

STANDING COMMITTEE ON PUBLIC ACCOUNTS

May 25, 1983

**Public Hearing: Department of Government Services (continued)**

**Mr. Chairman:** — We'll call the meeting to order. Beginning with Government Services, we began a review of their accounts and adjourned it until today. One of the first questions I might ask our witnesses is whether or not you have answers to any of the questions which were left with you. You may have been prompt enough to have been able to answer the questions right on the spot. Was there a couple left over? Do you remember what they were? . . . (inaudible interjection) . . . I didn't hear that.

**Mr. Law:** — One was on fridges . . . (inaudible) . . .

**Mr. Chairman:** — Do you have that information?

**Mr. Law:** — Yes. Right after the election, in fact there was a count made of the fridges, and all that we expected to find we did. There were two that were owned by Messrs. Cody and Bowerman that they took with them when they left. Mr. Katzman had his own as well. And all the rest are accounted for.

**Mr. Chairman:** — Bought them themselves. Cody and Bowerman were the first two to get them and they paid for them themselves.

**Mr. Cutts:** — The other item, Mr. Chairman, was regarding the art work policy, and we're continuing work on that.

**Mr. Chairman:** — I still didn't hear you, I'm sorry.

**Mr. Cutts:** — The art work policy, and we're continuing to work on that.

**Mr. Chairman:** — All right.

**Mr. Glauser:** — When might that be developed?

**Mr. Cutts:** — Hopefully it would be by fall.

**Mr. Young:** — Mr. Cutts, if I might get in here. Is there any chance that there is in the works anywhere a possibility of having some sort of a shower/locker room in this facility? I don't believe there ever has been but I'm wondering . . .

**A Member:** — Let me answer that.

**A Member:** — I didn't ask . . . (inaudible) . . .

**A Member:** — Thank you.

**Mr. Chairman:** — Order, order, order. The question was not put to the member from Rosthern.

**Mr. Young:** — I'm just wondering because attitudes of people have changed over the years, and a lot of people are into some sort of jogging or other activities that maybe weren't as prevalent when this place was built in 1912. I'm just wondering if that's in the

works anywhere, if the square footage is there and the money's there, and whatever.

**Mr. Cutts:** — It's not planned at all, Mr. Chairman and Mr. Young.

**Mr. Katzman:** — Let me continue on that question then. Is there not plans drawn for what is now called the U.S. document section, which is basically almost under the front step, for lack of a better explanation? Or was there not plans drawn for a total weight room, exercise room, the whole bit, under the former government?

**Mr. Cutts:** — Mr. Chairman and Mr. Katzman, it was I guess some casual discussion took place on it but nothing — no plans — were ever developed for it.

**Mr. Katzman:** — No final plans but, you know, basic ideas were laid out.

**Mr. Cutts:** — Ideas were talked about, yeah.

**Mr. Chairman:** — I can shed some light on that.

**Mr. Katzman:** — I know you can.

**Mr. Chairman:** — I was the minister at the time. The plans got as far as my office and I made a determination in the circumstances that the money would be hard to justify. It was quite a bit of money in renovations. And if you count floor space as being worth something — and you have to because we have got to lease it elsewhere if we use it up here — frankly, it was fairly costly to put an exercise room in an office building.

In retrospect I'm not sure that wasn't a narrow view of the thing because the health of employees is also a consideration. But I take some personal responsibility for that: I remember putting the kibosh on it.

**Mr. Katzman:** — I think, Ned, seeing as we're into that issue, there is space available in this building. For a moderate, and I mean very, very moderate amount of money a shower can be placed.

**Mr. Chairman:** — A shower wouldn't be the end of the world. What I was dealing with was a more elaborate exercise room, but a shower wouldn't cost very much.

**Mr. Katzman:** — Well, you take the men's washroom on this floor, it would take maybe \$200 and Paul an hour, you know . . . (inaudible) . . .

**Mr. Chairman:** — I frankly don't feel like another election in P.A. I'd rather the member didn't get himself involved in any illegal activities under The Legislative Assembly Act.

Okay. I had some questions that I think I was in the middle of when we were wheeling along. On page 32 of your annual report, you detailed the figures for energy consumption, and I had two questions arising out of that. One, how were those savings achieved? I wonder if you could give us some more detail on it. And secondly, I'm wondering what further plans have been developed to . . . (inaudible) . . . energy consumption in government office buildings.

**Mr. Cutts:** — I'll ask John Law to answer that for you, Mr. Chairman.

**Mr. Law:** — In a number of areas in the larger buildings they have a delamping program, for example, reducing lighting in the corridors where the lighting isn't

required as much.

We've done a review of the boiler systems, and in fact where we have high pressure boilers that require a full-steam heat all the time, we've been able to recalibrate them and in fact put it on lower pressure again using less energy.

We've looked at buildings, and the roofing for example, and we've reinsulated roofs and in fact repaired and replaced roofs in some of the areas.

It's an ongoing program that we're working on all the time. It's those kinds of things that are going on, that were used, and we're doing right now.

**Mr. Chairman:** — I would have thought that process would have been more or less complete. I gather you're not. You're shaking your head. I gather it isn't and that's . . . I would have thought we would have taken out the extra light bulbs and fixed up the roofs by now, but I gather that it's not been completed.

**Mr. Law:** — Yeah. A lot of that is done, but there's still a lot more to do. There are a lot of buildings, Mr. Chairman, and in DNS, for example, which was not under our jurisdiction before, we are implementing the same kind of policies. Certainly the reinsulation that we're doing, we lose an awful lot of heat through the roof.

**Mr. Chairman:** — Do you do any kind of research into energy conservation in office buildings? I'm wondering what we have in mind for the future. Do we do any sort of research at all?

**Mr. Law:** — Yes, we have two people who spend all their time, in fact, in that activity. And we're a member of a federal-provincial energy group that, as a matter of fact, just met last week, whereby these kinds of things are discussed and the state of the art is discussed and we get . . . (inaudible) . . . on it and we try it. There's very close liaison with the industry, and with other jurisdictions as to what they're doing.

**Mr. Cutts:** — I think, Mr. Chairman, there's new technology, new materials that are coming out all the time that give you that little extra edge that you have to . . . So it's an ongoing . . . I don't think we'll ever be finished.

**Mr. Chairman:** — Okay. Yeah, that's what I was wondering — what new means were developing. Going on, the annual report, page 36. The space inventory by agency. I'm sure there's an explanation for it, but Social Services struck me as being very high. Is there something included in that besides simple office space?

**Mr. Nevill:** — There is all the institutional space that they have — the correctional centres and they also had some special care homes and that type of thing.

**Mr. Chairman:** — That's it. You were including all the institutions in there.

**Mr. Nevill:** — That's right.

**Mr. Chairman:** — Okay. With respect to maintenance and janitorial services, in the year under review, did we provide all of the janitorial services through employees, or was any of it contracted out? Second question: has any comparison ever been done of the cost of both, to determine whether or not some savings might be achieved by changing from one to the other?

**A Member:** — . . . (inaudible) . . .

**Mr. Chairman:** — No. You can get in when I'm done with this particular item on this issue.

**Mr. Cutts:** — Mr. Chairman, from the best of our recollection it was all done by our own staff. There might have been the odd one but practically everything was done by our own staff in any event.

**Mr. Chairman:** — I'm certainly not urging it because there are some problems with hiring it out, both in quality of work done and in . . . I also have some concern sometimes about treatment of employees by some of those cleaning persons, but have we ever compared the cost? Have we ever attempted to compare the cost of the two?

**Mr. Cutts:** — We have made some cost comparison, yes. It is less expensive and then you get into exactly the type of thing you talked about, Mr. Chairman — the quality of the people you get and . . . (inaudible) . . . Well, you can have a fair high turnover in some of those areas, and you may not know who you're going to get the next day or the next evening coming into your office to do your maintenance or cleaning.

**Mr. Chairman:** — Yeah. And there is a problem with quality as well, that it's awfully hard to get . . . You can't deal with the employee directly; you've got to deal with cleaning agents again. I know this by personal experience because I had them in the office downtown, and I got rid of them and hired the cleaning people directly because it's just hard to follow.

Do you have an actual study of the difference in the costs or is this just something less formal than that?

**Mr. Cutts:** — I think it's something less formal than that. Are you saying a specific building — what it would cost to do it?

**Mr. Chairman:** — Yes.

**Mr. Cutts:** — I don't think we have one that we've worked out in any detail to put on the table for you, but we've done some basic research into it.

**Mr. Chairman:** — Accessibility of public buildings to the . . . Oh. Sorry, sorry. The member from . . . (inaudible) . . .

**Mr. Katzman:** — On your comment, I think you will find within the Government Services there is a contracting out clause which says that they can't do it if they want to except in new buildings. Am I correct? Or except for special services that they normally don't do.

**Mr. Cutts:** — I think, Mr. Chairman and Mr. Katzman, I don't believe that's in our union agreement. It may be in The Labour Standards Act, but . . .

**Mr. Katzman:** — It is in The Labour Standards Act, that's correct. Unless it's a new job they can't contract out, or if it's an overload they can't.

**Mr. Chairman:** — I don't . . . (inaudible) . . . Or is it in The Trade Union Act?

**A Member:** — I thought it was in contract.

**Mr. Chairman:** — I know it was in the SIEU contract.

**Mr. Katzman:** — Saskatchewan Government Employees . . . (inaudible) . . .

**Mr. Chairman:** — Office and professionals international. SPEIU.

**Mr. Cutts:** — Mr. Chairman and Mr. Katzman, we have looked into this for other reasons, not for janitorial reasons, and it appears that we may be able to contract out. We'd certainly get a grievance, and it's a moot point whether we're allowed to or not.

**Mr. Folk:** — Thank you, Mr. Chairman. In volume 2 here, for the year under review, under administration, the estimate for administration was almost \$1.9 million. The actual expenditure was about 1.2; that's about a one-third decrease in administration expenses. Is there any reason for that?

**Mr. Cutts:** — Mr. Chairman, Mr. Folk, we won't be able to give an answer. We'll have to get back to you on the details on that.

**Mr. Folk:** — Okay. Going through the book here, also on volume 2 for the year under review, the Wascana Centre Authority was listed in, I think, it's four different areas here: twice on page 176, and page 185, and page 181. Why are they listed so many times or is it different grants and different services provided by them?

**Mr. Brehm:** — Mr. Chairman, if I might, the payments on page 181 are in fact the same payments that are on page 176. They're just a list of payees — the ones on 176 are the actual two subvotes. We make a grant to Wascana Centre and we make a payment to Wascana Centre for the maintenance of our grounds around the Legislative Building and so on. So 181 are basically the same subvotes that are on page 176. The number on page 185 would be a payment for development, let's say, around the T.C. Douglas Building or something in that area — a special contract that we would have had with Wascana Centre.

**Mr. Folk:** — That last item you mentioned, is that something that would be just a special project for the year or . . . ?

**Mr. Brehm:** — It would probably be a part of an actual capital building, where they did the development. The T.C. Douglas Building just pops into my mind at the present time, but it would be something like that.

**Mr. Folk:** — And the other ones are for repairs and maintenance?

**Mr. Brehm:** — Normal maintenance around the Legislative Building on government owned land, and the grant that we give to Wascana Centre where we're a partner with the city and the University of Saskatchewan.

**Mr. Folk:** — And that would be above and beyond the grant that they get from Culture and Recreation, would it be, or Urban Affairs?

**Mr. Brehm:** — I don't believe they get any grants from Urban Affairs. Urban Affairs

gives grants to Wakamow and Meewasin, where Government Services gives grants to Wascana Centre.

**Mr. Folk:** — The other one I was going to ask about is also on page 185. There is an expenditure to Napoli Pizza House Ltd., for \$107,000.

**Mr. Chairman:** — That's a lot of pizza.

**Mr. Folk:** — I like pizza but that's a lot. Page 185 for Napoli Pizza.

**Mr. Cutts:** — It's for land purchased in Prince Albert. It wasn't for pizza.

**Mr. Folk:** — That was for property acquisition?

**Mr. Cutts:** — Yes.

**Mr. Dutchak:** — Following up on that, has anything ever been done with that property?

**Mr. Nevill:** — No, the property is being held for future government needs. We're leasing out the property to various renters in the interim, until it's required by government.

**Mr. Dutchak:** — Well, that particular property is undeveloped. You're talking about tearing down whatever structures are on the property and building a new government building some day. Is that the general intent?

**Mr. Nevill:** — That's probably what will happen several years from now, but in the interim, the buildings will remain, and we're leasing them out. We have a number of tenants in the buildings. The vacant land . . . There were some buildings removed. The vacant land is being used for parking for provincial employees across the street.

**Mr. Dutchak:** — Was there any plan? I'm still trying to figure out why that property was purchased. Was there some specific plan in mind in the next few years?

**Mr. Nevill:** — At the time it was purchased, there was a plan for a provincial building.

**Mr. Dutchak:** — Another one?

**Mr. Nevill:** — Well, this was before the McIntosh Mall was proceeded with, and there was a plan for a provincial building that would essentially replace some of the government complex that's located just to the north on the next block.

**Mr. Dutchak:** — Well, does this indicate an expenditure of that amount in the year under review? Is that the tail-end of a purchase?

**Mr. Nevill:** — That's right. I think it was a property that was expropriated, and there was some real complications there as far as getting actual payments out. Although, I think, the property was acquired generally by expropriation a year or two before that the payments were not made in this particular case until 1981-82.

**Mr. Dutchak:** — What year did construction start on the McIntosh building?

**Mr. Nevill:** — I would think about 1980 or thereabouts. I'm not exactly sure of that.

**Mr. Dutchak:** — So the purchase of this property must have taken place before 1980 then — or '79 in fact?

**Mr. Nevill:** — Yes, I'm positive it did. Yes. I can't say the exact date.

**Mr. Dutchak:** — So what sort of revenue are you generating from that property right now?

**Mr. Nevill:** — Again, we can give you that information. I don't have it right at hand.

**Mr. Dutchak:** — Yeah, if you could just provide it to us . . . Do you know the total purchase price of that property?

**Mr. Nevill:** — I think it was around \$600,000 roughly — \$650,000 — for the total land acquired.

**Mr. Chairman:** — Sorry, I don't want to interrupt, but I want to get into this when you're done.

**Mr. Dutchak:** — So what you're talking about leasing there is . . . There is, I believe, a small building and some parking spots that the government is leasing out to people. Is that what's taking place?

**Mr. Nevill:** — Excuse me, I think there are three buildings: one is a meat market; the other is a pizza parlour . . . I think there's four buildings: the pizza parlour; meat market; there's another building that had a doctor in it plus a shoe shop; and then we have another building that has a suite or two in it, plus a jewellery store, and a real estate agent.

**Mr. Dutchak:** — Now that the government owns all this property, is there plans to sell it, or has that not been determined yet? I'm just assuming that the rental you're getting is nowhere near paying for your cost of funds which were expended to purchase the property.

**Mr. Nevill:** — Well, we feel the rental we're getting is reasonable, provides a reasonable carrying cost on the original capital cost.

**Mr. Dutchak:** — How do you determine that?

**Mr. Cutts:** — That would come back, Mr. Chairman, the gentleman from . . . We'll get that back when we prepare the report, so that we'd be able to assess it for you.

**Mr. Dutchak:** — Sure.

**Mr. Meagher:** — Also, could you indicate if you've received any offers to purchase on that property from anyone?

**Mr. Nevill:** — I could say that we have received some offers to purchase on specific parcels. We have not accepted them because if we sell it I don't think it would be wise probably to sell it piecemeal but that's . . . (inaudible) . . . our current position. . . (inaudible) . . . and you could also work out your percentage of return on your

purchase price. I'm vaguely familiar with the properties, and as I calculate, you're receiving less than 5 per cent on the \$600,000 which was spent. and perhaps you could work out the actual percentage that you're receiving from rentals, and that would be net rentals.

**Mr. Cutts:** — We'll do that.

**Mr. Chairman:** — I was going to follow up with a question. I'm curious as well about this. Do you regularly provide balance sheets or some equivalent thereof with respect to rental properties, so you know how much you're making or losing on them, or do you just try and do the best you can?

**Mr. Nevill:** — We try and do the best we can. We of course have our revenue statements.

**Mr. Chairman:** — So you don't know — in fact you don't really know without copying it for this committee — you don't really know how much you're losing or whether or not you're losing or making money on rental property. Is that the substance of what you're saying?

**Mr. Nevill:** — We would look at our surplus property periodically to see whether we need it in the long term, whether we're getting a reasonable return on it, and if we feel that it's going to be surplus in the long term, we'll try and dispose of it. That would be our recommendation. In this particular case there is a decision made to renew the existing leases for another five years, starting in 1983, I believe. So we have leases on the property in . . . (inaudible) . . . So we're more or less committed, although the properties could be sold with the leases in place.

Yes, we do look at all of our surplus properties — what revenue we're getting; what the long-term needs appear to be for government in the long term. And we try and make the best decision we can as to whether to retain the property or dispose of it.

**Mr. Cutts:** — I think, Mr. Chairman, I'd like to make one comment here in general . . . (inaudible) . . . that with our revenue property and/or buildings, we try to achieve market rates on our returns. And we try to be competitive in the industry.

**Mr. Chairman:** — How much surplus property do we have around the province? Is this a widespread problem, or just an isolated example of having a lot in P.A. that we bought and decided eventually not to use, I guess? How widespread is the problem? You've sort of got my curiosity going here.

**Mr. Nevill:** — In our annual report we list our vacant space, if you can call that surplus. It certainly . . . (inaudible) . . .

**Mr. Chairman:** — Oh, I don't think that's the same thing at all. Vacant space, as I understand it, is space that you're not able to use at the time the annual report is prepared. It may not be surplus at all. You may be simply . . . It may be a transitional problem, if you can put it that way. You may be moving an agency.

I don't think that's the same thing at all. I was thinking of property which is not required in the immediate future for government purposes, that we're buying and just keeping because we think we may need it at some time in the future. I assume that's the



motivation. How widespread is that problem?

I sense that the witnesses don't have this information with them, and didn't come prepared for it. That's fair enough. I wonder if we could expand the question a bit. Give us a list of the surplus properties which we own.

**Mr. Katzman:** — What does surplus mean, Ned?

**Mr. Chairman:** — By surplus I mean properties which are not needed for government purposes at any time within the foreseeable future. And I think that's a fair description of the property in P.A.

**A Member:** — Maybe you guys want to go into the pizza business.

**Mr. Chairman:** — Yeah, that's right, into the pizza business.

**Mr. Katzman:** — Could I add to your question, Ned?

**Mr. Chairman:** — Can I just finish and then members can round it out. I want a list of the surplus properties — so defined; the cost of those properties at their purchase price, at the gross and net revenue returns, with all your costs figured in, including some cost of money, some interest cost separate. I'm interested in seeing that. If it's an isolated problem of a single lot in P.A. which we got and never used, it's not a big problem. If you got all kinds of this stuff sitting around with pizza houses on them, it's an interesting question. So the question, I'm sure, is too detailed to answer now, but you may provide us with the answer. And other members may want to add to my formulation of question.

**Mr. Meagher:** — If I might, as well, if you're coming back with that kind of information, I would like a breakdown on the McIntosh Mall in Prince Albert. I'd like to know the percentage of the building that's occupied, in the year under review, I suppose. It would be limited to that year, so month and day. Or do you have that information with you?

**Mr. Glauser:** — The question I would like to ask is . . .

**Mr. Chairman:** — Order, order. Let them deal with the question.

**Mr. Glauser:** — Well, this is relative to it.

**Mr. Chairman:** — Oh, you have the same question. Okay.

**Mr. Glauser:** — Yes. The question, I think, is: in your financial statement, are buildings, whether they're being rented out or whatever, is that considered your surplus, in the financial statement?

**Mr. Chairman:** — If I could respond to that, I don't view space in the McIntosh Mall, the Cornwall Centre or the Sturdy-Stone Building as surplus space. What you've done is lease out the ground floor for retail. I don't necessarily view that as personal space, as surplus space.

**Mr. Glauser:** — But how you view it and how they are reporting it might be two different things.

**Mr. Chairman:** — Okay, okay.

**Mr. Katzman:** — What ground rules are . . . You didn't spell out in your . . .

**Mr. Chairman:** — No, I didn't, because I hadn't thought it out very carefully, to be quite frank with you . . . (inaudible) . . . No, which is unusual. It just happened to happen on this occasion, because the question was raised by other members. I thought I'd send my usual sparks and . . . (inaudible) . . .

**Mr. Young:** — I still think you guys are going to go into the pizza business.

**Mr. Cutts:** — We can provide the information on the space in the McIntosh Mall that is not used right now, and it's 1,310 square metres.

**A Member:** — Out of a total building of how much?

**Mr. Katzman:** — What's a square metre? Give me yards.

**Mr. Cutts:** — At 13, it would be about 1,400 square feet — 14,000 square feet, I guess.

**A Member:** — Thank you.

**Mr. Nevill:** — I'll give you the total area in a moment here.

**Mr. Meagher:** — Also, if you have it, I would like to know the area of one floor of that building.

**Mr. Katzman:** — I still haven't figured out Trudeau's count — metres and metric. It took me long enough to learn the weather . . . (inaudible) . . .

**Mr. Cutts:** — Mr. Chairman and gentlemen, the total space in the McIntosh Mall is approximately 107,000 square feet. The total area per floor is around 8,500 square feet.

**Mr. Meagher:** — 8,500 per floor?

**Mr. Cutts:** — Approximately.

**Mr. Meagher:** — And you have approximately 14,000 vacant in the year under review?

**Mr. Cutts:** — Yes.

**Mr. Nevill:** — Most of it was the commercial space, Mr. Chairman. There was roughly 10,000 square feet of commercial space vacant.

**Mr. Young:** — Was that named after Irwin McIntosh?

**Mr. Chairman:** — No. Lachie McIntosh.

**Mr. Meagher:** — Well then, perhaps you could give that information if it's handy. What percentage of that 10,000 square feet, or what part of that 10,000 square feet of

commercial space in McIntosh Mall was vacant or unoccupied in the year under review?

**Mr. Cutts:** — There was 10,000 square feet of vacant commercial space for the year under review.

**Mr. Meagher:** — In effect, all of it.

**Mr. Cutts:** — And do you want to know the total commercial space available?

**Mr. Meagher:** — Yes.

**Mr. Katzman:** — It's 9:15. We started at 8:30. The press finally arrived. They were the ones that wanted the committee opened. As usual, they're late. That's just for the record.

**Mr. Chairman:** — What are we struggling with now? What's the question before the witnesses? . . . (inaudible) . . . That's Lachie McIntosh . . . (inaudible) . . .

**Mr. Katzman:** — No. We've been doing the commercial.

**Mr. Chairman:** — On, they're trying to find that space.

**A Member:** — It's named after Lachie McIntosh.

**Mr. Chairman:** — His name is Lachie McIntosh. But the inspiration for it was not Irwin McIntosh, which was . . . (inaudible) . . . but Lachie McIntosh.

**Mr. Meagher:** — I just wanted to clear that up.

**A Member:** — We have a number of buildings that are under consideration for name changes.

**Mr. Chairman:** — And I can give you some advice off the record. Stay away from it . . . (inaudible) . . . a terribly complicated problem. If this is perhaps you might want to . . .

**A Member:** — We have it.

**Mr. Chairman:** — You've got it, eh?

**Mr. Cutts:** — There's approximately 13,500 square feet of available space, commercial space available, and we have 10,000 vacant.

**Mr. Folk:** — Was that in the year under review or right now?

**Mr. Cutts:** — That's in the year under review.

**Mr. Chairman:** — Okay. Let's finish up with this. We never got the answer to the question of the member from Saskatoon Mayfair, but let's finish up with this.

**Mr. Dutchak:** — You may want to finish up. I've got a series of questions to do with what he's talking about.

**Mr. Chairman:** — Let's go back to the question, then, from the member from Saskatoon Mayfair, with respect to whether or not this kind of space is thought of as being surplus space or is this something . . .

**Mr. Cutts:** — We identify it in the statement as vacant property. Page 33. It would be approximately 39,000 square metres or 400,000 square feet.

**Mr. Katzman:** — What's our total space? If I understand correctly, the normal history of Government Services is about 10 per cent vacant, 15 per cent vacant, in that area, because of renovations, because of this, because of that. Of your total space you're somewhere between 10 and . . . I think one year you were as high as 20 per cent because of the Avord Towers and a bunch of other stuff. But there's always around a 10 per cent . . .

**Mr. Chairman:** — There's always some inefficiency, some slippage, some vacant space.

**Mr. Cutts:** — Approximately 7,200,000 square metres . . . square feet, square feet.

**Mr. Katzman:** — Okay. And then we've got how many, total, empty?

**A Member:** — 400,000.

**Mr. Katzman:** — Which is about 5 or 6 per cent?

**Mr. Cutts:** — Less than 5 per cent.

**Mr. Chairman:** — Okay. We never got finished. The member from Saskatoon . . . the member from Prince Albert never got finished.

**Mr. Meagher:** — Okay. I would just like to know — you may have to come back with this information as well, but I would like to know — in the year under review, if you have as much vacant office space available to you as these figures indicate in the McIntosh Mall, a new building built for the purpose of government occupancy, why then would you enter into new leasing arrangements with this other property that we just referred to?

**Mr. Cutts:** — The other property was purchased prior to building of the mall.

**Mr. Meagher:** — I realize that, but I would like to know the rationale. What would be the rationale behind keeping this what clearly is surplus property in downtown Prince Albert, and enter into new long-term leases with tenants when in fact you have a lot of empty space in the new McIntosh Mall? That clearly indicates to any person that would examine these figures that the property purchased is surplus.

**Mr. Cutts:** — . . . Just for clarification, Mr. Chairman, are you suggesting that the government is acquiring new lease property?

**Mr. Meagher:** — No, no. You've bought property on 13th Street West, the property we referred to earlier, the pizza parlour and other parcels, with, as you indicated, the intention, perhaps, of building an office building, an expansion of government building on the property. That was the purpose of purchasing it, right? Correct?

**Mr. Cutts:** — That was the stated purpose.

**Mr. Meagher:** — Okay. Then you elected instead to build a new office building, which is the McIntosh Mall, that you aren't able to fill — a very large unoccupied space. Then what would be the rationale behind keeping that previously purchased property and rent long-term leases with tenants and that sort of thing as opposed to putting it out on the market?

**Mr. Cutts:** — I think we'd have to come back, Mr. Chairman, with that. I'm not sure what the rationale would be. Maybe the year under review, Don could speak to the . . . what the rationale is at that time . . . (inaudible) . . . plans. The situation now may have changed, obviously, the rationale being changed.

**Mr. Nevill:** — I just mention that the McIntosh Mall, we did not have, or we had very little surplus office space, as shown in our report. There was 360 metres. The majority of it was commercial retail space. Certainly, we weren't prepared to commit to office space and we still aren't. The history of the McIntosh Mall was that it was originally to have been built by Saskatchewan Forest Products and we were going to take a certain amount of lease space in that building from Saskatchewan Forest Products. We ended up with significantly more space when we took that building over, but we already had the 13th Street properties.

But our other rationale was that our provincial buildings, we felt, were going to have to be replaced at some point in time and we also have some substandard lease space, I would say about 15,000 sq. ft. in the Nu-Trend building, which is a leased building, that was certainly going to have to be replaced at some point in time. So, with all these things being considered, we decided it was worth while holding on to that property for another few years until it became more evident what the government's long-term space needs would be and how long we could retain the existing complex. There's the health building and the old land titles and the provincial office building, which are certainly not modern office buildings. So those were the considerations and we've just decided to retain the property for another five years and we'll be constantly re-evaluating that decision.

**Mr. Chairman:** — Well, let me be clear then about the information which you're going to come back with, just so that we understand each other. What I'd like to know is the cost of the . . . What I'm getting at is: what is it costing us to hold this space, if anything? What is it costing us to hold this land for future development? If we're making money on it, or breaking even, then it makes good sense. But if we're not, we should at least know how much money we're losing on it. And yeah, I just want to be sure that we understand what they're coming back with. You're going to come back with kind of a financial statement on surplus property. You're going to come back first of all with a list of surplus property, defined to be property for which you have no use in the foreseeable future, such as this land in P.A. just being held for possible future expansion . . . (inaudible) . . . And I'd also like then a revenue, a gross revenue, a net revenue statement for that . . . (inaudible) . . . I'd also like separate but as part of the package, a gross and net revenue statement, a set of financial statements for the space in the three buildings — four, I guess. The butter building or Pepper Building, or whatever it is in P.A., and Cornwall Centre, and Sturdy Stone and McIntosh. I'd like to know how much we're making or losing on the commercial space in those office buildings.

**Mr. Katzman:** — Mr. Chairman, I think you're out of bounds. I may be wrong, but my

understanding from this committee prior is that the type of information you've asked for will not be broken down the way . . . For example, take the Cornwall Centre; we don't run it from what I understand. That's run by a private organization that isn't us, which isn't Government Services.

**Mr. Chairman:** — Okay. Okay.

**Mr. Dutchak:** — And you also can't determine a loss on a government-owned building because how are you going to determine what your cost of money is.

**Mr. Katzman:** — And your other thing is you don't take cost of money in. That's been the practice. You don't take in interest on the . . . (inaudible) . . . cost of money into any of your buildings. At least you never did before. So unless we've changed systems you can't do that either. What you've always done is charged out the total cost for the year that it was spent in and that's the end of it. You don't charge interest or . . . (inaudible) . . . cost of money, or cost of use of that money, so I think you're out of bounds on a lot of your question because it's not the system.

**Mr. Chairman:** — Okay. I accept what you say, that all of the costs which a private developer would include in his expense statement may not be included here — specifically the cost of money.

**Mr. Katzman:** — The cost of money, Ned. The cost of design within the department is not always charged to the cost of the project, as we have learned. Sometimes it is; sometimes it isn't. Your question should more read: what did the project cost you?

**Mr. Chairman:** — Okay. Well, then let's leave out altogether the salt Pepper butter Building, whatever the thing is called in P.A., the Cornwall Centre, the Sturdy Stone, and the McIntosh. Let's leave them out altogether because it really wasn't what I was interested in. What I was interested in is whether we know how much this property is costing us to keep.

**Mr. Cutts:** — Mr. Chairman, would it be useful if we also provided a bit of our long-term plans?

**Mr. Chairman:** — Yes, indeed, indeed, because there may be good reason for keeping this. You may want it for future expansion. It may have been the market was just too soft. To dump it on the market you'd take too much of a bath on it. I can think of a number of good reasons why you wouldn't sell it, but I think what the committee wants to assure itself is that all the calculations have been done and the whole thing is sort of thought out and it isn't happening by chance. It isn't happening because nobody ever got around to saying, 'Hey, let's unload that turkey in P.A.'

**Mr. Nevill:** — Mr. Chairman, I'd like just to clarify the question of some of this land . . .

**Mr. Chairman:** — Yeah, I want to do that. I think I put it to you in a confusing fashion.

**Mr. Nevill:** — A lot of the surplus lands, so called, could be around complexes like the Regina Correctional Centre, the Weyburn SVRCC, the special care regional care centre, the Saskatchewan Hospital, North Battleford, and so on. Now some of these surplus lands are farmlands and we have leased them out to the previous lands bank. It's now under the lands branch of Agriculture, and we simply lease this land to them for \$1 and they lease it out to farmers. So there's a lot of land like that, that we can't even

say what the original purchase price was because it was acquired back in the 1920s or 1910s, somewhere at that point in time, and that land has been . . .

**Mr. Chairman:** — Let us then narrow your work-load down by just referring to surplus lands within urban centres.

**Mr. Nevill:** — That would be certainly much easier to answer.

**Mr. Chairman:** — I really wasn't thinking of the farmland around the jail. I was just wondering how many of these situations occur and to whether or not we're sitting on vast quantities of land. I don't know the answer to it. I'm just curious as to how much there is and if we know how much it's costing us. And if there's . . . (inaudible) . . . And reasons for not having sold it, if there are any.

Okay, I'm sorry. I interrupted someone by getting into that with both feet. The member for Saskatoon University,

**Mr. Folk:** — Yeah. Getting back to the same page, I notice there's a few expenditures for cities there, one for Prince Albert, one . . .

**A Member:** — What page?

**Mr. Folk:** — 185, I'm sorry. For the city of Prince Albert, city of Saskatoon, city of Regina, what would these expenditures be?

**Mr. Glauser:** — Would those not be taxes?

**Mr. Nevill:** — I believe again, that for instance the city of Regina, that could have been the purchase of land for court-house expansion on the Smith Street property. I can't say for certain, but that could be that particular payment. We acquired a significant amount of property from the city of Regina for future court-house expansion.

**Mr. Cutts:** — That's what it is, the majority of it anyway.

**Mr. Folk:** — That's the 1.16 million?

**Mr. Cutts:** — Yes.

**Mr. Folk:** — Okay. And the city of Saskatoon, the 57,000?

**Mr. Cutts:** — That's for the paving of the correctional centre property parking lot.

**Mr. Katzman:** — Where's that? In Saskatoon?

**Mr. Cutts:** — Yes.

**Mr. Folk:** — And the 107,000 for Prince Albert?

**Mr. Cutts:** — There's 83,000 of it was for the Prince Albert North Park central sewage system; 19,000 for the Prince Albert Park Grove Correctional Centre road erosion repair; and 5,500 for the Prince Albert Correctional Remand Centre.

**Mr. Folk:** — That would be, once again, repair.

**Mr. Cutts:** — Most renovations.

**Mr. Folk:** — Renovations.

**Mr. Glauser:** — You do not pay taxes to the cities?

**Mr. Nevill:** — We pay a grant in lieu of taxes to the cities for local improvements adjacent to our properties, or for any revenue producing properties that we lease to others, where the tenants would normally pay tax, and we pay a grant in lieu on those situations. They would be . . . (inaudible) . . . somewhere else.

**Mr. Folk:** — The expenditure also on that same page, one for SGI and one for Sask Power, would the one for SGI just be insurance on what in particular?

**Mr. Cutts:** — Sask Power is for the renovation of the Gravelbourg equipment storage building. It's for the renovation of the administration at the Meadow Lake — SGI.

**Mr. Folk:** — Meadow Lake?

**Mr. Cutts:** — Yes.

**Mr. Folk:** — So SGI carried out that work and you paid them for it?

**Mr. Cutts:** — It was a default.

**Mr. Brown:** — It was a default by a contractor that SGI had insured, and under the bond we had to turn over the remaining contract moneys and paid it direct to SGI . . . (inaudible) . . .

**Mr. Folk:** — So somebody defaulted on their bond?

**Mr. Brown:** — Correct.

**Mr. Katzman:** — Mr. Chairman, if I may, earlier the member from Saskatoon University asked about the administration costs on page 173, and it looks like 670,000 not spent, but I'm going to . . . I don't know if you can answer or not. If you turn to page 388 in your book also, you'll find Tourism and Renewable Resources, which was the same minister again. And I notice he's fairly close to his estimates, which would indicate the office staff in his office was basically — all except for maybe Angie — charged to Tourism, and that will make quite a difference when you double up the minister's office.

**Mr. Cutts:** — Mr. Chairman and Mr. Katzman, we couldn't comment on that without checking the details of that. Do you want us to get back on that?

**Mr. Katzman:** — Except . . . (inaudible) . . . except ask this question, Mr. Chairman. My concern is: I assume one of the major savings is that.

The other question is maybe, for lack of a better word, I'll even call my own question chintzy — airplanes, my favourite subject. When the department staff flies an aircraft



. . . Example — I'm going to use a name, or I can use the position, I think — the secretary to Mr. Gross. I don't know what Angie's title was. That particular person, do you know the title so we can just use the title that person had? . . . (inaudible interjection) . . . The minister's executive assistant, was she allowed to order the aircraft?

**Mr. Cutts:** — Are you asking a question for Government Services or Revenue, Supply and Service?

**Mr. Katzman:** — She worked for Government Services. That's why I'm asking about her position directly. Was she able to order an executive aircraft?

**Mr. Cutts:** — Mr. Chairman, I would suggest we'd be able to answer that question better, Mr. Katzman, under Revenue, Supply and Services, when we have the officials for executive air to give you an indication of how planes could be ordered for ministers' offices.

**Mr. Katzman:** — I know that a minister's office can order on behalf of anybody representing the minister.

**A Member:** — That's right.

**Mr. Katzman:** — My question is — and this is what I'm looking for . . . In fact when your officials come in you can check the approximate date — it's somewhere in February or March of '82 — a flight, I assume, charged to that individual, or to that person, which happened to be the nomination day of the minister — a flight from here to there.

**Mr. Chairman:** — That's just an unfortunate coincidence, Ralph.

**Mr. Katzman:** — Just unfortunate coincidence. And just an unfortunate coincidence that the pilots refused to land and were ordered to land even though the storm was very dangerous. That's what's got me, that the pilots didn't want to land, from my understanding, and yet did with extra danger to everybody involved, because they were warned not to. And I understand the flight was charged to this individual.

And what's annoying me is, we won't get the record of who was on the flight, but I happen to know from my own sources who was. And I don't think that's quite fair either. So under Revenue, if you want to handle it there, fine.

**Mr. Cutts:** — I think we could answer it, Mr. Chairman and Mr. Katzman, that under the minister's direction somebody in that minister's office can call and reserve a plane. I doubt very much if the ministers actually make the reservations themselves on all the trips.

**Mr. Katzman:** — No, the staff do.

**Mr. Cutts:** — So it would be under the minister's direction.

**Mr. Katzman:** — I have no argument. My concern is twofold: the passenger list from what was shown — that's normal policy and I understand that. But because of my own sources I happen to know who was on the aircraft. But I don't agree with the way . . . I always thought the senior official was supposed to be listed — not a junior official. And that's really what's bugging me about this one. Because the senior officials on the

aircraft — it wasn't their name on it. It was a junior official. And that's what's got me really annoyed.

**Mr. Chairman:** — It would be awfully hard to respond unless you give them the specific names . . .

**Mr. Katzman:** — Well, the minister was on the aircraft gets charged with executive assistant, to the minister's nomination meeting.

**A Member:** — They wouldn't do that. That's not even believable. The member from P.A.-Duck Lake.

**Mr. Dutchak:** — Okay, I'd like to get into some specifics, whoever can deal with it, on the McIntosh Mall in Prince Albert. What was the final cost of that structure, excluding the land?

**Mr. Cutts:** — The costs we have are \$12,500,000, and the land was \$ 740,000, included in that figure.

**Mr. Dutchak:** — Was this built by a private contractor?

**Mr. Brown:** — Yes, it was.

**Mr. Dutchak:** — And did you have a locked-in turnkey contract with them for construction costs?

**Mr. Brown:** — It was a stipulated sum contract, yes.

**Mr. Dutchak:** — What was the original sum stipulated on the original contract signed between your department and the contractor? That's Poole Construction, was it not?

**Mr. Brown:** — No. It was Builders Contract Management . . . (inaudible) . . . Ltd.

**Mr. Dutchak:** — Right. Can you tell me what the original contract showed as a purchase as a contract construction price?

**Mr. Brown:** — The award price was \$8,987,900.

**Mr. Dutchak:** — Okay. Can you tell us why it ended up costing over \$12 million?

**Mr. Brown:** — Well, an additional to that were the interior improvements to the building — the walls, the lighting and mechanical systems to accommodate the offices.

**Mr. Dutchak:** — I see. Well, you're talking about mechanical alterations to accommodate the offices.

**Mr. Brown:** — That's right.

**Mr. Dutchak:** — And are you saying that the interior partitioning, lighting system, and mechanical alterations cost over \$4 million?

**Mr. Brown:** — There were also some work that was extra, in the tenant improvements and the commercial space. We can give you a breakdown of the stipulated sum, and the

additions to the stipulated sum.

**Mr. Dutchak:** — Did you experience any unforeseen increases in expenditures over and above the original contract price, besides improvements — tenant improvements?

**Mr. Brown:** — Not substantially, no.

**Mr. Cutts:** — The figure I gave, Mr. Chairman and Mr. Dutchak, it included the furnishing and equipment and drapery and the site development.

**Mr. Brown:** — It also included the fees to the consultant.

**Mr. Chairman:** — What was the last comment — I didn't hear?

**Mr. Brown:** — It also included the consultant fees. It was a total project cost that Mr. Cutts gave.

**Mr. Chairman:** — I have a question while the member from P.A.-Duck Lake is finding his figures. It is unrelated to this, and we'll get back in a moment when he's ready to go. With respect to making public buildings accessible to the handicapped, have we completed this? Are all public buildings . . . (inaudible) . . . If you like, by March 31st, 1982? I'm not sure why the member from Rosthern wants it . . . (inaudible) . . . If you do. Were all public buildings accessible to the handicapped?

**Mr. Cutts:** — No they weren't.

**Mr. Chairman:** — What percentage are? I think what the policy . . . I'm not sure if it's an act, or if it is a policy, but the policy is all buildings in which the public regularly have access. It would exclude equipment storage sheds, for instance.

**Mr. Cutts:** — Basically, Mr. Chairman, the problems we're working on this year — the carry-over — are the old court-houses in the smaller centres around the province. That's where the majority of the accessibility problems are.

**A Member:** — That would be costly in some cases.

**Mr. Cutts:** — Very costly, yeah. Just as an interest: in one court-house we talked to some people that, in 15 years, they had one handicapped person they had to take into the building, and it's going to cost us . . . the estimate is out for \$100,000 to repair that building.

**Mr. Chairman:** — Some of it would be outrageous.

Okay, just then with respect to the payments to the Wascana Centre and the grant to the Wascana Centre, is this the total payments on behalf of the government? Is it through your department that these payments are made on behalf of the government, or is that a special payment? Is that something other than the grant for Wascana Centre? It was on page 176 of volume 2 of the *Public Accounts*.

**Mr. Cutts:** — Yes, Mr. Chairman, you're referring to which figures?

**Mr. Chairman:** — Grant to Wascana Centre. If you look on page 176, *Public*

*Accounts:* grant to Wascana Centre — 893,000. That is the grant on behalf of the government, or that is a special . . .

**Mr. Cutts:** — That is a grant, the 893,000; the 1.607 is the total for the maintenance, and there are other moneys for special capital projects that was referred to earlier.

**Mr. Chairman:** — I had the notion, I guess mistakenly, that this money was paid through Urban Affairs. It isn't; I see the witnesses shaking their heads.

Okay, I don't have any further questions.

**Mr. Katzman:** — Just to answer your question, Ned. I think there is other things that are charged to the government where we're trying to . . . Example, yeah the year under review, the grass that was ripped up here for that steam line or whatever it is running back south of this building, we would have got government services . . . (inaudible) . . . would have got charged additional money for the relevelling and replanting of grass — am I correct? — over and above your normal charges.

**Mr. Cutts:** — Yes, I think you're correct. That would be a special project we talked about.

**Mr. Brehm:** — If I could just expand perhaps . . . There's a set grounds maintenance charge that Wascana Centre has, and they charge . . . I don't know if it's a square foot, a square yard, a hectare or whatever it might be. They charge the same amount of money to the university for maintenance and for the city — they do in fact maintain some area for the city, I believe. They may not for the city since they have their own parks workers. But the Government of Saskatchewan has no parks workers in Regina, so therefore they charge . . . For example, we paid \$15,000 for grounds maintenance of the Diocese of Qu'Appelle, Wascana Centre, even though that is not part of the centre but is owned by the Government of Saskatchewan. They cut the grass over there; they water the grass and so on, and we pay for the maintenance of that area.

**Mr. Katzman:** — Same as we do at the Centre of the Arts.

**Mr. Brehm:** — The Centre of the Arts is exactly the same.

**Mr. Chairman:** — Any further questions . . . (inaudible) . . .

**Mr. Dutchak:** — Yeah, I'd just like to get back . . . I've done some calculations here. Roughly, the building cost, in the McIntosh Mall, was around \$115, \$116 per sq. ft. for construction — that's including your architecture fees and so on — which to me seems excessive compared to private industry building a similar building; and I can use, you know, examples in Saskatoon. We don't have anything similar in Prince Albert. Have you done any cost comparisons between the McIntosh Mall and a privately built, similar high-rise in Saskatoon?

**Mr. Brown:** — I might point out, the McIntosh Mall has a parkade attached to it, which increases the cost per sq. ft.

**Mr. Dutchak:** — Right. You're getting revenue off the parkade, aren't you?

**Mr. Cutts:** — But it has a significant factor when you calculate the cost per sq. ft. The figure we gave you in terms of the square footage was a total usable space. The parking

lot was not included in that.

**Mr. Dutchak:** — Yes, no, I realize that. Normally when private industry or private company builds a parkade attached to a high-rise, it's included as part of the high-rise. That's my understanding of it. I'm aware of what you're talking about. Was that your point?

**Mr. Cutts:** — Yeah, that's my point. I'm not sure whether you're comparing apples to apples.

**Mr. Dutchak:** — Well, you know what your cost was of the parkade?

**Mr. Chairman:** — What was the cost of the parkade? Can you separate that out? You may not be able to. I wonder if the member would be prepared to accept this in writing. I don't know how long it's going to take,

**Mr. Cutts:** — An estimate would be approximately \$3 million.

**Mr. Dutchak:** — Do you know what your revenue is from that parkade?

**Mr. Cutts:** — No, I'd have to get that for you. It's very little. It's insignificant in terms of the total revenue from the buildings. It's a small, small amount.

**Mr. Dutchak:** — I suppose what I'm concerned about is the whole reason for the construction of that beautiful building in Prince Albert. It's very nice for our skyline, but if you calculate the value of your money at approximately 13 per cent, and work it back, and if it was a private building, the individual leasing the space would have to get approximately \$15 per sq. ft. triple net, if he was to carry his mortgage, based on your costs. Now, what concerns me is that at the time that the McIntosh Mall was built, there was an excess of office space in Prince Albert, and you could have picked up space for \$5 a sq. ft. on long-term leases for the Government of Saskatchewan. What I want to know is: why was the McIntosh Mall built, which cost the government \$15 per sq. ft. to occupy it, as opposed to simply leasing from private owners for \$5 a sq. ft. Do you know the answer?

**Mr. Cutts:** — Mr. Chairman and Mr. Dutchak, I don't think we can really comment on it without doing some . . . It was 1979 and we're under the year under review 1981-82 and I really can't comment on that.

**Mr. Dutchak:** — Can any of the officials indicate why the decision was made to build the building, which was built in '82, so we're looking at expenditure 1982?

**Mr. Chairman:** — The decision wasn't taken in '82, I think that's what he's saying and I think he's right. The decision was taken well before '82. It was taken in the late '70s and I think what he's saying is he doesn't have the information.

**Mr. Dutchak:** — Are you saying none of the gentlemen sitting here are familiar with the reason why the government opted to build their own building rather than continue to lease from private owners.

**Mr. Nevill:** — I could maybe add a comment that I know there was a move to attempt to centralize as many government offices as possible. That may have been one of the major reasons that the government . . . (inaudible) . . . try and put as many . . .

(inaudible) . . .

**Mr. Dutchak:** — Okay. I understood that was one of the reasons that you wanted to centralize, and I just want to use a couple of examples. I think in the year under review, for instance, you were leasing from the building known as the Twelfth Building. Are you familiar with this?

**Mr. Nevill:** — That's correct. Yes.

**Mr. Dutchak:** — And that building was primarily occupied by government leases and had 25,000 square feet in it. Is that roughly right?

**Mr. Nevill:** — I think we leased probably about 15,000 feet in the building, as I recall — in the Twelfth Building.

**Mr. Dutchak:** — And the balance was leased by some other government departments. I believe there's a federal department. Are you aware of that?

**Mr. Nevill:** — I think there is a law firm. The owner of the building, I think, had offices on the main floor, and there could have been — I think there were — some other tenants. I'm not aware of what they were, but the building may have been approximately 25,000 square feet.

**Mr. Dutchak:** — See, the reason I brought that example up is that that building is now in financial difficulty, because it was built for the purpose of housing government offices. The provincial government leased for a period of years and then centralized and basically left the private owner out there in the cold. And there were other buildings like that in Prince Albert. That's the reason for my question because the centralization has basically caused financial difficulty to a considerable number of people in Prince Albert without any monetary reason according to your figures, because you seem to have moved into something which is vastly more expensive just for the purpose of centralizing in a small city like Prince Albert where there is no real advantage to centralizing.

**Mr. Young:** — . . . (inaudible) . . . put your name on it . . . (inaudible) . . .

**Mr. Dutchak:** — So there's no other reasons other than centralization that you're aware of?

**Mr. Brehm:** — If I could just comment . . . I believe there was some downtown redevelopment, and I don't know how relevant it was. I certainly wasn't around at that time, but . . .

**Mr. Chairman:** — I think your questions are well out of the year under review. The decisions were taken well before 1981-82, and it's a problem for them because some of these people were not around then, so they would have to make specific inquiries . . . (inaudible) . . .

**Mr. Katzman:** — Well, Mr. Chairman, once again you and I must argue, but any project that either starts or finishes within a year that's under review you have the right to go over the span of the project, I believe. Now they may not have the information; that may be correct. And none of them were here when the decision was made, but there's still legitimate questions if part of the money expended on the project is in the year

under review.

**Mr. Chairman:** — It may be fairer to the witnesses to allow them to respond in writing to it.

**Mr. Cutts:** — We could make some general comments, Mr. Chairman, regarding some of the comments that were made relative to moving out of space in the private sector. Quite regularly we attempt to upgrade the quality of our space to the standards that exist in communities. We may move out of one private rental building into another private rental building to upgrade our space and leave that person without any revenue, if he built — like you say — if he built the building hopefully to accommodate government rental space. We're constantly doing that, and it's always an exposure there. It's unfortunate, but that's real life.

**Mr. Dutchak:** — I think, Mr. Chairman, Mr. Cutts has answered part of my question. And I realize my questioning may be a little unfair because he wasn't around when all these decisions were made, and I believe a lot of them were political decisions. A point of clarification, though, is that when the new government building was built, it wasn't a matter of moving up to the standard of the community. It was creating an ivory tower far superior to anything that the private people owned around and thereby moving out of their space, creating financial difficulties for them, centralizing in Prince Albert in one location, for no monetary reason. Basically the cost to the taxpayer per square foot is three times that which was available in private buildings. Would you agree with that analysis?

**Mr. Cutts:** — Mr. Chairman, I suppose we could get the information as to what we're paying. My officials tell me that it wasn't anywhere near three times the cost in terms of rental space that we were in. Now, we can get that information and provide that to you.

**Mr. Dutchak:** — Sure, and you can use, for example, the Twelfth Building, the case of the 25,000 square foot private building which is in financial difficulty because the government left it hanging. Use that as an example, it's a fairly new building, and that could be a good comparison. If you'd provide it to us it would be appreciated.

**Mr. Young:** — If I might, Mr. Chairman, just turn a bit of a corner in this line of questioning. I look here under the year under review and there's a grant to the cafeteria board of 21,000. I'm wondering if, under the year under review, if I would have, which I didn't, had went down to the cafeteria here for dinner, what aspect of my lunch, so to speak, was subsidized by the taxpayer and how much did I pay for at the till? My understanding of it is that I pay for the food, but the woman at the till and the square footage down there, etc., etc., is paid for by the government. I'd like you to clarify for me how much of my meal I pay for or would have paid for during the year under review.

**Mr. Cutts:** — Well, the \$21,000 subsidy grant was for both the cafeteria board that's operating this cafeteria, the one in the Health building and the Walter Scott Building. Three of them.

**Mr. Young:** — What's the 21,000 for?

**Mr. Cutts:** — It was primarily to pay for the manager but if you wanted a percentage of your meal, I'd have to get the total sales which . . .

**Mr. Young:** — Does part of my meal, the cost I pay, cover the square footage of the

restaurant, or is that for free?

**Mr. Cutts:** — That's for free.

**Mr. Young:** — I just pay for the actual food products?

**Mr. Cutts:** — Yes, and the help.

**Mr. Young:** — And the help. But, do they pay no rent, and there's a government paid manager?

**Mr. Cutts:** — That was true.

**Mr. Young:** — Have you taken the time to consider if appropriate factors for managerial and square footage were put into the price of my \$4 meal, what would the actual market price of my meal down there cost? How much more? 20 per cent more?

**Mr. Cutts:** — I would say 20 per cent more would be a fairly good estimate.

**Mr. Young:** — Is that currently what's happening, or have there been some changes between the year under review and now?

**Mr. Cutts:** — It came up the other night when the chairman asked a question. The grant has been cancelled for this year.

**Mr. Young:** — So my meals should therefore cost a little more this year?

**Mr. Cutts:** — They may.

**Mr. Katzman:** — On the same point if I may, my understanding from what you've just told Mr. Young is basically, no rent, probably no power bill or heat bill or water bill, and no charge for the equipment that's in there from what I understand also.

**Mr. Cutts:** — That's right.

**Mr. Katzman:** — The government owns the equipment and allows them to use it free as well.

**Mr. Cutts:** — That's right.

**Mr. Katzman:** — Are we just talking the big equipment or are we talking all equipment?

**Mr. Cutts:** — I would think it would be all equipment but I'm not sure whether the spoons and things like that have to be replaced, what the situation would be.

**Mr. Law:** — It's major equipment I know for sure and the major maintenance on that equipment.

**Mr. Cutts:** — I might add, Mr. Chairman and Mr. Katzman and Mr. Young, it's quite common practice in the private industry to operate very similar to that when they have their own . . . when they have a large staff.



**Mr. Chairman:** — Yeah, I can testify to that. You can't eat at home for what you can eat at the Federated Co-operatives cafeteria in Saskatoon.

**Mr. Young:** — Is that being worked into my income tax somehow? Do I have to pay for that benefit in any way?

**Mr. Cutts:** — No.

**Mr. Chairman:** — You really are a bear for punishment.

**Mr. Young:** — Well, I'm just wondering because as I understand the federal income tax system — Mr. Kraus would know more about it than I do — I should have to somehow or other account for that particular benefit of my job. If I'm working on a work camp and they feed me, or house me, working on some pipeline, that gets worked into my numbers.

**Mr. Cutts:** — I can't address the income tax regulation, Mr. Chairman . . . (inaudible) . . . if you don't have to account for it.

**Mr. Chairman:** — Yeah. We're off the issue of the buildings and I think the members from P.A. and P.A.-Duck Lake were not finished. I may say with respect to the buildings themselves there's a sharp difference in philosophy here between — the present government and the former one, and I don't know quite how the officials address it. The approach of the former government, it strikes me, was one of labelling downtown office buildings as a part of the urban development, and seeing the government as having a positive and a central role in that. The approach of this government is with a different philosophy and a different approach, and I don't know quite how the officials respond to that difference in philosophy, because I think that's what it was.

**Mr. Dutchak:** — Yeah. I agree, Mr. Chairman. There's a difference of philosophy here, and the officials can keep that in mind in their answers to you. The jail at Prince Albert, was that built during the year under review?

**Mr. Brown:** — It was started before the year under review.

**Mr. Dutchak:** — And completed in the year under review?

**Mr. Brown:** — Yes.

**Mr. Dutchak:** — Do you have the final costs on that?

**Mr. Katzman:** — Mr. Chairman, while he's looking those up I think we should welcome the other two press members . . . (inaudible) . . . finally got here,

**Mr. Chairman:** — Pipe that for the member for Rosthern.

**Mr. Katzman:** — 10 o'clock. You're an hour and a half late, but that's normal for the press.

**Mr. Chairman:** — If the members of the press wish to respond to that, they'll have to come up to the table and speak into the microphone.

**A Member:** — Go to hell.

**Mr. Katzman:** — Mr. Chairman, I assume I get to write in the *Star-Phoenix* now.

**Mr. Brown:** — The cost to date is \$11.664 million.

**Mr. Dutchak:** — And who was building that particular building?

**Mr. Brown:** — There were two contractors on site — Graham Construction and . . . (inaudible) . . .

**Mr. Dutchak:** — And was that built pursuant to a sign turnkey operation contract?

**Mr. Brown:** — It was a stipulated sum contract.

**Mr. Dutchak:** — And was the stipulated sum on the original contract?

**Mr. Brown:** — This was a bit of a different arrangement. The electrical mechanical trades were called on a stipulated sum, and they were turned over to the general contractor by the department. It was an attempt to break the project down to more reasonable contract sizes. The net effect was that there was two general contractors on site. I can give you the award figures for the two generals and the electrical mechanicals and the others.

**Mr. Dutchak:** — Yes, total.

**Mr. Brown:** — P.A. General Electric was 869.6.

**Mr. Dutchak:** — Do you have a total on that? The total is fine.

**Mr. Brown:** — I'll have to look it up.

**Mr. Dutchak:** — Well, okay, give me the figures then.

**Mr. Brown:** — P.A. General Electric 869.6; Thorpe Brothers, 2 million and 32.5; Graham Construction, 3 million 135.7; MBE Ltd., that was a security package, 438.3. Another one to P.A. Electric Service for 92.9; paving, Barzeele & Burkowsky, 109.6; Modern Home Furniture, 12.3; FPC Industries, 83.5; the city of Prince Albert, 54.0.

**Mr. Dutchak:** — That doesn't seem to add up to your total cost.

**Mr. Cutts:** — What does it add up to, Mr. Dutchak?

**Mr. Dutchak:** — Approximately 7 million. Did I not hear him right on one?

**Mr. Brown:** — There was also design inspection of 716,000; equipment, 231,700.

**Mr. Dutchak:** — Did you run into any unforeseen costs during construction of any significant nature?

**Mr. Brown:** — There were a number of changes in design as the project progressed. It was a unique prison design in western Canada.

**Mr. Dutchak:** — And what was your additional cost because of this, roughly? Was it less than \$100,000?

**Mr. Brown:** — I would have to give you a return on the answer to answer the question properly.

**Mr. Dutchak:** — Okay. Was there an overrun on this project?

**Mr. Brown:** — The original treasury board approval was 11.76 million and the latest treasury board approval was the 1st of April, '82, treasury board minute 1956, 11.81 million, The project cost was 11.664 million.

**Mr. Dutchak:** — I see. Okay. This particular building raised a few ears in the city of Prince Albert, since it was built, and I'd just like to know where and why these decisions are made. You mentioned the unique design of the building. And I'm also familiar with the amount of oak work inside of it. And you also mentioned Modern Home furnishings, and I understand that they did the decor in each cell, matching up the custom-made draperies to all the furnishings and colors and so on. Who made the decision to go that elaborate on a jail?

**Mr. Brown:** — Our client department, Department of Social Services. It was their design philosophy that we followed.

**Mr. Dutchak:** — Would you agree that it is . . . You've been in the building, have you?

**Mr. Brown:** — Several times.

**Mr. Dutchak:** — And there's an identical one in Saskatoon, is there?

**Mr. Brown:** — That's correct.

**Mr. Dutchak:** — And would you agree those are probably the two fanciest jails in Canada right now?

**Mr. Brown:** — Of the ones that I've seen, yes

**Mr. Dutchak:** — And do you know why they didn't use some other wood rather than oak?

**Mr. Brown:** — Well, there's a reason for using red oak: it is the very high fire resistance rating, low smoke development. And it's a very safe material, Safety in a jail is very important.

**Mr. Dutchak:** — Yeah. Dry wall does the same thing I think.

**Mr. Brown:** — That's correct,

**Mr. Meagher:** — Are you familiar with the . . . I just want to be specific about a couple of items raised by my colleague here: that Modern Home Furniture were commissioned to colour co-ordinate the drapery with the carpeting in the cells?

**Mr. Brown:** — No, that was the function of the architect.

**Mr. Meagher:** — But it is a function nevertheless that was considered in the design, that the drapery had to be colour co-ordinated with the carpeting?

**Mr. Brown:** — That's correct.

**Mr. Meagher:** — How many inmates was this jail designed to accommodate?

**Mr. Cutts:** — To a total of 120.

**Mr. Meagher:** — 120? And do you know how many square feet per inmate that works out to in this particular facility?

**Mr. Brown:** — The gross area is 7,150 sq. metres.

**Mr. Dutchak:** — Do you know how many inmates the other facility which they eventually ripped down did house?

**Mr. Brown:** — It was a 250-bed cell block, the one that was torn down.

**Mr. Katzman:** — You use two languages. One is a cell block, and one was — what was the other? You must have a reason for the two different names.

**Mr. Brown:** — Well, the old one was basically a cell block.

**Mr. Katzman:** — And what do you call this one now?

**Mr. Brown:** — A correctional facility.

**Mr. Young:** — I'm wondering. Do they have showers and weight rooms in there? They do, eh?

**Mr. Brown:** — Yes. They have showers and weight rooms, plus a gymnasium and exercise rooms.

**Mr. Meagher:** — If I may, I'm trying to establish here, this facility was designed to provide how many square feet per inmate?

**Mr. Cutts:** — ... (inaudible) ... approximately 600 sq. ft. per inmate. That includes all the facilities — the quarters and ...

**Mr. Meagher:** — Now, can you advise the committee as well whether or not the mechanical installations in that facility — do they include air-conditioning for each cell?

**Mr. Brown:** — Yes.

**Mr. Meagher:** — Is your department involved in the design delivery of senior citizens' accommodations, such as the ... (inaudible) ... Home in Prince Albert?

**Mr. Brown:** — No.

**Mr. Meagher:** — What department?

**Mr. Nevill:** — It would be under a grant to a board, I would think. Probably Social Services, or it may be Health now. That's just a recent shift.

**Mr. Meagher:** — The reason I'm raising that question is that my information is that no senior citizen facility or level 4 care facility in Prince Albert has that many square feet per occupant, nor are they air-conditioned in the individual rooms, and I just want to know what the rationale is behind such an elaborate, fancy facility for inmates — far superior to what we provide for our senior citizens.

**Mr. Brown:** — These were requirements given us by the Department of Social Services.

**Mr. Cutts:** — Mr. Co-chairman, I guess it is, and Mr. Meagher, the program departments basically set out the requirements of the building that we would build, and I think the best thing would be to direct those questions to the appropriate department.

**Mr. Dutchak:** — One question that your officials may be able to answer is that you'd agree with me that the design is very unique and unusual for those two jails. Is that correct?

**Mr. Brown:** — That's correct.

**Mr. Dutchak:** — And could you tell me, when you're looking at a total contract price of \$11 million roughly, what that price would have been — or the cost would have been if a conventional building had been built — an ordinary building like our senior citizens' buildings or other more conventional government buildings? Do you know what the cost difference would be?

**Mr. Brown:** — I don't know how you would build the type of security into the normal building. Part of the area in Prince Albert and the Saskatoon correctional centre is dedicated to remandees, which has as high a security as the federal penitentiary.

**Mr. Dutchak:** — You misunderstood me. I was meaning the physical shape of it. There are peaks and gables and whatever you call them that are all over the place. It's a very unique design. It could have been a more conventional design with the same security. And if you review the number of escapes from that institution, it's not built anywhere near what it should be, probably, as far as security is concerned. But that's an aside. I'm talking about the unusual design of it. If the frills were out of it, how much could've we saved?

**Mr. Brown:** — I think the most significant departure on that building is the chapel area, which doubles as the conference room. If you take that feature away from the building, the exterior shape and size of the building is . . . I don't think there'd be a big difference in the cost.

But the cost of the building came with the security packages required in the building, the design of the building to accommodate security, and also the philosophy of the separate living units which was given to us by Social Services. If you put the whole building under one roof the cost could have been reduced substantially. But the intent of Social Services, as they gave it to us, was to create a smaller group as opposed to the large 250 people all in a mass in the old correctional centre, and separate them out for easy crowd control, if you will, and trying to introduce them to a smaller group so that it

would be easier to rehabilitate them. That was the design philosophy that was given us.

**Mr. Dutchak:** — Yeah, that's what I was getting at. And the cost would have been reduced substantially if it was in one centre and if, for instance, the building wasn't dug into the ground like they are. I believe they're partially into the side of hills and so on. Is that correct?

**Mr. Brown:** — Well, they were constructed — the round building was.

**Mr. Dutchak:** — The hills were made actually. They weren't there before.

**Mr. Brown:** — Right. That's part of the security system.

**Mr. Dutchak:** — So it wasn't your department that made any of those decisions?

**Mr. Meagher:** — That leads up to a question that I think is important. Does your department have any input into the design requirements of client departments that request buildings? In other words, if the Department of (in this case) Social Services comes to you with what could be described as an elaborate social experiment — some hare-brained plans — are you obligated to simply proceed with the construction regardless of the obvious lack of common sense?

It is being suggested, for an example to clarify the question somewhat, that this facility was designed to accommodate the social obligation of society to create an environment similar to the home environment of the inmates. Now, unless the inmates are almost exclusively from Westmount or some unexclusive area of the city, this environment couldn't be further from their home environment.

**Mr. Cutts:** — Mr. Co-chairman and Mr. Meagher, in the overall departments, if we're talking office space, we have standards that we try to work for. If a program department wants to come up with a new concept that has been approved by other central agencies, basically we try to minimize the cost of building the building. But if it has been approved by other central agencies, we build to their needs — to their requirements.

**Mr. Meagher:** — So what you're suggesting then is that there is some obligation upon your department to comply with requirements of the client department.

**Mr. Cutts:** — There's other central agencies involved in the decision-making process. And if we're dealing with standard types of facilities, we have a lot of input into it. If it's a new concept or maybe it may be a new experience or new experiment, then the other central agencies, basically, direct that this is an acceptable thing to try, and we build to accommodate that.

**Mr. Dutchak:** — What is the total square footage of the Prince Albert jail, please?

**Mr. Meagher:** — Are you familiar with the Social Services rationalization that this facility should best approximate the kind of environment that the inmates are used to at home or on the street? Is that correct? Was that part of your commission?

**Mr. Cutts:** — Mr. Co-chairman and Mr. Meagher, I think to get the best answer for that . . . like we would be talking hearsay at maybe a different level from where the decision may have been made in Social Services. I really think you should really ask those folks specifically for their rationale rather than us providing maybe second-hand

information that was passed down to a different level. I apologize for not being able to answer it, but I think you'd get a better answer from Social Services.

**Mr. Dutchak:** — Regarding your costs again, when I was speaking to you about the McIntosh Mail, you indicated the parking lot and everything. And I've done some calculations here, and it appears that the cost of that jail was \$166 per square foot, which is phenomenal. Now am I missing some costs, or was there something else besides the structures themselves? There's no parkade there or anything. Is there something else that must have been paid for?

**Mr. Brown:** — Correction. The square footage is . . . (inaudible) . . .

**Mr. Dutchak:** — Yeah. When you work your cost back it amounts to approximately \$160 per square foot, which is even more than the McIntosh Mall. That jail is all on one level, isn't it?

**Mr. Cutts:** — Mr. Chairman, I think generally you'll find high security buildings prisons — are generally quite costly in any event. They may be more costly than — like Mr. Brown has indicated — but they are generally more costly than an average building.

**Mr. Dutchak:** — Well, it's my understanding that security institutions add a 15 per cent cost factor over and above a standard commercial building. Do you have any of those figures?

**Mr. Brown:** — I'm sorry. Would you repeat that, please?

**Mr. Dutchak:** — From an ordinary office building — if it was constructed and converted to a security building or you converted the design of it into a security building — what percentage of costs would that increase by? Do you have any figures?

**Mr. Brown:** — No. I'm sorry, I don't.

**Mr. Cutts:** — We could get some information on that from other provinces, possibly.

**Mr. Chairman:** — Why don't we do that and respond then?

**A Member:** — Sure.

**Mr. Cutts:** — Yes.

**Mr. Chairman:** — This is an unwarranted interjection and I apologize for it in advance, but I'd be amazed if it were just 15 per cent. I recall that building was . . . (inaudible) . . . I was surprised at the cost of that thing when they built it.

**Mr. Meagher:** — May I just pursue, just for a moment, one more aspect of that particular facility that . . . Are you aware of the fact that the mechanical design of that building has brought about an awful lot of difficulty for the contractor and for the client and that apparently there are some of the warranties that are not being recognized because of the design deficiencies in that building? Are you aware of any of these problems, and if so can you tell us why that should be the case in a new facility?

**Mr. Brown:** — I'm aware of some of the comments that have been made, but I believe

that it was an operational problem rather than any designer problems . . .

**Mr. Meagher:** — Operational problems? Are you suggesting that we're not operating it properly, or that there was a . . .

**Mr. Brown:** — To the best of my knowledge all the warranties on the equipment and the mechanical system have been honoured.

**Mr. Meagher:** — Have been honoured?

**Mr. Brown:** — Yes, sir.

**Mr. Meagher:** — Okay. My information is that . . . Yeah. I wonder if you would be kind enough to verify that?

**Mr. Glauser:** — We've been talking a lot about expenses, and what I would like to turn to now is revenue, and particularly as it relates to the tax assessment activities on E&H and corporate capital tax. And particularly I'd like to . . . On page 25 of the auditor's report . . . Now is this your . . .

**Mr. Cutts:** — No. We're coming up; that's coming up next.

**Mr. Chairman:** — That's Revenue.

**Mr. Glauser:** — Oh, this is Revenue. . . . You've just got the expense points here? Oh, okay.

**Mr. Folk:** — Maybe I should interject a question here. Going back to that jail, it said the old cell block was 250 inmates, and the new one was 120. Presumably, what happened to the other 130? Where will they be going?

**Mr. Brown:** — Well, there's another correctional centre in Saskatoon.

**Mr. Folk:** — And they were both built at about the same time . . . (inaudible) . . .

**Mr. Nevill:** — I gather your factor, Mr. Folk, was that they have a policy now of putting low-security inmates out into urban camps, and that type of thing — work camps — so they have been able to reduce the number of inmates kept in high-security institutions.

**Mr. Folk:** — Wouldn't it have been a lot greater saving of cost if they would have built the centre for 250, for example, either in Saskatoon or Prince Albert? Do you know any reason why it had to be split up between the two, off the top of your head?

**Mr. Brown:** — Once again, it's a Social Services requirement.

**Mr. Folk:** — That would be a Social Services decision then?

**Mr. Brown:** — Yes.

**Mr. Folk:** — And you would have no input into that?



**Mr. Brown:** — No.

**Mr. Dutchak:** — Was the cost for the Saskatoon one the same as Prince Albert, roughly? You can generalize on that answer if you wish.

**Mr. Brown:** — The Saskatoon Correctional Centre was 12,412,000.

**Mr. Dutchak:** — All right, thank you.

**Mr. Glauser:** — On that one in Saskatoon, I understand you're putting a trailer on that property. Do I understand it correctly that this is to accommodate the relatives of inmates? What is the purpose of that trailer?

**Mr. Nevill:** — That is an urban camp facility that's going on the site of the Saskatoon Correctional Centre. So it's for low-security inmates, or for people that are serving week-end sentences, and this type of thing. That type of space is far cheaper than the full-security space that would be in the main correctional centre. They just happened to locate it on that site. It didn't necessarily have to be there.

**Mr. Katzman:** — In the yard?

**Mr. Nevill:** — It's on leased property. We're leasing it from the city right adjacent to the correctional centre.

**Mr. Chairman:** — Also leasing the trailer, if I recall . . . Also leasing the . . . (inaudible) . . . itself, I gather.

**Mr. Nevill:** — It's a lease-purchase type of thing. where we will own it after five years.

**Mr. Glauser:** — Were those trailers . . . I think there's more than one. Is there not more than one trailer?

**Mr. Nevill:** — It's a trailer complex, is what it is. It's an Atco type of complex.

**Mr. Glauser:** — Was that brought in from a camp in Edmonton? Is that where that came from?

**Mr. Nevill:** — It was a result of a public proposal call, and Atco, I think, were the successful bidders. I can't say where the trailers came from. Do you know, Pat?

**Mr. Brown:** — No, I believe it was . . . No. All I'm aware of is that it's an Atco trailer camp. I don't know where they came from. They were used trailers.

**Mr. Glauser:** — How much property does that institution sit on?

**Mr. Cutts:** — The total correction or the . . . (inaudible) . . . camp?

**Mr. Glauser:** — No, the correction.

**Mr. Cutts:** — 23 acres.

**Mr. Glauser:** — 23 acres. Going back to the trailers, was this not something involved

with Newbery Energy? Those trailers, was that camp owned by Newbery Energy?

**Mr. Cutts:** — I think what the officials say, Mr. Chairman and Mr. Glauser, is that Atco did the trailers. So we wouldn't know where they came from originally. They were used trailers.

**Mr. Glauser:** — Oh, this Atco company is . . .

**Mr. Cutts:** — Is the Atco out of Calgary?

**Mr. Glauser:** — Out of Calgary.

**Mr. Cutts:** — . . . (inaudible) . . . So they bring used trailers back and forth from . . . (inaudible) . . . all over North America, I guess.

**Mr. Folk:** — Going back to a question I asked earlier, the city of Saskatoon was paid \$57,000 for paving on this facility, on the new correction centre. Is that correct? Did I understand that right?

**Mr. Cutts:** — Yes, it was part of the access road to the correction centre.

**Mr. Folk:** — The access road. It wasn't any part of this lease space next to it, then?

**Mr. Cutts:** — No.

**Mr. Folk:** — The member for P.A. was alluding earlier to oak work in the Prince Albert correction centre. Is it the same in the Saskatoon?

**Mr. Brown:** — Yes.

**Mr. Folk:** — Is there any idea or any way of getting how much that oak work cost in the Saskatoon centre or the P.A., or both?

**Mr. Brown:** — I think so, yes.

**Mr. Folk:** — Could you provide that to us?

**Mr. Katzman:** — Access road — would you explain that?

**Mr. Brown:** — It's part of the access.

**Mr. Katzman:** — Are you talking 61st Street or are you talking onto your property yourself?

**Mr. Brown:** — It's not on property. It's an agreement with the city to share the costs of the road to the centre.

**Mr. Katzman:** — You're talking Miller Avenue, then?

**Mr. Brown:** — Miller or the cross street.

**Mr. Katzman:** — Miller or 61st.

**Mr. Brown:** — Or 61st.

**Mr. Katzman:** — So I assume what you're telling me is 61st from Miller going east, you've paid the total cost of that road?

**Mr. Brown:** — Pay share.

**Mr. Katzman:** — Well, normally a property-share system is a system where each taxpayer pays by the amount of footage that you run past his home or per commercial building. In this case the other side is totally undeveloped so you must . . . Either the city has sucked back the other portion or you've paid it all. If you've asked for advance you usually pay it all. You don't know if that's the answer or not?

**Mr. Nevill:** — I think, Mr. Katzman that when we bought the land, we bought serviced land, which would have been based on our frontage. The improvements have not been totally completed yet, and we still have some payments to make to the city when those improvements are . . . (inaudible) . . .

**Mr. Katzman:** — You bought land from the city, then?

**Mr. Nevill:** — That's right, the land was bought from the city.

**Mr. Katzman:** — You . . . (inaudible) . . . a standard agreement.

**Mr. Young:** — Mr. Cutts, when I move to the estimates here, I see Weyburn district, Swift Current district, this district, that district. I assume, then, that your Government Services has people — a quarter of a million, roughly, dollars worth of salaried people — situated somewhere in Swift Current doing some things. Is that right?

**Mr. Law:** — Yes. The maintenance and operation of the facilities all over the province were organized into regional districts.

**Mr. Young:** — So there are people physically out there . . . (inaudible) . . .

**Mr. Law:** — . . . (inaudible) . . . the daily people . . . (inaudible) . . . the district manager; we have some maintenance people who would operate the boilers . . . (inaudible) . . .

**Mr. Young:** — If I'm in Swift Current with the Department of Agriculture and I'm an ag rep in the E.I. Wood Building, and I want a new typewriter, do I deal with you guys or do I deal with one of these guys out there in Swift Current?

**Mr. Law:** — Any requirements that Government Services will fulfill and you're living in Swift Current you would deal with our district manager in Swift Current. If it's a typewriter, you don't come to us.

**Mr. Cutts:** — If it was for a purchase it would be any person could go to the purchasing agency.

**Mr. Young:** — So there's not just janitors . . . (inaudible) . . . there's managerial people with an office in Swift Current. They're Government Services and they look after the Swift Current district for their needs for new vehicles and things.

**Mr. Cutts:** — No, no.

**Mr. Law:** — Just space and furniture.

**Mr. Cutts:** — They look after the office space and maintenance and operations of the facilities in that whole district. So that includes the janitorial, any renovation of it, if there's any, the repairs, all those good things.

**Mr. Young:** — The manager in Swift Current, does he just look after the janitors in this E.I. Wood Building, or does he have buildings all over this district?

**Mr. Law:** — All over the district.

**Mr. Young:** — Whereabouts?

**Mr. Law:** — Gravelbourg, Kindersley . . . Okay, and I'm not sure exactly (inaudible) . . .

**Mr. Young:** — Yes. What he does is contact the janitors and boiler people and stuff from time to time?

**Mr. Law:** — That's right. And the people that live in those buildings look after . . . (inaudible) . . .

**Mr. Young:** — If they say it's too cold or too hot, they complain to him about the air conditioning, eh?

**Mr. Law:** — But he also goes and assesses the building for preventive maintenance and these kinds of things; that's his role. And there is lease space, of course, as well that he gets involved with, not just the owned space.

**Mr. Cutts:** — Basically the building manager, Mr. Young . . . (inaudible interjection) . . . Buildings, yes.

**Mr. Brehm:** — If, for example, you were a Department of Agriculture employee and you needed a typewriter or a vehicle, you would deal with your head office in Regina.

**Mr. Chairman:** — Okay, any further questions of Government Services before we get on to Revenue, Supply and Services?

**Mr. Embury:** — I have just a couple of small questions. Back to page 184 on these here expenditures under capital expenditures, Government Services. Listening to some of the explanations on the other capital expenditures which really dealt with either acquisitions of properties or the payment of accounts for one reason or other dealing with capital construction, could you tell me why J.A. Struthers and Associates received \$12,949 under your capital budget?

**Mr. Katzman:** — Probably for the plaques on the buildings. Had to pay them somehow for the election.

**Mr. Chairman:** — I am not amused.

**Mr. Katzman:** — It's okay, Ned; you left that cabinet; you can't be blamed for . . . (inaudible) . . . You got smart and left when the ship started to sink.

**Mr. Cutts:** — Mr. Chairman and Mr. Embury, we'll provide you with the information on that.

**Mr. Embury:** — Okay. While you're at it, could you tell me why we would pay Reliable Stationers Limited, again under your capital expenditures, \$80,814?

**Mr. Cutts:** — It's for office furniture.

**Mr. Embury:** — For office furniture, okay. And also Smith, Thomas Ralph & Smith, Lavina Ester, \$50,359?

**Mr. Nevill:** — I could answer that one, Mr. Embury. This was a settlement on property that was expropriated on 13th Street in Prince Albert that we were talking about previously, and it . . . (inaudible) . . .

**Mr. Embury:** — Just the same as in the. . . (inaudible) . . . pizza house?

**Mr. Nevill:** — Yes, it's part of that property, and it was then expropriated and it took a long time to settle it, and the payments were finally made in this particular fiscal year.

**Mr. Folk:** — Was that part of the overall cost of approximately 600,000?

**Mr. Nevill:** — That's right.

**Mr. Embury:** — All right. And you'll get back to me on the Struthers?

**Mr. Nevill:** — Yes, we will.

**Mr. Chairman:** — Okay. I think that is it for Government Services. Going once, going twice, thank you very much, gentlemen. You were going to get back to us on a number of issues, and we'll look forward to receiving your response at your earliest convenience.

#### **Public Hearing: Department of Revenue, Supply and Services**

**Mr. Chairman:** — Well, why don't we get the member from Rosthern started then on airplanes since he's been burning up with the questions?

**Mr. Katzman:** — . . . (inaudible) . . . gentlemen, we're going to do airplanes first. I asked a question during Government Services re aircraft, re flight charged to an executive assistant to the Minister of Government Services. The concern was more . . . Basically, I understand, the person on the flight was not the senior minister, and the senior minister of a department flew on aircraft — senior official — and I can't understand why it was charged, listed under a junior official. Basically, I'm starting on policy then, I think.

**Mr. Cutts:** — Well, the policy would be that we would record the information that was provided.

**Mr. Katzman:** — But is there not something that says that the senior official of the department on the aircraft is the one who is listed? It wouldn't be a junior official in the

department. Am I wrong?

**Mr. Cutts:** — On our records it says, it's head up senior official on the flight. That's what our records are supposed to show.

**Mr. Katzman:** — Okay. Who would be the senior official, the executive assistant or the minister?

**Mr. Cutts:** — If there was a minister and an executive assistant on the flight, I would take it that the minister would obviously be the senior official.

**Mr. Katzman:** — Then why would your records show an executive . . . Well, we'll check your record — a flight, I believe in February or March, I'm not sure of the date, and I believe the flight is to the former minister of government services's constituency area and I never remember the name of the place that gets all that snow.

**A Member:** — Saskatoon, Prince Albert.

**Mr. Katzman:** — No, no. Gull Lake or something, or Gull . . . Where is that?

**A Member:** — Anywhere around P.A.

**Mr. Katzman:** — No, no. It's the place where they had to dig the train out one year. Gull Lake I think it's called. But the flight is charged to . . . I gave you the name earlier.

**A Member:** — What was that name again?

**Mr. Katzman:** — Oh boy. Ukrainian, that long. Does anybody remember? There's no sense putting the name on it; let's just deal with the position, because there's a policy here.

I don't think it's right; not in this case — that she was following policy.

**Mr. Cutts:** — It's not in the February or March, Mr. Katzman, the list that we have here for 1982.

**Mr. Katzman:** — It could be early, early April, but I doubt it.

**A Member:** — It's not in January.

**Mr. Chairman:** — This maybe something we may have to get a response on, if the . . . (inaudible) . . . information doesn't fly out at you. That spelling is phonetic, I want to add.

**Mr. Katzman:** — You'll find the Department of Government Services, or Tourism, is the department, so that may give you . . . Check that as well. It doesn't show? I'll have to check it a different way then.

On the aircraft scheduling, we partly asked in the House the other day, but I don't think there's any change in policy from what was said in the House, back to '82.

On purchase of cars I'm just switching here for a minute — assuming that I'm eligible to purchase a vehicle — I'm sorry, I'm assigned a vehicle — there's two methods that an

Executive Council person (when I say I'm, I'm assuming it's a minister, I should say) . . . I'm allowed to choose a vehicle that I like. You're normally allowed your brand and you're allowed to pick it in your own constituency as long as there are some conditions. What are these conditions?

**Mr. Cutts:** — The main condition is the price.

**Mr. Katzman:** — But there is a way . . . Is it \$75 or \$50 or \$100 above factory invoice, or something and then you don't have to tender? There's some kind of price like that around.

**Mr. Cutts:** — \$150.

**Mr. Katzman:** — 150 over the invoice?

**Mr. Cutts:** — Over dealer cost.

**Mr. Katzman:** — Over dealer cost. And then you're not required to tender it?

**Mr. Cutts:** — A minister doesn't have to tender into the car. He can select it from the dealer of his choice.

**Mr. Katzman:** — That's what I mean, yeah. Anything over. Now if I'm correct, in the year under review it was about 12,000.

**Mr. Cutts:** — \$12,450.

**Mr. Katzman:** — \$12,450. Let's assume, a cabinet minister buys a \$13,000 car. I'm sorry, the car he wants is \$13,000. He has two choices: either pare his car down so it qualifies under the 12,450, or pay the additional out of his own pocket. Am I correct?

**Mr. Cutts:** — Yes, that's correct.

**Mr. Katzman:** — And then, even though he would pay the other 550 out of his pocket, that 550 becomes actually a donation to the government, because the government ends up owning the car and he gets no value for that 550 when the car is sold.

**Mr. Cutts:** — That's right.

**Mr. Katzman:** — He personally pays for the extra comfort.

**Mr. Cutts:** — Yes.

**Mr. Katzman:** — Okay. How often do you see — or is it allowable — the buying of a car at 12,000 to 12,450, and then you bring the car in minus a radio and minus a spare tire, and then you put those in under work orders rather than pay the other 550 yourself? Or do you keep a close eye that that doesn't happen?

**Mr. Cutts:** — We try to keep a close eye. I would suggest that that doesn't happen, and I can't give you specific details if it has happened.

**Mr. Katzman:** — My concern is that, being around car dealerships prior to, and still am involved with some, that happens quite frequently when you see tenders. You will

see a car come without a spare tire, without a radio, and then they will add all those nice little things after. And I'm wondering, you know, is there a check to make sure it can't happen? You don't have any check system that says for the first six months or something, you keep an eye what's . . . In fact, even on your fleet cars it can possibly happen.

**Mr. Cutts:** — No, we do keep an eye on those.

**Mr. Katzman:** — The service policy, for lack of a better way of putting it, when you buy a car . . . And let's see, there's Crestview Chrysler, and what's the other Chrysler dealer in Regina? Lakeside. Let's just use those two for an easy . . . When you tender your Chrysler car and either Lakeside or Crestview get it, do they also get the service from then on, or how do you handle that?

**Mr. Cutts:** — The service is at the choice of the operator. Are you talking ministerial cars yet?

**Mr. Katzman:** — No.

**Mr. Cutts:** — You're talking about fleet.

**Mr. Katzman:** — Fleet.

**Mr. Cutts:** — The warranty work is done at the car dealership from where it's purchased. The servicing is done wherever the operator may choose — at the purchasing garage or at his neighbourhood service station if he should choose.

**Mr. Katzman:** — Mr. Chairman, I'll end it here, but I'll make a comment. Would you please check that last comment. I understand that is not the total procedure. For some reason there has been a development that one seems to get a lot of sales, and the other one seems to get the servicing. And I'm not sure if that's because Chrysler has decided that or we have decided that. And I don't know the answer. But I do have the facts to back me up on that argument. So it may have been an accident and just happens, or it might have been preplanned by someone.

**Mr. Cutts:** — My official from that sector is here now. Maybe I could ask him and get the question answered specifically. Or would you like to wait until the next time around?

**Mr. Chairman:** — Why don't you answer the question since it's before the committee.

**Mr. Laidlaw:** — We're talking about fleet vehicles? If we have fleet vehicles, the company — General Motors or Chrysler — will designate who they are distributed through. And then they will also designate who gets the maintenance contracts option.

**Mr. Katzman:** — Well then, it's quite normal — and I use Chrysler for an example that, say, Lakeview will get the sales and the pre-delivery, and Crestview will get all the service, and it's designated by Chrysler, not by the government.

**Mr. Laidlaw:** — That's right, although I wouldn't say that that is particularly usual. Usually they'll deliver them through the dealer, and they will assign the maintenance to the agency that it was delivered through. So you'd get, say, 50 of your vehicles delivered through Crestview, maybe 100 or something delivered through Lakeside,



and those vehicles would be maintained at wherever they were delivered from.

**Mr. Katzman:** — At whose choice — Chrysler or ours?

**Mr. Laidlaw:** — We would, as a policy, go to whoever delivered — who did the pre-delivery on them — okay? In other words, if they were delivered through Crestview, we'd go back to Crestview. Okay, if I may clarify: it is not incumbent that we would do that. The driver of the vehicle has first preference. If we're talking warranty work, okay, usually, it will go back to . . . (inaudible) . . .

**Mr. Katzman:** — What about the service work — non-warranty?

**Mr. Laidlaw:** — That is up to the driver.

**Mr. Katzman:** — The assigned person.

**Mr. Laidlaw:** — The assigned driver — that's correct.

**Mr. Katzman:** — Fine, I'll cut it off there,

**Mr. Chairman:** — Okay, thank you very much, gentlemen; 8:30 tomorrow morning. Yes, the building is unlocked by 8:30.

**Mr. Katzman:** — We've had meetings at 7:30. I mean, if you like, we could start at 7:30.

**Mr. Chairman:** — We have gone from 7:30 to 11 o'clock.

**Mr. Dutchak:** — Mr. Chairman, maybe to save some money for the taxpayers, we might determine what area of questioning we're going to go into, and maybe these gentlemen all won't be required tomorrow morning. Is that a possibility?

**A Member:** — They all will be.

**Mr. Chairman:** — Yeah, I'm sceptical of whether or not it will work. One area may lead you into another. I think witnesses, as a general rule, should be prepared to come to discuss the full breadth of a department's accounts. They may be able to answer everything on hand, but they should come prepared to discuss the entire breadth of your accounts.

Okay gentlemen, thank you very much.

Government Services — what do we want to flag? I have two items on the agenda. First of all, Government Services — what do you want to flag? . . . (inaudible interjection) . . Huh? This is for the report — for our interim report, whenever we file it.

**Mr. Folk:** — I think, when we get back some answers that we requested there, such as the administration expenses, plus a lot of questions to do with the correction centres

**Mr. Chairman:** — That was my feeling as well, is that we're going to have to hold the thing until we get the answers back. I might want to, and I . . .

**Mr. Katzman:** — Note them so that we check them later.

**Mr. Chairman:** — Yeah, except that I . . . (inaudible interjection) . . . No, it's on the record. I would like the Clerk to follow up with a letter to the officials, enumerating the things we have asked them to report back on. I have a suspicion we're not getting answers to everything we asked. Some people don't get around to it, and we don't follow it up. And I think it's impossible, unless we set out in a letter repeating the specific things that we've requested, and then we've got a copy of the letter, and it'll be easy to follow up. Okay? . . . (inaudible interjection) . . .

That's exactly the problem: they get the verbatim. There's nothing wrong with attaching the verbatim as an appendix to the letter, but if you enumerate in a letter, then we have it enumerated, and we can take it up with them when they reappear. I think we should make this a practice for all departments. We should set out in a letter what we want back. Then we could get . . . follow up on it.

**A Member:** — Either that or put it in the minutes.

**Mr. Chairman:** — Or put it in the minutes. It will work just as well. Sure, put it in the minutes. Then send them a copy of the minutes — yellow line. If that will work easier, let's do it that way.

Okay, I guess nothing then for the moment on Government Services.

**Mr. Folk:** — I think, right now, maybe just put on the record . . . I think we should flag that Napoli Pizza, that land situation there until we get the answers.

**Mr. Chairman:** — Yeah, that's one of the things I have some concern about. It's almost impossible to discuss it, though, until we get the answers back up, because they might be making money. I'd be amazed if that were the case, but . . .

**Mr. Dutchak:** — No, I know they aren't making money.

**Mr. Chairman:** — I suspect they aren't, too, and I suspect they don't know; I never asked how much they're making or losing. That's my concern, is that they're not answering those questions. But I think that's noted, but I don't think we deal with that until we get the answers back.

The second thing is, gentlemen, we need the names of your delegates to the annual meeting of the chairmen of public accounts committees.

**Mr. Glauser:** — Ralph is going.

**Mr. Chairman:** — Mr. Glauser?

**Mr. Glauser:** — I am not going.

**Mr. Chairman:** — That's it?

**Mr. Katzman:** — Just you and me, I guess.

**Mr. Chairman:** — And Allen may go.

**Mr. Meagher:** — It's in July, isn't it?

**Mr. Katzman:** — July 11th. The House may be sitting, so I may have to cancel out.

**Mr. Chairman:** — Yeah, we're off the record.

The committee adjourned at 11 a.m.