

STANDING COMMITTEE ON PUBLIC ACCOUNTS

June 1, 1983

Public Hearing: Department of Urban Affairs

Mr. Chairman: — I call the committee meeting to order. I want to welcome our witnesses this morning and express a special note of appreciation for having got here at the time you did. I'm going to introduce someone I think most of the members of the committee will know: Dave Innes, deputy minister of Urban Affairs. Mr. Innes, I'm going to ask you, if I might, to introduce the balance of your witnesses.

Mr. Innes: — Certainly. We have Don Bennett, our director of administration, on my right; Laura Joorisity, our accountant; and Don Harazny, our director of property tax rebates, with us this morning.

Mr. Chairman: — Thank you very much. Let me state to you something that I state to all witnesses, and that is that the proceedings before the committee are privileged in the sense that nothing that's said here can be the subject of a libel or slander action. On the other hand, what is said here is taken down verbatim and to that extent is readily available for use outside the committee and is used outside the committee.

With that, let me turn the committee meeting over to any one of the members who may have some questions.

Mr. Embury: — Mr. Chairman, actually the reason we get you here, Dave, is because you have no management letters and we don't like patting you guys on the back when the press is here, so we get you here at 7:30 in the morning. They're not around till 10, you see.

Anyway, I have some questions, basically out of volume 2 of your *Public Accounts* volume. I'll lead off with the Main Street program. Maybe you could just outline briefly to the committee, first of all, what the parameters of that Main Street program are. I'm basically looking at . . . Well, if you'd just explain the parameters first and then we'll get into some questions on it.

Mr. Innes: — I'm sorry, Mr. Chairman. Are we dealing with '80-81 or '81-82?

Mr. Chairman: — I'm sorry. I should have explained that. We're dealing with the fiscal year ending March 31, 1982.

A Member: — It's hard to tell this early in the morning.

Mr. Innes: — Very briefly, the Main Street program involves the payment of grants to all urban centres outside of Regina and Saskatoon, on the condition that downtown business people agree on a majority vote basis to establish a business improvement district in the central area of a community, that there is a majority support of the municipal council for the program, and that some improvement plan is developed by the business improvement district or by the municipality to improve and upgrade the downtown area of a community. This program then offers grants of support to the municipality, through the business improvement district, to pay for a portion of the costs of upgrading the main street area of streets, landscaping, parking facilities, street lighting — those kinds of improvements.

The Department of (in this year under review) Industry and Commerce also offered companion grants to business persons in that same business group district, to pay for a portion of the costs of upgrading the shop or business fronts of their business premises.

Mr. Embury: — In the year under review, the estimate for that grant was 400,000, and your expenditure was only 177,000. Has there been a lack of take-up in this program, or why is it that the actual expenditure was so low?

Mr. Innes: — Yes, in fact there has been a lack of take-up. Initially the program was established for a five-year period. We had developed a five-year budget plan based on our anticipated take-up over that five-year period, and this was the second-last year of the program, and accordingly the take-up wasn't as high as our estimates.

Mr. Embury: — Was there any particular reason? I mean, if they had two years to run last year, and I presume this year is the last, or '83 is the last year . . .

Mr. Innes: — That's correct.

Mr. Embury: — Why would that fall off like that, with two years to run in the program?

Mr. Innes: — I think that the main reason is that we were getting down to the fairly small size of community in the last couple of years. Most of the communities that were interested in the program had taken advantage of it in the first years, and we were now down to the point where perhaps the budget plans which anticipated some of the very small communities taking advantage of the program were perhaps a little unrealistic.

Mr. Embury: — Okay. In the larger centres, Regina, P.A., where such centres as the Cornwall Centre, for instance, in Regina, was constructed, that was done by basically . . . the land assembly anyway was done by Sask Tel. What role did Urban Affairs have in the construction or the overseeing of the Cornwall Centre in Regina, for instance? The one in P.A. was done by Government Services, I understand from other people that were here. What was Urban Affairs' role in those two projects?

Mr. Innes: — Urban Affairs basically played a co-ordinating role between Sask Tel and the city of Regina, in the case of Cornwall Centre, as the lead provincial agency dealing with municipalities.

Mr. Embury: — There is no budget in your budget for Cornwall Centre?

Mr. Innes: — Not through Urban Affairs, no.

Mr. Embury: — Nor the one in P.A.?

Mr. Innes: — In Prince Albert, yes, there are. They don't occur until '82-83, I believe, under the loans, advances and investments. There is an advance item which basically is a loan to the city of Prince Albert from Urban Affairs to pay for a portion of the land acquisition — the site acquired for the downtown project — which will be paid back by the city of Prince Albert over a period of time.

Mr. Embury: — Did Prince Albert acquire the land, or did Government Services acquire the land?

Mr. Innes: — Two projects took place in Prince Albert. Government Services acquired and built an office building. The city of Prince Albert acquired a major downtown site, and leased it to a shopping centre developer, who constructed the Northgate plaza which is now in existence in P.A. And Urban Affairs offered financial assistance to . . .

Mr. Embury: — When did they purchase that?

Mr. Innes: — I would think . . . This is a guess. We can get you the exact date if you wish, but I would guess late 1981.

Mr. Embury: — Okay.

Mr. Innes: — Some time in 1981.

Mr. Embury: — How much is our loan?

Mr. Innes: — Roughly 750,000 in the first budget year.

Mr. Embury: — What would it be, total? Would that be our total loan to the city?

Mr. Innes: — Under the formula in which the loan was advanced, the province on an annual basis will advance 75 per cent of any shortfall arising out of the lease arrangement that the city has with the developer. And that will, of course, vary from year to year, and over a time it will shrink as revenues to the city increase, so that over a time the annual advance will decline, and then ultimately those funds will be paid back by the city of Prince Albert to the Crown.

Mr. Embury: — So really we would be subsidizing the shopping centre up there until such time as it broke even?

Mr. Innes: — Not the shopping centre itself but the city's purchase of a site. There is, in effect, a provincial subsidy towards the purchase of that site. It then is recovered through the repayment of the loan in the future. So assuming a 25-year or 30-year repayment period, which is what is contemplated, there should be, likely, no subsidy involved over that full period. Certainly there will be in the early years but the plan is that that is recovered in the later years.

Mr. Embury: — As I understand your comments though, you're not . . . I mean, if you were just lending the city of Prince Albert funds for the purchase of land, that would be a one-time loan. You're saying to me that you will be lending them money over the years until there's a break-even point somewhere in the operation, which is obviously subsidizing the commercial operation of the mall. Is that not correct? I mean, if I was to lend you money to buy land, that would be a one-time deal and then you would pay it back over so many years. You're saying there's more than one loan, that you will be lending them money until such time as there's some type of break-even or until they make some money on the mall. Is that correct?

Mr. Innes: — Until the city itself reaches a break-even position in terms of the revenues it has negotiated with the developer against the lease of the mall. Those revenues are an annual lease payment — fixed payment — on lease of the land, a portion of increases in rents to tenants over time, together with net operating revenue from the parkade operation, which the city, in fact, is operating under the agreement

they have with the developer. Those three sources plus a negotiated increase in property tax to the city arising out of the project have been incorporated into an agreement between the city and the province, and after all those revenue sources are deducted from the city's cost of meeting annual debentures which they incurred to acquire the land, the province will then move in and under the agreement pick up 75 per cent of the shortfall so that as revenues from those sources rise over the years the shortfall will diminish. The province's contributions will diminish on an annual basis until ultimately there is a break-even position for the city, which will then turn positive again as those revenues increase over time and those funds will be paid back to the province by the city.

Mr. Embury: — Okay. The original lease arrangement between the city and the developer, I take it, did not cover their debenture costs and their operating . . . Well, their debenture costs basically would be the main cost to the city. What was the shortfall on the original lease arrangement with the developer up there and the interest cost on their debenture?

Mr. Innes: — We don't have the lease agreement with us, and of course we don't administer that directly, but the shortfall, if we're looking at an advance of roughly \$750,000 in the first year, and that represents 75 per cent — hardly a shortfall — we'd be looking at a shortfall of roughly \$1 million.

Mr. Embury: — The lease arrangements that were made, together with revenues — additional revenues — from parking, which I assume from your comments the city owns.

Mr. Innes: — The developer owns the parking facilities, but the city operates them and receives any net revenues arising out of that.

Mr. Embury: — Anyway, it would be whatever arrangements were made in the year one has created a shortfall of \$1 million, which is \$ 750,000 to us. At what point is it projected that they break even and that we being the government do not subsidize further?

Mr. Innes: — As I recall the agreement . . . I'm sorry, I don't have it with me, but I believe the projections are that a break-even point will be reached in something like a 12- to 15-year period, in terms of the city's revenue position. And after that point revenues would be positive to the city. The city is looking at annual payment of a 35-year debenture at, I believe, 11 per cent. So that over the period of the 35-year repayment it's anticipated that the project will be able to pay out, in fact, the city for its initial losses and the . . . (inaudible) . . .

Mr. Embury: — Are you suggesting that we would subsidize this mall to some degree for 12 to 15 years?

Mr. Innes: — Subsidize the city in support of its arrangements, yes.

Mr. Embury: — All right. It seems to me to be a fairly lengthy period of time to derive some profit out of a commercial enterprise like a mall. Two to five years, perhaps, but not 12 to 15 years. Are there other centres that were built? There was one in what — Swift Current? Or was it Weyburn?

Mr. Innes: — Nothing has happened in Swift Current. The city had been very interested in seeing a project develop there.

A Member: — Is it Weyburn then?

Mr. Innes: — In Weyburn a project was developed under different arrangements. The Department of Government Services at that time was the lead provincial agency involved.

Mr. Embury: — So that was Government Services, and you would again just be a lead role between . . .

Mr. Innes: — Between the city and the . . .

Mr. Embury: — Is there any type of subsidy there too?

Mr. Innes: — I'm not aware of the full details of the agreement with Government Services, but there's nothing involved in terms of any financial implications between Urban Affairs and the city.

Mr. Embury: — Okay, just to get the facts for Prince Albert for a moment. If it was projected that we would be subsidizing the city for 12 to 15 years what was the rationale used in coming up with that type of subsidy? Now I don't know what the total dollar would be over 12 to 15 years — the subsidy alone — but it seems to me the length of time is pretty long. Why wasn't that shortened up? Why would a lease arrangement, for instance, not hire . . . In the first place you wouldn't be looking at a 12- to 15-year period before you even broke even on the thing.

Mr. Innes: — Maybe to trace a little bit of the history of the project that evolved in Prince Albert: initially a developer had proposed a very large commercial mall on the outskirts of the city of Prince Albert and there was a great deal of concern in the city that Eaton's, which is located downtown — or was at that time — would in fact be relocated into the mall and the downtown area would suffer substantially as a result of that mall, together with one other mall that currently existed in Prince Albert.

As a result of that the provincial government and the city entered into an agreement whereby the developer would be offered basically a similar-size site by the city in the downtown area, which would allow him to develop the same level of facilities that he had planned to develop on the outside of the city. And this took the form of an agreement between the city and the developer. And obviously, given the much higher price of downtown land as opposed to suburban land, there was a need for some front-ending funding from the two levels of government to make that happen.

The specific agreement that was negotiated — and it was negotiated between the developer and the city — was one in which a great deal of negotiation took place as to what the developer could afford to pay initially on an annual basis for land, and opposite to that would be something that would be roughly comparable to what he could afford to pay in a suburban situation but couldn't afford initially to bear the full cost of land downtown. Otherwise, he would have a project that simply couldn't support very high land prices and, therefore, be unviable; but that would over time, as the developer's revenues increased, because the downtown site was seen to be a slightly better market situation in terms of overall rental revenues and consumer support, that over time the developer would in fact be able to pay additional amounts to

the city to compensate for those higher land costs. It was seen as a fairly long-term situation. They would gradually, as revenues increased from year to year, more of that money could then flow to the city and be used to offset the annual debenture payments.

So the agreement that was developed anticipated a very long-term life. In fact, a 35-year debenture was issued. And as I say, it was anticipated — and these are only projections at this point — that there would be a shortfall in revenues to the city from all sources on a declining basis for 12 to 15 years.

Mr. Embury: — Do you know the total, and you may not know it today, the total projected subsidy that was projected the province would be giving the city over the 12 to 15 years?

Mr. Innes: — We can get that for you. We have to calculate that for you.

Mr. Embury: — Maybe just then to cut this short, Mr. Chairman, I would ask that you provide the committee with the particulars of the agreement, and the projected totals of subsidies that Urban Affairs thinks that over 12 to 15 years that we will pay to the city under that agreement. Having said that we can get on to another area.

Mr. Innes: — Just before we do that, Mr. Chairman, I would point out the agreement also anticipates that subsidy being recovered after the initial contribution period so that . . .

Mr. Embury: — Recovered with interest?

Mr. Innes: — Yes.

Mr. Embury: — If you will lay that out too.

Mr. Innes: — Yes.

Mr. Embury: — Now, I've got other areas, Mr. Chairman, that I will be asking but if anyone else has questions on the Main Street program or the BID (business improvement district) . . . (inaudible) . . .

Mr. Chairman: — Were you asking that about a particular city or was it just a question in general?

Mr. Embury: — What's that?

Ms. Ronyk: — The questions you just asked.

Mr. Embury: — Oh, the questions I just asked were vis-a-vis the Prince Albert mall or the northland mall. The northland?

Mr. Innes: — Gateway North Plaza.

Mr. Embury: — Gateway North Plaza.

Mr. Katzman: — On the Main Street program, if I remember correctly, Industry and Commerce also somehow was involved in the Main Street program. They indicated some of the programs that they had got into were not totally finished and had given an

extension of time for some of them to finish and to use the interest. Are we talking the same program or is two different . . . The same program.

Mr. Innes: — Well, they were on a grant program for business persons under the program. We made grants to communities but it's basically a twinned program, part of the same.

Mr. Katzman: — Good enough.

Mr. Glauser: — On that Prince Albert — I was wondering, had you done anything similar to this prior to that development?

Mr. Innes: — Had Urban Affairs?

Mr. Glauser: — Yeah.

Mr. Innes: — Urban Affairs was involved in working with Sask Tel on the Cornwall Centre project in Regina, prior to the involvement of the city of Prince Albert in that project.

Mr. Glauser: — But not getting involved in the financing arrangements or anything like that prior to . . . ?

Mr. Innes: — Not in terms of funding. No.

Mr. Glauser: — It would seem to me that this might have been a bit out of your league when you got into this. Would that be a fair statement?

Mr. Innes: — I don't want to comment on whether it's fair or not, Mr. Chairman. I think that the department was involved in assisting a municipality in redeveloping its downtown core. That certainly, I think, fell within the mandate of the department.

Mr. Glauser: — That is part of the mandate of the department then, to . . . ?

Mr. Innes: — Yes, the Main Street program is another aspect of the department's program aimed at revitalizing the main street or downtown areas of smaller communities, so . . .

Mr. Glauser: — Yeah. Those would be rather small projects as compared to . . .

Mr. Innes: — Yes.

Mr. Glauser: — . . . to the one in Prince Albert.

Mr. Chairman: — I have a couple of questions which follow up on that. Is there any way of measuring how effective the Cornwall Centre — Sturdy-Stone I guess is not quite in the same league — the Cornwall Centre, or P.A. and . . . What's the one in Weyburn called?

A Member: — Weyburn Square.

Mr. Chairman: — Weyburn Square. Is there any way of measuring whether or not

those things have worked? Have they revitalized the downtown core? Is there anyway of knowing?

Mr. Innes: — Well, in terms of quantitative measures, we have received from the cities — respective cities — an outline of increased municipal revenues — increased taxation — coming directly out of the projects, as well as spin-off adjacent developments which have resulted directly as a result of the location of those projects. So in that sense there is a bit of a quantitative measure, and they've all been fairly substantial.

Mr. Chairman: — I'm sorry. May I interrupt you? Mr. Deputy Minister, is that the kind of information you could share with the committee? If you could, I'd be interested in seeing it.

Mr. Innes: — Yes, we, I think, have that information.

Mr. Chairman: — Could you then provide 15 copies to the Clerk who may distribute it to the committee members? I'm sorry, I interrupted you in the middle of a sentence.

Mr. Innes: — I was simply going to say that in some cases you are comparing a development that has occurred in the downtown location with the possibility of one that might have occurred on the suburban edge of a municipality, and I think Prince Albert is perhaps the best example. So in terms of benefits, you are comparing the benefits of the centre that was developed with some of the disbenefits that didn't occur to the downtown merchants had the centre been developed on the outskirts. So in that sense it's a bit theoretical, too.

Mr. Chairman: — Okay. Let me go back to the Main Street program. What, specifically, is your role? Industry and Commerce works with the businesses that fix up the front of their store. That is their role. What is your role?

Mr. Innes: — Industry and Commerce offers grants to business people on a cost-shared basis. We offer grants to the municipality which they in turn transfer to the business improvement district to pay for a portion of the costs of upgrading the street fronts. It could be some municipal parking facilities, some new street benches, street lighting, landscaping — that sort of thing — which the municipality would normally incur. We also have offered design services, advice to the municipalities in terms of developing a bit of a design plan to fix up the main street area.

Mr. Chairman: — And is it a matching program, or is it a formula?

Mr. Innes: — It's a formula. We can get the formula for you, if you wish. The grant is aimed at centres up to 35,000 in population, so Regina and Saskatoon are excluded. There is a \$3,000 minimum grant to all centres under 500. From centres 501 to 2,000, the grant is \$6 per capita. It drops to \$4 per capita for centres from 2,001 to 6,000 and \$3 per capita, with a \$30,000 maximum, for centres 6,001 to 35,000.

Mr. Chairman: — So all municipalities in fact get it?

Mr. Innes: — Outside of Regina and Saskatoon.

Mr. Chairman: — How many do you give out, in number? What numbers would you be looking at here in rough terms?

Mr. Innes: — In terms of the year under review, in July of 1980 . . . 28 in total in the year under review. And prior to that, 110 had been approved for funding. I think the number is now in the 170s — something like that — with the program winding down.

Mr. Chairman: — What follow-up is there to ensure that municipalities spend this money for the purposes of the program, and doesn't find its way into some other expenditure which wasn't envisioned by the program?

Mr. Innes: — Mr. Chairman, the municipalities are asked to verify, in fact, in writing that they have spent the money on those items, and those are then verified against the annual audited statements of the municipalities.

Mr. Chairman: — Okay, so there is the follow-up. That was the questions I have on that specific program.

Mr. Embury: — I might add, Mr. Chairman, prior to going on to my next subject, that while the developments such as the Cornwall Centre, I think, have generally been well accepted and have been generally a good project in the downtowns, there have been some spin-offs that have not been as good, and there has been some displacement of business in the downtown, especially in Regina, that I'm aware of. There have been some adverse effects on increasing property assessments quite drastically around the shopping centre after it's been put in place, because of the improvement.

And I am aware of . . . In downtown Regina, for instance, the Midtown Centre has suffered considerably since the Cornwall Centre has been built, so it has not been without some dislocation in those areas when those large, especially a large centre like the Cornwall Centre, has been constructed, which was not unexpected, but it did occur. And it will take some time before those areas come back, because you tend to draw your business into the new centres.

Time will tell also. The rents are higher in there obviously, because they have class A space, and in the Cornwall Centre I think it won't be felt as much, because they're mostly national firms. But I think . . . The example of when the one in Saskatoon was built — there was a lot more local firms, and you found after their first leases came up that — for a while anyway — there was quite a number of empty spaces simply because they couldn't generate . . . some of the commercial outlets just couldn't generate the types of revenue that justified themselves being in that kind of mall. I don't know if we'll find that in the Cornwall Centre, because I think they're mostly national chains in there, who can probably afford to take a loss for a while until the revenues come up to a level to afford that rent. But the centre in Saskatoon had that problem and we'll see about the Cornwall.

Mr. Chairman: — I have one further question on those and then I'll leave it alone. Does the department have any indication of how successful they've been in a commercial sense? Do you have any indication of that or is that outside the purview of your responsibility?

Mr. Innes: — Under the agreements between the province and the developer of Cornwall Centre, the revenue and sales figures are reported on a regular basis to Sask Tel, so they, in fact, do have access to the sales figures.

Mr. Chairman: — Gross for all stores within the centre?

Mr. Innes: — I believe so. I understand that in terms of leasing, and that generally is accepted as one measure of success, the centre has been virtually full from opening day and that's a good sign in terms of a bit of a rough read on its success.

Mr. Chairman: — Again, just before I recognize the member from Rosthern, if that's information you could share with the committee, I would appreciate receiving it.

Mr. Innes: — We would likely have to get that information from Sask Tel. We don't have that information on an official or formal basis.

Mr. Chairman: — If it's available, I'd appreciate receiving it; if it's not, a letter to . . . (inaudible) . . . to that effect would suffice.

Mr. Innes: — Very good.

Mr. Katzman: — Mr. Chairman, I think it probably shouldn't be available if it's what I think it is. I understand that part of the rent is based upon gross sales or something as well as so much on footage and they must report their gross as they do in a lot of malls around, and therefore the numbers would indicate their volume and therefore maybe not would be public. The gross of the whole shopping centre may be a better way to do it, or something.

Mr. Chairman: — I didn't think they'd be interested in breaking it down into each individual store; I just want to know what the level of business . . . My impression has been, talking to my constituents, many of whom work in the centre, that it has started out sort of slow, and that is that it was . . . There was people rolling around during the daytime but it was awful slow Saturday and so on. Over the last couple of years that has picked up to the point where they are busy all the times including Saturdays when they don't have that traffic downtown — the office workers. That's really what I wanted, was more the gross figures for the mall than the individual stores.

Mr. Innes: — The lowest common figure you're looking for probably is in sales per square foot in the centre, which I understand — and this is not an audited figure — at this point is around \$235 a square foot which is deemed to be rather good at this point.

Mr. Chairman: — If you can supply that year by year up until the year under review, that would be useful as well.

Mr. Innes: — We'll undertake to see what we can get.

Mr. Embury: — My understanding on the Cornwall is that it was successful in year one.

Mr. Chairman: — Why are you guys so constantly harping on this . . . (inaudible) . . .

Mr. Katzman: — Do you want the answer? Do you want me to get . . . I just, Mr. Chairman . . . (inaudible interjections) . . . Mr. Chairman, I can't resist this. From what I understand that . . .

Mr. Chairman: — Order, order, order!

Mr. Katzman: — Now, now — you opened this up, Mr. Chairman. I'm at least allowed

one shot.

Mr. Chairman: — At least have one shot . . . (inaudible) . . .

Mr. Katzman: — Any Toronto firm that can get a . . . put in less than 4 per cent and own 50 per cent would love a deal like that — or anybody else.

Mr. Chairman: — I've got to invite the member from Regina Lakeview to . . . (inaudible) . . .

Mr. Katzman: — At a preferred rate of interest as well.

Mr. Embury: — My next subject which is dear to the chairman's heart and mine is water. On page 416 of volume 2, a couple of accounts are . . . 'Grants to Cities Pursuant to The Water Pollution Control Assistance Act.' Could you outline for the committee what the basic rules are for those grants?

Mr. Innes: — That's a conditional grant program which offers either 10 or 15 percent of total project costs, to cities only, for sewage treatment facilities. The percentage varies with the level of treatment, secondary or tertiary, with the higher portion being for tertiary or more advanced treatment facility.

Mr. Embury: — Grants then are not given for primary?

Mr. Innes: — Yes, primary as well.

Mr. Embury: — What's the formula for primary?

Mr. Innes: — It's 10 per cent.

Mr. Embury: — 10 per cent.

Mr. Innes: — Yes.

Mr. Embury: — As you're aware now . . . (inaudible) . . . from the city of Regina. So that would be . . . In the city of Regina's case, their primary plant was a little over \$17 million to construct, which wouldn't show up in the *Estimates* (well, some of it might — \$128,000), so you would have provided a total of \$1.7 million out of \$17 million?

Mr. Innes: — If those were the numbers, under this formula, yes.

Mr. Embury: — Where did the 10 per cent come from?

Mr. Innes: — This program goes back a number of years. In the case of the city of Regina there were, I believe, some federal Qu'Appelle dollars under the Qu'Appelle grant program that . . .

Mr. Embury: — That was under tertiary.

Mr. Innes: — Right.

Mr. Embury: — None under primary.

Mr. Innes: — It's a program that is perhaps 10 years old, which initially was designed to complement funding offered by CMHC, which shared again the same kind of sewage treatment facilities. And I think under the two programs it brought funding up to roughly a third. CMHC about five years ago terminated that program. This one does continue in existence and clearly it is not adequate to meet the needs; I think that's no secret.

Mr. Embury: — What is the formula vis-a-vis primary, secondary, or tertiary?

Mr. Innes: — 10 per cent for primary and secondary; 15 per cent for tertiary.

Mr. Embury: — I've never quite understood that because your primary plant . . . First of all, more folks would be building primary systems than secondary or tertiary, and the primary plants are considerably more expensive, especially if you're going to mechanical plants that the city of Regina has, than either the secondary or tertiary treatments. They're just very expensive plants to build, especially the primary plants which does your first-line job, so to speak, on your sludge. Are you reviewing this type of grant?

Mr. Innes: — Yes, very much so. We've done so on an annual basis and we have made a number of proposals for drastic revamping and significantly increasing the cost sharing and eligibility under this and other sewer and water systems programs. That currently, of course, is now under review with the idea of possibly incorporating that in the new water utility. We certainly do recognize this program is not adequate to meet the needs, nor has it been in the last couple of years.

Mr. Embury: — We kept telling you that.

Mr. Katzman: — Could you give us the year that it came in? You said about 10. Do you have the year?

Mr. Innes: — Urban Affairs, then municipal affairs, received the program from the Department of the Environment in 1977? '79.

Mr. Katzman: — Oh, so we have to find out from Environment when they first started that?

Mr. Innes: — Well, I believe it hasn't been in place since the late '60s.

Mr. Katzman: — Well, it makes a difference — late '60s or early '70s.

Mr. Innes: — We'll get you the date.

Mr. Embury: — One other question I had — before you give a grant to a city under this program, do they have to have their own utility, or can the city operate their own water and sewage systems?

Mr. Innes: — No, they can operate their own, or they can run it on a utility basis.

Mr. Embury: — Someone had told me. And I just was never sure that they had to have a utility much like Regina.

Your grants for water supply projects, could you outline what the rules are on that particular grant? — ‘Grants for Water Supply Projects Pursuant to the Water Development Agreement for Regional Economic Expansion and Drought Proofing.’

Mr. Innes: — Mr. Chairman, to get the information . . . That’s a cost-shared program with the federal government. The province entered into an interim subsidiary agreement for water projects, I believe, two years ago. And there is a set form where the municipalities pay a maximum of \$200 per capita. There are loan funds involved as well. I’ll have to get you the precise formula.

Again, under the interim subsidiary agreement that was negotiated, the Government of Canada will provide 50 per cent of the costs of construction of a project — a water project — excluding land costs. Canada will also provide all engineering design services. The province will then be responsible for land acquisition and 50 per cent of the construction costs. And the 50 per cent of construction costs are then shared between the province and the municipality, with the municipality’s maximum contribution being \$200 per capita.

The city of Weyburn is a good example of where this program has been applied in their new water supply project, where the city has contributed \$ 200 per capita with the total costs being roughly \$8 million or \$9 million.

Mr. Embury: — Part of that formula appears to me to be: total cost, 25 per cent province, 25 percent municipality, 50 percent feds. You were saying that you’re going to share the construction costs 50-50 with the . . . Okay, I’m sorry — you’re going to share the construction costs with the municipality 50-50 with the municipality paying a maximum \$200 per capita, which could result, obviously, in larger projects that the province would pick up substantially more than 50-50 of the cost.

Mr. Innes: — Yes.

Mr. Embury: — Was that the case in Weyburn?

Mr. Innes: — More than 25 per cent of the overall costs or 50-50 of the province-municipality cost, yes.

Mr. Embury: — Did we pick up, the government picks up, substantially more cost than the 50-50 of the construction costs in Weyburn?

Mr. Innes: — The full project costs aren’t in yet because it’s still under construction. But the province will definitely pick up more than the city’s cost, with the federal government, of course, paying the full 50 per cent of the overall.

Weyburn’s costs are capped at about 2 million, I think, on roughly a \$9 million project. So using those numbers, the feds would pay 4.5 and the province would make up the balance of roughly 3.5.

Mr. Embury: — I noticed under the estimate that they estimated 826,000 for the year and spent only 237,000. Is that because there was not a take-up on the program, or is that just because of the staging of construction, and where the plans were . . .

Mr. Innes: — Construction delays on the Weyburn project, primarily.

Mr. Embury: — So we were really committed for the 826,000 that year except that there was construction delays, and it just never got to that point.

Mr. Innes: — That's correct. We pay on the basis of certified construction progress reports, and of course those hadn't materialized to that point.

Mr. Embury: — What is the . . . You may not know this today, but what's the total commitment to date for the province under this grant?

Mr. Innes: — Virtually all the money to this point has been committed then. It was a \$10 or \$15 million figure and I'll have to get you that — total funds available for the program negotiated between the federal government and the provinces.

Mr. Embury: — Who qualifies? That is . . . I see the city of Weyburn, at least on this page, goes from the city of Weyburn down to the town of Kipling. Is there a cut-off? Could the major cities apply under this thing? What does this . . . I take it this deals with their water source for the cities or municipality.

Mr. Innes: — Generally, the program was aimed at dealing with acute water supply problems as part of a larger interim subsidy agreement on drought proofing something that PFRA had initiated. Other parts of this agreement which other agencies had dealt with — Environment, for example — involve flood proofing, drought proofing. Agriculture, Environment were, and are now involved. The Souris River Valley basin study and some of the flood control measures undertaken there were another part of the agreement. So that in terms of this component of the program, the thrust was really to deal with acute water supply, acute urban water supply problems. Weyburn, for example, was faced with a situation where they simply would not have enough adequate supply of water to meet their daily needs, and the communities were more or less ranked in terms of level of urgency. Clearly, there was simply not enough money in the overall program to meet all the needs, and in fact, I understand, a number of centres have been excluded because of the absence of funds even though their needs are certainly there.

Mr. Embury: — That's all the questions I have, Mr. Chairman, on water.

Mr. Chairman: — You're not going to believe this, but I wasn't going to raise any questions on water. I've some others but not on water.

Mr. Folk: — Further on water, on page 417: 'To provide for, and authorize payments under the drought relief program subject to regulations that have been made by the Lieutenant-Governor in Council.' You have an estimate of 400,000 and an expenditure of four times that amount. Obviously it was a dry year, but is that the only explanation for such a large overexpenditure?

Mr. Innes: — No, actually the previous year was the dry year, and the federal government had offered to cost share with the province a number of projects aimed at securing a better supply of water, or, in some cases, even building pipelines; or in emergency cases, hauling water overland to meet some acute needs. A fairly large number of communities develop plans to develop projects. A number of those got under way in '80-81, but if you look at the budget for that year, we were well underspent in that year, and there was a tremendous carry-over of projects into the following years. So that's why we have a low estimate here of 400,000, rising to an actual, I think, of 1.6 million. It's simply a carry-over of a lot of projects initiated the year prior, which were

paid out in this budget year.

Mr. Folk: — So, in effect, this would reflect a lot of the results from 1981, to March 31, '81 to . . . (inaudible) . . .

Mr. Innes: — Yes, a lot of the projects were under way, but were not funded until the following year.

Mr. Folk: — How do these centres apply for this grant? Like, for example, Cupar or Delisle, how would they come to that amount of . . . Well, in Cupar's example, 9,238?

Mr. Innes: — The program, of course, is now terminated. It was designed to provide extra funds to meet some of acute water supply problems. But in terms of communities applying for the grant assistance, it was basically run on the same basis as we run the grant programs out of the municipal water assistance board. That is, the communities make an application to the board, indicate the extent of their project costs — they have engineering designs, plans, that sort of thing — and the project is reviewed, and if it's approved, money is advanced on the basis of construction progress.

Mr. Folk: — Okay, so these are more for studies than actual capital outlay?

Mr. Innes: — No, these would be for actual capital projects.

Mr. Folk: — All right. So in the very small amounts there — like there's one for only \$818 — what would that involve ? Bringing in the water?

Mr. Innes: — Some of those . . . If you have a specific question, we could certainly get that information for you. But some of those may have in fact been for hauling of water. This program would have cost shared the hauling of water simply to meet an emergency situation where there was not much supply, or it may have been topping up another program. For example, there were a number of other grant programs that might have been used by a community to meet its water supply need. This program might have provided just a little bit more money under its cost-sharing terms to top up the overall grants available to the community. So you may see what appear to be some rather low amounts for those reasons.

Mr. Chairman: — I want to take the opportunity to welcome the late Mr. Kraus and congratulate him on having got here before members of the media.

Mr. Kraus: — I'm sorry. I was out of town, and I thought the officials were going to be present at 8:30.

Mr. Katzman: — I think that was our instructions to Mr. Kraus: he was not required till 8:30.

Mr. Chairman: — Oh, was it?

Mr. Lutz: — I was sure everybody said 7:30.

Mr. Katzman: — No, no. Mr. Kraus was told he wasn't required till 8:30.

Mr. Chairman: — Sorry, that facetious comment interrupted a question. We had Saskatoon University.

Mr. Folk: — That's pretty well it for that particular item. What about controls on these expenditures? Do you have a system where you can check back to verify the actual amount put out?

Mr. Innes: — Oh yes. The grants were not paid out in fact until there are progress reports indicating that construction has taken place. There are follow-up checks. There are engineer certificates that have to be issued on completion of a project. The federal government has a cost share in the program also — purchased space in that review and follow-up process.

Mr. Folk: — When was this program started?

Mr. Innes: — In 1980-81.

Mr. Folk: — 1980-81, okay.

Mr. Innes: — It wound up in the year under review here — '81-82.

Mr. Folk: — So it really only went two years then?

Mr. Innes: — That's right.

Mr. Folk: — Okay. All right, that's all.

Mr. Embury: — I have some questions, general questions, on the Qu'Appelle agreement. Could you outline to the committee the general parameters of the Qu'Appelle agreement signed between the province and the federal government?

Mr. Innes: — As this department was involved?

Mr. Embury: — The broader . . . For instance, what was the global budget for the Qu'Appelle agreement, first of all?

Mr. Innes: — I believe around \$33 million, \$34 million, over the 10-year implementation time frame. Urban Affairs was involved in a fairly minor way, I suppose, as a spender in that program, in terms of assisting communities in setting up special planning commissions throughout the valley. Six were set up to oversee and make development decisions on land use planning throughout the valley, and in providing some funds under some of the sewer assistance programs as well as the capital . . . There was a \$1 million capital program aimed at tourist centres which we funded.

More broadly, of course, the major components of the program were flood control, sewage, pollution containment, wildlife preservation, tourism, capital development those kinds of things, all of which were run by other agencies of the federal or provincial government, of course.

Mr. Embury: — When does that agreement run out?

Mr. Innes: — It expires in 1984.

Mr. Embury: — Do you happen to know — and you may not, because it may not be

under your purview — do you happen to know what funds have been spent out of the global amount of 30-odd million?

Mr. Innes: — We'd have that information in the office — We are a member of the board, but the Department of Environment is the lead agency in terms of implementing the program. They would have the most up-to-date figures. I don't know, off the top of my head . . . (inaudible) . . .

Mr. Embury: — But if you have that figure . . .

Mr. Innes: — We can make it available.

Mr. Embury: — Yes, and perhaps send it to the Clerk for distribution. It's my understanding that there are substantial amounts of money under that Qu'Appelle agreement that have not been spent.

Mr. Innes: — Primarily in the flood control area.

Mr. Embury: — I realize that.

Mr. Innes: — Yes, that's correct.

Mr. Embury: — It's my understanding that there are substantial amounts of money not spent, and a substantial lot of work not completed, or not begun, and there is some question on . . . You know, obviously there will be some negotiations going on to either extend the program or come up with a new one, but do you know anything about those negotiations?

Mr. Innes: — No. I understand that the federal government is interested in looking at a secondary or follow-up agreement. I also understand that the Qu'Appelle board has decided to do an appraisal or assessment of the 10-year program before a new agreement is entered into. But work is under way through the Qu'Appelle implementation office and Environment to pursue both those areas.

Mr. Embury: — Okay. That's all on Qu'Appelle. I noticed in the year under review that your property tax rebates, your estimate for that property tax rebate was 74 million. The actual expenditure was 69 million. It always strikes me as odd that folks are getting money . . . All they have to do is apply to get money. Why were we \$5 million underexpended from that estimate?

Mr. Innes: — Maybe I can just give you a little background, Mr. Chairman, of the way in which the estimates are developed annually.

This is a difficult area to estimate . . . (inaudible interjection) . . . Pardon me? It's a little more scientific than that. What we're trying to do is predict the future factors or components of the program well before they're known, well before we are aware of them or anybody is aware of them. We are trying, for example, 8 to 15 months before the fact to predict what average property taxes levied by school boards and urban and rural municipalities in the province will be. We don't know what they will be. We guess what they will be, based on our projections of municipal expenditures, of school board expenditures, of our projections of what future provincial grants to school boards and municipalities will be.

We are trying to predict the total number of eligible applicants well before the fact, as well. This gives us some difficulty in trying to identify that component of PIG (property improvement grant) recipients that will become senior citizen recipients. It's not an exact science. It's a guess. We are trying to estimate again in the future net additions to housing stock. In the case of renters, we're trying to estimate the expected take-up rate. That program has not got as good a take-up rate as the other two. People aren't as aware of it. Renters tend to be somewhat more mobile than house owners and, therefore, do not take up the program as uniformly as the other group. So all those factors mean that what we're doing is trying, well in advance of the future, to estimate what those figures will be. That has accounted for the overbudgeting in the year under review. If you wish we can go into the specific figures in more detail; Don Harazny who is our branch director is here.

Mr. Embury: — I don't require it unless somebody else does.

Mr. Innes: — I might add that we have consistently been under budget on the program and we are now taking steps to develop a computerized program to give us a much better ability to estimate those factors. But there will always be an element of uncertainty because we're dealing with the future.

Mr. Embury: — . . . (inaudible) . . . give the Minister of Finance a break anyway. Turn to page . . .

Mr. Chairman: — If you're leaving that one, could I ask a question on that? Do we know what this costs us to administer? Criticism of this program has been that it's a very expensive program to administer, and I wonder if we know what it costs us to administer this program.

Mr. Innes: — The latest figure we have is \$2.97 per application.

Mr. Chairman: — And you get how many applications again?

Mr. Innes: — Around 350,000. So it's a little over a million dollars. This budget year, roughly \$1.2 million.

Mr. Chairman: — So, of the total grants, we're spending 2 per cent — 1.5 or 2 per cent — on administration.

Mr. Innes: — More like 1.5, perhaps a little less, yes, on administration.

Mr. Chairman: — 1.5 per cent on administration. Not as outrageous, I think, as many people thought. It's a fair amount of money but it's not as outrageous, I think, as many people think.

Go ahead, member, I'm sorry.

Mr. Embury: — Okay. Page 418. There are a number of grants to the Saskatchewan Housing Corporation. The first grant that I was wondering about is there's a grant to the Saskatchewan Housing Corporation called 'operating.' The estimate for the year under review is 4.2 million: the actual expenditure was 5.5 million. What is that operating grant?

Mr. Innes: — All funding for Saskatchewan Housing Corporation is routed through

our vote but we aren't, of course, responsible for that spending. The Saskatchewan Housing Corporation, themselves, will report to this committee as well as crown corporations, as I understand it.

Mr. Embury: — Yes, they have been here.

Mr. Innes: — So that we don't have any information or any control over their spending.

A Member: — Neither did your global budget . . .

Mr. Innes: — I can't tell you why, for example, it was over- or underspent.

Mr. Katzman: — Is this because at the time Sask Housing was in your department?

Mr. Innes: — No.

Mr. Katzman: — In the year under review wasn't Sask Housing part of your minister?

Mr. Innes: — Yes, it was. Yes, the minister, but the corporation was never part of the Department of Urban Affairs.

Mr. Katzman: — Where is its money now, for example, in this year under review?

Mr. Innes: — Again, it's in our vote. It's simply a means of advancing funds to a crown corporation through the Consolidated Fund.

Mr. Chairman: — That was my assumption, I may say to the member for Regina Lakeview — that they would not be required to answer questions on Sask Housing. The department is really is just a conduit to send the money off.

Mr. Embury: — Okay. That I think finishes the questions I had on Urban Affairs. I have to leave for 10 minutes but if somebody else has some questions they can carry on.

Mr. Chairman: — A few miscellaneous odds and sods. Grants to Meewasin Valley Authority, Wakamow Valley Authority and whatever became of Wascana Authority isn't there. How are these grants determined? I know this is a matching; what's the formula here?

Mr. Katzman: — Five mills . . . (inaudible) . . . these communities.

Mr. Chairman: — The province pays an equivalent of five mills. Is that accurate?

Mr. Innes: — In the case of Meewasin, the overall budget under the year under review was set on the basis of five Saskatoon mills from the previous year. And the province, during that year, paid 40 per cent of that to the authority.

Mr. Chairman: — Ah, their total budget was five mills and the province paid 40 per cent.

Mr. Innes: — Yes. In the case of Wakamow, it was two Moose Jaw mills and the province contributed 40 per cent. So these numbers in the Estimates represent a 40 per cent contribution to the overall budget of those authorities, but the full provincial contribution in the case of Wakamow . . . in the case of Meewasin, there was a further

item budgeted through the Department of Continuing Education through the University of Saskatchewan.

Mr. Katzman: — Yes, and that would almost be equal to . . . Well, it doesn't make sense, there's something missing here. The city of Saskatoon's, the Department of Education's grant, which is for the university, and the province, which is Urban, are supposed to be one-third, one-third, one-third, are they not?

Mr. Innes: — The city of Saskatoon is 30 per cent. The university is 30, and we are 40. In fact, it's one-third more because when Corman Park pulled out, each party paid one third of what Corman Park had paid, which was, I think, 1 per cent.

Mr. Chairman: — The grants to municipalities and organizations for local studies and research — Prince Albert contains two of them for a total of nearly \$46,000. What was this in respect of? I'm looking at page 416 of *Public Accounts* — 'Grants to Municipalities and Organizations for Local Studies and Research.'

Mr. Innes: — The first one was a grant to the Prince Albert district planning commission, which is composed of the city of Prince Albert and the two adjoining rural municipalities, to allow them to undertake a district plan for the area together with . . . to cover some of their operating costs.

The second item . . .

Mr. Chairman: — If I may just interrupt you, does that relate to the number of hobby farms outside of the city of Prince Albert or was it a different problem?

Mr. Innes: — That was really aimed at developing an overall development plan for the district surrounding Prince Albert.

Mr. Chairman: — It wasn't as narrow as I thought . . . (inaudible) . . .

Mr. Innes: — So it would deal with those kinds of situations but more broadly develop a land use plan.

Mr. Katzman: — The same similar thing as they've done in Saskatoon in the Corman Park area, the Vanscoy area, and the communities surrounding so they can future plan to co-ordinate who's moving where and what land shouldn't be annexed because it's going to affect the city and so forth.

Mr. Chairman: — Okay. The second one was . . . ?

Mr. Innes: — The second item was a part of the province's share of the cost of conducting a study of the Little Red River park area. That, I think, involved the city, the RM of Buckland, I think both RMs in fact, the Indian reserve in the area. I think that was it.

Mr. Katzman: — Little Red River or Little Red area?

Mr. Innes: — Little Red River — just north of the river.

Mr. Chairman: — Was that thought of as a possible candidate for a Meewasin-Wakamow type development?

Mr. Innes: — That was one option that the study had addressed. Yes.

Mr. Katzman: — That goes all the way up to Emma or Christopher, doesn't it? It winds its way up.

Mr. Innes: — It may do, but the study was sort of a much more localized area of, I think, oh, 500 acres, 600 acres planned.

Mr. Chairman: — The area surrounding the ski area there.

Mr. Innes: — Yes.

Mr. Chairman: — Grants to municipalities under municipal transit and handicapped assistance: the handicapped assistance, in particular, I have noted in the year under review and otherwise, the utilization rate is extremely high. I'm the constant recipient of complaints that the handicapped people have to wait an hour or two hours, and it's not a new situation. It's gone on both before and after the April 26th election, so we can lay any partisan politics aside; I'm not raising a political issue. But I wonder how that level of assistance was determined, and whether or not any consideration was given in the year under review to more adequately funding the program so that handicapped people might have available to them something which approaches the kind of transit services which normal people are able to make use of.

Mr. Katzman: — Mr. Chairman, if I may, before the officials answer. If you talk to some of these handicaps — people that ride the bus — you will discover that they all want to be picked up at exactly the same time to go to the same kind of event. That gives the driver problems, if you ever spend some time speaking to the driver and the dispatcher, is they sit for certain hours looking on their thumb, and then everybody wants the same time to go to three different shows or something, and that's part of your reason for your hour delay.

Mr. Chairman: — Right; I agree with that. But by far the most serious problem is 8:30 to 5 o'clock, when they want to get to work and come home. That's what's by far the most serious, and I think that's legitimate. If I can rattle on for a moment to the officials, I think it is perfectly legitimate for them to suggest that it is in the best interests of society to provide them with transportation so they can get to and from work on a more orderly basis. It's going to cost us a lot less, I think — I may be wrong and I'd appreciate your comments on it — it's going to cost us a lot less to pull on an extra bus than to keep those people on social assistance or whatever the alternative is for them.

So I'd go back to the original question: how do you determine the level of assistance, and has any review been done, in the year under review or later, to determine the adequacy of the level of assistance?

Mr. Innes: — By way of response, Mr. Chairman, I would point out that the department doesn't determine the service levels. Those are determined by the local communities that run the service. Our assistance is really open-ended in the sense that it will respond to whatever service levels are determined at the local level. There are two components: we pay a grant to each community operating the system equivalent to half the operating deficit, so that as service levels rise or our deficits rise our support there would rise; we also pay grants equivalent to 75 per cent of the capital cost of acquiring vehicles, so

that, again, those decisions on service levels are made at the local level, and if a decision is made to increase service or increase frequency of service this program will respond by meeting whatever increased costs there might be on that proportionate basis.

Mr. Chairman: — I see. Has the department done any work determining the adequacy of the level of service provided? I give you my impression. I wonder if you have ever followed up on this program to determine whether or not the level of service being provided is adequate, in excess of what's adequate or . . .

Mr. Innes: — Well, we're continually reviewing the program with municipalities, who tend to be the principal operators, although there are some services operated through SCCCA. We do have regular relations with the SCCCA as well, and continually review our capital budget with them — the level of operating assistance — so there's an ongoing dialogue, if you like, between the operators and ourselves. But in terms of assessing the level of adequacy of service, we haven't done that ourselves; we see that basically as a local responsibility. We will provide funds to municipalities if they wish to undertake a study of their transit service, which could include handicapped service.

Mr. Chairman: — You would provide funds for such a study?

Mr. Innes: — Yes.

Mr. Katzman: — Mr. Chairman, since the Telemiracle has taken an emphasis on buying buses — which means they're paying 25 per cent of the capital cost; we're paying 75 — I assume we will see the demand increase and more of them being placed in more communities.

Mr. Innes: — We have seen that already, yes, Mr. Chairman.

Mr. Katzman: — And that may make a big difference just on the problem Ned talks about as well, because prior to that there was no funding for that 25 per cent.

Mr. Innes: — The community had to come up with that.

Mr. Katzman: — The community had to come up with that.

Mr. Innes: — They're basically getting a free bus. That's right.

Mr. Katzman: — The community gets a free bus on conditions of operating. And they always had the operating money, but not the money for the capital, seems to be the argument.

Mr. Folk: — Yeah, going back to the Meewasin Valley Authority and the Wakamow Valley . . . Government Services, we had them in last week. They administer the Wascana Centre Authority act, I believe. When I asked them why they administer Wascana, and Urban Affairs administer these two, they didn't seem to have an answer. Would you perhaps have any knowledge why the three of them are split up in two departments?

Mr. Innes: — That is a good question; my minister has asked that as well. I think the historical reason is that the province of Saskatchewan is a large landowner in Wascana Centre, and it is not in the other two authorities. Therefore, as Government Services is

the chief landlord, if you like, of the government in terms of looking after physical space and facilities, it seemed logical to put the funding to Wascana Centre in that department, and the funding for the other parks which were more in the area of municipal, or rather provincial-municipal transfers, into Urban Affairs.

Mr. Folk: — Would it not make more sense that one department, whether it be yours or Government Services, handle all three, given that they're very, very similar programs?

Mr. Innes: — I think that question will be seriously addressed this year, yes.

Mr. Folk: — Thank you.

Mr. Chairman: — I have a number of other questions about specific items — grant to the city of Melfort in respect to incorporation . . . What was that . . . ? I see you estimated this. I want to congratulate you on the accuracy of the estimation. You estimated \$144,530; you spent \$144,529.47. You only wound up with 53 cents left over and I want to congratulate you.

Mr. Innes: — Thank you, Mr. Chairman.

Mr. Chairman: — You had your pencil sharp on this one. I'm wondering what this expenditure was with respect to?

Mr. Innes: — Well, this was basically to mark the incorporation of the town of Melfort as a city. It was an agreement that was negotiated between the government and the town, ultimately to basically accommodate the fact that, with assuming city status, Melfort as a town would lose eligibility for funding assistance under municipal water assistance board. So this basically transferred what funds Melfort would have received, had it remained a town, under that program to the new city; basically to allow it to apply those funds to its water and sewer program.

Mr. Folk: — At a one-time expenditure?

Mr. Innes: — Yes.

Mr. Chairman: — I was assuming it wasn't all a birthday party. That's the reason behind my question. I . . .

Mr. Katzman: — I can't resist a question because of what you just said. The assumption that the cities got less grants is then true, on a per capita basis?

Mr. Innes: — In the sewer and water area, yes.

Mr. Chairman: — Going to 'Other Expenses,' MacLaren Plansearch Services Ltd, what was the \$24,805.70 expended on?

A Member: — What page are you on?

Mr. Chairman: — I'm sorry. I'm on 420, 'Other Expenses.' The very last page, MacLaren Plansearch Services Ltd.

Mr. Innes: — This was a contract carried out under our regional studies program to obtain regional land capability information.

Mr. Chairman: — What's regional land capability?

Mr. Innes: — Basically, it catalogued the categories of land; what they were suitable for in terms of rural or urban development, identified danger areas, slump areas, areas where there would be ground water, aqua problems, that kind of thing.

Mr. Chairman: — I was going to ask the same question about the next one — John K. Mowbray?

Mr. Innes: — That was another contract in which we contracted with Mr. Mowbray to review some of our existing and ongoing sewer and water problems with a view to restructuring and increasing funding assistance in the sewer and water area.

Mr. Chairman: — What did you get the Saskatchewan Research Council doing for \$32,000?

Mr. Innes: — Mr. Chairman, this was related to the phase 1 Regina-Moose Jaw water study in which a number of water supply and water quality improvement options were identified.

Mr. Chairman: — Hear, hear! The department was hard at work on the subject . . . An area which was brought to an abrupt end by the change in administration.

Mr. Folk: — We assume you'll bring that up in the House this afternoon!

Mr. Chairman: — Yes, indeed. Wascana Office Equipment Ltd., what was that \$11,729 there for?

Mr. Katzman: — New desks for the former minister . . . (inaudible) . . .

Mr. Chairman: — Maybe. I'm just wondering why the equipment wasn't provided through Revenue, Supply and Services.

Mr. Innes: — Rental of word processors, Mr. Chairman.

Mr. Chairman: — You rented a word processor? Why wouldn't that have been supplied through Revenue, Supply and Services?

Mr. Innes: — Apparently at that time, no, they did not, and agencies — at least Urban Affairs — was contracting directly. They do now supply them, is that correct? They do now.

Mr. Chairman: — Okay. I have no further questions of Urban Affairs then.

A Member: — . . . We've got . . . (inaudible) . . .

Mr. Chairman: — Thank you. That's more than you clowns are spending on the water problem.

I think that is all of the questions we have of the witnesses. I want to thank you very much for coming. A couple of items you promised to follow up on. Please provide that as soon as it's conveniently possible — 15 copies to the Clerk. And thank you very much for

coming.

Mr. Innes: — Thank you, Mr. Chairman.

Public Hearing: Department of Culture and Youth

Mr. Chairman: — I want to raise with you a narrow line of inquiry. I want to thank you for coming to discuss Culture and Youth public accounts. I want to begin by indicating to you that the proceedings before the committee are privileged. In that sense they are not available for use . . . They cannot be the subject outside the committee of any libel or slander actions. On the other hand, they are taken down verbatim, and to that extent they are readily available for use outside.

The line of inquiry which I want to put to you was quite limited in its scope, although deep in terms of the number of dollars. Your department must give out more grants in number, if not in dollar volume, than any other department of the government. Your public accounts go on for pages listing . . . Foam Lake Columbus Club — I assume it's a worthwhile source of public . . . (inaudible) . . . I want to go through these.

Let's start with the youth employment services, for no other reason than they are the first ones listed in *Public Accounts*.

A Member: — What page again?

Mr. Chairman: — 124 of volume 2. Given the fact that many of these are not to municipal governments, but to private, albeit non-profit, organizations, my question is: what follow-up is there to ensure that the funds are spent in accordance with the program objectives? What follow-up do you have? Sometimes there is concern expressed that the level of grants . . . the number of grants has proliferated to the extent where we can't adequately monitor their application.

Mr. Rogers: — Okay, Mr. Chairman. I think there are two things that we do in terms of follow-up. One is the on-site audit. We do go out and visit a number of the projects to see that . . .

Mr. Chairman: — Would you describe that in detail, then? How many do you do? How do you choose them?

Mr. Rogers: — It's a random sampling of approximately, I think it's 10 per cent of the projects. And it's worked on . . . A number of the projects are ongoing — the same project we fund year after year — the life-guards at community swimming pools, this sort of thing. So if we do an on-site audit one year we usually tend to move on to other projects the next year in selecting the 10 per cent, so that over a period of years we've attempted to cover all of the projects if possible.

The second means of follow-up is that the project sponsors must submit to us a final report before final payment is made on the grant.

Mr. Chairman: — We're dealing now with the youth employment services.

Mr. Rogers: — Right.

Mr. Chairman: — Okay. So you have on-site audits of around 10 percent. You get the

final application as well. Do you have any way of knowing how many jobs . . . This at least began — the YES program — as a network to stimulate employment among young people through perhaps more than one business cycle. But is that still the objectives of the program, to stimulate employment for young people, or does it now have auxiliary goals?

Mr. Rogers: — We no longer have that program.

Mr. Chairman: — Yeah, but you did in the year under review.

Mr. Rogers: — Right. Yes, it certainly was, and I think there was in the neighbourhood of about 2,000 jobs created through that.

Mr. Chairman: — How many of those jobs would have occurred in any event? Do you have any way of knowing what level of new activity this program pried loose? I assume some of those pools would have had life-guards anyway, with or without your program. Do you have any way of knowing what . . .

Mr. Rogers: — No, no way of knowing how many that created in addition to what would have existed.

Mr. Chairman: — Since you don't have the program, it's probably not a . . . We'll leave that program there.

Mr. Katzman: — Mr. Chairman asked the question about, you know, how many jobs that swimming pool would have; the manager would have had a life-guard anyway. Was there not something within the contract, first of all, that of course allowed them to slip by the union requirements in a lot of cities and towns because the hiring was not on a renewal of something that was there the year before, and therefore these people were designated the five positions and they had to go to five people who were definitely youth employment service? Even though the union always had the last lay-off and first recall, they could leave union people out and bring people in here.

Mr. Rogers: — I'm really not aware of that. I think the stipulation of the program was such that the jobs that this program was using to fund had to be new jobs for the duration, just for the summer period. It could not be for an ongoing job for one thing, so it was for short-time student employment.

Mr. Katzman: — Well, let me give you a prime example, and you can check it if you'd like. Let's take the city of Saskatoon. Let's take their parks and recreation program, which is approximately May to the end of August, 15th of September. They hire people to work on the paddling pools. These are summer jobs, only summer jobs. They need so many people to do the work, and with or without your program they will hire X amount of people. What they do is they take and say, 'We'll hire . . .' They need 25, so they say, 'We'll hire 20,' and budget for them, putting an additional amount in their budget, hoping there will be an Opportunities '83 or YES (youth employment services) or PEP (Positive Economic Program), or whatever program it's going to be called, and using that criteria will pick up the . . . It's about 400-and-some dollars per job, or something per month, and basically those jobs would be there with or without the program. That's, I think, something that was a fault of the YES program: it didn't carefully look to see if it was creating a new job or if it was just giving a student employment. That's the only criticism I think we could find of the program. Other than that, it was excellent. The concern would be more that your system did not

check to make sure it was a new job. It became away of what a community would do: take the funds for four or five jobs, add in what they thought they could get from you as assistance, and maybe hire seven new people. So basically two new jobs were created, and they're basically on your grant portion. If that was an acceptable practice, then the program did what you wanted. If that isn't an acceptable practice, then the program didn't do what you wanted. I think that's the nutshell of really what ended up happening.

Mr. Rogers: — That certainly is what happened in a lot of cases.

Mr. Chairman: — It's somewhat academic because you don't have the program now, but it strikes me as a serious flaw in the program: you didn't attempt to ensure that the jobs were new jobs. If you wanted to provide additional funding for recreation . . . (inaudible) . . . But I think it's always inadvisable to allow a program which begins its life as one to stimulate employment of young people, to be turned into, by recreation groups, a program with a different goal, and that is to provide additional funding for recreation. And we should do that open and above-board and assess those needs.

It strikes me that you could have, without a great deal of expense, arrived at some explanation of how many jobs were new, by checking a representative sample of them. It struck me as well that had you, in your initial application form, stipulated that the job must be a new job, one not in existence in a previous year, and so on, you might well have cut out some of the overlap. As I say, it's somewhat academic because you don't have it any more. But it strikes me that this program began in a period of a recession. I'm not sure which of the recessions it began in, but which outlived . . . It's a classic example of a program outliving its useful life, and going on to be used for something else.

Mr. Johns: — I think then, Mr. Chairman, we recognize that too, in terms of transferring that type of activity to Advanced Education and Manpower, where it seems to be more appropriate as a fit in terms of job creation.

Mr. Chairman: — Yes. Then you will have all the same problems.

Mr. Katzman: — Well, now they won't. There is . . . (inaudible) . . . they do say, 'Is this a new job, and will this job be created with or without this grant?'

Mr. Chairman: — . . . (inaudible) . . . in that kind of detail. There may well be.

Okay. Grants under the recreation and cultural facilities grant program. Same question. What follow-up to determine that the guide-lines for the program were met, and I note your annual report. I didn't count them up, but there was quite a volume of . . . Well, it wouldn't be that hard to do. 1,780, I guess. Quite a large number of grants — 1,780 grants. What follow-up . . . Totalling \$15 million. Totalling \$25 million. What follow-up was done to ensure that the guide-lines of this program were met by the organizations?

Mr. Rogers: — The procedures that were followed were somewhat similar to the YES (youth employment services) program, in that when a municipality or other sponsoring group applied, they had to submit quite a detailed application which outlined the project in some detail, usually including plans of the project. These plans had to be approved by a number of agencies, including Health and Labour, through fire safety, and so forth. Upon completion of the project, they again had to submit a rather detailed report to us outlining that the project had in fact been completed, and this had to be

signed by the municipal officials. It also had to receive the approval of the Department of Health and Department of Labour to meet the regulations.

Mr. Chairman: — That was done in advance, was it not? Health and Labour approved the plans in advance?

Mr. Rogers: — Right. And then a follow-up approval — the final approval.

Mr. Chairman: — So that, Labour being the fire inspector's office.

Mr. Rogers: — Right.

Mr. Chairman: — To ensure the roof wasn't going to fall on somebody's head.

Mr. Rogers: — Right.

Mr. Chairman: — And that was done in all cases after the completion of the project?

Mr. Rogers: — Right. We would withhold funding until in fact that certificate . . .

Mr. Chairman: — Was there any sort of audits or checks done to ensure the accuracy of the information in the final report?

Mr. Rogers: — There were some audits done. We don't have the percentage or number, but if you would like that information we could get it for you. We did have two facility consultants whose . . . Part of their job function was in that area.

Mr. Chairman: — What would prevent a municipality organization . . . Did not all municipalities . . . The Killaly Golden Age Club and the Killaly Farmer's Curling Club, and the village of Killaly all got into the act here. What would prevent an organization from using the funds for some purpose other than the program, and simply falsifying the final report if audits weren't done?

Mr. Rogers: — I guess there were two or three checks that we felt we had. One was the ongoing liaison with our field staff who are aware of every project in the province. And so they know whether in fact they're going to build or renovate a curling rink that in fact it does happen. Secondly, all projects had to be authorized by the local municipal government. And then, thirdly, the audits that we did do . . . There was a lot of liaison between the projects and our staff.

Mr. Chairman: — Well, was it the responsibility of your field staff to monitor all of the projects in their respective regions? Did they view that as part of their responsibility, or was it done on purely a by-chance basis, if they happened to be in the community they might drop . . . (inaudible) . . . Were they given instructions to monitor them?

Mr. Rogers: — I guess they were given instructions. There was not a formalized monitoring system worked out. But they did in fact monitor and have a look at and check the facility.

Mr. Chairman: — You don't know how many of them — what percentage you actually audited — what percentage here that we actually checked up on?

Mr. Rogers: — No. I could get that for you.

Mr. Chairman: — If you'd do that . . . I'd also be interested in knowing the percentage of cases in which you've found problems with — expenditures on things which weren't authorized, or some other breach of the guide-lines which organizations had. I'd appreciate knowing the extent, if any, the . . . (inaudible) . . . I don't have any specific cases crying out for redress.

On the other hand, given the level of grants, it strikes me that it's a kind of problem a department wants to prevent in advance by making sure the follow-up is adequate. And I guess that's really my line of questioning — to what extent your follow-up was adequate. So if you could report again to the Clerk — 15 copies to the Clerk — who will distribute it.

Okay, grants in support of art . . . Yeah, I'm sorry . . .

Mr. Folk: — Mr. Chairman, you seem to be going along in an order there and there's a couple of items on page 128 I'd like to ask about, if that's okay with you.

Mr. Chairman: — Sure, indeed.

Mr. Folk: — You have in there a grant to the city of Saskatoon in respect of a deficit incurred in the operation of Saskatoon Centennial Auditorium, pursuant to The Centennial Projects Assistance Act, 1965. That amount is \$183,740. How is that figure arrived at?

Mr. Chairman: — The city of Saskatoon has raised the tin cup routine to a fine art here.

Mr. Folk: — I wish you would please allow me to continue this line of questioning, Mr. Chairman.

Mr. Chairman: — Sorry, go ahead. It was an unnecessary interjection.

Mr. Folk: — How was that figure arrived at? Is that the actual deficit for the auditorium?

Mr. Rogers: — No. That figure is arrived at by more the grant to assist the Centre of the Arts in Regina, and it is giving the same amount to the city of Saskatoon.

Mr. Folk: — It's under two different connotations there: one is grant for the Saskatchewan Centre of the Arts in the exact same amount as that very long connotation for the Centennial Auditorium which to me says that was the deficit incurred by the Centennial Auditorium that year.

Mr. Chairman: — This thing has a tortured history which I think the witnesses should outline for the member.

Mr. Folk: — If you would, please.

Mr. Rogers: — The Centre of the Arts is owned and operated by the province, whereas the Centennial Auditorium is operated by the city, and it's an attempt to assist both of them. So, in an effort to be fair, the grants are made equal, based on the deficit

determined by the deficit at the Centre of the Arts.

Mr. Folk: — The deficit at the Centre of the Arts. So you assume that the deficit at the Centre of the Arts will be sufficient to go under this connotation for the Centennial Auditorium in Saskatoon? Just reading it, it seems to me . . .

Mr. Chairman: — Maybe I can have a run at it, because I was the minister here for some time. The centennial projects . . .

Mr. Katzman: — You notice the Regina minister made the thing look, on the paper, that it was a fair deal, but when we get down to it I'm certain . . .

Mr. Chairman: — As I say, this is an example of the Saskatoon people raising the tin cup routine to a fine art. That's not exactly fair. In the '60s the Government of Canada came out with a centennial project and it was quite a rich program for communities who could develop a centennial project for Canada's centennial. Both the cities of Regina and Saskatoon decided they'd build an auditorium, and everybody was building auditoriums. Yeah, there was a proliferation of them.

Regina never got its finished. Indeed the steel framework sat for many months as an embarrassing example to all concerned. Eventually the Government of Saskatchewan — the then Liberal government — completed it and took it over. Saskatoon finished its on its own. The city of Saskatoon said, with some justification, 'Hey, that's not fair. We have to run our auditorium out of our budget. You're going to be running the Centre of the Arts here undoubtedly at a loss in the city of Regina. Through its own inability to complete its program, it's going to wind up with an unjust enrichment that we won't get.'

So to attempt to redress that grievance, which I think is legitimate, they then said, 'Okay, the Centre of the Arts will run as a corporation. We will meet their deficit by a specific subvote. Whatever the deficit is, Saskatoon will get a like amount to run their auditorium.' And that's why the two sums exactly equal. The process is that you decide what the deficit for the Centre of the Arts is, then you give the city of Saskatoon precisely the same figure. I would say this thing is a tortured history.

Mr. Folk: — Perhaps I'm missing something in that explanation, but the way it's denoted here it would seem to me that that was the deficit for the Centennial Auditorium, that amount . . .

Mr. Chairman: — No, no.

Mr. Folk: — And then it was flip-flopped to give the Regina one.

Mr. Chairman: — No. The \$183,740 is supposedly the deficit for the Centre of the Arts. Then, to make up for that, which the city of Saskatoon says is something we wouldn't get because we finished our Centennial Auditorium, it is a grant to the city of Saskatoon in respect of a deficit, but the deficit may be greater or larger than that. They're just getting the same amount of money.

Mr. Folk: — Well, in that case it . . . (inaudible) . . .

Mr. Katzman: — They're not given the . . . (inaudible) . . .

Mr. Chairman: — I know. Notwithstanding their success in getting an equivalent amount of money, there's still a lot of complaining from the city of Saskatoon that the Centre of the Arts here gets additional benefits which the Centennial Auditorium does not. And . . .

Mr. Katzman: — Which are worth money. Saskatoon pays for those services. The Centre here gets them for nothing.

Mr. Chairman: — The allegation is — and you've got the wrong department here; that's unfortunate — the allegation is that the Department of Government Services provides services to the Centre of the Arts which aren't available to the Centennial Auditorium.

Mr. Glauser: — There's about 300,000 difference in the year under review . . . (inaudible) . . .

Mr. Katzman: — Mr. Chairman, I cannot resist that tin cup, because everybody has learnt from Regina how to carry that tin cup. It has been the professional, the . . . (inaudible) . . . of everybody, knows exactly how to bend it, turn it, and twist it.

Mr. Chairman: — You people can shake it with such professionalism, though.

Mr. Katzman: — You realize I'm neither from Saskatoon or Regina, Mr. Chairman.

Mr. Folk: — If I could continue . . . (inaudible) . . . So in effect the grant that is administered by the Culture and Youth in the year under review to go to Saskatoon Centennial Auditorium is the amount of the deficit for the Regina Centre of the Arts.

Mr. Chairman: — And is unrelated to the size of the deficit.

Mr. Katzman: — And it should be noted that way.

Mr. Folk: — And it is totally irrelevant in this case whether the Centennial Auditorium made a profit or lost \$1 million. That's exactly what they're going to get. It's not reflected on what happened in Saskatoon. It's totally reflected on what happened in the Regina ones, which has most of its maintenance, etc., paid for by the Wascana Centre Authority. Pardon me?

Mr. Katzman: — Outside of the building maintenance.

Mr. Folk: — Outside of the building maintenance, which the city of Saskatoon picks up . . . (inaudible) . . .

Mr. Chairman: — No outside maintenance. There's no grounds, though. There's very little in the way of grounds.

Mr. Katzman: — Except they do get the revenue from the rental of . . . (inaudible) . . .

Mr. Folk: — Excuse me. We, in questioning earlier . . .

Mr. Chairman: — The member from Saskatoon University is getting more assistance than he needs here.

Mr. Folk: — In questioning earlier, it was found that the Wascana Centre Authority actually picks up snow removal, etc., for the Centre of the Arts out here, and rental, etc., from the parking lot. And none of these are provided to the city of Saskatoon for the operation of the Centennial Auditorium. So to say that, based on the operations of the Centre of the Arts, that is going to be a grant to the Centennial Auditorium in Saskatoon . . . Whether you wish to field this question again, Mr. Chairman . . . That just makes totally no sense at all to me.

Mr. Chairman: — I will not field the question except to say that there aren't any equivalent grounds around the Centennial Auditorium. There isn't 50 acres of grounds around the Centennial Auditorium; there isn't the same problem with snow removal and parking.

Mr. Katzman: — Which they don't get rental payments for, renting out parking spaces, which Regina does and Saskatoon doesn't.

Mr. Chairman: — It's questionable whether or not they make money or lose money on the . . .

Mr. Folk: — Well I think that was established when we had the Wascana Centre Authority in here that they paid . . . Excuse me, the Centre of the Arts board was in here . . . and they got their revenue from their parking lot and yet the maintenance was paid for by the Wascana Centre Authority — such as snow removal, grass trimming, etc.

Mr. Katzman: — You've been had, Ned.

Mr. Chairman: — I don't know the answer to that.

Mr. Johns: — As far as the department is concerned, those are indirect costs which we have no handle on and we're going by the direct operational deficits for the Centre of the Arts.

Mr. Folk: — I realize that's probably a preconceived notion but, quite simply, it makes absolutely no sense to me at all that a grant for Saskatoon should be based on the deficit for the Regina operation.

Mr. Chairman: — It arose for historical reasons, not out of any overwhelming logic.

Mr. Folk: — Was there ever any objection to this plan registered by the city of Saskatoon?

Mr. Chairman: — I don't think the city of Saskatoon has ever, ever . . . No, I say this with considerable sarcasm. It has a long and tortured history. And I think you could find people in Saskatoon, civic administrators in Saskatoon who are less than satisfied with the arrangement: I think you could pry such people loose . . .

Mr. Katzman: — No problem.

Mr. Chairman: — . . . without any problem.

Mr. Glauser: — I'm going on to another area. I would like to go back to the beginning of your . . . and turn to page 123. And looking at the headings of the executive

administration, general administration, cultural and multicultural support, regional services, sports and recreation — what I'm looking at here is . . . It looks like a lot of high-priced help to administer a small amount of funds. For instance, executive administration you're looking at \$205,000 to administer 37,000. General administration you're looking at 457,000 to administer 784,000. Cultural and multicultural support — \$305,000 to administer 142,000. Regional services — you're looking at \$775,000 to administer 182,000; and sport and recreation, you're looking at 288,000 to administer 218. Do you understand how I've done my calculation? How can we justify this?

Mr. Chairman: — To make a comment, if I might. We asked the witnesses here for a relatively narrow line of inquiry, and the deputy isn't here. I think your line of questioning still comes within the area of fair practice, so I think it's legitimate. Perhaps the member might be prepared to accept the answers in writing, because they are outside the line of what we said we'd be asking them on. If they felt that necessary. They may feel comfortable in answering them; and if they do, all well and good. But perhaps the member might be prepared to accept the answer in writing if they don't, because we did give them a rather narrow parameter. So, having said that, I'll let you go on.

Mr. Rogers: — Right. Well, we'll attempt to answer it, and if you're not satisfied we can send something in writing. I guess what our reaction to this would be is that in addition to the program dollars that are outlined here there are a number of dollars, of course, then in the grant area. So we're not saying that the staff dollars that you outlined are only related to the costs under these headings; there's also all of these grants that have to be administered and delivered and consulted on. So those people that are identified here as staff also have that responsibility. So that brings the dollar ratio a little bit different. Secondly . . .

Mr. Glauser: — Might I just interrupt at this point, then, and when you look at the largest portion of that you're looking at the youth employment services, and that program is no longer in place. What effect might that have, then, on what you're saying?

Mr. Rogers: — Well, a cut-back in staff, so therefore a cut-back in staff dollars.

Mr. Johns: — Which . . . (inaudible) . . . happened beyond the '81-82 year.

A Member: — Yes, yes. Okay.

Mr. Rogers: — The other thing, I think, it's important to point out is that we are very much of a people department relating to a lot of organizations and groups and municipalities, boards, and it's a lot of hands-on, person-to-person work that we do. It requires more staff to do that than to simply hand out a program.

Mr. Katzman: — Would this be, and I'm switching to a different department, but maybe it's easier for me to understand. It's much like Agriculture where they have all those field people who pay the wages and they don't do a lot of other things, and the farmer actually spends the money. Is this the fifth thing: that the communities spend the money but you do a lot of the assisting to prepare it, and over a large type of thing.

Mr. Rogers: — Right.

Mr. Glauser: — Does this take in then the . . . Well, for instance, in sports, for instance, there are districts all throughout the province, eh? Sports districts? And in

those districts they have zones, and in each zone there is a sports director and he has some staff. Is that the case in there?

Mr. Rogers: — Right. That's part of the system, part of the structure that we work with. We work with the provincial, in sport for example, the provincial sport governing bodies who then have a network throughout the province, as we have a network throughout the province. So we work at the community level, the regional level and the provincial level as do the sports themselves. So we touch base with the particular sport-governing body at the provincial level, the regional level and the local level and each one of those levels has a structure, a number of structures, organizations and clubs.

Mr. Chairman: — All in for Culture and Youth? Oh, sorry. Go ahead.

Mr. Folk: — I'll be with you in a second here, Mr. Chairman . . . (inaudible) . . . Grants in support of sport and recreation programs. There's numerous listings all the way through there. There's one for the . . . I don't know if you'd have any details on this, but for the Canadian Ladies' Golf Association for the year under review would that be by chance for a national championship that was held in the province?

Mr. Rogers: — I wouldn't have the details on that. I would think what that grant is, is our provincial support grant and in a lot of the associations, although they're provincial associations, they are called in this case, for example, the Canadian Ladies' Golf Association, but it will be provincial section, Saskatchewan division. So it would be our grant to the Saskatchewan ladies' golf association for their annual support grant.

Mr. Folk: — That would be outside of the Saskatchewan Golf Association grant which is on the next page?

Mr. Rogers: — That is the men's. There's two associations in Saskatchewan.

Mr. Folk: — Okay. So the association for . . . It's not called the Saskatchewan ladies' golf association?

Mr. Rogers: — No.

Mr. Folk: — That would be the branch of the Canadian Ladies' Golf Association.

Mr. Rogers: — Right.

Mr. Folk: — Right and, for example, on the Saskatchewan Golf Association, the \$3,144? What would that entail? Why that amount? How was it arrived at?

Mr. Johns: — Can you help us? Where . . . ?

Mr. Folk: — Yes, we're at the bottom of page 137.

Mr. Rogers: — Okay. Yes, 3,100. That would be similar — their provincial support grant. It's a grant which goes . . . We have a grant program of support to provincial sport governing bodies. It's an annual grant, core funding, to help them with their administrative organizational costs.

Mr. Folk: — Okay. To arrive at that figure then, they would apply to you for \$3,144 . . . (inaudible) . . . formula?

Mr. Rogers: — Right. They would apply to us, based on the criteria for that grant program, which includes a detailed summary from them of what they are looking at in the next fiscal year. So it's based on their program outline to us.

Mr. Katzman: — With that example, we have an office in Regina where a lot of them run their associations out of it. Each provincial organization will have a levy against the operation costs of this office, and they will have been allowed to take that figure plus some other figures into a budget which they present to you, and you say you'll pay X amount of their budget.

Mr. Chairman: — . . . (inaudible) . . . You people could probably provide the budget and the formula.

Mr. Johns: — We could provide the specific budget and the formula grant application form for any of these.

Mr. Folk: — One of the reasons I asked that is that I noticed the Saskatchewan Curling Association is an even \$7,000. It seems more like just a round figure that's applied for, whereas the golf association would be more along the divide by this, and multiply, etc. . . .

Mr. Chairman: — Why don't you respond in writing, and give us the formula for determining all these grants, and specifically I gather the ones from . . .

Mr. Katzman: — I think if he does that, Ned, with his return he should also indicate the support of the lottery, because that is another portion of the money they receive. They get money from you people as well as the lottery, which makes part of the formula.

Mr. Johns: — Could I just get a little bit of clarification on the last question. You wanted written information on . . .

Mr. Katzman: — I think if you . . . The applications that you receive to get your grant for administration have some bearing on the lottery as well, and what you receive from them. So what you're receiving from them has a factor on what you will receive from you people. So you don't have a true formula without that in the formula. Some associations get a lot more assistance from lottery, because of the involvement and the sales that they take. For example, the . . . (inaudible) . . . Hilltops have a very big wad of it because of the sales in tickets they make.

Mr. Folk: — I have one more on that same page, 137. There's a grant to St. John Ambulance for \$2,692 . . . (inaudible interjection) . . . It's not to take curlers out. What would that involve?

Mr. Rogers: — I guess it's our way of assisting St. John Ambulance in a small way for all the work that they do in the area of sport and recreation. So we're saying, to assist them in a small way, to help them to be able to continue their program of coming out to a number of sporting events where they are there and their presence is there to assist in whatever way.

Mr. Folk: — That would be, much as a hockey game in the Saskatoon arena where they're on call, sort of.

Mr. Rogers: — Right. It's mainly for our provincial championships, national championships. They're always asked to come out. We feel it's a tremendous service they provide, and it's in a small way to assist them with . . .

Mr. Folk: — Okay, that would be based on . . .

Mr. Rogers: — Again, their submission to us in terms of the program that they have for the year. Most of the things in that area for St. John Ambulance would go into helping and train volunteers and some of their administrative costs.

Mr. Katzman: — Did EMO give them money as well?

Mr. Rogers: — Probably.

Mr. Johns: — I wanted to just clarify, Mr. Katzman, the question in terms of the lottery. The lottery is not . . . (inaudible) . . . distributor receives from the lottery is an agreement between SaskSport and that particular sporting agency, and there is a formula therefor that particular aspect. And that's apart from the grant calculation that we provide directly from the department.

Mr. Katzman: — So a person like the Hilltops, who are selling a lot of tickets, will get more favourable reception when it comes to a grant from SaskSport than somebody who is doing nothing to contribute to the funds that SaskSport get to do their project.

Mr. Johns: — But our funding would go directly to that agency, not to SaskSport.

Mr. Rogers: — Yes. And an agency like the Hilltops is not eligible for a grant from us or the lottery.

Mr. Katzman: — The lottery gives them something towards championships, I believe.

Mr. Rogers: — Well, it would go through the Saskatchewan Amateur Athletic.

Mr. Katzman: — Yes.

Mr. Chairman: — Okay. The member from Saskatoon University, I gather, is wound up for the moment. Saskatoon-Rosthern.

Mr. Katzman: — Saskatoon-Rosthern? I'm from Rosthern — it's around Saskatoon therefore I'm the only independent, non-Regina-Saskatoon person here. Of course I always support Saskatoon, who's got . . . (inaudible) . . . and Regina, we'll talk about that later when we get to Centennial Auditorium versus the Centre.

My concern is on the facilities grants; I think the chairman gave you information that I'd be asking about that area. I don't understand the formula and how a grant was paid out under the old system in total. There seems to be always an exception to the rule somewhere. I haven't quite figured out how these exceptions seem to work out after they've been done. Now my understanding was that roughly it was a \$25 or \$30 per capita, and after you got the per capita, it was 50 per cent of total costs, or not? There seems to be confusion out there on that.

Mr. Rogers: — Yes. The grant was \$25 per capita up to a maximum of 50 per cent of a

specific project, whichever is less.

Mr. Katzman: — Okay. Now, let's assume . . . And if you went with a rural area you got an extra \$5 or something.

Mr. Rogers: — It was sharing — two municipalities.

Mr. Katzman: — Two municipalities, okay. That's for the 30.

Mr. Rogers: — Right.

Mr. Katzman: — But here's the confusion. Up to 50 per cent of the project. Let us assume that the grant is only, say, 30 percent of the total cost of the project. Let's make some easy numbers and let's say that the project is \$2 million, and \$60,000 was the \$25 portion. No 600,000 on a \$2 million . . . But up to 50 per cent — some people understood that they would get up to \$1 million, and they would raise the other million, even though \$25 or \$30, subject to which way you went, was the maximum number. Is that right or wrong?

Mr. Rogers: — It's wrong. The most they could receive would have been the \$1 million if they had enough population to bring it up, whatever is less.

Mr. Katzman: — Where did . . . And this is what's got me going in circles, because when I've looked at some applications directly, the \$25 or \$30 figure did not make the amount of money they received. They received substantially more funds.

Mr. Rogers: — Well, I guess one way that could have happened would have been that the application from a specific municipality . . .

Mr. Katzman: — Spiritwood I think is the one that earned or that got into that situation.

Mr. Rogers: — Yeah, their per capita grant, based on their population, would have come to so much. But if there . . . (inaudible) . . . a sharing, the other application from another municipality who says, 'We are going to give this money to this project'. . . So the total money that may have come in may have been larger than what was seen on a specific application.

Mr. Katzman: — Could you supply me with this in writing because there is massive confusion in comparing the present program and the former program. I understand that they are basically the same as far as this portion is concerned. Other things are a little different, but on this portion they are basically the same. Am I wrong? Correct me.

Mr. Rogers: — Again, it's 50 per cent of our grant. We'll cover up the 50 per cent of the project, if you have the population to meet you there. So, again, it's whatever is least.

Mr. Katzman: — So there was no difference between our program, on the 50 per cent, and the prior program.

Mr. Rogers: — No.

Mr. Katzman: — Because the people out there seem totally confused on that issue.

Mr. Rogers: — There's a difference on the base cost but not on the 50 per cent.

Mr. Katzman: — Okay. When you say 'base cost' what do you mean? Do you mean the \$25 and \$30?

Mr. Rogers: — This year, we are in addition saying, for every municipality there is a base grant of \$5,000.

Mr. Katzman: — There was no base before?

Mr. Rogers: — No.

Mr. Katzman: — Could you send me the documents under the old program because of the confusion that I'm finding out there? And if you have a . . . I guess you send it to the committee.

Mr. Chairman: — 15 copies . . . (inaudible) . . .

Mr. Katzman: — There is some confusion. The second question is: what . . .

Mr. Chairman: — Perhaps you might describe again what you were asking for.

Mr. Katzman: — I've asked for basically the former plan we're reviewing; and what they've indicated, and I assume because they've indicated we'll get at the parcel, the difference between that plan and the present plan, and they've indicated they're identical. But in the public's mind there seems to be some confusion. And the second portion: I've asked the question — and they're going to have to look this one up — how did certain places get grants up to 50 per cent when their population figure did not give them that, even though the neighbours were sharing with them? Like, I've worked one out — and I'll have to get you the name of the town — but I can't figure out how they got the amount of money they got. The formula doesn't work out.

Mr. Rogers: — Okay. It could be that other government programs brought the money up.

Mr. Katzman: — That's what I assumed and that's what's giving me the problem. And if that is true on the one I identify, would you identify the other programs?

Mr. Rogers: — Sure.

Mr. Katzman: — Because that may tie the loose end that's wrong here. It could be, for all I know, a winter works project; community capital fund could tie in, and I think there's one or two more. That may explain the confusion in the public's mind.

Mr. Rogers: — We say in this new program, for example, that our grant, we will go up to a maximum of 50 per cent. But if other provincial funding is included or involved, we say the total amount cannot exceed 60 per cent of the project. So it does become a bit confusing.

Mr. Katzman: — What about federal money then on your winter works, if there was one? Federal or provincial government money.

Mr. Johns: — The 60 per cent is all government moneys, regardless of which jurisdiction.

Mr. Katzman: — What do you do about . . . both under the old program, what did you do about volunteer labour? You allowed them to charge that towards their share.

Mr. Johns: — Right.

Mr. Katzman: — Same now, I assume.

Mr. Johns: — Yes.

Mr. Katzman: — I'm done.

Mr. Folk: — Yes. On the last page, on page 145, under schedule of payments, other expenses, there's a few listings there — mostly for the odd company and that — and there's two individuals listed there: Deanna Christensen and Robert Long. What would that item be in that regard?

Mr. Johns: — We've got Long and the other one was . . .

Mr. Folk: — Deanna Christensen and Robert Long.

Mr. Johns: — We'll have to provide that in writing to you. We just don't have the information on that with us today.

Mr. Folk: — Okay. So they're not employees of . . . ?

Mr. Johns: — No. In general terms both individuals were brought on as consultants, but I'm not sure of the specifics of it: I'd have to get it for you in writing. One was in the facilities area, relating to the facilities program; the other was in our cultural activities area. I don't have the specifics of the project that they were on and that's what I'd have to get for you.

Mr. Folk: — Okay. And an item like Haley's Sports Attire: that would be presumably outfits for one of the Saskatchewan teams or . . .

Mr. Rogers: — Canada Games.

Mr. Folk: — Right. And the L. Artiss Ltd., that would be . . .

Mr. Rogers: — Uniforms again, for our Canada Games team.

Mr. Folk: — From L. Artiss Ltd., for Canada Games team?

Mr. Rogers: — Yes.

A Member: — Curling.

A Member: — Big game rocks . . . (inaudible) . . .

Mr. Chairman: — Little rocks and you throw them and you see who can get them to the other end without the . . . (inaudible) . . .

A Member: — It's kind of a silly game, but some people play it.

Mr. Chairman: — The exact nature of the game has never been clear to many people but . . .

Mr. Folk: — I've never had equipment valued at \$16,000 before.

Mr. Chairman: — I don't think this is curling equipment. This is all uniforms.

Mr. Rogers: — This would be the Saskatchewan team — to outfit the full Saskatchewan team to go to the Canada Games — the walk out uniforms.

Mr. Folk: — I guess I was listening to the two Regina members directly relating it to curling.

Mr. Chairman: — No, all our Saskatchewan team. How many would be on the Saskatchewan team? What would there be — 40, 50 people?

Mr. Rogers: — Oh, no, more like 300.

Mr. Chairman: — Yeah, 300. Okay, I didn't realize we had that large . . .

Okay. Going once, going twice . . . Thank you very much, gentlemen, for attending. You have some information that you are going to supply to this committee. If you could supply that, again, in 15 copies to the Clerk, as soon as conveniently possible.

Mr. Katzman: — Before they go — before they go!

Mr. Chairman: — Out of respect of the member from Rosthern and his seniority in the committee, I will allow the thing to be re-opened.

Mr. Katzman: — Just to make it correct — Kinistino is the rink — started in '75. They claim they got over 50 per cent of total costs even though the population numbers didn't work.

Mr. Rogers: — Yeah, they claimed more than 50 per cent.

Mr. Katzman: — No, they claim they got up to 50 percent, even though their numbers didn't jibe. So that gives you your one to check out.

Mr. Chairman: — Thank you very much. Just before we go in camera to deal with the final report, I want to raise one other item . . . It might . . . (inaudible) . . . interest in the member for Rosthern. I have in mind calling a meeting of the committee, to which I would anticipate only the members going to the annual conference in Toronto would care to attend, and it would be a briefing session for the conference.

I'm going to ask our Clerk, together with the staff to the Provincial Auditor's office.

The Provincial Auditor himself would not be available, I gather, after June 30. It's something personal — and we understand that — but his staff could certainly do an adequate job of it. But what I was thinking was that we would have a briefing session. I can tell you from personal experience that Cal and I went down to Victoria last year —

we hit that stuff cold. We would have got a lot more out of it and have made a lot stronger contribution if we'd have had some information in advance and not hit it as cold as ice. So, that was sort of my thoughts that I was going to call a special meeting of the committee to which I'd anticipate only those members who are going would be interested enough to attend. And we'd have a little briefing session and get ready for that thing.

Mr. Katzman: — Prior to June 30 . . .

Mr. Chairman: — No. Prior to June 30 sounds a little rough. The date I was actually thinking of was July 4.

Mr. Katzman: — Can I delay for 30 seconds and get my calendar?

Mr. Chairman: — Please do that. Please do that.

Mr. Embury: — Who all is going?

Mr. Chairman: — Ralph and I and Allen Engel.

A Member: — And Cal?

Mr. Chairman: — He says not, no.

Mr. Katzman: — July what?

Mr. Chairman: — That's Monday. July 4.

Mr. Katzman: — That's a holiday.

Mr. Chairman: — No, only in the U.S. Wednesday is a holiday here. Dominion Day is not slid around to a Monday. Dominion Day is always on the first. Oh, yeah, but Friday the first — that's a long weekend. All right. Okay, it is a long . . .

Mr. Katzman: — I've got a wedding that day.

Mr. Chairman: — Okay, how about the 5th? How's the 5th?

Mr. Katzman: — I seem to be free.

Mr. Chairman: — All right, let's tentatively plan on the 5th then. I had in mind that the Clerk would attempt to get out of those dilettantes in Toronto an agenda, which we haven't yet got . . .

Mr. Katzman: — Do we know the dates that we're gone, Mr. Chairman?

Mr. Chairman: — Yes, 10 to 14.

Mr. Katzman: — We return on the 14th?

Mr. Chairman: — I'm returning later. For personal reasons I'm staying longer, but you are able to return on the 14th.

Mr. Katzman: — Are you returning . . . Are you doing the flights?

Ms. Ronyk: — If you want me to, I'll take care . . . (inaudible) . . .

Mr. Katzman: — Out of Saskatoon? Back into Saskatoon for me?

A Member: — That's sufficient.

Mr. Katzman: — Okay.

Mr. Chairman: — Okay, I have in mind the Clerk will get the agenda together with the staff of the Provincial Auditor's office and the Legislative Library. They will get some background material on it, and we expect the staff to give us a presentation, and give us some information on the various items: what we can expect, what the issues will be.

Mr. Katzman: — Time, please.

Mr. Chairman: — Very much in the convenience of the member from Rosthern. You're the one who's travelling. I just got to stumble across town here. It's in your convenience. What time do you want it?

Mr. Katzman: — How many hours do we need?

Mr. Chairman: — I was wondering about that when we were going through this. I would kind of assume that half a day, an afternoon, would take care of it. We wouldn't need a full day, but with these things it's sometimes difficult to gauge.

Mr. Lutz: — Mr. Chairman, I think what we'll probably do is find in my office the verbatims from maybe the last year or the last two years. Now, it's a fairly extensive chunk of material. We'll get it to Ms. Ronyk as soon as possible so that if the members wish they may at least scan this document and see what, in general terms, happens.

Mr. Katzman: — If I was to suggest 10 o'clock, it gives me sufficient time to drive down the same day, and I could probably drive back the same night.

Mr. Chairman: — Okay, 10 o'clock it is. I'm going to ask the Provincial Auditor to get that verbatim. In particular, there will be items which will be followed up from last year to this year, and it's very useful to have that background material. So I'll ask you to get that and other background material.

We can have the presentation on the 7th — the 5th, rather — and it will give us an opportunity to follow up and read briefing materials . . . (inaudible) . . . The Legislative Library will get you an endless amount of briefing material. Craig James, in particular, is really good at that. I'm sort of leaving the hammer on the staff to get that ready for us.

Okay, I can't think of any other items, other than the final report, unless someone else has something to raise.

Mr. Kraus: — Mr. Chairman, I take it these issues are all auditing issues. Are they related to this public accounts, or whatever, meeting that . . . I can't think of the name now, but there's . . . None of the issues are things that we could speak to, as I recall.

Ms. Ronyk: — Are you talking about the conferences, or of the meeting right now?

Mr. Kraus: — No, the conference that you're just briefing for, yeah.

Mr. Chairman: — Could I leave that in the discretion of the Clerk, to ask you to attend if there's something you might contribute to.

Mr. Kraus: — If there were some issues that maybe we knew something about we might be able to talk to it for five or ten minutes.

Ms. Ronyk: — If, for example, there's a topic on the public accounts documents, or estimates, or anything like that, we may need you.

Mr. Kraus: — Yes.

Mr. Chairman: — I think we're largely going to leave the agenda, and the witnesses, and so on, and the back-up material, to the discretion of the Clerk.

Mr. Kraus: — Okay, and if there's anything appropriate, fine. If not, I'll . . .

Mr. Chairman: — Be excused. Yeah, it's not the kind of thing where your attendance will be expected in any event.

Okay, anything else before we go into final report? Questions?

Mr. Wendel: — On this briefing thing, are you just concerned with the joint session then?

Mr. Chairman: — No, I'm asking you to prepare background material for us on the entire conference.

Mr. Wendel: — Well, there was part of that conference we had really nothing to do with. Were you meaning with the other public accounts committee chairmen?

Mr. Chairman: — Right, right.

Mr. Wendel: — And vice-chairmen?

A Member: — Neither do we have the verbatim on that.

Mr. Lutz: — I don't think we have anything on that.

Mr. Chairman: — You may not have the verbatim on that. That's a fair point.

Mr. Lutz: — . . . (inaudible) . . . the half day material where the chairmen and the vice-chairmen meet with the legislative auditors and spend our two or three hours discussing . . . (inaudible) . . . We'll give you the whole thing.

Mr. Chairman: — No, but to answer Mr. Hunt's question, I want . . . Sorry.

The committee adjourned at 11 a.m.