interpretation of what they say, Mr. Chairman.

Mr. Chairman: — They say they're going to get a legal opinion. When you brought his name into this, you abused this committee.

A Member: — . . . (inaudible) . . . this committee.

Mr. Chairman: — You did so. You did three days in a row.

I'm prepared to leave the subject, because I don't think we're going to resolve it, with one exception: I would like to know when you became aware that these files had left your office, and were in the hands of other people besides your own employees.

Mr. Lloyd: — Just since the investigation has started.

Mr. Chairman: — Which was when?

Mr. Lloyd: — Last week in the public accounts.

Mr. Dutchak: — Mr. Lloyd, did you not become aware that some of these documents were floating around the north country during the Prince Albert by-election, the P.A.-Duck Lake by-election, because of an article that was in the paper? Do you recall that?

Mr. Lloyd: — I recall reading about it, but at that time I had no knowledge of any documents leaving the office, and if they had, they left probably before we were in charge of that office.

Mr. Dutchak: — Tell me, Mr. Lloyd, when you took office, the people that were working in the northern housing division, were any of those people employees that were not in place prior to April 26, 1982?

Mr. Lloyd: — As far as I know, they were all in place at that time.

Mr. Dutchak: — They were old employees.

Mr. Lloyd: — They were all old employees.

Mr. Chairman: — Just one general question then, which I asked earlier and may not have waited for an answer on: what is the position of the department with respect to a quit claim deed? Is it the position of the department that that would extinguish liability, or is it not, or is it something that you have not yet determined?

Mr. Glauser: — He answered that question before, and he said he would have to get a

legal opinion on it.

Mr. Chairman: — Is that also the position of the Saskatchewan Housing Corporation throughout the province?

Mr. Willox: — Normally, we would use a quit claim after we've exhausted all remedies for collection, and the quit claim is simply a way to get title without going through the lengthy and expensive process of foreclosure.

Mr. Chairman: — Is that normally treated as an extinguishment of the liability of the individual?

Mr. Willox: — I guess, as far as I would be concerned, the quit claim would extinguish any of the obligations that the individual had, unless there was particular provision made for any repayment.

Mr. Katzman: — He would have the right . . . I'm sorry, the department would have the right, if it says, 'Okay, we won't take the house as of today, and not worry about the future, but we have the right to go back on you when you moved in,' if it so wished.

Mr. Dutchak: — Can we get into a further line of questioning regarding northern housing today, now?

Mr. Chairman: — Oh, indeed. I think we are largely finished with the subject.

Mr. Dutchak: — Now, Mr. Lloyd, could you tell us if you're aware of changes in the structure of northern housing every year or so? For instance, you said there were housing officers dealing with people who qualified for houses and so on. Is that correct?

Mr. Lloyd: — That's correct.

Mr. Dutchak: — Were there not people that reviewed the payment of mortgages to determine whether collection proceedings should be taken and so on? Are you aware of that?

Mr. Lloyd: — I'm not aware of that.

Mr. Dutchak: — Mr. Lloyd, I wonder if you could undertake to review the people who were employed by that department, and they're no longer with you, but review to determine whether there were people in charge of collecting, reviewing mortgages, as well as in charge of construction. And I'll pinpoint it: review to determine who was in charge of providing funds to housing groups, and reviewing the accounting process in 1981, '82, in that term. And determine whether there was a policy not to collect any arrears or not to even demand arrears in all of northern Saskatchewan because it would be too politically volatile. Could you check with these individuals? I think their names should be in your possession.

Mr. Lloyd: — That would be possible to do. I have not seen any written documents as to pertaining to that policy at all, so basically it would be word of mouth or . . . that was attributed at that time.

Mr. Dutchak: — It's a simple question, I suppose, that we're asking. We're asking: why

were these people left alone? You know, there were some people paying their mortgage payments, like we all do, like the people of Saskatchewan normally do. And then there were some that had a special privilege of not having to pay any mortgage payments, which wasn't intended, and we just want to know if you can determine why the collection proceedings were not taken.

Mr. Lloyd: — I can try my best to get that answer. It may be very difficult to actually pin it down to anything very concrete at all.

Mr. Glauser: — Mr. Dutchak, I wonder if I may . . . yesterday I posed a question to Mr. Bailey, and perhaps he can shed some light on that, because that's where I was coming from yesterday when we looked at the loan accounts, which is not dissimilar to the housing which was all under the umbrella, the area which you were working in at that time. And perhaps you can tell us what happened to the system when the collections were treated no differently in housing than they were in the loan account.

Mr. Bailey: — Mr. Chairman, the collections were treated quite differently between the two areas. They were under two . . . (inaudible) . . . While within the Department of Northern Saskatchewan, they were under two divisions of the department under two different assistant deputy ministers. My reference . . . And I think the member yesterday said I took umbrage with the auditor on a point, and I believe he was referring to the discussion of a day or two ago where there was reference made to the auditor's report where they said they could not get hold of or could not observe a collections procedure on our economic development loan fund, And I said in that discussion that we did have a procedure, and in fact I read from it. We read it into the verbatim, and it was a procedure that existed at the time. And it was quite distinct from and had no relationship at all to the loan or the arrears collections we're talking about under this housing activity.

Mr. Glauser: — Well, it may not have had any connection, but still the mechanism would be there just the same to do collections in the housing, as it would be in the loan account. Is that not true?

Mr. Bailey: — Well, Mr. Chairman, the . . . Again, we're talking about two very distinct parts of the organization. In fact, physically the economic development loan fund isn't managed out of La Ronge management, and the housing program is managed out of Prince Albert, and both are quite, and have been, somewhat self-sufficient in their own management and their own administrative and accounting procedures. So there really isn't a relationship between the two, other than there was a collections requirement, but how one group did it had no relationship to how another group did it within the Department of Northern Saskatchewan.

Mr. Glauser: — Obviously, though, neither one of them worked, and perhaps you could tell us what the philosophy was at that time, whether there was not to be any insistence on payment or what was happening.

Mr. Bailey: — Well, Mr. Chairman, I would not agree with the statement that neither one of them worked. We've been talking about the housing program, and it would appear from the evidence here there were little or no collections of arrears. We tabled a document two or three days ago which indicated that out of \$16 million in loans, we had loans repaid of \$7 million and that, when you take it into account, those which are clearly candidates for write-off, we had uncollected amounts of 11 per cent of the loans receivable. So, again, we're talking about two distinct areas, two different processes,

two different efforts, within the Department of Northern Saskatchewan.

A Member: — Can I ask one question . . . (inaudible) . . .

Mr. Dutchak: — Well, we've gotten away from housing here. I'd like to get back to housing, if I could, so we could . . . (inaudible) . . .

There were immense problems with overruns, as you've indicated before, in northern housing, and basically we're . . . It is common knowledge, is it not, in your department that there were a lot of theft problems with housing materials and so on. Is that correct?

Mr. Lloyd: — As I understand it, there was a number of thefts.

Mr. Dutchak: — And is it also now common knowledge in your department that employees of the department were advised not to report the thefts to the police?

Mr. Lloyd: — That is not true. The thefts were reported but, as I understand it, no charges were to be laid.

Mr. Dutchak: — And do you know who made the decision that charges were not be laid?

Mr. Lloyd: — I have no idea.

Mr. Dutchak: — And who was reporting the thefts — employees of your department?

Mr. Lloyd: — I would imagine that it was probably the foreman or superintendent on the site during construction.

Mr. Dutchak: — And where was all the theft taking place?

Mr. Lloyd: — I understand there was some at La Loche; there was some at Pinehouse, and different communities through the North.

Mr. Dutchak: — Are you familiar with the housing project in Creighton?

Mr. Lloyd: — No, that project was completed before we took over, so I'm not familiar with that project.

Mr. Dutchak: — You're not familiar with any of the costs on that project?

Mr. Lloyd: — No.

Mr. Dutchak: — And have you got any of those records?

Mr. Lloyd: — We would be able to ascertain those records.

Mr. Dutchak: — According to my information your costs came in at 205,000 per unit, per house, in that area, and perhaps you could just confirm whether that's accurate. Does anybody know?

Mr. Lloyd: — That sounds . . . Is that house, per unit house?

Mr. Dutchak: — Yes, 17 houses were built.

Mr. Lloyd: — It seems a little high to me.

Mr. Dutchak: — Yeah, it is a little high. The houses were commenced in 1978. I believe there was problems with contractors and they were finally completed in 1982, so they span over the year under review.

Mr. Lloyd: — Yes, we . . . Now it's coming back, yes, we just finished up the 1982 houses. They're just being completed.

Mr. Dutchak: — Would that \$205,000 per unit be accurate?

Mr. Lloyd: — I could not say at this time. We would have to get the correct figures.

Mr. Dutchak: — Okay. Do you have the figures for the log houses in La Ronge? They were some prototype — could have been Chisholm buildings.

Mr. Lloyd: — I understand there was some Chisholm log houses built in that community.

Mr. Dutchak: — And were the final costs of those approximately \$180,000 apiece?

Mr. Lloyd: — I have no idea. I would have to check those figures.

Mr. Dutchak: — Are you aware that those houses are now falling apart?

Mr. Lloyd: — No, I'm not aware. I would have to check with our building department.

Mr. Dutchak: — Are you familiar with the company called Klug Construction?

Mr. Lloyd: — Yes.

Mr. Dutchak: — And was that company located in Winnipeg, the head office?

Mr. Lloyd: — That's correct.

Mr. Dutchak: — And were they constructing houses in Green Lake?

Mr. Lloyd: — That's correct.

Mr. Dutchak: — And were they constructing houses without the benefit of the tendering process?

Mr. Lloyd: — I could not answer that question.

Mr. Dutchak: — I see. I'd like that answer, if possible, and I'd like to find out . . . You had a Mr. Bill Leigh employed by your department?

Mr. Lloyd: — He was employed with the department before we came.

Mr. Dutchak: — And was his job giving out the contracts for housing construction?

Mr. Lloyd: — He would be in that process of awarding tenders.

Mr. Dutchak: — And you don't have any information as to how many, if any, housing units he gave out to Klug Construction?

Mr. Lloyd: — We would have to check the records on that.

Mr. Dutchak: — I see. Are you aware that Mr. Bill Leigh is now employed by Klug Construction?

Mr. Lloyd: — I am aware that he was employed by Klug Construction when he left the department. I am also aware that he is now not employed recently with Klug Construction. As I understand it. It was not confirmed though.

Mr. Dutchak: — Okay. Were there several construction companies who built houses in northern Saskatchewan? Private firms?

Mr. Lloyd: — Yes, there were.

Mr. Dutchak: — And was the tendering process used with any of those companies?

Mr. Lloyd: — I understand that that's the way that it was done.

Mr. Dutchak: — Okay. Perhaps I'd just like you to supply us in writing, in the near future, the list of private contractors that built homes in the year under review, and perhaps you can indicate which ones were not tendered — were built or were building. And you can advise us which ones were successful by way of tender, and which ones were simply contracted without tender.

Mr. Meagher: — Also, in the year under review, a number of homes were in the construction process, I understand, or in various stages of construction. And it's been pretty well established that there was an enormous overrun on some of them, in cost. I want to know what steps are being taken now to ascertain the actual cause of these overruns. What reason did these costs . . . What are you doing to try to determine what was the cause of these overruns?

Mr. Lloyd: — It is not my job to ascertain what the reasons were for the overruns. My job is to make sure that the procedure is followed in the accounting of presenting those costs to CMHC. It's not my job to go back and try to find out what and why the reasons were in those overrun costs.

Mr. Dutchak: — Perhaps you'd clarify something, Mr. Lloyd. It's my understanding that when the housing groups were used, obviously it's a fairly popular political move to get people of the North involved in construction, and so on. Is it correct that when a housing development would be built by a local housing group and they suddenly ran out of money, they'd simply come back to your department, or to the department as it then was, and ask for more money, and the cheque was written for more money?

Mr. Lloyd: — As I understand it, there were a number of cheques that were written to local housing groups without the benefit of a further document stating that the completion of extra work was completed. Maybe I'm not quite giving you that clear. They would come in and they would say 'We need more money,' then some people

would say 'No, you can't have no more money because you have not completed enough work for that money.' But I understand that there were cheques issued.

Mr. Meagher: — Well, I understand that the DNS acted as a delivery agent for these local housing groups or for northern housing throughout the year under review. Is that correct?

Mr. Lloyd: — DNS is the delivery unit through the agreement with CMHC.

Mr. Meagher: — Well, you indicated a few moments ago you have got no mandate, or it's not your job to determine the cause of these overruns. Is anyone attempting to determine what in fact constituted an enormous overrun on housing, aside from the RCMP? Are there any efforts being made to audit books or were books audited? I would like to know. It's not like we're talking a 10 per cent overrun or something on a house. My information is we're looking at something like \$9 million in northern Saskatchewan in housing alone on something like 500 homes, and that constitutes an unacceptable abuse of public funds far beyond anything that a person in the construction business would accept as a reasonable overrun.

Mr. Willox: — Perhaps you could ask Mr. Larsen, he's our financial director, to respond to that. He's been involved in the examination of the books and records as they existed at the time of takeover by the corporation.

Mr. Larsen: — Basically there are two particular areas involved in reviewing potential overruns. As previously mentioned, the one is reviewing of the mortgage records because in essence the reconciliation of a mortgage account, the units were sold to the owner-occupant or potential purchaser based on the cost of the unit. An attempt was made to reconcile those books to determine what in fact is outstanding. As far as verifying the cost of the particular unit, in many cases it's involved with local housing groups, non-profit groups. Attempts were made prior to our take-over to verify and audit some of those books. In many cases there was nothing there to audit in our view and recommended that perhaps we should look at streamlining the future, rather than going back and really doing something that somebody else has tried to do — tried to audit it in the past — and were unsuccessful. Costs have been incurred, cheques were issued for the amounts and that's basically the position that we've taken.

Mr. Meagher: — Well, I just want to clarify a point then. You're suggesting that the mortgage document will reflect the cost of the home as opposed to a fixed figure prior to construction. In other words, if a Northerner applied for a home and it was built through a local housing group and it was a 1,000 square foot house but cost \$ 1 million to build ultimately, then his mortgage would reflect that figure.

Mr. Willox: — That's the situation at the present time because it's a federal-provincial agreement. It's not a situation that we think is realistic or practical or fair. That more along the lines of what you have described, that the cost should be fixed. The owner should be aware of that. If there are problems in construction, cost benefits, that's the operation of the corporation or the department. The federal-provincial agreement and the way that it's administered at the present time does require cost finalization before we can enter into an agreement, a mortgage agreement with the individual. So we're stuck with that at the present time, but what we would like to do is define the cost up front and proceed with the construction. It provides more discipline in completing the units, provides more certainty to the home-owner in terms of the price, and that is obviously the first question that they want answered.

Mr. Meagher: — Well it seems to me that a program set-up that allowed that kind of abuse . . . If there were 90 semi loads of building materials taken from the site and the purchaser of that home would ultimately be charged for those materials — it would be reflected in the cost — there would be no accountability there at all. There would be no way of making that program function or work. Our information is that you haven't any way of auditing the books of the builders — the contractors that are building it; you have no way of determining whether the cost overruns were through theft or mismanagement or any other way; and the total of the rip-off would go to the cost of the house, and ultimately to the mortgage holder. Is that basically the program that was envisaged.

Mr. Willox: — I don't think that was the program that was envisaged but I think that is a reasonably accurate statement of what has occurred, except with respect to the reasons for the overruns. While they can't be identified on each and every account, I think there are some general principles that come into play, and issues that we are aware of. The process whereby funds were advanced to the individual groups, and a lot of them not having the skills and expertise to properly manage the labour force and the material supplies, was an obvious problem. And other problems with respect to the accounts, and records, and verifying it: work was in place and the funds were advanced for work performed on the site. So there are some general issues that have been identified and which we would try to correct.

Mr. Meagher: — Just a comment, but it seems to me that some people had a great deal of skill and expertise, that they were able to run a house from — under 1000 square feet, \$70,000 or \$80,000 to a couple of hundred thousand dollars in cost. There was a great deal of special talent and expertise demonstrated there, in my view.

Mr. Dutchak: — I wonder if I can ask the witnesses some final questions from my point of view. When the department was dealing with the non-profit groups, I gather it was within your department's knowledge that, for instance, the group would get \$400,000, or whatever, and it would contract with its own members who would provide consulting services and so on to the non-profit group. Are you aware of that happening?

Mr. Lloyd: — I don't quite understand the question.

Mr. Dutchak: — Okay. When you were contracting with a non-profit group for delivery — a housing group — for delivery of a number of units, were you aware that members of the housing group themselves were contracting with the housing group for services rendered by the individual members of the housing group?

Mr. Lloyd: — That is the question that is very hard for us to answer at this time, because we were not involved in that delivery method.

Mr. Dutchak: — And in that delivery method your department had no system of checking on this. Isn't it correct?

Mr. Lloyd: — I believe that they probably had a system but to what extent it was followed I can not answer.

Mr. Dutchak: — I'll give you the example regarding one housing group. Assume we're

dealing, and I have some figures — I'm not sure how accurate they are, but I'm using it as a single example or hypothetical . . . If a housing groups receives \$400,000 for construction of certain units, and \$100,000 out of \$400,000 was going to one of the members of the housing group for consulting services for that particular project, you had no mechanism to investigate this, to stop it from happening.

Mr. Lloyd: — Like I say, what the mechanism was before we took over on that . . . I imagine there was a mechanism in there with the tri-party agreement, and that is, PMSHA, CMHC, and the Department of Northern Saskatchewan, where the mechanism was set up that PMSHA would be giving some guidance as to how the local housing groups would operate.

Mr. Dutchak: — Would any of the other officials know about whether there were any safeguards to stop that from happening?

Mr. Bailey: — We're not aware of any, Mr. Chairman.

Mr. Dutchak: — The next question: in defence of some of the housing groups, there were some housing groups that did build houses for projected costs of \$65,000 and so on, and it's my understanding that you have some areas where the DNS itself delivered, basically next door, the identical house that came in at \$20,000 more than what the people were building it for up there. Are you familiar with those projects?

Mr. Lloyd: — There were some local housing groups that did come in at their cost of their tender, and I would have to check the records to see, if the DNS direct delivery were building houses in the same community at the same time, as to whether they were over or at cost.

Mr. Dutchak: — Okay. Perhaps if I can get further information to you to narrow it down to the area, I will provide it. I have it, but I don't have it before me.

Mr. Lloyd: — Could you give me the area or the community where it's . . .

Mr. Dutchak: — That's what I mean. I've got it somewhere, and I'll find it . . . (inaudible) . . . getting that to us in a simple letter from you to us indicating that is adequate.

Mr. Chairman: — Just so I understand the process, you're going to contact Mr. Lloyd, and Mr. Lloyd's going to respond to the committee or respond to you personally?

Mr. Dutchak: — Well, I'll ask him to provide us with any such situation, to his knowledge, as an example to us, by letter, and if I can assist him I'll telephone him.

Mr. Chairman: — Okay. It's open . . .

Mr. Katzman: — He's providing it to the committee.

Mr. Chairman: — . . . to the committee. That's what I'm asking.

Mr. Katzman: — And he's going to give him the name of the community he's looking for.

Two questions: earlier, one member (I'm not sure which one of the members) asked the

question: when were you aware that documents of DNS were in hands of others than DNS employees? It was asked earlier, and I guess Sask Housing, of course, was not in DNS at the time of the last election, but some of the other gentlemen at the table were in DNS at the time of the past election, and my comment is, I think you were aware there were many documents floating around, DNS documents, that were in the hands of other people than DNS officials, prior to the last election or during the election.

Mr. Bailey: — Is that a question? Were we aware?

Mr. Katzman: — Yes.

Mr. Bailey: — Mr. Chairman, we were not aware of the disposition at all of the housing — sorry, branch files. We do understand from reading the news media that there was some information known to people, but we wouldn't want to base that as our primary source of information.

Mr. Katzman: — But basically, I think we had the exact source. The news media, prior to April 26, 1982, were carrying stories about DNS financial problems. It was out there. So I'm just confirming what was said yesterday in the House. I mean, the department knew that was going on. I believe — and I stand corrected here — we had documents during public accounts prior to the election in '82. They were used right in this committee, if I can remember correctly, but my memory isn't perfect on that one.

Mr. Chairman: — I would be interested in your response to that. I don't think you ever gave the member from Rosthern a response.

Mr. Katzman: — He said, 'Yes, they were aware.'

Mr. Chairman: — Then . . . (inaudible) . . . were you aware?

Mr. Bailey: — The essence of my answer was that I was aware, from reading the newspaper as anybody else reads it, that there was information that people were alleged to have had about the Department of Northern Saskatchewan, which wasn't unique to the Department of Northern Saskatchewan. But I don't know the state of the files.

Mr. Katzman: — What you're saying: you knew there was information out there; you don't know what was in it. But it was obvious, for lack of a better word, the Conservatives had the files and knew what was happening up in DNS prior to the last election.

Mr. Chairman: — And subsequent to the last election.

Mr. Katzman: — Prior to the last election.

Mr. Dutchak: — Well, also subsequent . . . (inaudible) . . . question should follow. There's been an attempt by the chairman of this committee to lead the house to believe that certain documents were provided to the member from Prince Albert and myself to utilize in this committee. And what I want to know is whether you are aware that these documents that we've referred to regarding Mr. Yew were common knowledge in Prince Albert several months ago. Do any of you know that?

Mr. Bailey: — Mr. Chairman, as far as I'm concerned personally, I don't know that to be

the case.

A Member: — You're not aware one way or the other.

Mr. Lloyd: — I would have to give the same answer.

Mr. Chairman: — Okay. I gather the process is that the crown corps is leading off with fur marketing. We may continue until we receive a call from them.

Mr. Dutchak: — I'm done with housing, if you want to go to DNS.

Mr. Chairman: — Go ahead, then.

Mr. Katzman: — I want to follow on a couple of questions that were asked earlier, and I'll start with that consulting fee one first. And I will ask of DNS officials as well as Sask Housing. Is it a common practice to non-profit groups to either hire the department as a consulting . . . (inaudible) . . . or staff within the department, or to go out and hire consultants outside? Was that a common practice? Is it a common practice? Is it done in Sask Housing on the non-profit housing side? Isn't it done?

Mr. Willox: — Well, first of all, with respect to Saskatchewan Housing, we have not been involved in any direct contractual arrangements with housing groups to provide consulting services, but obviously, in dealing with those groups, we do go through inspections and you try to look at their books and records, and provide them with some advice. With respect to the groups using outside services, they have in the past made use of outside consultants. In the South, I think it was primarily with respect to some of the central Metis organizations. And using the services of those groups, those contracts were not funded by the Saskatchewan Housing Corporation. In most cases, I think they were funded either through the federal government in sustaining grants that were made available to these organizations, or specific grants that were set aside for consulting work relative to job training through Manpower . . . (inaudible) . . . etc. With respect to northern housing situation . . . (inaudible) . . .

Mr. Lloyd: — I would have to say that probably Mr. Willox's remarks are the same for the northern department as well, in that period of time.

Mr. Katzman: — It may be a Sask Housing question rather than a DNS question, of the same officials. There is homes both south and north that I have seen — I know one we have been involved with eight years till the little bits and pieces were finally cleaned up . . . (inaudible) . . . the mortgage, and I assume that's the same as is happening in the North? Worse, or . . .

Mr. Lloyd: — In the northern department, there was a lot of unfinished work and a lot of warranty work. In the past six, seven months since we have taken over the department, we have cleaned up practically all the warranty work and completion of the units, and at this time we have, as I say, completed nearly all the construction and bits and pieces. It's getting cleaned up.

Mr. Katzman: — The subsidized housing in La Ronge, and so forth, for government employees. Is that still available?

Mr. Bailey: — Perhaps I could speak to that, Mr. Chairman.

Mr. Katzman: — On the year under review, I should say.

Mr. Bailey: — The under review, if I recall correctly, in the middle of the phase-out of the subsidy, moving rents to market rent. I'm not positive, but I think today they may all be at market rent, and I know you're talking about the year under review, but there was about a three-year progression there where rents were given . . . there were significant increases in rents to move them up to the market level.

Mr. Katzman: — Yes, that came up in this committee before. That's why I'm asking.

Mr. Bailey: — Yes, and also at that time in the year '81-82, I believe that was the year in which a decision was made to no longer provide subsidized housing to new employees.

Mr. Katzman: — So, only those that were up there prior continued until they got caught up. New ones in '81-82 were said, 'Okay, no more subsidies; you pay the market rent.' Am I correct?

Mr. Bailey: — Yes. In the year under review they may not have moved to market, but certainly in that year they took a major step towards it, so that I would think by now, anybody living in a staff housing unit would be paying the equivalent of market.

Mr. Katzman: — So that would be the procedure all of . . . Basically the whole province is the same then?

Mr. Bailey: — No, that's not the case. Again, if I recall correctly, the decision was made that in La Ronge and Creighton, and the third community — oh, just the two then, I guess — the decision was made that subsidized staff housing was not required in those communities because there was other housing available. The program, I believe then, continued for other more remote locations, for subsidized housing.

Mr. Katzman: — What about Uranium City?

Mr. Bailey: — The subsidy continued there.

Mr. Katzman: — And still does?

Mr. Bailey: — Yes. I believe it still does. The government services now operates those staff housing units, but as of this moment, I believe that they're still subsidized.

Mr. Katzman: — My concern is when do you stop subsidizing? It's a benefit to an employee if part of his housing is subsidized. And if an employee is making \$30,000 or \$40,000 is his . . . (inaudible) . . . given to the level of his wages, or how do you figure it out when you're subsidizing employees?

Mr. Bailey: — I believe it was based on . . . There was a combination of two factors: the size of the unit — one bedroom, two bedroom, three bedroom, some of them were apartments, some of them row houses or single detached dwellings — and income to a maximum of 25 per cent of income. But that would have to be built in with the factor of the size of the housing unit.

Mr. Katzman: — Who is responsible in Sask Housing or DNS for all those mobile homes that are floating around?

Mr. Bailey: — Well, the mobile homes . . . There are certain mobile homes in La Ronge, which were part of the staff housing portfolio and which would be included in the points I've just made.

Mr. Katzman: — Who's responsible? You?

Mr. Bailey: — Today?

Mr. Katzman: — Today.

Mr. Bailey: — Government services.

Mr. Katzman: — Who was responsible in the year under review?

Mr. Bailey: — The Department of Northern Saskatchewan.

Mr. Katzman: — Not housing?

Mr. Lloyd: — We were not responsible for any of the staff housing, trailers or . . .

Mr. Katzman: — Did we have trailers up north? Well, we went through this in DNS before. There was a whole pile of trailers for staff that were sitting empty around up north, sat empty for a year in some cases, and weren't used. And some of these were turned over for the community to use because the staff department wasn't using it. Who used them until they were finally hauled out of the North? Did you give them to the housing branch, or did the department still rent them out to private people there?

Mr. Bailey: — I'm not familiar with the first part of your . . . the point you made originally, that there were a number of mobile homes sitting empty in the North. I'm just not familiar with that subject and . . .

Mr. Katzman: — It came up in this committee before.

Mr. Bailey: — We can investigate it.

Mr. Katzman: — We'd have to go back to the previous years, but there was one place, there was two or three of them sat and there'd be nobody in them there as a department official for a year or something . . . (inaudible) . . . So you allowed the local community to use them for some reason: somebody lived there.

Mr. Bailey: — Well, I'm sure, Mr. Chairman, that in staff turnover, or as programs change staff housing units . . . the turnover occurred in staff housing units. In La Ronge today, many, many staff housing units are boarded up and are empty.

Mr. Katzman: — Sorry, this was not in La Ronge. This was in some small communities that you had these mobile trailers out — 52 quarters or whatever they are.

Mr. L'Heureux: — I think I can make a general comment to that. I think some of those units were used by teachers or nurses, and that kind of thing, and weren't necessary for DNS staff. And arrangements were made with the appropriate groups to re-rent them. To my knowledge, at this point all the empty trailers were disposed of, were put on sale and were disposed of.

Mr. Katzman: — They've been selling them for the last while. That's why I'm trying to understand under the year in review: what did you do with the income? Like, because you must have got income. Did it go in the department? Did it go in housing? Who looked after it, and who disposed of them all?

Mr. L'Heureux: — We had to distinguish that staff housing was a separate unit and organization, as opposed to public housing. It always was within the department.

Mr. Katzman: — Okay. These trailers got into public housing . . . Sorry, rental, public rental.

Mr. Bailey: — It's likely that this housing was operated out of the northern housing advance account, so that revenue would go into the advance account.

Mr. Katzman: — They're all gone? Okay, leave it alone, because I think I'm into a boar's nest. Have you guys got something else?

Mr. Dutchak: — We'd like to get into Mr. Krip's evidence if we could.

Mr. Chairman: — Are we finished with the officials from Sask Housing? If so, we may excuse them and let them go to crown corporations.

A Member: — Thank you very much.

Mr. Katzman: — We may have to call them back . . . (inaudible) . . .

Mr. Lloyd: — Mr. Chairman, they're . . .

Mr. Chairman: — Yes, I assume so. We'll be returning to discuss Saskatchewan Housing Corporation proper with you. But I assume we are all done on this subject for the moment.

A Member: — For the moment.

Mr. Lloyd: — Mr. Chairman, there was a number of questions that they asked us to get answers to.

Mr. Chairman: — Those you can provide to the Clerk. Provide 15 copies to the Clerk and she'll distribute it to the committee.

Mr. Lloyd: — Do I have a time frame on this? I have to go back . . . (inaudible).

Mr. Chairman: — No, just as soon as is reasonably possible.

Mr. Lloyd: — Thank you.

Mr. Chairman: — If we're going to finish with DNS this morning, are we going to run through till we finish or 11 o'clock, whichever occurs later? Is that what we're thinking?

A Member: — I wouldn't mind.

Mr. Chairman: — Huh?

A Member: — I'm willing. What about you guys? Can we finish today if we went for a little after 11?

A Member: — I think so, really.

Mr. Chairman: — I can't stay after 11, but we could run up until 11.

A Member: — . . . (inaudible) . . . have to go with the deputy chairman.

Mr. Chairman: — Not that I'm aware of.

Mr. Katzman: — We should have started with the deputy chairman two days ago; we'd be done.

Mr. Chairman: — You can certainly complete it in my absence if you like; I don't particularly care.

Mr. Dutchak: — No, no, we'll play it by ear. We likely will finish.

Mr. Chairman: — So I think there's your answer: we're going to go to 11 o'clock or till we finish, whichever occurs first.

Mr. Dutchak: — Are we ready to roll here?

Mr. Chairman: — Okay, reconvene the committee meeting.

Mr. Dutchak: — Mr. Krip, good morning. Do you have some information I requested regarding two corrections buildings? Do you have that information?

Mr. Krip: — Yes, I do have some information, so . . . Depending what your questions are.

Mr. Dutchak: — All right. The Creighton corrections building — was that built by a private contractor for your department?

Mr. Krip: — Yes, it was,

Mr. Dutchak: — And what was the final price? What was the contract price on that?

Mr. Krip: — Okay, you want final contract price, or do you want, do you wish, total project cost?

Mr. Dutchak: — Well, I want the contract price which I believe was for the construction of the corrections unit according to specified blueprints.

Mr. Krip: — A total, total project cost?

Mr. Dutchak: — No. I, first of all, want the tender price, the contract price itself.

Mr. Krip: — The original contract price was \$354,800.

Mr. Dutchak: — Okay. That's the price that was on the tender, and it was tendered out

to public. Right?

Mr. Krip: — Yes, it was by public tender. There was three bidders.

Mr. Dutchak: — And who was the bidder that bid \$354,800?

Mr. Krip: — It was Lorman Construction (1965) Ltd.

Mr. Dutchak: — Norman . . . ?

Mr. Krip: — Lorman, Lorman of Saskatoon. Right.

Mr. Dutchak: — Okay . . . (1965) Ltd?

Mr. Krip: — Yes, Ltd.

Mr. Dutchak: — That included the construction of the building according to the plans and specifications requested by you, right?

Mr. Krip: — Yes, there was some subsequent change orders that were issued. The contract price was also altered following the awards.

Mr. Dutchak: — Following the award?

Mr. Krip: — Yes.

Mr. Dutchak: — What was it altered to?

Mr. Krip: — The latest information that I have is the contract price increased to \$363,595.

Mr. Dutchak: — As by agreement of both sides?

Mr. Krip: — Yes, this was caused by change orders: changes to things within the building during the course of the construction.

Mr. Dutchak: — What was the final project cost?

Mr. Krip: — The project is estimated to be completed in the vicinity of \$570,000. It's not totally concluded now. It's in the warranty period until August, but our estimates for the total project are 570,000.

Mr. Dutchak: — Okay, explain for the record why the project cost is higher than the contract price.

Mr. Krip: — Because there was various other costs in there somewhere: design costs; there was the purchase of the land; there was the architect's fees; in-house engineering; financial service's mark-ups by virtue of the advance accounts while the accounts were processed through DNS, and that was to March 31; there was furnishings and equipment supplies in that building; and the soils investigation also, along with design . . . (inaudible) . . .

Mr. Dutchak: — Okay, and can you tell me what the land cost was?

Mr. Krip: — The land cost was close to \$80,000. Precisely, it was 79,800.

Mr. Dutchak: — So you're saying the balance of 130,000, or whatever, is made up of your internal costs that your department places on the work provided by your employees?

Mr. Krip: — No. It's architect's fees . . .

Mr. Dutchak: — Well, did you have a private architect?

Mr. Krip: — Yes.

Mr. Katzman: — What's his fee?

Mr. Krip: — Initially it was estimated to be approximately \$30,000. However, some of the fees were absorbed in the Buffalo Narrows corrections . . .

Mr. Dutchak: — I realize that.

Mr. Krip: — . . . as the design there preceded . . .

Mr. Dutchak: — Where did the hundred go then? You're still left with \$100,000 cost.

Mr. Krip: — Well, I mentioned 25,000 for in-house engineering; \$20,000 approximately for overhead . . .

Mr. Dutchak: — That's DNS overhead.

Mr. Krip: — Yes.

Mr. Dutchak: — That's an arbitrary figure that you people put on the project according to what you think your costs are, right?

Mr. Krip: — Yes.

Mr. Dutchak: — Your soil tests would probably cost you no more than \$5,000, eh?

Mr. Krip: — Yes, they were five or six — is the figure that I have on the soils.

Mr. Dutchak: — Yeah. And that was a private contractor as well, wasn't it?

Mr. Krip: — Yes.

Mr. Dutchak: — Okay. So roughly the \$100,000 is, like I say, your arbitrary figures that you put on for the costs of your administration.

Mr. Bailey: — Mr. Chairman, that's not what he said. The \$20,000 is the Department of Northern Saskatchewan overhead charge, in order to manage and provide financial and administrative services internally to DNS. The architect's fees were an external cost. The in-house engineering may have used our in-house engineers, but it would be engineering work that would be needed to do the project. Furnishings and equipment

is an outside cost. Soils are an outside cost.

Mr. Dutchak: — What's the furnishings figure?

Mr. Bailey: — \$33,000.

Mr. Dutchak: — Okay, so that brings it down to about 70,000. I'm just trying to identify the figure that DNS charges back to the project for people that they have internally: management and so on.

Mr. Krip: — Well, I've quoted a figure of \$25,000 for the in-house staff, engineering staff assigned.

Mr. Dutchak: — Plus overhead of what?

Mr. Krip: — Plus overhead as it goes through the financial services.

Mr. Dutchak: — Now, could you counter that project with Buffalo Narrows? I understand Buffalo Narrows . . . You use the same blueprints. Is that correct?

Mr. Krip: — Yes, virtually the same. There was modifications to the soils and foundations at Creighton. There was modifications at Creighton. Initially Buffalo Narrows preceded Creighton.

Mr. Dutchak: — Okay. That's understandable. Were those two buildings built in approximately the same year?

Mr. Krip: — The Buffalo Narrows building commenced approximately, I don't know, between six months earlier. Six to seven months earlier.

Mr. Dutchak: — And what was your final project cost on the Buffalo Narrows building which DNS self-delivered on?

Mr. Krip: — \$670,331.

Mr. Dutchak: — What's the land cost on that?

Mr. Krip: — \$25,000.

Mr. Dutchak: — Would that be added to the 670?

Mr. Krip: — No. That's included.

Mr. Dutchak: — Okay. The 670,000 is your total project cost on Buffalo Narrows?

Mr. Krip: — Yes.

Mr. Katzman: — And your land was \$50,000 less?

Mr. Krip: — 80,000 minus 55,000.

Mr. Meagher: — May I ask you from whom were the parcels of land purchased, in the case of the Buffalo Narrows and the other project? Who owned the land?

Mr. Krip: — At Buffalo Narrows?

Mr. Meagher: — Do you have that information?

Mr. Krip: — At Buffalo Narrows, it was owned by the LCA.

Mr. Meagher: — And the other location?

Mr. Krip: — By the town of Creighton.

A Member: — Which was the expensive one? Creighton?

Mr. Krip: — Creighton was the expensive one.

Mr. Dutchak: — And how do you account for the difference? Why did it cost . . . I'm sorry, I have to ask you another question before that. Did you also charge the internal costs that we spoke about before to their project at Buffalo Narrows?

Mr. Krip: — Yes.

Mr. Dutchak: — That's included in the 670?

Mr. Krip: — That includes everything.

Mr. Dutchak: — And why is there more than \$100,000 difference then?

Mr. Krip: — Because there was close to \$100,000 incurred at Buffalo Narrows, on a previous design, to the client, which was Social Services. There was a previous facilities totally designed — there was a change in the program and approach on the facilities — and the building was consequently scaled down and redesigned.

Mr. Dutchak: — You have project report forms, do you not, in your possession, that indicates the various costs, the breakdown and the final costs to the Department of Northern Saskatchewan — do you?

Mr. Krip: — Yes. Are you referring to construction estimates at the time?

Mr. Dutchak: — No. Final project cost. You have a report sheet that you normally do.

Mr. Krip: — Yes.

Mr. Dutchak: — And you have report sheets on both projects. Is that correct? We'd like you to table both report sheets, or copies of them, in due course. It doesn't have to be today; you can do it whenever you want, and we'd like that tabled please.

I'll quickly go on to the La Ronge building. What's the big monument called in La Ronge? The big government building, what's the name of it? BOB building?

Mr. Krip: — It's called Mistasinhk Place.

Mr. Dutchak: — Mistasinhk Place.

A Member: — . . . sounds Ukrainian.

Mr. L'Heureux: — No. It's Cree. Mistasinhk means a big rock.

Mr. Dutchak: — I see. Now, roughly am I correct in saying that your department went about \$2 million over the initial projected costs on that building?

Mr. Bailey: — Mr. Chairman, could I ask Mr. Krip what involvement he had with this building? I'm not sure.

Mr. Chairman: — That's fair enough.

Mr. Bailey: — This didn't come up yesterday.

Mr. Krip: — Yes. Certainly we were involved. Our group and our branch handled the tendering on that project.

Mr. Dutchak: — Perhaps in all fairness, I'll ask if you're aware of the final project cost?

Mr. Krip: — Okay. That was not a question that was addressed yesterday. I can estimate that to be near 7.2 million.

Mr. Dutchak: — And the original projected cost was about 5.2 million?

Mr. Krip: — It may be in that range, in the 5 million, 5.5 or 6.

Mr. Dutchak: — Again, what I would like to know is: how can you go \$2 million over on a building such as that?

Mr. Krip: — One, there was the land on which it was situated; there required extensive drainage works. It was situated adjacent to a muskeg, and there was a substantial amount of drainage work undertaken even to provide parking facilities there. The initial tendered documents were altered, and changes made. As an example, incorporation of a health centre, which was changed from the initial plan. That was subsequently added to the initial contract price.

Mr. Meagher: — Is it true that there was a invitation to tender on a renovation that cost something like \$700,000 prior to the official opening of the building?

Mr. Krip: — An invitation . . .

Mr. Meagher: — Was there a tender? Was there a renovation project awarded, this health clinic you referred to?

Mr. Krip: — No, the renovation . . . What happened on the project, the health . . . The area was intended for other use, and one area was not finished off. Consequently, when the decision was made to incorporate the health people in there that was additional to the original contract.

A Member: — Do you recall the . . .

Mr. Krip: — The details were not defined in the original contract because the ultimate use was not determined . . . (inaudible) . . . tendered.

Mr. Meagher: — Do you recall the date of the official opening of that building?

Mr. Krip: — It would be the fall of 1980.

Mr. Meagher: — And this health facility that was added into the building, how was that additional cost incurred? Was it done by tender?

Mr. Krip: — I would have to check my records. I believe it was done by tender, but I could find that out.

Mr. Meagher: — Would it then have been dealt with as a renovation?

Mr. Krip: — No, as an addition and as a separate project. Of course the main contractor was off the project at the time, and there was tenders called, I believe, for this work and it was awarded to the low bidder. I have to go back to my records for that because I don't have the files. This was a complete surprise to me that this project would be discussed.

Mr. Dutchak: — Yes. And we can . . . Actually the overruns are surprising to us, so we're all surprised. But we can ask them to table the final report on that building as well, in due course. Were you also involved in the Prince Albert office building, the high-rise building?

Mr. Krip: — No.

Mr. Dutchak: — You weren't. That was Government Services?

A Member: — That's Department of Government Services.

Mr. Dutchak: — Okay. Now, well, let's deal with another one. Buffalo Narrows repair depot. You were personally involved with that, weren't you?

Mr. Krip: — Yes, it was handled by our branch.

Mr. Dutchak: — And is that one approximately \$1 million over?

Mr. Krip: — It was over initial estimates.

Mr. Dutchak: — What was the initial estimate?

Mr. Krip: — That information I don't have here. I do not have the files.

Mr. Dutchak: — Am I roughly accurate in saying that it's \$1 million over the original estimates?

Mr. Krip: — I couldn't say yes or no. I wouldn't know what it is. Probably in that magnitude . . . (inaudible) . . . precisely.

Mr. Dutchak: — Did your department ever build any building under projected cost? The reason I ask: I'm . . .

Mr. Krip: — Yes, we did.

Mr. Dutchak: — We erect a plaque on that one. I'm not about to attack anyone personally but I understand . . . Okay. I want to get into an area . . . Do you know what ROMM means, what it stands for?

Mr. Krip: — You know, that was a designation used by the materials management branch . . . (inaudible) . . . used in requisitioning materials.

Mr. Dutchak: — Can you describe to us what a ROMM book is?

Mr. Chairman: — What would the requisition be? I'm sorry, I missed that.

Mr. Dutchak: — The requisition of material management, is that it?

Mr. Krip: — Yes, I believe it is.

Mr. Dutchak: — And what is a ROMM book?

Mr. Krip: — What is it for? A documentation on which you placed your order.

Mr. Dutchak: — And who possessed ROMM books?

Mr. Bailey: — The committee should be aware, Mr. Chairman, that Mr. Krip is not the director of the branch now that this system was involved in. He may still have the answers but he wasn't the director of that branch.

Mr. Chairman: — Perhaps the questions should be directed to the . . . (inaudible) . . .

Mr. Bailey: — Well, I can answer less than he. I'm not suggesting . . . (inaudible) . . .

Mr. Dutchak: — I think Mr. Krip can provide the answers that I need. I'm not going to get into it in depth; it's just a general concept.

Mr. Chairman: — I'm sure that the witness understands that it's perfectly fair to say, 'I don't know.' You're not . . .

Mr. Krip: — Well, who possessed the book? Generally they were in materials management. That's all I can say.

Mr. Dutchak: — Perhaps I'll direct your attention to the point I'm trying to get at. We have thousands and thousands of dollars worth of equipment or materials — materials, I'll start with that — that were stolen, misplaced, lost. You're aware of that?

Mr. Krip: — No, I'm not. Not in my branch.

Mr. Dutchak: — No, no, but I'm talking about the material management because it was all stored in one place, wasn't it? Correct?

Mr. Krip: — This was an area that . . . Materials management was a service branch to

the other various branches in the departments. It was a mechanism by which materials were ordered and documented on your placing of the initial orders.

Mr. Dutchak: — And in certain areas he had storage depots full of building materials — insulation, wall, board, etc. Is that correct?

Mr. Krip: — Yes, there was areas.

Mr. Dutchak: — And anyone with a ROMM book could simply drive up to this depot, whip out the ROMM book, take what he wants and simply sign it to some project. Correct? Is that the general idea?

Mr. Krip: — No, there would be control on it when the materials were handed out. There would be two parties to any transaction — the party requesting the materials, the party signing the materials out.

Mr. Dutchak: — Sure and the ROMM book would . . . You'd answer the project it was going to, the guy would load up a semi-trailer full of insulation and it would be signed out and it would be gone. Correct?

Mr. Krip: — Yes.

Mr. Dutchak: — The problem was . . . Am I correct in saying that the information in the ROMM book when the stuff left the depot was never, ever tabulated against the project?

Mr. Krip: — You'd have to bring up a specific instance of this.

Mr. Dutchak: — Well, was there any accounting ever done?

Mr. Krip: — The materials that were ordered for a project, presumably they arrived at the project.

Mr. Meagher: — What would happen in fact is that truck load of material would be charged against that project, as it was reflected in the ROMM purchase order. Is that correct? What was the mechanism to determine whether in fact that material arrived at that project and was installed in that project? . . . (inaudible) . . .

Mr. Krip: — That would be left up to the people on the job site, confirming that the material arrived there, and put into their responsibility at the job site.

Mr. Dutchak: — Who is responsible?

Mr. Krip: — Depending what project it was on. Whoever . . .

Mr. Dutchak: — Well, what we want to know is how did that . . .

Mr. Krip: — The construction manager in some cases; the site foreman in some cases.

Mr. Meagher: — Well, perhaps we should set up a scenario. Assuming a load of materials arrived on a job site, how would the project manager or the responsible person there . . . what type of a document would be returned to the materials management people indicating that that material in fact was on that project? What kind

of a mechanism was in place so that materials management could determine that a responsible person had received that material and . . .

Mr. Krip: — He would sign a receiving slip.

Mr. Meagher: — Where would that receiving slip go? How would they know, know materials management . . . (inaudible) . . .

Mr. Krip: — I'll have to again go into the precise systems that were used on arriving.

Mr. Dutchak: — We're talking about the general system. What we're saying is that there wasn't any process in place by which there would be confirmation the materials ever got to the project — confirmation back to the materials management people. Is that correct? It was just left to the responsibility of . . .

Mr. Krip: — There should have been. I don't know then precisely what . . .

Mr. Chairman: — If I could just interrupt, what did you mean when you referred to a receiving slip? Was that what was supposed to verify the receipt of materials . . . (inaudible) . . . ?

Mr. Dutchak: — On site.

Mr. Chairman: — On site.

Mr. Dutchak: — Mr. Chairman, if I can perhaps indicate it, I was getting out to a simple point. What we're saying is that the materials were picked up, trucked away, but if it didn't get to the site, the guy on the site would not know what was taken from material management, because there was no communication between the two.

Mr. Krip: — Mr. Chairman, I take objection to what Mr. Dutchak is saying. What he said was that materials left the materials management yard, however, they arrive at the site. Why would materials management want to know then why or, again, that they arrived at the site?

Mr. Dutchak: — Well, if the materials never arrive at the site, your man in charge on the site would not know that the materials were even taken from your ROMM depot and your ROMM depot doesn't know, or doesn't care, where . . . (inaudible) . . .

Mr. Krip: — There was a documented transaction that materials being picked up . . .

Mr. Dutchak: — Well, I'd like you to confirm to us what documentation was in place. According to my information there wasn't any. There was no communication at all. And if you can provide us . . . I hope you do provide us with information that there was this communication.

Mr. Bailey: — Mr. Chairman, we can provide in a written way all of the procedures associated with this.

Mr. Chairman: — A description of the procedures together with sample documents.

Mr. Dutchak: — But we don't want it similar to the collection procedure. We want to know what was done.

Mr. Bailey: — I'm not sure what you mean, similar to the collection procedure.

Mr. Krip: — Phrase your question again.

Mr. Dutchak: — We want you to ask your people and find out what the practice was regarding the materials management, whether there was any communication. We don't want to know what your procedure should have been.

Mr. Chairman: — I, at least, want to know that: what the procedure should have been, in addition to whatever else.

Mr. Bailey: — Oh sure. We will interview the former director of that branch, who is now with government services, to determine what the practice was and what the procedure should have been.

Mr. Meagher: — We are specifically interested, I am, at least, in determining how they would know at the ROMM depot, the materials management people, whether or not in fact the same quantity of materials arrived at a project as was charged out. It would be relatively simple to charge out 1,000 bales of insulation and deliver 700, which was the request in the first place of the project management. They would be satisfied totally with the quantity, but it wouldn't necessarily be the same quantity that had been released.

A Member: — That's a good example.

Mr. Meagher: — And we have information that leads me at least to suspect a great deal of building materials in northern Saskatchewan went to places other than the projects that they were charged to. And that, also, would account for some of the enormous overrun cost problems that are reflected in these figures.

Mr. Katzman: — Let me play you out a scenario. I'm building a house and I'm the general contractor — sorry, I'm the budget manager. I make the arrangement with Timbuctoo Lumber Company to get all my supplies through them. I say I'm going to need blank, blank, blank; ship it out as requested. As it arrives, they load it up in their truck and they mark it down and charge it to me. Their man comes with a delivery slip. I check it off the load and say, 'Hold it; I'm short one window,' because I'm accepting everything on this list is there. Now, when it comes time to bill me, they've got me prior billed for the shipping and say, 'Hold it. Katzman says he never got this window.' So there's a dispute between me and the yard. Now is there anything that indicates that kind of dispute in your system? Cause that will be the first thing, it'll be in writing. Now, second one, he's charging then that lumber . . . (inaudible) . . . charging for everything going. The stuff in dispute, of course, we will argue after because I claim I didn't receive it. It was a general project . . . (inaudible) . . . But everything . . . (inaudible) . . . I received he has a right to charge me. It's that difference that is where the major concern is, because he doesn't know that I didn't get it unless I put it on my slip as a short, or back order or whatever. And I think that's really what we're talking about.

Mr. Dutchak: — Okay. Sure. We realize that you, you know, you weren't part of it then, but we'd like the information, yeah.

Mr. Bailey: — We understand the question, Mr. Chairman, and we'll get the answer.

Mr. Chairman: — Mr. Kraus.

Mr. Kraus: — I'm not familiar with the system, but it seems to me you would likely find more than one that went out to the site, and the accounting department, for example, may get a copy from the warehouse, or from your materials management people saying 'We sent 45 units out to the site.' The site people can be assured that they are getting a fair shake if they are able to send from their site to the accounting department forms showing that they received the 45, the 40, or the 50 — whatever. And it's the accounting people, then I would say, part of the financial services people that can provide that control, if you know the materials haven't gone as indicated. Furthermore, it would seem to me that eventually you would get a report if you were project manager indicating what your charges were . . . (inaudible) . . .

Mr. Meagher: — If I might, as well, I'd like to, while you're digging up this other information, I would like to know if there is any differential between building materials handled out of this ROMM depot, and tools and construction equipment — what provision was made for write-offs, or losses, in the tools and building construction equipment, how that was accounted for. Losses and depreciation, or whatever.

Mr. Bailey: — We'll include that in our response.

Mr. Dutchak: — Further to that, I think there's an area that is connected to that, that you should be able to answer. I understand you have a depot as well for overrun materials, extra materials, and extra tools, extra equipment. Is there a storage depot somewhere?

Mr. Krip: — Yes, I do.

Mr. Dutchak: — Okay, where is it located?

Mr. Krip: — Are you talking presently?

Mr. Dutchak: — Presently, and in '81. Was there one in '81?

Mr. Krip: — Not specifically assigned through . . . (inaudible) . . .

Mr. Dutchak: — So there is one presently.

Mr. Krip: — In '81, we used the general repair depot, if it was Prince Albert, and if there was other material on construction projects like Buffalo Narrows, we would use the yards or facilities available at . . . (inaudible) . . . locations at the time.

Mr. Dutchak: — Mr. Krip, I understand that your procedure was, for instance, if the DNS decided to build something in Stony Rapids, the project would commence and then, for instance, a full line of tools would be purchased for that project. Your people were doing that. Is that correct?

Mr. Krip: — At Stony Rapids, which you referred to there, the project was handled by seeking construction managers through the advertising process, and the construction manager was put in charge of the entire project to act on behalf of the department.

Mr. Dutchak: — Yes. And the construction manager in that case would work on a percentage. Is that correct?

Mr. Krip: — Yes, and any reimbursables that . . .

Mr. Dutchak: — And in that particular contract was it up to the Government of Saskatchewan to provide the tools and equipment?

Mr. Krip: — If there was some tools available through the government and you could reduce costs on the project, we would supply them.

Mr. Dutchak: — Was that the Stony Rapids school you're talking about?

Mr. Krip: — It was two projects there that we were involved in, the school project and the fire hall. The objective would be that you achieve the least of the cost alternatives.

Mr. Dutchak: — And what happens when the project is done and the DNS has purchased all the tools — saws and so on? What happens to those tools?

Mr. Krip: — In many cases they move them on to the next project.

Mr. Dutchak: — What happened in most cases?

Mr. Krip: — Well, right now we have all the tools in Prince Albert storage . . . (inaudible) . . .

Mr. Dutchak: — Did you have a phenomenal amount of theft on site during construction, of tools and equipment, materials and so on?

Mr. Krip: — I don't know if it's . . . I wouldn't say phenomenal, but there was the usual amount associated in the construction industry if you work on a project site.

Mr. Dutchak: — In northern Saskatchewan?

Mr. Krip: — Yes. Well, the construction industry is what I said.

Mr. Dutchak: — Do you know roughly what we went over on the Stony Rapids School — how many dollars we went over? Roughly.

Mr. Krip: — Over what?

Mr. Dutchak: — Over original projected cost. If you're not sure, that's fine.

Mr. Krip: — Offhand I don't know. I'd have to go back to the records. I presume you were referring to the last approved government estimates on the projects.

Mr. Bailey: — Mr. Chairman, I may be wrong here, but did we not provide this information a day or two ago.

Mr. Krip: — This was asked for last week, and . . .

Mr. Dutchak: — Oh, I see. Okay. Now, using Stony Rapids School as an example, in that example if a contractor, if an employee of the government was working on the

project and ordered door frames that were of the wrong size and they were delivered to the site, what would happen to those door frames? Where would they go? Back to the supplier, into your storage depot, or do they just disappear?

Mr. Krip: — There could be a number of alternatives, depending on the cost to ship that door frame out. It may have been more costly. I'd have to know specifics again.

Mr. Dutchak: — Have you investigated if there was any incidents at Stony Rapids School?

Mr. Krip: — On door frames, if there was any incidents at Stony Rapids School?

Mr. Dutchak: — Yup.

Mr. Krip: — Yes, I can.

Mr. Dutchak: — Did you investigate?

Mr. Krip: — No, I'm not . . .

Mr. Dutchak: — Are you aware?

Mr. Krip: — I personally didn't, nor am I . . . (inaudible) . . .

Mr. Dutchak: — You're not aware of a theft of any materials on the Stony Rapids School project?

Mr. Krip: — Now, through the questions that were asked last week, I am generally aware that likely what was sold did not amount to the inventory that we turned over.

Mr. Dutchak: — Okay, and what does that mean?

Mr. Krip: — Well, okay, that we turned over to sales and salvage.

Mr. Dutchak: — Yeah. So you've come to the conclusion that there was a good deal of material that was stolen from the site?

Mr. Krip: — If it wasn't sold, then it had to go missing in the process and during the times that it was turned over and the sales process.

Mr. Dutchak: — And you're in charge of . . . During the year under review, you were in charge of that department?

Mr. Krip: — In charge of the . . .

Mr. Dutchak: — Which department?

Mr. Krip: — Well, of the branch.

Mr. Dutchak: — Of the branch. Sorry, yes. And you're saying last week was the first time this came to your attention — the losses?

Mr. Krip: — Yes.

Mr. Dutchak: — Yeah.

Mr. Krip: — Other than the short-shipping of material, which I indicated last week, which I was aware of one specific incident.

Mr. Dutchak: — Just on a point of interest . . .

Mr. Bailey: — Mr. Chairman, may I just add because there seems to be a zeroing in on Mr. Krip's responsibility here, materials management branch, again, was another part of the Department of Northern Saskatchewan operated under another director. As well, there was a point in time — and I'm not just sure precisely when it is — but when a construction project is finished and there is materials left over that it moves over to the sales and salvage people of the old revenue, supply, and services to deal with the sales and salvage of it. So precisely where materials went missing could be in that process and not necessarily under Mr. Krip's or not necessarily under DNS's responsibility at a certain point in time. So we'd have to track through this specific project.

Mr. Dutchak: — I didn't mean to suggest that Mr. Krip was responsible for any of that. You know, this is so massive — the overruns, the thefts, and whatever happened — is so massive, and I don't really want to use up the time that I'd like to in this committee. But just as an example, you must have a way of looking through your records regarding the Stony Rapids School, and determine how many metal door jambs were purchased for the school, and compare that to the amount that was required on the blueprint. And I'd like you to advise us as to . . . I'm advised there were extra ones purchased, and I'd like you to tell us whether you have a record of those being returned. Or did they simply disappear? Just the doors. I'm taking a small example just to see whether you have any record of what happened to them.

Mr. Krip: — Okay, we can look up that information. It may involve the construction manager.

Mr. Glauser: — As I have listened to all this, I still go back to what I was talking about a while ago, and that is the accounting functions. It seems to me that there was a total lack of accounting functions, not necessarily in your department, but I mean the overall — there must have been. Was there not a focal point which would consume all of this, and have an overview by an accounting function?

Mr. Bailey: — Mr. Chairman, I could speak to that. Certainly within the department, as within any department, there is a branch or a group of people who provide a bookkeeping service and an accounting service to keep the records of the flow of money here and there. That is a service provided to the people within the department who are charged with the program responsibility. In this particular case, and I would feel confident that either the comptroller or the auditor could support this statement, that the Prince Albert-based financial services of DNS was not an area of criticism from either office. We were having some difficulties in the La Ronge base of accounting, and we had been working on that prior to realignment. But we are talking here about processes which operated through the Prince Albert financial services base, which by and large were not given negative auditor or comptroller observations. But it certainly is true, as the member says, that the flow of bills, and the payment of bills, and the bookkeeping, the entering of ledgers, certainly as in any department there is a group of people that do that. And they're providing a service to the people who are out there building the building, and that kind of thing.

Mr. Glauser: — Well, it just seems to me that there must have been some breakdown in that centre in order for all of this to have taken place. And by the sounds of things there wasn't enough information being sent back and forth for even an auditor to really make an educated — not a guess; you don't guess, and it seems to me that a lot of guessing was going on here . . . In order for him to make an educated review, or for anybody to make an educated review, there would have to be, certainly, more flow of paper than what there seems to have been.

Mr. Bailey: — I'll respond to that, Mr. Chairman. I suppose the word 'accounting' here, perhaps we're using it in a different way — but it's a question of being accountable and accounting for construction materials, accounting for the cost of projects. Those were not the responsibility of a central bookkeeping or accounting or financial services group. The point I was attempting to make is that the bills that were being paid, the record-keeping of the costs in the ledgers were being done centrally by an accounting or bookkeeping group, but that group had no responsibility within the department for the accounting of building materials, what materials went where, what went into what building, what happened to door frames. I mean those are responsibilities of the people who are delivering the building construction program. Certainly that still is within DNS. I am not at all suggesting that DNS itself does not have responsibility here. I'm just trying to make this distinction with the member that there is this distinction within the organization.

Mr. Glauser: — Well, I suppose, I come back then to accountability. It seems to have been rather loose when you can get into the size of overruns that we've talked about, the missing materials, and this sort of thing. I think accountability had just been thrown out the window completely for this all to have taken place.

Mr. Chairman: — Well, I don't know how the witnesses can respond to that sort of . . . go ahead.

Mr. Glauser: — I suppose it's more of a statement than perhaps a question. I mean it's an observation.

Mr. Bailey: — Yes, and there's no doubt, Mr. Chairman, that we're here accounting for the performance of the department in year under review, and that's what the whole public accounts process is about. And we have heard some evidence put forward by members of the committee and we're going to respond to that. Our response may very well not, may or may not, verify . . . (inaudible) . . .

Mr. Dutchak: — Mr. Chairman, as in the Lawrence Yew matter, and the overruns and so on, these officials, we can't expect them to have the answers because they weren't really part of the process totally. Our information indicates that a lot of the decisions made were totally political, for instance whether the Northerners would be pursued for loan collections and so on. These people are conscientious civil servants and would not be part of that decision-making process.

As I mentioned on the Lawrence Yew matter that as a chairman, if you have any concerns on that or any other things we've brought up, that you have the power to call any other witnesses you feel you want to call to clarify anything. And that's why I mentioned yesterday that I think this is a more effective way of getting to the bottom of it than bringing it up in the House where really our hands are tied to some extent.

Mr. Chairman: — It seems to me this is a more effective way of doing it than to use individual loan accounts as well. I don't have any further questions. I might when I see the answers you provide, but at the moment it's difficult to pursue this now.

Mr. Dutchak: — I might add . . . We will get back to the Chairman later today. We will decide from our point of view, whether we want to call any other witnesses in regards to some of the things that we've touched on, which trouble us. And witnesses are available to us, but we'll let you know later today.

Mr. Kraus: — Mr. Chairman, I wonder if I could make a few remarks, I do want to say a few things with respect to the accounting function. I think sometimes it's separated from the function of management, and I really think that it is an integral part of management or is a part of the management. Without good financial information, you cannot manage. So I don't think we should place it in somewhat in isolation from the overall management process. Without good financial information, you simply cannot manage. I want to make sure that that's . . . (inaudible) . . .

Mr. Glauser: — I think that was really the point that I was trying to make without making any disparaging remarks about anyone in particular, or anything like that at all. It was just looking at it as an overview of things that have taken place.

Mr. Meagher: — Also I would like to make a further comment, just for the record, that while we appreciate the fact that accounting may explain costs and overruns on paper, they do not necessarily reflect the causes, particularly in the construction. And we are very concerned, in public accounts here, that there's a fairly widespread view, and particularly in northern Saskatchewan, that there was a lot of rip-off, for lack of a better term. We would like . . . and we are going to get to, as much as is possible, the bottom of these cost overruns in building construction, in particular.

Mr. Kraus: — The point I'm making, though, is that if your financial information is up to date, this gives the manager an opportunity to take action when he sees something is out of line with the projected figures, whether it happens to be the loan accounts are falling badly in arrears or whatever, but the managers can take action. That's the point I'm trying to make about . . . Your financial had to be a key indicator as to whether things are . . . (inaudible) . . .

Mr. Meagher: — While I agree that it is an indicator, it doesn't necessarily reflect the causes or reasons of a figure of \$100,000 for engineering on a project. It may satisfy the accountants, but it certainly isn't a reasonable . . .

Mr. Dutchak: — But my point of view . . . I think you're right, and I think what we've learned in the last week or last several days, we've determined two things that have to be discussed by us to make this decision of whether we call further witnesses. We appear to have evidence of incompetence in management, and we also appear to have some evidence of political involvement. So you can have the best management in the world but if the politicians tell them not to do what they want to do, it's not going to be done right. So there's two areas there, and northern housing is where I'm bringing politics into it, because that's what happened up there.

Mr. Katzman: — Can I clarify what Sid said? Maybe I misunderstood him. For my own benefit, what you're saying, Sid, is that even if you have good management and political decisions to make, the management is assumed to be wrong because they didn't do

what was proper. He's not necessarily blaming the staff, but he's saying the staff takes the brunt because . . . If it was political, then it should be blamed on the political people and they should take the ramifications and not the staff. The way things sets now, you don't know who's to blame.

Mr. Dutchak: — That's right. And it's really up to us to determine where that fault lies. For instance, who made the decision . . . (inaudible) . . .

Mr. Chairman: — I'm not sure it is. I think it's up to us to ask the department to account for the administration. If the administration was not as efficient or as effective as it might have been, it's our duty to report that to the House in order that necessary corrections should be made. I never understood fault to be a particular . . . (inaudible) . . .

Mr. Katzman: — The problem is here. Maybe direction given above to the management did not allow them to do their job, and therefore we must point out that the management had the tools available but were not allowed to do the job.

Mr. Chairman: — Well ultimately, the committee, I guess, will determine what this line of inquiry is, and I don't have . . . (inaudible) . . . tied up with the thing. It just strikes me that it doesn't matter where the problem arose. Our responsibility is to identify the problem, and take whatever steps are necessary to see that it is corrected, but not to identify the source of the problem.

Mr. Dutchak: — Well, the source is necessary, Mr. Chairman, because we may have to recommend to this legislature that never again will the politicians be able to interfere with collections of mortgage accounts, for instance, which happened in this case. And we may have to suggest a new process. We might have to suggest a way that an independent auditor can be reviewing these departments consistently. And I'm not saying that our people won't do the same thing. It's possible with anybody. I hope ours don't, but I think we may have to recommend to the legislature why this happened in '81-82, and how we can avoid this ever happening again.

Mr. Chairman: — Well, I suppose that may be . . . in terms of recommending it to the committee, is going to recommend the solution. You may be right. It may be germane to determine the source of the problem. You may be right.

Are there further questions of these witnesses at this moment.?

Mr. Katzman: — A different topic, if you're ready. Mr. Chairman, over the past years, DNS or — I can't quite figure out who does it or looks after it — power is gradually coming to the North, power lines and so forth. Is your department work for Sask Power or what's the name, Many Islands — there's another company up there, too — but . . . gives power to all these places? Or how is that done?

Mr. Bailey: — North Saskatchewan Electric. It's a subsidiary of Saskatchewan Power Corporation.

Mr. Katzman: — Well, there was another company up there, Many Islands, or many something . . .

Mr. L'Heureux: — Island Falls Power. I can speak to that, Mr. Chairman, if you like. The Island Falls Power site was originally a power site that was put in place by HBM&S.

Hudson Bay mining corporation in Flin Flon, to have power for their mill. That goes way back into, I believe, the early '50s. Recently the Sask Power has acquired title to that power plant, and it's part of the provincial power grid system.

Mr. Katzman: — Okay. So my . . . I'll get to my point. It's very simple. You have what I call DNS facilities in the North that are running on gas power plants and oil power plants.

Mr. L'Heureux: — Yeah, North Sask Electric, a subsidiary of Sask Power, still operates diesel powered generators in remote communities where it hasn't been feasible or financially possible to put in a normal line system.

Mr. Katzman: — North Sask runs them, not DNS?

Mr. L'Heureux: — No, not DNS. It's North Sask Electric that operates them.

Mr. Katzman: — Well then, there's correction camps up there, there's DNS camps up therefor construction or something . . .

Mr. L'Heureux: — There are individual camps. For example, there is one corrections camp at Besnard Lake that runs its own two diesel powered generating systems, and they are in effect then producing power for themselves, and our exploration camps and those types of camps who will generate their own power because that's the most reliable way of doing it.

Mr. Katzman: — But exploration camps are not permanent camps. I'm concerned about the permanent things that are up north that I understand there is some push, and there has been in the last few years, there has been some areas of DNS — the old DNS division areas — opened up, and the power lines brought in for camp, resource and so forth. Are you people doing anything to assist in the economic development of the North, by allowing the benefits of the line system, rather than the diesel units, which are very expensive . . . working with all the northern operators, and so forth?

Mr. Bailey: — DNS's role now would not be necessarily a direct one, but we administer the federal-provincial Northlands agreement. Through that agreement, we facilitate the expenditure of federal money, that federal money to come together with SPC money. And the minister recently announced a \$4.5 million power grid extension program in the North, as a result of efforts by the department to get federal money attached to SPC, which accelerated their program then. But we don't . . .

Mr. Katzman: — SPC just did?

Mr. Bailey: — Did what?

Mr. Katzman: — Announced that program?

Mr. Bailey: — The Prime Minister announced it, with SPC.

Mr. Katzman: — Okay. Thank you.

Mr. Bailey: — But we don't, as a department, own and operate power plants. I understand that some highway crews may have their own, and . . .

Mr. Katzman: — You're onto the same road I'm talking about . . .

Mr. Bailey: — But they're temporary set-ups. Now this correction camp — or correction facility — that would be a permanent facility, now operated by, I believe, Government Services, and they — or Social Services, I guess, the Department of Social Services. So they have their own power facility, which is of a permanent nature.

Mr. Katzman: — My comment is, because of the economic benefits over the long haul, because plants last three years, so forth, are we doing any study to generate Sask Power, to move into those areas, to assist in opening up . . . cost down, so forth, so on? And the key here becomes, if you people are doing it, if you tie together roads coming through, power lines coming through, and those things, they both will benefit from the same cost. An example I make, when you build a highway you must have some clearance on each side, therefore the power lines don't have to break a new trail through, and so forth. And I assume economic division would still be working on those functions.

Mr. Bailey: — Mr. Chairman, I'm at a little dilemma here because we are in fact just beginning to explore an alternative which we much prefer not be public at this time.

Mr. Chairman: — Fair game . . . (inaudible) . . . Our realm is not policy you're developing.

Mr. Katzman: — No, I'm asking in the year under review if they're busy doing these things to assist.

Mr. Bailey: — Well, Mr. Chairman, in the year under review we certainly had economic development in mind, and again under the federal-provincial agreement this new initiative only occurred recently.

Mr. Katzman: — Two more questions for sure. One is — maybe it's falling in the year under review; I'm not certain — the total amount of commercial space or departmental space in use in the North in the year under review. Can you supply that?

Mr. Bailey: — Yes, we can supply that.

Mr. Katzman: — Like, how many . . . (inaudible) . . .

Mr. Bailey: — Office space or . . .

Mr. Katzman: — Private . . . You know, owned by yourself, as well as rented.

Mr. Bailey: — I'll repeat the question . . . (inaudible) . . . How much office space is occupied, was occupied, by the Department of Northern Saskatchewan in the year under review?

Mr. Katzman: — Yes, I assume that will talk Prince Albert to La Ronge or wherever.

Mr. Bailey: — Yes, we can provide that . . . (inaudible) . . . at year end.

Mr. Katzman: — Yes.

Mr. Bailey: — Okay.

Mr. Katzman: — And how much of the space you were paying for is vacant?

Mr. Bailey: — Yes.

Mr. Katzman: — How much, of course, was owned by you and how much was rented will come in those numbers?

Mr. Bailey: — Yes.

Mr. Katzman: — The same I would ask, as I do every year, of your water bomber fleet and so forth — what I call your airplane systems. And the final question on the airplanes: under the year under review, I would assume with the completion of the investigation that started in the previous year, which we talked about in the last year in public accounts, on something that is going re the refurbishing of the aircrafts.

Mr. Bailey: — Mr. Chairman, in fact in the material that we provided, I think in January or February last on this, information in there confirms the point that in fact our understanding of the question, it occurred in 1982. So in fact, while we didn't raise it at the time, we were then dealing with '80-81. but the issue as we know it really is a 1982 issue. And we responded to that in writing then in January or February of . . . (inaudible) . . .

Mr. Katzman: — It started and sort of travelled around . . . (inaudible) . . . That's right. It was '81-82. It could be all in '82; I wouldn't argue that one at all.

Mr. Bailey: — Yeah.

Mr. Katzman: — So what you're saying to me is in '82 is where we'll have to . . . (inaudible) . . . it next year.

Mr. Bailey: — No, we're dealing with the . . . (inaudible) . . .

Mr. Katzman: — No, we're dealing with the . . . (inaudible) . . .

Mr. Bailey: — Yeah, we're dealing with '81-82 now. But there's been no change . . .

Mr. Katzman: — There's no action or anything on it.

Mr. Bailey: — The matter's closed, as we reported in that correspondence. And in fact since October 1st, 1982, the northern air services branch is a part of revenue, supply and services, but I do know from my own knowledge that prior to that particular date, as far as we're concerned, the matter is closed. And that's the manner in which we reported it to the committee at the time.

Mr. Katzman: — Okay.

Mr. Chairman: — Other questions of the officials of the Department of Northern Saskatchewan? Thank you, gentlemen, you are excused for the moment. I'm not sure we're finished with DNS, but you're excused for the moment. By what time do you expect to be able to provide your answers? I think members may want to pursue some of your answers or pursue other items when they get your responses.

Mr. Katzman: — Mr. Chairman, I think we are meeting in July anyway, because of other departments.

Mr. Chairman: — All right. Do you want to leave it at that, that we will put this in the same category as Social Services and pick them up again in July? Okay. Let's leave it at that. We will not then be meeting with you during the current session, but we will be picking this up again sometime in July when we're having a return engagement with some other departments as well, so you're in the best of company.

If I might then, tomorrow morning we want to start with SaskComp. I assume that, Mr. Glauser, you'll notify Kim Young. I think he was the person who was our lead-off critic on that, so I assume you will notify him of that. He may not be aware it's coming up tomorrow morning. It's 8:30 to 11 tomorrow. Mr. Young has been away? Maybe we should start with something else then.

Mr. Dutchak: — Mr. Chairman, I have a couple of comments to make after the witnesses leave, while we're still in process here.

Mr. Katzman: — Government Services first, if I may?

Mr. Chairman: — 8:30 is Teachers' Superannuation Commission and municipal superannuation commission. At 9:30 is Revenue, Supply and Services, with Government Services on a 15-minute stand-by.

Mr. Katzman: — No. Government Services, first.

Mr. Chairman: — All right. Government Services first with Revenue, Supply and Services on stand-by.

Mr. Katzman: — That one's clean; the other one's a little bit fudgy.

Mr. Kraus: — I think the activities that you're looking at in Revenue, Supply and Services and Government Services, will all come under the one . . . (inaudible) . . .

Mr. Chairman: — Let me run the following past you for next week: community legal services, Tuesday at 10:30. I say that because they're from Saskatoon and they can catch the plane and Tuesday morning is a very convenient hour for those people to come. Let's deal with them first no matter where we are with anything else.

Mr. Katzman: — Well, Mr. Chairman, I have an argument here. I think we had an agreement that on the full days we would try to bring the distant people; because that's a short day.

Mr. Chairman: — Do you think we won't deal with them in an hour and one-half?

Mr. Katzman: — I don't know, that's what I'm asking.

Mr. Chairman: — I certainly don't think anywhere near an hour and one-half. My line of questioning should take about a half an hour or so. What interest do the other members of . . . (inaudible interjection) . . . Tuesday morning is just such a convenient day. They don't have to be here early and . . . Okay, and then deal with SaskComp and then tidy up. Then let's have Health ready to go.

Mr. Katzman: — That's for Wednesday.

Mr. Chairman: — Yes, I think we'll probably get to Health Tuesday if we get finished Revenue, Supply and Services, Government Services, tomorrow.

Mr. Katzman: — You've got SaskComp in there too.

Mr. Chairman: — Ah. okay. All right let's deal with legal services and SaskComp on Tuesday morning. Health ready to go Wednesday . . . Oh, private members' bills is at 9:30.

Mr. Katzman: — What day? How many does that wipe out?

Ms. Ronyk: — Four of you.

Mr. Katzman: — Four of us in this committee have bills that day?

Mr. Chairman: — Cancel Thursday morning's meeting I think. Unless you want to meet at 7:30 Friday morning.

Mr. Katzman: — The next time, I suggest, that I have to buy breakfast, we won't be meeting at 7:30 anymore. There's too many people.

Mr. Chairman: — . . . (inaudible) . . . We can pick it up at 10 o'clock and go three hours. If we stuck to that schedule we would be finished this list by Wednesday. I think we'll then have a somewhat better idea of how long the session is going to last and then we could then determine what our schedule is. Let's try and find 10 or 15 minutes Wednesday at 10:50 to talk about our further agenda.

Mr. Katzman: — Okay, Mr. Chairman, I want Sedco.

Mr. Glauser: — Are we finished with Sask Housing?

Mr. Chairman: — No, so the Sask Housing, Sedco. I may have some others as well that I want to talk to . . . (inaudible) . . .

Mr. Katzman: — Do you want a vote? I vote you can't have any.

Mr. Chairman: — That's fine. That would make an excellent press headline, because I need something. That's okay, that's good.

Mr. Katzman: — Just a minute. The rest of the members are silent; they're not going to vote, so it's just you and I fightin'. So the status quo stands, seeing you don't get a vote.

Mr. Chairman: — No, I not only get a vote, I get a casting vote, so I get to break the tie.

Mr. Katzman: — Oh, Cal, will you vote with me?

Mr. Glauser: — What are we voting for?

A Member: — Can we get on with this?

Mr. Chairman: — Okay. Let me just run through this again.

Mr. Katzman: — I didn't think a chairman got a vote.

Mr. Chairman: — In the following order: tomorrow, Teachers' Superannuation Commission, Municipal Employees' Superannuation Commission, at 8:30; Revenue, Supply and Services and Government Services — Revenue, Supply and Services at 9:30 with Government Services on a 15 minute stand-by.

Mr. Katzman: — Reverse, reverse.

Mr. Chairman: — I'm sorry, but we did reverse. Government Services at 9:30 with Revenue, Supply and Services on a 15 minute stand-by. Tomorrow morning at 10:30, the Saskatchewan Community Legal Services Commission.

Mr. Katzman: — Tuesday morning.

Mr. Chairman: — Tuesday morning, I'm sorry, at 10:30 the Saskatchewan Community Legal Services Commission. At 10:30, with SaskComp utility at 11:00. Wednesday morning we are going to deal with Health at 8:30, with Housing on standby, but we may not call them. And then Thursday morning at 10 to 11 we will consider our further schedule, knowing we have at least Sask Housing and Sedco left to do. Is there any dissension from that?

Mr. Katzman: — No, that's pretty well coming.

Mr. Lutz: — No committee next Thursday?

Mr. Chairman: — No, we apparently can't meet next Thursday.

Mr. Glauser: — When will Sask Housing be then?

Mr. Chairman: — We haven't put a date on it yet. We do not have a date yet for it. It's going to be the week thereafter.

Mr. Katzman: — We'll be here until the end of May, minimum.

Mr. Chairman: — Certainly I think it unlikely to finish on the 13th of May. That I think is clear.

Mr. Katzman: — Minimum we'll be here until the end of May.

Mr. Chairman: — Depends on what legislation we have.

Mr. Katzman: — There's so much of it, so much! So much more we could be!

Mr. Chairman: — There is so much more you could be. It's a shame that you don't aspire to it, that's right.

A Member: — Are we done?

Mr. Chairman: — I think we are done. I was just about . . . Oh no, you had a comment.

Mr. Dutchak: — I won't harp on this, Mr. Chairman, but I think there has been some questions raised which have been answered in public accounts now, and I sort of want to provide the opportunity for you, if you have any further questions regarding the Lawrence Yew matter or anything else that may have come up in the committee. I think you are probably aware now that some of your accusations about the material that the member from Prince Albert and myself have had were incorrect. There was an insinuation in the House that we had some confidential leaked documents. Now I'm just saying this because I am . . . Okay, go ahead.

Mr. Chairman: — No, finish up.

Mr. Dutchak: — I'm a little concerned, and I'm offering you the opportunity to ask any further information, or for any further information that we could supply you, regarding this incident, because I think there was a lot of assumptions which obviously did reflect badly on the member from Prince Albert and myself. And this is always open to you, and I notice you still haven't asked for any witnesses. You haven't asked, you know. You didn't really try to get to the bottom of the confidentiality and things like that, which I understood was your main concern in the House.

Mr. Chairman: — It was a concern of mine in the House. I do not think these witnesses here are going to know how those documents were obtained. If you're asking if I believe that you people had confidential government documents, that is my suspicion: that they were confidential government documents. My suggestion in the House was that it is inappropriate for government members to be making any use of them, because of the ease with which they can be obtained. I'm not sure that's a proper item of concern for this committee.

Mr. Katzman: — Mr. Chairman, I believe a ruling has been made prior to this in the House which would take place here. If a member indicates he got the documents in his own methods, and now you're accusing these members of getting them from . . .

Mr. Chairman: — No, I'm not.

Mr. Katzman: — Yes, you are. You're accusing these members of getting them from the department, from basically since we've taken government. I'm . . . (inaudible) . . . and what the accusation is, you've made that. And you have to accept from the members . . . You must accept; you have no choice. It's a breach of the House. You must accept from these members that they got, on their own volition and not of the department . . . You must accept that, and you cannot refuse unless you can prove it otherwise. And that's the list of the rules of the House, Ned.

Mr. Chairman: — Please let me respond, Ralph. I have no idea of how they got the documents.

Mr. Dutchak: — You didn't ask. You never asked.

Mr. Chairman: — Yes I did. I said, 'Do you know how?'

Mr. Dutchak: — Today. You asked today, after you made all the mess — after you brought it up in the House.

Mr. Chairman: — My point in the House, if I could finish without being interrupted,

is not that you had the documents. They may have arrived in a plain brown envelope, and you don't know where they came from. I don't know where they came from. My point in the House to the Premier, and I gather he substantially agreed with me, was that it is inappropriate for government members to be using confidential government documents.

Mr. Dutchak: — Mr. Chairman, you identified those documents as being confidential, not taking the time to ask any members, any of us in public accounts. Obviously you had no way of knowing that the *Prince Albert Daily Herald* had printed the information and the documents were floating all over the north country, because you didn't ask and you chose not to ask. And I hope that choice wasn't . . . I hope you weren't turning a deaf ear to the information.

Mr. Chairman: — I anticipated precisely the response I got, and that was that they don't know.

Mr. Dutchak: — Well, I know you anticipated. That's why you asked it in the House. You anticipated the answer.

Mr. Meagher: — In addition, Mr. Chairman, I'd like to add that . . .

Mr. Chairman: — I'm not quite sure that I understand the subject of your complaint.

Mr. Dutchak: — Well, the subject is that we've now really closed the issue, as far as I can see, in northern housing, and yet you haven't proposed to call any evidence. I suggest that it appears to me that you don't really want the answers as to how all those documents flowed throughout the north country before and after the election. But yet, it was a main concern of yours in the House.

Mr. Chairman: — I'm not sure that is the vital issue. The vital issue to me is government members making any use of confidential documents.

Mr. Meagher: — Well, Mr. Chairman, I've not used . . . I haven't a *Hansard* . . .

Mr. Chairman: — You may disagree with me. You may disagree with my contention that government members should never be using confidential government documents, but that was my concern.

Mr. Meagher: — I don't have a *Hansard* in front of me, but from memory, you did in fact make the suggestion in question period that this revelation suggested some complicity, to use your own term, on the part of the minister. That was, and I can get a *Hansard* to get . . . I do distinctly recall your using the term 'complicity.' It suggested complicity on the part of the minister. Now I suggest to you that that is quite clear, that you . . .

Mr. Chairman: — What I suggested to the minister, and asked him to respond to, was that inevitably — and this is why government members should never be using confidential documents — when government members come by confidential documents, the fact that they have them may give rise to the suspicion of complicity on the part of the government giving them to them. And the mere fact that they've got them, in and by itself, gives rise to the suspicion. That's why they should never be using them.

Mr. Dutchak: — Except, Mr. Chairman, it backfired on you because it was shown later that the newspaper in Prince Albert had the information. Now the problem that I think . . .

Mr. Chairman: — What the newspaper article says is: ‘Paul Meagher, armed with a document to support his case . . .’ It suggests you had the documents at that time. As I say, I don’t think how you got the documents is the key issue, although I think it ought to be a matter of concern to the minister. I think the key issue was government members making any use of confidential government documents. I think that’s inappropriate.

Mr. Katzman: — In other words, you’re saying, Mr. Chairman, that a government member, non-Executive Council, does not have the same rights as any other member in that House.

Mr. Chairman: — That’s exactly what I’m saying.

Mr. Katzman: — You’re saying that a government member, a back-bench member who is not a member, has no rights to ask questions . . . (inaudible interjection) . . . No, you’re saying that we have no rights in our own methods to get our own documentation. You were saying that we have no rights in that House. That’s what you’re saying, Ned. You’re going totally against tradition.

Mr. Chairman: — I’m not saying that. I am saying that government members should not be using or making available — and I’m not at the moment alleging that you did make them available, although that was certainly suggested to me by third parties, and I put it no higher than that — but I am suggesting that members should not be using confidential government documents.

Mr. Dutchak: — What about opposition members?

Mr. Chairman: — The problem is that inevitably, in every department, there are going to be people who see it as one of their functions to promote the interests of the party in power. I wish it were otherwise, but it isn’t. Inevitably there will be, in a government department, some people who support the government in power.

Mr. Dutchak: — Can you, as an opposition member, use confidential documents?

Mr. Chairman: — It would depend on the nature of the confidential document.

Mr. Dutchak: — Well, similar to what we’re talking about. You’re saying that it was improper for us to do it. If you were in . . .

Mr. Chairman: — I think government members are in a different position, yes.

Mr. Dutchak: — And you’re saying that if it came into your hands and it was someone that you wanted to talk about, that it’s all right.

Mr. Chairman: — No, I’m not saying that.

Mr. Katzman: — Yes you are.

Mr. Chairman: — No, I’m not.

Mr. Katzman: — Yes you are, Ned.

Mr. Chairman: — I'm not. There is no issue before this committee of opposition members using confidential documents. The issue which came before us was government members making use of confidential documents and I think that's inappropriate. I said so in the House.

Mr. Dutchak: — Well, let's determine the rules in this committee. What if we come across other stuff, what if you come across information? Are you saying that you will not also . . . then you will not use confidential documentation?

Mr. Katzman: — You're trying to make us second-class members, Ned . . . (inaudible interjection) . . . Yes, you are.

Mr. Chairman: — No, I'm suggesting you're in a different position because you have a different means of access to those documents.

Mr. Katzman: — How?

Mr. Dutchak: — We do not. We are not part of the Executive Council. We've got no right to go into the Department of Health, for instance, and ask for a file on anybody.

Mr. Chairman: — I don't think there's anything contrary to the rules of this committee as such which prohibits you from using confidential documents. What I suggested in the House was is that is inappropriate for government members to be using confidential government documents.

Mr. Dutchak: — But it isn't for the opposition.

Mr. Meagher: — I think that it's important at this point to make a point here that the whole legislative and parliamentary process here is in question. Number one, I don't know how you would determine what is a confidential document that comes into possession of a member of the Legislative Assembly; number two, what would you describe as a government member?

Mr. Chairman: — Somebody that sits in government caucus.

Mr. Meagher: — No, that's where you're mistaken, seriously. We are a committee of the legislature of the province of Saskatchewan, and as a member of the Legislative Assembly, I am not part of government. And I think you should understand, as a past minister of the Crown, that the function of government is quite clearly established and the function of the legislative branch of our system is equally clearly established, and we are a function of the Legislative Assembly and we are not a part of government. And I think it's important that that distinction be made clear.

Mr. Chairman: — I do not think this is the responsibility of this committee to determine. I really think it's the responsibility of your caucus, not only your Premier, to determine. But use by government members of confidential government documents, I think, is inappropriate and it is extremely rare.

Mr. Katzman: — It's a good thing that you were not the man in charge as a dictator of this province. Because what you are saying is, the members that are not Executive Council are not allowed to represent their constituents, even though they were elected

as ordinary members. The Premier chose his Executive Council, which are sworn to a secrecy oath, as far as you're aware of, that you can't do certain things. The Legislative Secretaries have a little different problem, because in our own department we are involved a little.

But the back-bench member, if he gets a brown envelope, that's his brown envelope. Why did you not stand up and take a shot at Peter Prebble when he used them? Why didn't you take some shots at your own members when they used them when you were in government? You're asking for two sets of rules again, Ned.

Mr. Chairman: — No, I'm not; I'm not. I don't recall Peter using confidential government documents, although if he did, I would be reasonably satisfied that Peter would have used them to deal with a substantive issue and not wrongdoing — not wrongdoing, but a substantive issue. Although I may be wrong.

Mr. Katzman: — It's a degree now, Ned, it's a degree. Because it's your former member it's a degree; because it's our member it's totally wrong . . . (inaudible) . . . biased chairman. You're worse than Brock.

Mr. Chairman: — Sorry to fall into such a low estate. I think that government members can get confidential documents in a fashion which other members can't. I think different rules have to apply here.

Mr. Katzman: — Maybe with your government that's the way the system worked but it ain't working with ours that way.

Mr. Chairman: — I think all governments basically work the same.

Mr. Meagher: — Well, I take exception to the term government member, I take exception to the term ordinary member. In this legislature there are no ordinary members.

Mr. Katzman: — 64 ordinary members and a few of them happen to be . . .

Mr. Chairman: — You've got a different view of it than I have, I'll tell you.

Mr. Meagher: — I have a great deal more respect, I suppose, for the parliamentary system and our understanding of the parliamentary system. A member of the Legislative Assembly has responsibilities, clear and important and I will not lend myself to the proposition that a member of a particular caucus, his responsibilities as an MLA are diminished in any way, whether it's your caucus or ours or any other, or an independent member.

Mr. Chairman: — I think this is outside the purview of this committee. There is nothing contrary to the rules of this committee for you people to be using, I think, whatever you have. I just stand by the proposition that it's inappropriate for government members to be using confidential government documents; you may disagree.

Mr. Katzman: — Pious.

Mr. Dutchak: — The first problem arose, Mr. Chairman, is that you didn't determine that they were even confidential; you didn't determine where it came from; you didn't

determine if I had anything. No questions were asked in this committee because you wanted to grandstand in the House, and that's my first objection.

Mr. Chairman: — I was reading from an article in the *Star-Phoenix*, I may say, in which it was stated that . . . I wished I had the file here but I don't.

Mr. Katzman: — You know, Tony Merchant had the gall, or the smarts at least, to have somebody else ask the questions when he learned something in public accounts. You haven't even got that much.

Mr. Dutchak: — Mr. Chairman, those are my concerns and I just raised them because I think it may come up again. I'm not saying that it isn't unique to confidential documentation, but the issue itself. I think it's more appropriate for you to bring it up before us because you may get the answers that you want.

Mr. Chairman: — Let me just say this, let me just add one more comment. It may really be setting the cat among the pigeons but I don't think it is. If I came by, as an opposition member, if I came by some confidential government documents that Paul Meagher owed some money to the housing corporation . . . I picked that right out of the air, I have no reason to believe you do. I would think that where one is dealing with a government member as distinct from a cabinet minister, when one is dealing with a government member, an appropriate way to handle that would be for me to bring it to the attention of the minister involved to determine if appropriate steps had been taken to collect it.

Mr. Katzman: — As an opposition member, you are saying.

Mr. Chairman: — As an opposition member, I think I would write Neal Hardy. Could I just finish. I think I would not make any further use of the documents unless I felt the minister was somehow derelict in his duty to collect it.

Mr. Meagher: — May I just continue with that scenario for a moment? If you brought forward some information that indicated I owed Sask Housing Corporation a sum of money for something, my immediate reaction would be not, I submit to you, a sort of a selective memory process where I couldn't recall whether I rented the house or owned it, or was in it or out of it; I would advise the Saskatchewan Housing Corporation to proceed against me immediately and clarify the matter. I would want it clarified. I would invite them to proceed . . . (inaudible) . . .

Mr. Chairman: — That might well be the response of the minister. He might well respond to me by saying, 'Mr. Meagher disputes his liability and we are taking steps that will determine whether or not he is liable.' If that were his response I would hope I wouldn't pursue it any further. My responsibility is not to bring your specific problems to the attention of the public. My responsibility as a member is to take steps to determine that the minister, in fact, is discharging his responsibility. That is my quarrel with this whole affair, is that until this matter blew up, no steps were taken to determine whether or not the government had discharged their responsibility to collect . . . (inaudible) . . .

Mr. Katzman: — You're saying there was a different set of rules for the former member from Nipawin, a different set of rules for the member from Thunder Creek, and a different set of rules for the member from Moose Jaw — whatever he was.

Mr. Chairman: — No, let me just deal with John Skoberg. Let me just deal with that then. I think you people had a responsibility to assure yourselves that the government was taking all appropriate and reasonable steps to collect all sums that were due to the Crown and that could be collected. I think you had a responsibility.

A Member: — We got stonewalled.

Mr. Chairman: — Well, if I may say so, that's not germane to the discussion here. We are talking about what the responsibility of a government or opposition member is.

Mr. Glauser: — I've been listening to all this, and how do you then equate this with the Mackasey case that has come before the government in Ottawa? How do you equate this with all of those that have been coming up recently in Ottawa? What's the difference?

Mr. Chairman: — Well, the difference is that this was a use of confidential documents by a government member against an opposition member.

A Member: — What were those documents, if they weren't confidential? This is a money transaction between an individual and the government.

Mr. Chairman: — I don't think there's any precedent in the Mackasey thing. I can think of precedents. It seems to me that Lucien Rivard — it's very dim in my memory, but it seems to me that was a situation where government members used information on their files against a Conservative member.

Mr. Glauser: — What about the Munsinger affair?

Mr. Chairman: — I think that's part of the same affair. That's the example I'm referring to. I think that was an example, and I think the Liberal government was criticized at that time for using the documents.

Mr. Glauser: — It didn't stop anything.

Mr. Chairman: — If the process had been that Mr. Yew was somehow or other — if you believed (and maybe you did), but if you believed that Mr. Yew were avoiding his responsibilities by fair means or foul, that might be different. But to spring it on him . . . I may be assuming something.

Mr. Meagher: — Well, Mr. Chairman, the article in the *Prince Albert Daily Herald* included an interview with Mr. Yew at the time by the reporter. It's a matter that he was aware of for some months. The letter you attempted to introduce today indicated that he is now finally taking some . . . (inaudible) . . . I just can't accept that proposition that it was sprung on him.

Mr. Dutchak: — There's an interesting argument that you may have to consider in time, because we didn't bring it up because we didn't want to attack Mr. Yew on it. But there may be a heavier onus on elected members than an ordinary person in the community, because their personal lives are under review because they are in the public eye. And maybe there's a little more responsibility than Mr. Yew seems to shrug off at present, to look into affairs like that and make sure that everything is kosher.

Mr. Chairman: — I absolutely have got to go.

Mr. Dutchak: — We just make the point, Mr. Chairman.

Mr. Chairman: — We'll begin in camera Tuesday morning. Tomorrow morning, yes. The committee adjourned at 11:17 a.m.