

STANDING COMMITTEE ON PUBLIC ACCOUNTS

November 30, 1983

Mr. Chairman: — Open the public session of the public accounts. Welcome to our committee, the deputy minister of Revenue, Supply, and Services, Mr. Otto Cutts, Ken Brehm, to his left Pat Brown, Jack Peterson, Ian Laidlaw, and John Law.

Okay. Open the committee meetings to questions by members. The member from Rosthern.

Mr. Katzman: — Mr. Chairman, I guess I'm the one that's bringing Supply and Services back today, so I will start with my questions. In the prior years that I sat on this committee, I discovered that there was quite a bit of empty space in Government Services percentage wise, in your buildings not being used, and each year they used to table this particular document with us. Could I ask . . . I'll make the question as short as possible then. What is the percentage of empty space? What is the percentage of lease we are paying for at the time of this report that has not got people in it? Surplus space. I assume they are on square metres now. I'm afraid I should have given you notice on this one.

Mr. Cutts: — Well, we can give you the figures we have. 39,000 square metres of unleased space, owned and leased that is unoccupied, and we have 714,400 square metres of total owned and leased space. I will get you a percentage here. About 5 per cent — 5.5.

Mr. Glauser: — All you have to do practically is add a zero to that to get square feet, so that's a far different looking figure that we were more comfortable with, that is as far as the calculations go, but maybe not comfortable with the amount of . . . That's how many, how many square . . .

Mr. Cutts: — 390,000 square feet of vacant leased and owned space.

Mr. Glauser: — 390,000. And so that would be 7.14 million . . .

Mr. Cutts: — 140.

Mr. Katzman: — How much is developed space, and how much is warehouse-type space?

Mr. Cutts: — How much is office space versus program space and that type of stuff? Mr. Chairman, on page 33, table 14 has the . . .

Mr. Chairman: — Of which of the exhibits — '72 or '73?

Mr. Cutts: — '81-82. Table 14, page 33, has a table of all the type of vacant property. We could read that off to you, but if you wanted to look at that, that has the exact detail in there.

Mr. Katzman: — I think the next question is really where I'm coming to, as compared to prior years. Better, finally? It sounds like you're getting control of it.

Mr. Cutts: — Well, this is '81-82 we're talking about.

Mr. Katzman: — Yes, '81-82. Prior years — prior to '81-82 — it was as high as 10 or 12 per cent. That's what I'm coming at. That may be correct. My comment is you were much higher. Part of the reason you were higher was a building — I guess it was the old Sask Tel building. It was all empty space and affected you because it was turned over from . . . So it came in your space lot.

Mr. Cutts: — Well, that isn't affecting this information we're providing you now. The information we just provided you is for 1981-82 information, Ralph, it's not . . .

Mr. Katzman: — That's correct, but that was vacant at the time.

Mr. Cutts: — It doesn't take in Crown space that we don't have any control over. Right?

Mr. Katzman: — Are you saying that the Crown space — maybe I'm confused here but I thought it worked. Once the Crown has turned the space over to Government Services it goes into this book.

Mr. Cutts: — Yes. The Sask Tel building didn't turn over to us until '80. In fact it's officially not being turned over to us till April 1, '84.

Mr. Katzman: — How much of this space we have we had to sublease, because I remember that we had space in Avord Towers, and places that we had moved out of and sat empty, and we were trying to sublease it to finish out the rest of our term?

Mr. Cutts: — Again, are you talking '81-82?

Mr. Katzman: — Yes, I'm talking '81-82. I know it's tough; you weren't here at the time. Otto, what I'm basically doing is trying to see if, as the years have gone, it's as if we've got more better hold of our requirements so that we're not getting ourselves caught with as much space as we did that one year — about '79 or '80 somewhere — where we were caught with quite a bit of stuff, that we had moved out, had a year left on the term and these type of things.

Mr. Cutts: — As the year goes on for 1981-82, you're asking do we have better control of our . . . (inaudible) . . .

Mr. Katzman: — Yes, we're getting better control over the situation. That's my concern.

Mr. Cutts: — I think we are, Ralph and Mr. Chairman. I think we have a better control now than . . . (inaudible) . . .

Mr. Katzman: — I think that's my whole line of questioning, Mr. Chairman.

Mr. Chairman: — It was my understanding . . . (inaudible) . . . but it was my remembrance that 5 per cent surplus space is about what the average has been over the years.

Mr. Katzman: — Sure was awful high one year, Ned.

Mr. Chairman: — We had made a bit, but it struck me that 5 per cent was about the average over the years.

Mr. Cutts: — Yeah, I've heard 5 to 7 quoted in the department, but I have no . . .

Mr. Chairman: — Any one of your officials care to take a crack at guessing — some of the people that have been here?

A Member: — Jack would have the best chance to guess in terms of guessing about the space from '81 back.

Mr. Laidlaw: — I do remember one bad year. I can't remember specifically. I think it was when the T.C. Douglas Building and the Sturdy Stone Centre were coming on stream, and they weren't moved into yet. The vacancy rate was extremely . . . Or if they were moved into, then we had vacated some other space.

Mr. Katzman: — That's exactly the year we're talking about. And that's when we had the Avord Tower space and all that other space flopping around.

Mr. Chairman: — But you can't give us a 10 year average, even an approximate . . . ?

Mr. Peterson: — Not off the top of our heads, but the 5 to 7 or 5 to 8 would not be unrealistic.

Mr. Cutts: — That would sound reasonable.

Mr. Katzman: — This is for next year. I better leave it. I was just going to say that if we're getting down to five, and if we're still subletting and getting something for some of the leases, and we have six to seven months left when we'd move to other departments, so I assume we're going to get into that now with this new building over here, as we move everybody over. My concern is we get control of it. It sounds like they have. It sounds like we just hit a bad year from what you . . . one year that I spotted it. Then leave it go.

I have a question on a different topic. Surplus equipment sales, which is yours, I believe, was there at the time under review or not? That's what I gotta be careful here of.

Mr. Brehm: — . . . (inaudible) . . . you had meant Revenue, Supply, and Services.

Mr. Katzman: — Do you have the officials here that could answer the questions?

Mr. Cutts: — It's now part of our department again, but . . .

Mr. Katzman: — I think it's policy, so you may be able to handle if it's policy.

Mr. Chairman: — I think, in fairness to the witnesses, we gave them a list of subjects we're going to deal with. I don't think this is one of them.

Mr. Katzman: — No, it isn't. It's just a short question.

Mr. Chairman: — Okay, why don't you let him try it, and we'll certainly excuse you if you don't know the answer.

Mr. Katzman: — Surplus sales are still . . . Let's see how to put it. Surplus sales, in which you basically use the tender system, are still working successful, and has your department looked at, as has been asked in the past, other systems that are feasible for disposal of surplus equipment — not waste but surplus?

Mr. Cutts: — I don't think there's been any change, Mr. Chairman, and Ralph. The system for automobile disposal of assets are by the written tender, and the rest of the equipment is generally by public auction.

Mr. Katzman: — Well, I asked, and I can accept the reply a year or six months from now. It's sort of my old question, and I still have the feeling — maybe it's because of my own personal background — that by the reconditioning we do on our automobiles and some of the other things, we actually lose money. We're better off to sell them. I see a head shaking. We're actually better off to sell them as they come off without spending the recondition money. I'm in the industry, so we may disagree, but the industry finds you're either better off to recondition and go the other way, or not recondition, and wholesale them out to somebody else to get more money because of time and labour spent.

Mr. Cutts: — I think we take a fairly jaundiced look at anything we reconditioned. And the average input we put into a car in terms of reconditioning has a pretty small dollar value. Anything that requires excessive dollar input goes on the block as a mechanic's special, and we just don't put a lot of money into cars that are in bad shape.

Mr. Katzman: — Fair comment.

Mr. Chairman: — Is the artwork policy being developed by your department, or by government services?

Mr. Cutts: — It's in our department, and we're a government supply house. Government services — yeah, it's being developed by our department now.

Mr. Chairman: — Okay . . . (inaudible interjection) . . . Yes, I have got the . . . I am getting confused with the changes.

In the written reply to the answer which was put to you by Mr. Glauser: when will the public accounts exhibit 70 — or it may be 3 . . . Question: when will the artwork policy for public . . . (inaudible) . . . be developed? Response: the department is presently working on a final draft of the artwork policy, and it will be finalized by mid October. What are you able to tell us about the artwork policy?

Mr. Cutts: — We're aiming now for January 15, and I could make a comment on that, Mr. Chairman, as to why the delay. The Saskatchewan Arts Board has become involved in the discussion with us, and we're seeing if we can work in co-operation with them, rather than having a Supply and Services arts policy and an arts board policy. So we're trying to do some combinations there with them — better utilization of the art they have and the better utilization of our budget, as well.

Mr. Chairman: — Okay, That was the only question I had of Mr. Cutts.

Mr. Katzman: — I have one second part of that question, then. I think I'm going to get my fingers slapped by the minister after, but that's not uncommon. Have we considered allowing those pictures that are in the building to the remaining . . . This building is a show building in many ways; the public is here. And it's pretty bare on the walls of MLAs when they don't have this . . . You know, there should be some, even if it's travel posters, almost.

We had a standard joke: one member, in his office — I believe it was under the NDP — didn't have a window, so we found an old window frame and took the glass out, to hang a picture of a northern scene and put the frame over it, so that he had something in his office, so he didn't have four painted white walls. And I'm hoping when the supply gets large enough that consideration of something to put in — not only cabinet ministers' offices and the Premier's and the Leader of the Opposition's office — would be considered in the policy for other offices.

Mr. Cutts: — I think that's something that we can certainly look at. We're doing a few things in the department for other departments, in terms of a low cost method of getting some pictures on some walls, and that certainly could be looked at for the MLA's offices.

Mr. Chairman: — If you are working co-operatively with the arts board — and I'm pleased to hear you are — they have quite a collection right now. Some of those paintings are quite valuable; some are not. But some of those things are quite valuable and they have no proper place to store them. I guess that's a different subject. But the collection of the arts board is certainly large enough to permit some paintings to go to the members' offices.

I think the suggestion from the member for Rosthern is a good suggestion. I'd like to see it seriously pursued. Now that I think about it, I don't know why we don't make those pictures available to the members for their offices, because they're just sitting in storage space which is less than adequate. They'd be better off on the walls of our offices than in some of the places they are being kept.

Mr. Katzman: — They are now hanging at . . . (inaudible) . . . warehouse. They've made nice sliding boards where they're all kept on, and so forth.

A Member: — All of them?

Mr. Cutts: — They are concerned about how they are able to . . . They don't have adequate storage for them; they're concerned about that. And one of the things we're talking about as well is just in the hallways, of putting some paintings up rather than having them in storage. You'd have to put a little, maybe, extra security on, but for the public when they're coming in, to see some art throughout the building, it would be better than having it in storage.

Mr. Chairman: — The rotunda was . . . and then I'll recognize the member for Mayfair. The main area of this building was designed for portraits, and they used to have them in there. When I was a child I was here, I think for the Queen's visit, and all of those little recesses and pillars all had paintings in them. Somewhere over the 20 years or so they disappeared, because when I came back as a member they weren't there, but the building is designed in fact for paintings to hang in those recesses. The member for Mayfair.

Mr. Glauser: — Well, this was the whole point of my bringing this up in the first place, was that it looked very drab, those halls. And it seemed to me that it was just an appropriate place for the local artists, for the artists of Saskatchewan, even if they're not purchased. But perhaps they would be purchased, I don't know, whatever policy is decided upon there, but certainly there is a lot of space there, and I think it would look much, much better than the way it is now.

Mr. Weiman: — Actually, it has nothing to do with this. It was just a side comment that I was thinking of when you mentioned being a young person visiting the Queen. I was just curious whether that was Queen Elizabeth or Victoria.

Mr. Chairman: — It was Queen Elizabeth; I'm just not telling you which one.

Mr. Weiman: — But while we're on this topic of beautifying the Legislative Building, which is a building that people come from all over Saskatchewan as well as Canada to see, do we have a paint policy here? Does that follow under your purview, the painting of this building, etc.? Is there a policy that states that all colours must be institutional grey? I mean, we're buying the paint; we're paying for the paint; it's just a matter of determining colours. Is there that somebody who sits down and says, well, I think this would be a nice calm colour to keep the legislators calm, or is it something that we just happen to have 50,000 gallons of that colour left over, and we'd better use it? Is there a policy on the colour and that, or is there somebody who sits down and actually determines the colours that will go up on the walls? I'm saying that because I'm thinking in terms of the National Assembly in Quebec which is a very lively coloured building; it's beautiful.

Mr. Chairman: — Yes, it's a bright and pretty building. Their paint scheme is bright and pretty, sort of a robin's egg blue . . . (inaudible) . . .

Mr. Weiman: — Is there a committee that actually determines the colour of the walls?

Mr. Cutts: — It appears they were that colour to start with, and we were just continuing on. However, I can suggest that we have an interior designer in our department now, and she's . . .

Mr. Katzman: — She's excellent.

Mr. Cutts: — . . . and she's doing some investigation of what's going on in the other provinces, and this again could be part of our package that we could be looking at.

Mr. Weiman: — The reason I ask is, and again, I guess we all bring our own little personal biases when we come down here. Ralph mentioned his personal biases, background, etc. Mine is from the teaching field, and we even found in the teaching field that, if we kept those walls that institutional colour, it wasn't a conducive atmosphere for children. And we have this same

institutional colour here, and a great portion of our clientele that come to visit us are children. I'm saying: is there any way that we can enhance the colour scheme of this building without making it look gaudy?

Mr. Cutts: — We can attempt to come up with some type of policy. I imagine one of the reasons why the colours are the way they are is that the chairman of this committee here could come in and not like the colours of the wall and ask us to change it. If the chairman changes it, and the same with anybody going into any office, we could run into a lot of different paint jobs. Oh, I don't like the colour of that — blue or whatever it is.

Mr. Weiman: — What is something you will take under consideration? The whole colour scheme of this whole place.

Mr. Cutts: — I'll take it under consideration.

Mr. Chairman: — Okay. Any other questions of the august officials of Revenue, Supply and Services? Where are we going to go?

Mr. Weiman: — Just one, if I may, please. Retail space and lease space of liquor stores doesn't fall under your purview, does it?

Mr. Cutts: — No.

Mr. Glauser: — Minute number 20. I wonder. Would you have kept some clarification as to what that is? The Department of Government Services, the committee agreed to consider this further after requested information had been received and reviewed. Did I miss something here, or what was that about? Was that the pictures?

Mr. Chairman: — I'm sorry. We were distracted with something else. What was the comment?

Mr. Glauser: — That minute number 20 on the long sheet, top of the second page. Did that have something to do with Prince Albert Holdings?

Mr. Katzman: — Is that the P.A. Holdings or the pictures? We asked for both.

Mr. Chairman: — I don't know, not offhand. Our ever efficient Clerk has found the verbatim, and that was Wednesday, June 1st, '83.

Mr. Katzman: — Al, who's the critic for Government Services? Ned, still? . . . (inaudible) . . .

Mr. Chairman: — This is not going to be easy.

Mr. Katzman: — Thank you for the document. We used to always get it when I was in opposition. I don't know if they are still requesting it, but we always got it every year. I can go back to about 1977 with it. I guess I was the guy that caused you to go to computer 'cause I kept bugging you for it. I think it was the two issues. Look under Mr. . . .

Mr. Chairman: — It's going to take some time to find that. The minute is so nondescript that it's very difficult after this length of time to know what was being referred to. The minute in the transcript is no more, no better. If you got the question, it's exactly the same.

Mr. Katzman: — Mr. Chairman, I think we asked Mr. Meagher — Mr. Meagher had asked the questions about the property around, in P.A., that we had bought. Not only McIntosh Mall, but the place that had that barber shop and pizza place in it, and so forth.

Mr. Cutts: — Mr. Dutchak asked that, yes.

Mr. Glauser: — Yes. If you look at minute number 18 . . .

Mr. Chairman: — Yes, I'll bet that was it. I'll bet that was it. That was . . . I'll bet you that was it. Mr. Dutchak's comments, Mr. Dutchak's questions about the cost and the return on the rental and on the leased space in the Prince Albert building. I'll bet that was it, because we got quite a complete response on that. Members may have had a chance to look at it. Yes, that probably was it. That very likely was it.

Mr. Glauser: — Minute No. 18 — perhaps that would clarify it — of May 25.

Mr. Chairman: — . . . (inaudible) . . . something different, the Minute No. 20 on June 1st. It is going to take some time to find that because you're going to have to go back to the . . . On June 1st, we would have flagged items which were raised on June 1st or a few days previous to that. I have quickly flipped through the verbatim of June 1st, and Government Services wasn't on then. So it must have occurred in the days preceding that, and it would frankly take some time to find it.

Mr. Glauser: — Well, I think it is May 25th.

Mr. Chairman: — But that's a separate minute. It would have been between May 25th . . . We apparently decided to flag something in addition to what we flagged on May 25th. I think it's unlikely that the June 1st flag is a duplicate of the May 25th flag. It would probably be something in addition to that.

Mr. Katzman: — I can tell you what it is. I bet you it's the jails, because that's all of the land in P.A. The panelling and so forth, fire retardant material and so forth — I don't see a flag on that issue, and I know Paul was very concerned on that issue. What are those called — one in Saskatoon and one in Prince Albert?

A Member: — Correctional centres.

Mr. Katzman: — Correctional centres.

Mr. Chairman: — He did ask some questions about the oak work on that.

Mr. Katzman: — There was information to come on that, and that did follow the P.A. land purchase. Was there a report filed on that issue?

Mr. Chairman: — Yes, there is.

Mr. Katzman: — Okay, then we have the report.

Mr. Weiman: — I appreciate that lease arrangements vary. Is there a rule of thumb on years of lease? Do we generally go into a five-year lease, ten-year lease, fifteen-year lease? Is there a rule of thumb?

Mr. Cutts: — No, it varies really on the client department that would be going in there and the type of arrangements you would negotiate. There's no fixed term.

A Member: — Sturdy Stone Centre in Saskatoon — would you classify that as being all filled up or is there empty space there?

Mr. Cutts: — There may be some empty space there, I don't know. During this period of time?

Mr. Katzman: — You have to stay with the year under review, Duane. This is as of March . . .

Mr. Weiman: — Yes, I realize that. These are general questions. They're not going to be specific at any rate.

Mr. Chairman: — The rule we have generally followed, Duane, is that they are expected to have information here for the year under review. We trail off of that into subsequent years, but if they don't have the information they're excused for that. But members do get into subsequent years . . . (inaudible) . . .

Mr. Weiman: — I appreciate that. The tone of my questions will be in generalities at any rate, rather than specifics, for the point that I want to make.

Mr. Cutts: — Well, okay. In terms of specific of the Sturdy Stone building in Saskatoon, we do move people in and out of it, but the general situation would be that it would be full at all times. It would be periods of six months or a year.

Mr. Weiman: — Okay then, for the year under the review . . . I'll come to the nub of my question in a moment. The year under review . . . Just very quickly, very short answers if possible. In . . . (inaudible) . . . page 042, what are we renting in the Packham Building?

Mr. Peterson: — . . . (inaudible) . . . SRC, Mr. Wench.

Mr. Weiman: — . . . (inaudible) . . . storage. Okay. I'm just going to pick a few out. What would we be renting in Western Stockyard?

Mr. Peterson: — An office for the ag rep, or the . . .

A Member: — Livestock inspector.

Mr. Weiman: — Same page, at the bottom — Avenue Building? Same page — 042.

Mr. Katzman: — While they're looking that up . . . These two documents, the one that goes page 1 to 63 is the list of space per department, and the pages zero, whatever, are broken down by city and building. So am I correct, we can run the two of them together to get breakouts?

Mr. Weiman: — We can skip that one.

Mr. Peterson: — Legal aid services society.

Mr. Weiman: — Page 043 — the very top.

Mr. Peterson: — That would be the Ombudsman.

Mr. Weiman: — Ombudsman. I could go on and on and on, but it's not necessary for the point I want to raise. Are we looking very seriously at consolidation of enterprises or activities within buildings that are identifiable as government buildings, such as Sturdy Stone? The whole reason I asked you the question is regarding the Sturdy Stone. Are we looking at consolidation and saying, "Maybe we don't need all these other ones; let's consolidate those buildings that are identifiable as "government buildings"?"

Mr. Cutts: — I would say, in general terms, that's what we would like to do, and be able to negotiate longer term leases when we can get some consolidation, although some program departments want to be on a very decentralized basis. And we provide the space that they basically ask for, in a lot of cases. So, like, we're the servant rather than the master in any consolidation attempt.

Mr. Weiman: — Well, having turned that around then, are you saying future leases, we will try to fill our own space first, before we look without?

Mr. Cutts: — I think that's an ongoing policy, is to fill our own space.

Mr. Weiman: — Thank you, Mr. Chairman.

Mr. Katzman: — I may just pick up on that, Mr. Chairman. I think Duane is coming down on a good point. Just using the Saskatoon area . . . (inaudible) . . . and the rest of these things, there are a lot of little spaces there, through this list. And I think, on that point, it's . . . (inaudible) . . . I wouldn't be so concerned if we were talking about something like Sask Research Council. I think Duane's really talking about, like, the Ombudsman, who doesn't really have that much space. There's several others around Saskatoon. Not very much space, but it would be better and probably it would be cheaper to run for maintenance, mail service and so forth to the public.

Mr. Cutts: — I think a thing like the Ombudsman wouldn't want to be with the government, as an example.

Mr. Weiman: — I was thinking that even as a convenience for the public, they know where they are, government offices, and rather than having to go to three, four, five, six different locations within a city — not to manufacture a new building if it doesn't exist, but if it does exist — you say, "Hey, look, you can go to this one location."

Mr. Cutts: — That's certainly what we'd like to be able to do, and it's really, I can say . . . The program department likes a decentralized basis . . . and health is there. Social services is a good example. They want to have regional offices serving regional areas in the city, rather than having one big head office type of thing where everybody comes to. So, there is some push to decentralize to try to find the balance.

Mr. Katzman: — I have a complaint. I just thought of it.

Mr. Glauser: — Well, on that same subject, if I may . . .

Mr. Katzman: — Go ahead.

Mr. Glauser: — It often becomes a case of price, too, in those situations where small space is available, as opposed to going into a much more luxurious building like the Sturdy Stone.

Mr. Cutts: — That's a good point.

Mr. Chairman: — Small spaces seem sometimes to come real cheap.

Mr. Weiman: — As I say, you try to strike that balance.

Mr. Katzman: — Mr. Chairman, either I missed it, or I have a complaint. Your code breakdown is not with the information this year.

Mr. Cutts: — I think it's on a separate piece of paper here.

Mr. Katzman: — Oh, sorry.

Mr. Morin: — Is there one department that you can identify as having more difficulty or greater access of space than any other department?

Mr. Cutts: — I'm not sure of the question.

Mr. Morin: — Is there one government department that you can identify as having a greater amount of unutilized space, sort of being the generator of more excess space than another department?

Mr. Cutts: — Yes, the one province wide that we'd identify would be justice, and basically we have the court houses out in Swift Current and Yorkton or wherever, and in some cases there's a centralization possibly, and the buildings are heritage. They are one type of facility, and so there is an underutilization, I suppose, in that area of one area that we would identify.

Mr. Morin: — I have another question. We have, in my community, an old psychiatric hospital.

Mr. Cutts: — A which?

Mr. Morin: — An old psychiatric hospital.

Mr. Cutts: — Where's that?

Mr. Morin: — North Battleford. We have had a great deal of that space vacant for a long time, and I wonder if your department is looking at ways of utilizing that space, or again in our particular case, we have other buildings that are vacant which are heated by a central heating system and electrified in the same manner. Have you given any thought to a commercial lease on that space for storage or warehouse or anything like that?

Mr. Cutts: — I guess we are doing some of the things you're suggesting. And one of the things we've done recently out there is to lease a space to the bag industry, the social service thing, the handicapped workshop type of thing.

There was also a committee established under the auspices of Health, and we're a member of that committee, to review both this hospital and the Weyburn hospital, to try to identify uses of that space. Certainly we're trying to operate the most efficiently, considering the amount of vacant space that is in there.

I'm not sure whether I answered all your concerns.

Mr. Katzman: — I guess, Otto, I was right. Under this document we have, under "fact type," "own type," and "building type," I don't have a code — a breakup. Under 1 to 13, I do have a code; I have an explanation.

Mr. Cutts: — We'll provide that, Mr. Chairman.

Mr. Katzman: — You have the big sheet I used to give to . . . (inaudible) . . . in the front.

Mr. Cutts: — We'll make a summary of that and get that back to the committee.

Mr. Katzman: — Thank you, kindly.

Mr. Engel: — No one at the table knows what . . . Does FAC type mean the face type of the building, if that's correct, or is . . .

Mr. Peterson: — Facility type.

Mr. Engel: — Oh, facility type.

Mr. Peterson: — CH is court house; ES is equipment storage.

Mr. Engel: — Like, what would OB be?

Mr. Peterson: — Office building.

Mr. Engel: — Office building. And PO?

Mr. Peterson: — Property — vacant property, I believe.

Mr. Katzman: — You need the code.

Mr. Engel: — Yeah, it would be nice to have a . . . And then building condition, the numbers, like, from 30 to 90 or whatever they are. Is there room left in the building, or the amount of years that the life expectancy of the building . . .

Mr. Peterson: — No, that's the condition rating from 0 to 100; 90 is considered excellent and 10 is considered demolition material.

Mr. Engel: — If there's an H behind the number, like 30H.

Mr. Peterson: — Heritage.

Mr. Engel: — Oh, that's the secret. Okay.

Mr. Chairman: — Well, perhaps the department could undertake to supply us with the code and an explanation of the same, by letter if you have to.

Mr. Katzman: — We have the 1 to 13 code, Mr. Chairman. We just don't have the other two.

Mr. Cutts: — We'll make a complete package for the code on this for you. We apologize for that.

Mr. Chairman: — Send 10 copies to the Clerk, who will distribute to the committee.

Mr. Morin: — Mr. Chairman, why . . . On page 1 of PAC '73, we have the town hall in Assiniboia. Why would we own the town hall in Assiniboia?

A Member: — It's a joint venture.

Mr. Katzman: — It would be the same in Weyburn then, wouldn't it? Well, we have the . . . What do we call it? Pepper something.

Mr. Chairman: — Pepper and butter square.

Mr. Katzman: — Yeah.

Mr. Chairman: — . . . (inaudible) . . . the mayor was Isabelle Butters; the member for the legislature was Auburn Pepper.

Mr. Katzman: — That was during building, as well. So would we . . . is that the town hall as well, or not?

A Member: — Did you get that estimate?

Mr. Katzman: — No, I'm sorry . . . (inaudible) . . .

Mr. Cutts: — In Weyburn we're leasing the building from the developer. In Assiniboia it's a

joint venture, and we have a long-term lease that we get into by paying some up front capital cost to get the building in place.

Mr. Chairman: — If we got along far enough, you'd run into the City Hall in Regina.

Mr. Engel: — That's just the one I was looking for. I must look at Regina now to see what kind of an arrangement we have with the City Hall there. That's where we got the idea for Assiniboia. They up-fronted a 20-year lease . . .

Mr. Cutts: — They up-fronted a certain period of lease, anyway. I think it was 10 years.

Mr. Engel: — . . . for a portion of the building. That would give the town some starting capital to build with.

Mr. Cutts: — That's right.

Mr. Engel: — I wondered the same thing: why you'd consider it your building, then. You've got a lease on it . . .

Mr. Peterson: — We signed an agreement to lease for two 20-year periods, I believe, or one 20-year period.

Mr. Katzman: — What's LL mean? That might tell us . . .

A Member: — Long-term lease.

Mr. Engel: — I see you have a number of those.

Mr. Cutts: — An own type doesn't mean that we own all those. It's a type of lease, whether we own it ourself . . . Part of the problem is the key. If we had the key, you'd know what to . . .

Mr. Brehm: — The report only reflects the amount of space that we are leasing in the building. The Assiniboia town would have some space on top of . . . (inaudible) . . .

Mr. Engel: — So the 3.6 is the space you lease at Agriculture and Health, and those people are in that half of the building. That's not the total size of the building.

Mr. Cutts: — No.

Mr. Chairman: — Okay. Any further questions?

Mr. Glauser: — I have one relating to the sanatorium in Saskatoon. I see there's a rating on there of 20, but in column 11 . . .

A Member: — What page is that on?

Mr. Glauser: — That's on 042. Column 11 — what's that 120 in brackets?

Mr. Engel: — Parking spaces. I'm sorry, I guess the department should answer their own questions. A bracket after a building means the number of parking spaces.

Mr. Laidlaw: — Yeah, it's on the note at the bottom, on the page at the bottom.

Mr. Glauser: — Okay, sorry I missed that. I guess that's another problem, the rating of 20. That building is questionable, eh?

Mr. Katzman: — Would that be the san, or would that be the nurses' residence there? They've taken the bulldozers in already.

Mr. Glauser: — The other one that I had was Kelsey Institute. What's going on there? Is there an expansion there?

Mr. Cutts: — You're referring to what we're doing there now, are you, Cal?

Mr. Glauser: — Well, yes, that's really not under this . . .

Mr. Cutts: — We can answer that. What the Advanced Education and Manpower have asked for, more space for their standard programs, and we're renovating the teachers' college and also reclaiming some space in the basement — 500 to 600 square metres — and also trying to do some better utilization of space throughout the whole building, to reclaim some space . . . (inaudible) . . .

Mr. Katzman: — Mr. Chairman, as a parting shot, I can't resist this.

Mr. Chairman: — If this is a parting shot, any shots before he gets in his parting shot? The member for The Battlefords. One shot from The Battlefords.

Mr. Morin: — In North Battleford you have Logey Hall and the Third Avenue United Church, page 026, and I just wonder, with all the vacant space we have up there in one building or another owned by the government, why we'd be in with the United Church.

Mr. Cutts: — A thousand . . . What would that be? It looks like storage.

Mr. Chairman: — While they're looking at this, let me make a suggestion to the members. Before we start in the spring, you might go over these lists and make a list of all the spaces you have a question about. You can notify them to be prepared to deal with them. As you can see, there are thousands of different individual spaces that . . . (inaudible) . . . place a great tax on anyone's memory to . . . (inaudible) . . .

Mr. Katzman: — Mr. Chairman, have you not been getting these since you were in opposition?

Mr. Chairman: — What's that?

Mr. Katzman: — Have you not been getting these while you're in opposition?

Mr. Chairman: — No, we did not get them.

Mr. Katzman: — Because I've used them all the years I was critic.

Mr. Chairman: — Yeah. They're useful but we didn't have them.

Mr. Cutts: — Mr. Chairman, it appeared that we wouldn't have that particular lease any more. It was for a court-house. It was a short-term lease, and possibly just during some renovation that was going on in the court-house, we acquired that space.

Mr. Chairman: — Any further questions before Rosthern's parting shot? Oh, the member from Morse.

Mr. Martens: — I have a question, Mr. Chairman. Maidstone has two three-bedroom houses and Saskoil lease, the way it looks. Is that the only place where they have houses, where they have . . .

Mr. Peterson: — The only place we lease to . . . (inaudible) . . . I think those houses were used for the ferry. There's a bridge across the river there now, isn't there?

Mr. Martens: — I don't know. Ask . . .

Mr. Peterson: — Yeah, we wound up with them surplus so we rented them to Saskoil.

Mr. Chairman: — Okay. The member from Rosthern.

Mr. Katzman: — Gentlemen, there is a new committee of the Legislative Assembly called fire prevention committee. A couple of the members walked around this building the other day. Would you believe there's no fire alarm system in here, other than the bell to call us to the Chamber? And I would think that if this building was burning we wouldn't want to be called to the Chamber.

Mr. Engel: — It's on the way out.

Mr. Weiman: — I would think that would be a service to the public.

Mr. Chairman: — The public might be prepared to leave it as it is.

Mr. Cutts: — You don't expect us to answer the last one.

Mr. Katzman: — I said, "as a parting shot." I would suggest, though, not being facetious, that myself as chairman of that committee and Mr. Engel as a member of that committee would sure appreciate, when we do our hearings, to find that this building is in order, so that we don't take criticism as we go from place to place suggesting somebody else's building should be in order.

Mr. Cutts: — It's something we will have a look at, Mr. Chairman.

Mr. Engel: — Don't look that close. You could put water sprinklers in each of the rooms because some meetings get pretty hot.

Mr. Cutts: — You'll identify those . . . (inaudible) . . . for us.

Mr. Weiman: — When you bring that up . . . This is off the record, I suppose, now.

A Member: — No, it's on the record.

Mr. Weiman: — Do we have a water sprinkler system? Remember you were talking about paintings and things. Those are one of a kind. Do we have adequate safety precautions in the building?

Mr. Katzman: — Yes. We have continuous rotating commissioners in this building, checking, punching clocks, continuously in this building.

Mr. Morin: — Probably specially trained to take the pictures off the walls and run . . . (inaudible) . . .

Mr. Cutts: — The other thing that we would do, Mr. Chairman, if the paintings do come into the building, we would certainly have to look at more security.

Mr. Chairman: — That wouldn't be the worst thing in the world anyway. We are one of these days going to get ourselves in trouble with the lack of security around here. It hasn't happened, but it has everywhere else . . . (inaudible) . . .

Mr. Cutts: — I really appreciate that comment and . . .

Mr. Katzman: — I would love to pick up on that just . . . (inaudible) . . . I think some of us that have been around a long time, several years, like Ned and myself, have seen the threats, have known that certain days that you keep your head up because something was about to happen. We have sat through the House where we have been showered upon in an attempt to shut the House down, and we refused. We continued even though things were being dropped on us from the galleries, and . . . I mean, it's coming.

Mr. Chairman: — Sooner or later we're going to pay for this failure to recognize the obvious, and that is that. For reasons best known to himself, the good Lord does put some people on the face of the earth with their wits addled. And one of these days — and they're not all in the Conservative Party and not all in the Legislative Assembly — one of these days some of those with their wits addled, who aren't authorized to be in there, are going to be.

Mr. Cutts: — Mr. Chairman, we are doing something in that regard, I can't address it right now, but we are doing something in that regard.

Mr. Chairman: — The member from Morse. Sorry. I've been rude.

Mr. Martens: — It's okay, Mr. Chairman. We'll forgive you. The CPA convention we had here discussed that to some extent, and I think it's serious enough that if nothing does happen, and an ounce of prevention is a pound of cure, later on, some time, that maybe you wish you would have done it. So it's better to have done it before the fact than after the fact.

Mr. Katzman: — I may be coming off the topic again. But, maybe because it may help the gentlemen in Government Services, I would compliment them first on all their staff now wearing name tags with pictures on them. In Ottawa everybody wears them, including the members, that is in the building. And I give you that as a comment. I appreciate your staff having them. For those of us who have been around here a long time, we get to know a lot of faces. For those of us that are not here for a long time, even some of their faces are not known. Some members . . . Commissionaires even ask today, because they don't see them that much in the evening or between sessions. So I don't know how you go to your minister and suggest that we should have them, but we all . . . They're nothing to make for the members, because our pictures are already taken.

Mr. Chairman: — 'Tis a problem. Tories all look the same; you can't tell them apart.

Mr. Katzman: — At least they don't have horns, Mr. Chairman, and a long tail . . . (inaudible interjections) . . . We could strike those last words, if you like . . . (inaudible) . . .

A Member: — I don't think that's going to add to the . . . (inaudible) . . .

Mr. Chairman: — Okay, thank you very much, gentlemen, till we meet again in the spring, probably.

Public Hearing: Saskatchewan Housing Corporation

Mr. Chairman: — I have a question. But first of all let me introduce, and welcome to our committee, Tom Hart, president, and Tom Carter, executive director of policy development, communications and the secretariat . . . (inaudible interjection) . . . Well, that's the title given. Tom Carter, executive director of policy development, communications and the secretariat . . . (inaudible interjection) . . . Of Sask Housing, yes. Let me just ask a question after welcoming you here, Mr. Hart. You assume the duties formerly discharged by the general manager, do you?

Mr. Hart: — Yes, I have.

Mr. Chairman: — I see. Just a change in title. Okay. Let me then welcome you here, and sort of prelude the discussion with perhaps an explanation of the committee. What is said here is privileged in the sense that it can't be the subject of any libel or slander actions. On the other hand, it's also taken down verbatim and is freely available for use outside.

With that, let me then refer you to a letter of August 29th in which the Clerk for the committee then brought to your attention a couple of items of information which hadn't been supplied. Was there a policy not to collect, or attempt to collect arrears in DNS housing programs? Secondly, you were asked to provide examples of cases where housing groups built houses for much less than the same DNS delivered houses in the same community.

Mr. Carter: — Mr. Chairman, I have copies of our response.

Mr. Chairman: — Okay. Why don't we distribute those now. What you are saying in response to the first question is: there was a policy on paper, but no evidence that anybody was overly energetic in following it.

Mr. Katzman: — Mr. Chairman, another question. On the second response, DNS projects, the unit price seems to be roughly \$3,000 difference, and the other one seems to be \$17,000 difference, almost 18, 17 using round numbers. 17,300 really.

In the case of the . . . Let's start with the three because it's different terrain, I think, than the Buffalo Narrows terrain. And were we not at the same time doing what I call tendered home, tendered from what I would call professional groups like Cairns homes and these type of things? Were they not called for at the same time that we did local group projects and DNS projects? Do we not go to a professional builder and say, "And how would your price be?"

Mr. Hart: — I'd have to refer that question to Mr. Carter. The examples are from '79, and I suspect at that time that the program was being administered by DNS and not by Sask Housing. That is the way it is employed currently, but Mr. Carter you may want to reply to that.

Mr. Carter: — It's my understanding that they did, in fact, check with some private contractors on what price they could have obtained if they had've gone private tender, but to the best of my knowledge, there were no private tenders in the year 1979. But again, I couldn't be positive of that because we were not involved at that time.

Mr. Katzman: — I'll explain to you my concern. It was discovered in Sask Housing and other areas that do homes, in the past, that roughly, the spread between the local group project type, which is your cheaper one in Cumberland House, on a \$39,000 home — we're not taking land into consideration, and those kind of services; we're talking about building the home itself — the difference was \$9,000 from a person like Cairns or these . . . (inaudible) . . . some of the non-profit groups . . . As high as \$9,000 — sorry.

Mr. Hart: — A saving by using private builders?

Mr. Katzman: — . . . (inaudible) . . . going the non-profit groups. This is what I'm trying to find out. The local group project is basically a non-profit-type system, from what I understood. The DNS was DNS supervision work, but they became the general, and it seems that everything they touched, from what we saw under DNS, got a little expensive.

To put it simple, they were saying the value of training was important to them, therefore they considered that as part of the home. Some of us believe if we're going to train people, we pay them out of a different thing and don't charge it to that house. They used the system of charging it to the house even though it was a training program to train people to be carpenters. So the

costs are not really true of the cost of the house, in both cases.

To get a true cost you almost had to go to a profit orientation group who were going to do it, because they had people on staff. My concern is, if we get into these local project groups, either in Sask Housing — I assume is where it will go now — that we remember that. If we're using a social program to train people, let's charge it to a social program and not to the cost of the house itself, and they're paid for under the mortgage systems and so forth.

Mr. Hart: — We currently, in terms of looking at any of the initiatives that we have, the policy will be that we identify what the accommodation cost is. If local groups, for whatever reasons either socio-economic or other educational manpower training — if there is a distinction that we want to improve the capability of people and groups this way, then that cost has got to be identified, and its allocation to some other cost centre undertaken. That's what we're looking at.

Mr. Katzman: — Mr. Chairman, that's basically what I'm saying now. I want to stop for a minute. When the chairman explains something to you because you're new . . . We're doing the year under review, which is to March 31, '83, and anything you do since then, you do not have to answer for at this committee. So just to make that clear, because I know you're talking today you're new at the committee. But you can if you so wish to volunteer. You may volunteer the information; you do not have to. So it's only prior to '83 that basically we're doing the year under review. We welcome the information, and I think that's the concern I had.

Mr. Morin: — Yes, I have a couple of questions on this. Do we have a breakdown of the size of the housing units built in either Cumberland or Buffalo Narrows — square footage?

Mr. Carter: — We could provide that information, yes.

A Member: — I was wondering that same thing. It would certainly make a difference.

Mr. Morin: — Yeah, I would be interested in having that. And I'd also like to know the level of employment generated, because it appears these were more "make work projects" than housing projects, and whether or not the cost of land is included in those figures?

Mr. Carter: — That cost of land is included in those figures, where there is an applicable cost in the North.

Mr. Chairman: — Could you separate that out? — because it may make quite a difference. Could you separate that out?

Mr. Carter: — We'll try and provide a breakdown. In terms of the employment generated, that may be a little difficult. I'm not sure that we will be able to follow back through the records and actually determine how many people were employed on each job. We'll give it a try.

Mr. Katzman: — You have a special problem up there, and that's the soil. We have to dynamite and everything else to do a basement. So I think that should be identified. It's a different thing than what we have down South where you bring a bulldozer and dig a hole. There they have to dynamite and drill and everything else before they did something.

Mr. Morin: — Well, or around Buffalo Narrows, maybe try and keep them from sinking in the muskeg. But if there are any of those special problems, if you could identify them and try and ascribe costs to them, because it may be that it's not fair to look at these. Although within one jurisdiction you would think that the DNS and the local group would be building in fairly similar conditions. But if you could identify those things for me I would appreciate it.

Mr. Carter: — We will try and break them out, yes.

Mr. Engel: — Could you fill me in on what the difference is between a DNS project and a local group? Is this local group similar to what we had — a project in Assiniboia where it was a Co-op Housing group, and five guys got together and built their own houses, through Sask Housing program. Is that that kind of a thing? Or the local group building and still selling it to somebody else?

Mr. Carter: — A local group in this situation is a native non-profit group formed to construct units in northern Saskatchewan. I think the group you are referring to in Assiniboia is groups that operated under the Co-op Housing, where they got together as a group of individuals and built their own homes. It is not the same situation here.

Mr. Engel: — These people weren't building their own houses?

Mr. Carter: — No, they were not. They were building houses for DNS, under contract to DNS.

Mr. Katzman: — To explain, may we . . . To help the member out on this. There's four different styles of building. So this in the North is basically the only place we got into the real group project, or into some of the rural housing, like I got into in Martensville, where those 32 homes cost roughly \$9,000 more, because it went this local housing system rather than putting them out to a contractor. The average price was 9,000 on those higher.

Mr. Glauser: — I think that those housing units, I think they were around 1,000 square feet. I think that came out in the review that we did. But I would like to go back to these payments, these arrears. It seems to me that there was something like (if my memory serves me right), there is something like \$7 million out in arrears at the time that we reviewed.

Mr. Hart: — That's the period '81 '82? We would have another check on that figure . . . (inaudible) . . .

Mr. Glauser: — Well I suppose, more importantly, I would ask the question: is there an ongoing program? And of course now we're talking after '82, but I think it's important that we do not come with the next review and nothing has been done about those collections. I would like to know what's happening on those collections.

Mr. Hart: — Well, in terms of the current policy . . . Is that the question?

Mr. Glauser: — Yes, if you wouldn't mind answering that.

Mr. Hart: — No, I don't mind answering it. What we're doing, essentially, is three things. Number one, we are approaching the matter in respect to the fact that the majority of people in here, or in these units, are on social assistance at some time of the year, and many of them are on it permanent. Where they have refused to make payments or to forward the shelter component on to us, we are in the process of making arrangements with social services that if they delay in making that payment for three months, that social services will then make the payment directly to us and bring the payments up to date.

Secondly, we have our . . . (inaudible) . . .

Mr. Weiman: — That's just the shelter component.

Mr. Hart: — That's just the shelter component, yes. Secondly, we are in the process of carrying out a fairly strong information program in the North, in terms of advising people of their responsibilities. And there is, right now, an ongoing program of education I suspect is the best description, by which people receiving these houses are going to know before they get them what their obligations are. So we have hired several housing officers that will be stationed at our Prince Albert office, and they will be servicing the North and dealing with the groups and the

people as these units become available.

The third element of that is we are also moving to hire additional people in terms of a hard collections policy. They are people who categorically refuse either to make some arrangement for payment or to deal with their obligations, are going to have to be dealt with, and our belief right now is that we are going to harden the policy that's described. The enforcement, obviously, will be much stronger and, you know, the end result is that people could be evicted. I suppose it's a three-pronged approach. Obviously, I think it's our hope that the softer measures work but, if not, they're going to be followed with sterner measures in terms of the obligations under this particular program.

Mr. Glauser: — Okay. You are just implementing that component part of the . . .

Mr. Hart: — Well, the process has been in a process of implementation now for perhaps, I would say most of the last year, the past year, so you know the arrangement with Social Services has already been worked out.

Mr. Glauser: — We were assured that that was going to happen, That's why I was wondering when you said you were taking steps . . .

Mr. Hart: — Well, I think what it boils down to is you take all of the soft steps first because it's obviously easier. You want to give people the benefit of the doubt. You want them to understand their obligations, and you really want to deal with people who, I suppose, act more in defiance of their obligations and responsibilities than you do with people who maybe are having a tough time. If there are legitimate reasons, then we've obviously got to be sensitive to that and deal with them accordingly, but if there aren't, and it's just people flogging their responsibilities, then we have to deal with that. Because once I think you set a precedent that you're not going to deal with it, then you've got double the problems.

Mr. Martens: — From your discussion here I would say that you've probably gone with placing the arrears in the hard section, or are you dealing with them in a soft way too, or how are you going to . . .

Mr. Hart: — Well, initially what we're trying to do, obviously, is to get people to make the commitment themselves, to voluntarily, even if it's a point of starting to make some kind of payment . . .

Mr. Martens: — On their present or on their past?

Mr. Hart: — On their present. The thing is a very substantial historical problem. I'm sure you're well aware of that. I think what we're obviously trying to do is to get people to acknowledge that they have a debt and to pay it — at least to pay some form of that. This is a cost-shared program with the federal government. We do have a responsibility to show not only, obviously, our provincial government, but also the federal government, that we are administering the program in a prudent and business-like manner.

I think that the only comment that I would make is that obviously we are trying to be reasonable and to try to make whatever arrangements we can with people to have them assume their obligations. Where it proves that that's not going to work, then we'll have to employ the hard technique. We are in the process of evicting people right now.

Mr. Martens: — Is it an assumption, then, that their arrears are not collectible?

Mr. Hart: — I would say that's a safe assumption, yes.

Mr. Katzman: — They're not collectible, even though they have some ability, and they're just

refusing to pay it. That was part of the reason you're evicting, rather than just the non-collectible.

Mr. Hart: — Oh, yes.

Mr. Weiman: — That doesn't, in my mind, say that it's not collectible. It's almost like saying your mortgage payments are starting today, as opposed to when they should have started, 10 years ago. They eventually are collectible if you follow this policy through to the end. It's just that the pay-out time is later down the line.

Mr. Hart: — It would be added on at the end.

A Member: — But still are collectible.

Mr. Hart: — That's correct. I suppose when you look at the evictions, the distinction I was trying to make is that evictions are being made with people who will not assume an obligation to pay, even to start to pay now, forget about paying their arrears.

Mr. Weiman: — The ones that you hope to persuade to act in a responsible manner — theirs will be collectible, except that the pay-out time will be later down the line.

Mr. Hart: — One of the negotiations that we're having right now with CMHC is simply adding arrears or capitalizing the arrears onto the mortgage account.

Mr. Weiman: — I just didn't want to leave the impression that we are not going to be able to collect on any of these, that's all.

Mr. Katzman: — I think, Duane, there's one other point here — maybe because he's new in the department. Over the past years, a person may be required to pay a certain portion of the cost — not as you and I would pay a normal mortgage — and CMHC and the Sask Housing are picking up a portion as well. The full rent they pay, or first full payment they pay, is not as if you were buying a full mortgage holding. It's subsidized.

Mr. Carter: — They actually make payments based on 25 per cent of their income.

Mr. Katzman: — So that the payments are based on what they're getting, and therefore it's calculated. Mr. Chairman, if everybody else is done I have one comment. I appreciate the new attitude that came to the committee today. It sounds business-like and yet socially responsible. I thank you for your comments.

Mr. Chairman: — Okay. All done? You were going to supply us with that information. Please give us 10 copies to the Clerk, who will distribute it to the committee, at your earliest convenience. Thanks very much, gentlemen.

Okay. The other item on the report is the final report. It is my understanding that most of the items on the two pages of eight and a half by fourteen, styled, "Items flagged for possible inclusion in the final report," were in fact included in the interim report which we filed in June. I'm told by the Clerk that that is not correct, and none of these items were included in there. Holy Christopher Columbus, I'm going to have trouble remembering these things.

Your committee will be submitting a final report on the year under review, once the deliberations are completed. Recommendations conflicting the committee's investigations for the fiscal year . . . (inaudible) . . .

I didn't think we had this much left over. The committee agreed to flag the following title . . . Okay. I think minute number four is not a problem. Their borrowing authority was exceeded. That's not . . . I think that we understand.

Minute number six — not a problem.

Minute number 12. Administration of northern housing program. The administration of economic development loans. Poor project management in the construction program, as well as an expression of the overall criticism of the Department of Northern Saskatchewan.

Mr. Katzman: — Mr. Chairman, on that one, if I may, as we kick a dead horse, because basically DNS is almost gone, or a lot of the areas that we're talking about in here . . . Let us make that kind of comment when we come at it. I think our final line comment should be: we found all these concerns, and . . .

Mr. Engel: — An attempt is being made to collect arrears, and . . .

Mr. Katzman: — No . . .

Mr. Engel: — You're talking about the committee-flagged problems, in the department of the north, number one — administration of the housing program?

Mr. Katzman: — The whole minute number 12, May 5th. On that whole program we should be making something like the comment that all these things added, we realize that the department is basically no more, and that these areas that are indicated here have now been put into the line departments, as is, like Sask Housing now has northern housing. Hopefully this will be reflected in, as he indicated here, very business yet socially acceptable system, I think, because you take the collections, the building of homes — all those things are all now moved. I don't know how else to flag it, because there is no sense flagging a dead horse. You can't ask them to correct it. But when we send it to new departments, we'd hope they will remember the problems that were there, and were raised in previous years and now, and keep their eyes open so they don't develop within the line department now. Do you know what I'm saying?

Mr. Chairman: — I have a problem with the fourth one. That isn't really a criticism of the individuals involved. For most of the period under discussion, they were not here to defend themselves. And what we had was officials who had replaced them, who, I think, were making, for understandable reasons, no great effort to defend them. I have a problem with 4 because it's a criticism of the people, as distinct from any comment on individual problems. For most of that period they were not here to defend themselves, and I've got a bit of a problem with that for that reason.

Mr. Katzman: — I think, Mr. Chairman, if you use my approach you don't have to have the number 4 comment this harshly, by saying that the committee flagged concerns all through the department of DNS. Now that the department of DNS does not exist covering these functions, and they've gone to line departments, we would hope the line departments do not carry forward the problems that are indicated and are able to keep control of them. I think that way you're not going after the individuals. I think I know what you're saying.

Mr. Chairman: — Okay. Perhaps the Clerk can make a note of that, that we've, in some fashion or other, either got to drop 4, or put it, perhaps, in some manner such as expressed by the member for Rosthern, that it does not imply criticism of the individuals, because I don't think that's fair.

Mr. Katzman: — Well, I know what you're saying. I may agree or disagree that some of the individuals needed criticism, but not having the right to do justice, to defend themselves, or what's the proper word — the opportunity to defend themselves under natural justice, it is unfair of us to take the . . . to be as critical as . . .

Mr. Glauser: — If I may interject, I think that that is a situation that you and me can deal with.

Mr. Chairman: — All right. I gather the committee has no difficulty in being sensitive to that problem.

Okay. Teachers' superannuation commission — no problem. That is ongoing. Cash, 14 — no problem.

Mr. Katzman: — No, I have a problem with teachers' . . .

Mr. Chairman: — You've got a problem there, Okay.

Mr. Katzman: — . . . liability. I think we indicate here, as was indicated last year . . .

Mr. Chairman: — They are doing an actuarial study.

Mr. Katzman: — Yes, that the actuarial study should be done, and the second issue is: we should flag that over the period of years . . . No. This one is the only one that has a separate fund, doesn't it? Where we have put our share into it?

Mr. Chairman: — The teachers' superannuation.

A Member: — No.

Mr. Chairman: — No. This was an unfunded liability.

Mr. Katzman: — But is it unfunded because we didn't put our share in? . . . (inaudible) . . . Teachers put their share in, but we . . .

Mr. Chairman: — Teachers, no. The pension plan was set up as an unfunded liability. There was never any attempt made to do anything other than meet the current obligations. Yes, Ralph, That's right.

Mr. Katzman: — Mr. Chairman, I would ask the auditor, please.

Mr. Wendel: — Mr. Chairman and Mr. Katzman, Mr. Shillington was correct in that — partly correct and partly not correct there. There was never any attempt to keep it actuarially sound. The act reads they are only to make sure there is enough money to pay allowances, but for some years now they've been putting in more than that and trying to match the teachers' contributions and pay some of that deficit and invest the money and so on.

Mr. Katzman: — My comment is, then, correct. The teachers paid their share per year into the fund. The teachers paid their share. The government did not bring in any additional money other than to keep the fund so there was enough money to pay the people that were taking pension.

Mr. Wendel: — That's partly correct. The teachers' money is there, okay. That's required by statute: always have that much cash there. That's right in the act. But there is also money there by the government, a fair amount of money.

Mr. Katzman: — Today?

Mr. Wendel: — It was for a number of years now. I'd have to go back and . . .

Mr. Katzman: — My concern will be along this line. Any other pension plan in the province other than the Government of Saskatchewan, i.e. example the city of Saskatoon, is required by the law of the province when they discover an unfunded liability . . . If you take a look at Saskatoon you will find over 20 years they have been required to put in so many million dollars

to get their fund sound, by decision of the former government and the rules. This fund does not require that of the government, because they believe that the government will always be there, basically, to keep kicking money in. I'm saying that it's about time we start to consider that in the long run, the matching shares, so that funds don't go out of the sky as they have for the public service, and as they have for the teachers and so forth. I don't know how you hit it hard. I think all we can do is suggest that we start to look at the long range problem of unfunded liability.

Mr. Chairman: — I think the public service superannuation and the teachers' superannuation are two different things: it's an apple and an orange. The public service superannuation fund was at least nominally thought to be a funded plan. The contributions may have fallen short of that, but it was thought to be a funded plan. As I understand the teachers' superannuation plan, it was not a funded plan. A sum of money was collected from the teachers and put into the fund, but there was no assumption that that would, over the lifetime of the plan, fully fund it. That was just a sum of money which it was thought that they could fairly contribute. I don't know where this argument is leading us, except that it is unfair to our former government — in fact it's really the Douglas government — to suggest that they didn't meet their obligations. Those obligations were never assumed in the first place. They simply put enough money into the fund to pay out current demands. That in itself was clearly unwise, because we built up a very large unfunded liability, but it wasn't that the government was derelict. The government should be criticized for having set up the fund in the first place, not for having not put the money in. The problem was the scheme in the first place, not some dereliction of duty in not paying contributions, because that wasn't part of the scheme.

Mr. Katzman: — Mr. Chairman, you and I could spend hours here on this one, but the crunch of the thing is very simple. I can't remember Mr. Robbins's words that well, but I can remember the intent when he changed the public service pension in this House, where he suggested that the government put in so much — sorry, the individual puts in so much cash; the government matches it if you are a government employee now, and becomes . . . your pension is what that cash will buy you at your retirement age. You and I and Mr. Engel are probably the only members in this room that are on a pension plan that is not a cash-funded plan. Allan, you and I are prior to the change of date of '77.

Mr. Chairman: — Allan may be. I don't know what his situation is here.

Mr. Engel: — We could have changed it if we wanted.

Mr. Katzman: — We could have converted. But we are probably on the formula pension which means non-funded . . . at the rate things are going, unfunded.

Mr. Chairman: — It is quite unfunded. It's a small liability but it is quite unfunded.

Mr. Katzman: — That's correct. What I am suggesting is, the consideration and the flagging of that problem has got to be done through this committee. We flagged it last year. The money in our plan is not that much, and will be gone in 30 years. It will not be that big of a drain, because everybody in this House except, I think, for about 15 of us . . .

Mr. Chairman: — The last election solved most of the problems.

Mr. Katzman: — That's right. And there's about 15 of us that are on an unfunded plan, at the most, left here.

Mr. Chairman: — I don't think there's that many.

Mr. Katzman: — There was quite a few converted.

Mr. Chairman: — Yeah, that's right.

Mr. Katzman: — And my comment is: we should flag it because it is important we flag it, remembering that the government and its pension people are treated different than private pension people, or cities and municipalities.

I see a frown coming from the head table. I would suggest you check the city of Saskatoon when they got rapped by the provincial government for being short on theirs, and required to put an X amount of millions of dollars over 20 years, because they were unfunded. I think that it's impossible for this provincial government, or any provincial government, to pick up the deficits there, but we shouldn't allow it to grow any more, if possible.

Mr. Young: — Mr. Chairman, in that I take it we are the only vehicle to bring this concern to the legislature, maybe to the people of Saskatchewan, on that aspect. I have a hard time myself just getting a grip on funded, unfunded, and so on. As I would understand it . . . (inaudible) . . . auditor this in 15 years from now — shall we say, 10 to 15 years — the government is going to have to be just cranking out the money to pay the retired teachers around the province, away more so than would ever be the case now. That's going to be a big burden on the taxpayer, and there may be civil unrest, or whatever, as a result of it.

Certainly, as you said, Mr. Chairman, that the government who set it up should have been condemned for setting it up in such a fashion, where it was just an enactment of an entrapment for the future generations to deal with. Obviously, the sooner that the binders are put on the thing, and presumably government contribute more, or teachers contribute more, or some other way increase the amount of money going in, so that the monster doesn't grow into something unmanageable in 10 years from now . . .

We should, I would think, (and I'm asking more than recommending here) put something in our report that would raise that concern properly in the legislature so that everyone, and some of the other members of government who aren't in Executive Council, would have a grip on this thing and have some just concern for the problem that may come to pass.

Mr. Chairman: — Can I just make a response to that. Let me just leave the old subject that Ralph and I were talking about and give the following comment. There was a suggestion that the governments of the day — three were involved — were sort of borrowing from one pocket and putting in another. I don't really think that's accurate. And it's a lot more obvious with hindsight than it was in the '50s, to be quite frank. All problems are simple in hindsight.

It was anything but obvious when it was first set up. The governments aren't to be blamed at all for having set up a scheme which was unfunded, but there was never any suggestion that they were responsible for providing a funded liability with respect to the teachers' plan. The superannuation was otherwise. The problems are a lot more obvious now, because in the '50s no one envisioned inflation, which was a major factor, or the rapid expansion of the number of teachers with the baby boom, which was a major factor. In one sense the problem was solved in this province, if I may add a partisan note, and in none other. At least a lid was put on the problem when the money purchase plans were set up. At least you limit the number of teachers who are going to be drawing on the unfunded liability. At least you've got a lid on the problem, and it doesn't grow and expand exponentially.

What you have now is, I think, merely a question of whether you're going to pay it now or pay later. The sum is now fixed, because there are no new people going into those plans. Everybody now goes into a money purchase plan.

Mr. Young: — New teachers are in money purchase then.

Mr. Chairman: — Yes. So I think the only major question remaining is whether you pay now or pay later. I don't think . . . (inaudible) . . .

Mr. Katzman: — Mr. Chairman, in your comments you missed one key issue, though. What you said is fair, but you've missed the key issue. Now that everybody has gone to cash purchase that now comes on the system, the amount of funds going in that pool to pay those in retirement that did not go into cash purchase, the funds coming in from the teachers is less, because the new teachers aren't paying into that fund. Therefore, the drain to the government treasury is going to grow, grow, grow, as these people retire and there's nobody pulling money into the other build funds, I'll call it, for a point of argument.

Mr. Chairman: — No, the total amount expended in teachers' pensions has now at least been capped. Now, as more of those teachers get to retirement, I think there is a bulge in there. I think there is a sort of a bulge in the system and, as that bubble gets towards retirement, the total amount will increase somewhat. But you have at least now got the problem contained. And the member from Rosthern is right in one sense: one of the expenses in capping the problem is you get no new contributions. So when the bubble gets to the end, you're going to have a fairly stiff little bill.

Mr. Katzman: — \$300 million a year.

Mr. Chairman: — No, I don't think . . . (inaudible) . . .

Mr. Katzman: — That's the number we got last time.

Mr. Chairman: — No, it's not accurate, Ralph. No, that's not accurate. I admit the problem is considerable, but I recall it being more in the nature of 50 million to 60 million a year rather than 300.

Mr. Katzman: — No, no. When we get to the height of the situation . . .

Mr. Chairman: — It progresses.

Mr. Katzman: — It progresses up to the . . . Around the year 2000, it's over \$300 million a year shortfall.

Mr. Chairman: — I don't think it is that alarming.

Mr. Katzman: — It is. It was an opinion.

Mr. Chairman: — No. Right now?

Mr. Katzman: — No, at the point when there's nobody in, and everybody's gone.

Mr. Weiman: — No, because right now the unfunded liability is just over a billion, isn't it?

Mr. Martens: — When was the capping done on the teachers? Was that in '77?

Mr. Chairman: — 1978.

Mr. Katzman: — Just after Harold Lane got away.

Mr. Chairman: — No, just after he was defeated — 1978.

Mr. Katzman: — No, the members' was done just after Harold got elected, and the rest was done after the election.

Mr. Chairman: — The teachers' pension plan was a nasty little problem because it was a

bargaining issue and had always been bargained. I know because I was minister of education that year. It was a nasty bit of bargaining. But we were successful at getting the other pension plan . . . (inaudible) . . .

Mr. Glauser: — This was reported in the interim. Nothing is changed.

Mr. Chairman: — Except they got the actuarial study on the go.

Mr. Glauser: — That's all. The problem is . . .

Mr. Chairman: — You're right. We're beating a dead horse here.

Mr. Glauser: — Yes, and not only that, but those things that we addressed in the interim report will be covered in this one, in the final report, as well.

Mr. Chairman: — I suppose members could go back to the interim report when they're speaking on it. We're not going to repeat, I think, the interim report again in the crown corp.

Mr. Katzman: — We should, so that somebody that asks for a report gets the full final report.

Mr. Chairman: — All right, I gather what we're going to do is . . . (inaudible) . . .

Mr. Katzman: — Mr. Chairman, one moment on this issue. This is where we fill into. When the actuarial study is done, we request of the teachers, as soon as possible, to deliver to this committee what is assumed to be the unfunded liability overlooked. Seeing as they can't tell us in this study, in the information they have now given us, we ask for that information as soon as their study is completed. In other words, pre-notify them.

Mr. Chairman: — Okay, we can make that request of them, certainly.

Mr. Katzman: — It doesn't have to be in the report if you don't want it to be.

Mr. Chairman: — It should be, because I suspect there's going to be a bit of a shoving match when you actually ask for it. They're not going to want to supply it. I think it should be in the report.

Okay, minute number 14, I don't think there's anything there.

Minute number 17: general lack of follow-up and accountability of third-party grants. I assume that that has to do with intergovernmental affairs.

Mr. Katzman: — The report we got the other day from the comptroller's office indicated we now have a little better control than we thought we had a while ago.

Mr. Glauser: — That's who we brought that up with.

Mr. Chairman: — That's right. I think that comment is fair.

Saskatchewan Housing Corporation acknowledged progress being made in improving the financial controls in administrative procedures.

Number 18. Agree to tender . . . (inaudible) . . . the purchase of land in Prince Albert by government services. I read that and I thought that the case was not made. I thought they had justified the land they had bought and were getting a return on it. It's not spectacular, but at least a return on it.

Mr. Katzman: — Well, my comment would be the reverse, Mr. Chairman. I would suggest that what we are saying is that they jumped in and bought land that they really didn't require. And that was the argument. Some of that land that they were . . . What was that new fancy building in P.A. they talked about that never happened? Was it a timber building or a government building or something?

Mr. Glauser: — That was part of it. The government building.

Mr. Katzman: — It never has happened, where they've bought the pizza place and those other spots, and I think the excessive purchase of land before a decision to go for something or not go for it is what we're really talking about.

Mr. Chairman: — I read this material, and I got the opposite impression. I got the impression they had justified what they had done.

Mr. Katzman: — Oh, I don't disagree they justified it. That's not the point. The point is, they shouldn't have done it.

Mr. Chairman: — Only in retrospect. Only with the benefit of hindsight . . . (inaudible) . . .

Mr. Katzman: — This whole committee deals with retrospect, Mr. Chairman.

Mr. Chairman: — Well, yes, but . . . I'm trying to recall this. It's some time since I looked at it, but . . .

Mr. Katzman: — My memory serves me that the two members from Prince Albert on the committee were concerned that they had gone out and purchased this land for a "dream", for lack of a better word, of some minister in those days, and it wasn't a sound decision, considering the other projects that they were involved in in Prince Albert. I think that's the key issue. Because of the other projects they were, you know, buying the city.

Mr. Chairman: — Well, I recall the answer to that question, and this is really difficult this late. As I recall the answer to that question, they had indicated that the land was bought with a view to building an office building which did not materialize because of the McIntosh Mall. But there's nothing particularly imprudent about purchasing land before you announce the construction of the building. If you announce it afterwards, you pay a lot more for it, and they're getting a revenue from it which is not unreasonable.

Mr. Katzman: — All I'm suggesting, Mr. Chairman, is they bought land while they were then negotiating on two projects. One project went forth. They had land for two projects. The other project was not going to go forth if the first one went forth, which is McIntosh Mall. So why would you buy twice, rather than decide which one you're going to get involved in? Pick up the land and then make your announcement after you've picked up the land. Heck, I'm Jewish, and I always want the best bang for my buck.

Mr. Chairman: — No, my recollection of it is slightly different. They had bought the one portion of land, which is the property on 13th Street East between Central Avenue and First Avenue East in Prince Albert, with a view to an office building. And they then had a change of mind. They didn't buy both with the theory that we'll use one of them and not use the other one. There had been a change in plans.

I also note that they do not have any present intention of selling it, which I can only assume to mean that they feel they may still build.

Mr. Katzman: — No, it would say that they'd lose their shirt if they sold it today, and you're better off, while the market is flooded, to get nominal rent, slight return on your money, rather

than take the beating today.

Mr. Chairman: — That certainly isn't what they say in their answer. That is not what they say in their answer. They don't blame the recession. They state if at any time it is considered not to be required in the long term, the property will be sold as a total parcel. I suggest that it may still be needed in the long term.

Mr. Katzman: — We'll leave that to you and Mr. Glauser when you write your report.

Mr. Glauser: — Okay. I think that's a philosophical question, and there may not be a meeting of the minds on that, because certainly we would not be in the office rental space. That will not be developed for office rental space. That would have been, perhaps, in days gone by, if there had've been a need for that. And I think that's where the crunch came, was that the development of the McIntosh Mall then negated the necessity for any more office space.

Mr. Chairman: — That's right. Well, no, I don't think there was ever any intention that that property would be built and then rent out on a commercial basis. As I recall, I think it was going to be used for the forest products corporation, and that was never built, and the McIntosh Mall was built instead.

What I think you have here is a change in plans. It may be possible to criticize them for not having thought the thing out sufficiently in the first place, although that's a difficult judgement to make.

Mr. Katzman: — I think we had a crown going one way and the government going another and they didn't talk to each other in time for both not to do their thing. And that's basically what happened, Ned, plain and simple.

Mr. Chairman: — No, I think the . . . I do not agree. This isn't a big point to me, but I guess I'm getting obstinate over it. I don't know why I'm getting obstinate, because it doesn't matter that much, but . . .

Mr. Katzman: — I think you were the minister on that side at the time.

Mr. Chairman: — No. No, I wasn't. No.

Mr. Weiman: — Can we agree to have that resolved between the chairman and the vice-chairman, when they're writing this report. If agreement can't be reached, then you may . . .

Mr. Katzman: — We'll have to vote on it.

Mr. Chairman: — Well, there is a problem which we've never really faced, and that is the matter of a minority report. I don't think I feel strongly about it.

Mr. Katzman: — Mr. Chairman, I would love to face that one. Right now, because you've brought the topic up.

Mr. Chairman: — Because I brought the topic up.

Mr. Young: — Is there such a thing as a minority report?

Mr. Katzman: — There is not such a thing as a minority report in this committee, as I was told in all my years in opposition.

A Member: — Things have changed, Ralph.

Mr. Katzman: — Yes, we were informed by Gwenn Ronyk, who was the Clerk before, that we could not write a minority report and bring it with the report. You had to bring it in separate of the report. So I think that when we talk minority report, Mr. Chairman, they are separate. And if the case is of a minority report, I would assume that you will not put the report on the Table, as Mr. Andrew did not, and Mr. Swan did not, and we brought in our own report.

Mr. Chairman: — I don't remember that. You're probably right. I don't remember that.

Mr. Katzman: — I mean, I was flabbergasted to see Mr. Faris was allowed a minority, and yet tabled the report. I mean, it's unheard of. It was done, but under the rules of the House it ain't proper.

Mr. Chairman: — I thought a different rule applied to the special committees as distinct from standing committees.

Mr. Katzman: — That may be fair. That may be how it was done. But in this committee it is one report. If you do not feel you are in total agreement with it, then Mr. Glauser will have to submit the report and you will have to bring in your minority, as we had to do when we were in opposition.

Mr. Chairman: — Okay. Well, let's see if we can resolve that. We're not making a great pile of progress here.

Economic development corporation — anything follow on that?

Mr. Katzman: — Yes, Mr. Chairman. We have now, since they reported to us, released one document. And that should be flagged, somehow.

Mr. Chairman: — We have released one document. Yeah, it's the Golden Acres Hotel.

A Member: — Golden Acres document.

Mr. Chairman: — And you want that reported, that that's been released?

Mr. Katzman: — Well, I don't know how else you'd do it.

Mr. Chairman: — Why would you . . . (inaudible) . . . such a comment in the report?

Mr. Katzman: — Well, because prior to us it was given to us confidentially, unless we'd agreed to make a motion to release it.

Mr. Chairman: — Well, I think we did that, and it's in the minutes. Why would we . . .

Mr. Katzman: — We have made the motion and what we basically say in the comment is we received some document in camera. The committee's decision, after receiving them, chose to release them. You don't have to name the document. Do we table all the PAC if numbered?

Mr. Mitchell: — We have in the past, yes.

Mr. Katzman: — Except 16 has been confidential.

Mr. Chairman: — Now we have a motion that it's public.

Mr. Katzman: — We may have covered ourselves, because if somebody came to you and asked for a copy of it, you now can give it, where you couldn't have given it three weeks ago. And when we filed our report you couldn't have included that in the report. PAC 16 could not

have been included — I believe it was 16.

Mr. Chairman: — Okay. The Saskatchewan Housing Corporation — flag problems with the land assembly program.

Mr. Glauser: — That was the one that I referred to earlier, and that's the one I was talking about, about the land assembly. This relates to Lloydminster, Cut Knife, one down in the South. What was the one down in the South?

Mr. Chairman: — I recall my impression of this was that they had paid above the market value of this land. Their justification for that was that the land was needed for the land assembly in their view, and that it wasn't always available at the market value. If they wanted a particular parcel of land they sometimes had to pay more for it. I asked them why they didn't expropriate it, and the answer was: because we haven't made a practice of doing that.

My comment on this would be that the Saskatchewan Housing Corporation should consider expropriation as an alternative to paying inflated prices to purchase land for assembly. I got the impression, listening to them, that it's hard for us to judge whether or not they actually needed the land, but I think that's a more substantive issue. I think the issue for us is: did they do it as efficiently and effectively as they could? If you assume they didn't have any power of expropriation with it, they weren't going to use that, then I got the impression they couldn't have got the land for less than they did. I didn't think I was given a sensible reason for not having it expropriated. I rather got the impression it was because they didn't want the fuss and furore that goes with expropriation, and I can tell you from experience, it can be no joke.

Mr. Katzman: — Mr. Chairman, if I were to shut off the P.A. system, I might fill you in a slight bit, but I would not want to say what I'm about to say and have somebody use it out of the country. So I will suggest that if you read carefully to the lines, everybody knew they overpaid, and there were reasons for overpaying, but they aren't the reasons you are indicating.

Mr. Chairman: — That was not my impression. My impression was that there was no surreptitious reasons; they just couldn't get it for less.

Mr. Glauser: — They didn't even get appraisals, though. And that would have been a prudent move to have made at that time. And so, you know . . .

Mr. Chairman: — I don't disagree with that. I don't disagree with that.

Mr. Glauser: — That, I think, would be part of our comments, as opposed to . . .

A Member: — . . . recommend that they get appraisals. They have to pay significantly above the appraised value they expropriate, as distinct from paying whatever it takes to get the land.

Mr. Martens: — Mr. Chairman, it likely would have been significant if they would have followed some of the sale policy of the lands branch, for example, where, if a sale is indicated on Crown land of 10 per cent more than the appraised value, then it's not deemed to be a sale, and they will not allow the deeded land to go with the lease land. And that might have been a far better way of doing it. But there is even there where they have an opportunity now for an independent appraisal to find out real values.

Mr. Katzman: — To the member from Morse, I would suggest that for lack of a better way of putting it, the price was considered because of the political implications of what was happening up there. I wish to say no more.

Mr. Chairman: — The functions of the two are not comparable. With Sask Housing, they would go to a community and they'd get a land assembly project set up. And the particular land

which they wanted was specified. It wasn't that they could buy any one of 10 parcels, whichever they could get the best price for. They got a particular parcel of land in a particular spot because that was where the town wanted to expand. And it meant that they got paid, in some cases, exorbitant prices for the land — . . . (inaudible) . . . an acre.

And it seems to me that is why public corporations have the right to expropriate, and it's for this very function. And I wasn't satisfied with their reasons for their not using the right to expropriate.

Mr. Weiman: — Are we permitted to review information documentation that was tabled during other committee meetings outside of PAC?

Mr. Chairman: — Oh, sure. They are all public documents — so long as they are public documents.

Mr. Weiman: — Because I think this might help bring this one to a head if you could refer back to a crown corporation. I don't have the exact date, but it could easily be identified — a crown corps meeting back last spring, when this came before crown corporation. And I think it identifies very clearly whether the purchase of that land was inflated. It identifies very clearly whether it was appraised or not, I think it will answer a lot of our questions.

Mr. Chairman: — Well, I think we agree that the price of land was inflated, and that in some cases there was no appraisal.

Mr. Weiman: — Well, the reason I bring that up (and I don't want to give this committee misinformation), I had the privilege of sitting on crown corps at the time, and that topic came up. And if memory serves me correctly, there was an appraisal done, and that's why I would want that verified. The appraisal that was done was well below the purchase price that was agreed upon by the town council and the various people involved in it.

A Member: — This is Cut Knife.

Mr. Weiman: — Cut Knife, yes.

Mr. Chairman: — There's no disagreement on that.

A Member: — I just pointed it out for the record.

Mr. Chairman: — The disagreement, I think, is between Ralph and I, who believes there may be some reasons other than what were stated for the purchase of land. I just don't think there's any evidence of that.

Mr. Young: — Mr. Chairman, what in the dickens . . . There would have to be something if they paid more than the appraised value.

Mr. Chairman: — As I was just explaining to Harold . . . (inaudible) . . . they would agree upon a land assembly project and they'd agree upon a particular parcel of . . . They'd agree where they wanted to expand. They were not in the position of picking any one of a dozen different pieces to expand on. The area they wanted to expand would be agreed upon, but they'd have to buy it, and they'd have to purchase that parcel.

A Member: — Well, you've got a . . . (inaudible) . . . in Cut Knife. Nothing ever happened on the land. They just purchased it out in the middle . . .

Mr. Chairman: — No, this was land assembled for the extension of the communities. You can't buy the darn thing five miles out of town. It's no good to them. This was land assembly for communities.

Mr. Young: — For the expansion of which community?

Mr. Chairman: — Well, the communities involved.

A Member: — Cut Knife?

Mr. Chairman: — Yes, they were assembling land for the extension of the communities.

Mr. Young: — Was it deemed to grow?

Mr. Chairman: — Yes, because there's heavy oil development there. The assumption was it was going to grow because of heavy oil development. So they got these projects, and they got the land, and they were buying a particular parcel. They couldn't pick, as I say, any one of a dozen pieces. There was one piece that they wanted to get to expand the town onto, because the town had its own view of where the expansion should go. Given their lack of options, and the fact that they had to have one piece of land, they paid very high prices for it.

My criticism of the corporation was not for the land assembly project. That, I think, is a philosophical question about which we would not agree. I think those things do make sense. The other members of the committee, I think, did not. But I think the land assembly projects made sense. But I think that's a philosophical issue which really doesn't have any place in the public accounts.

Our question is whether or not, given their policy at the time it was effectively and efficiently . . . (inaudible) . . .

Mr. Young: — Mr. Chairman, you go back. There must be a mountain by Cut Knife that I've never saw. You are suggesting in what you said that they were force fed to go in one direction, and there are always four directions from every town. Unless there's some grand canyon abutting the town, it would seem to me as if there was no reason to be forced into one direction. You make that assumption to premise your whole statements.

Mr. Chairman: — No, I don't. No. As I recall the discussion . . .

Mr. Katzman: — Mr. Chairman, we're going to be here for an hour on this discussion. Why don't we just leave it with you and Mr. Glauser to work it out and if it has to be . . . (inaudible) . . . come back here.

Mr. Weiman: — I would just if I may add that I think it would be more than beneficial for the chairman and vice-chairman to review that particular date in crown corp. The process itself, and the rapidity of the process, may be shown to be a bit suspect, and I think you should look at the whole process of it, and how it was put into place.

Mr. Chairman: — Let's just have a discussion, then, about what the role of this committee is, sort of get down to basics. I don't think it's the function of this committee to comment on the program of land assembly. That's a Legislative Assembly matter. Our role is to comment on the manner in which that program was executed — if it was done efficiently and effectively.

Mr. Weiman: — Yeah, that is my point.

Mr. Glauser: — Value for money is what we're contending ourselves with.

Mr. Chairman: — I would agree that they didn't get value for their money. I would agree there was a better way to do it. I don't ascribe any ulterior motives to the corporation, as some do. I don't know that we're going to have any problem resolving this in the committee. Perhaps

we're just getting into a shoving match for the sheer joy of it.

Mr. Katzman: — Well, Mr. Chairman, Mr. Glauser said value for money. I would add a second condition: an approval by the budget to use that money that was pre-approved spending was within the guide-lines of the legislative authority. Those are the two rules we work under.

Mr. Chairman: — Okay. You may have it back. Extreme cost overruns in non-profit housing.

Mr. Katzman: — Well I've got one . . . (inaudible) . . . and that's it.

Mr. Chairman: — Government services agreed to consider this matter further. What on earth did we agree that was? Or did we ever?

Mr. Young: — Mr. Chairman, can I just wind back just a second with respect to the powers of the committee. Certainly this is not the case for it, but we have powers to subpoena this and that and the other thing. Okay. Something would cost us money to do . . . Say, for instance, this was such an important thing, which of course it isn't, but we wanted to fire an appraiser out there, to look at that stuff now to see if the government, in fact, had got poor value for its dollar, which is in our . . . (inaudible) . . . how much muscle, and how much ability do we have to do something? And that's just an example that came to my mind thinking of this Cut Knife thing. How far can we go?

Mr. Chairman: — We could ask the Clerk for a comment. I don't know what our . . . What would be our authority to expend money in a fashion such as that? I think it's somewhat hypothetical, but Kim asks. If we decided we wanted to order an appraisal of the property . . .

Mr. Young: — To review if the government got a good bang for their buck, or squandered the taxpayers' money.

Mr. Weiman: — Do we have the authority or the jurisdiction?

Mr. Mitchell: — We don't have the per se. We could ask the Assembly to give us that authority.

Mr. Glauser: — You could go to the minister, and you could make a recommendation to the minister and ask the minister to do it, but I don't think you could go through the legislature.

Mr. Young: — The only thing you can do in the legislature is pass legislation. You'd have to pass an act requiring it.

Mr. Katzman: — No, no, no. Just a motion, Kim. A motion would do it. Don't have to have an act.

Mr. Young: — But who's the motion directed to?

Mr. Katzman: — The government, on Tuesday motions. I think, Mr. Chairman, Kim's question means more than what he may intend it to mean. We are now into talking value for money, and therefore we are out of line. We're now talking comprehensive auditing with Kim's question, and we are not allowed to do comprehensive auditing . . . (inaudible interjection) . . . Yes, because we are going to be going out and making a judgement call — what we paid was the value or not the value.

Mr. Chairman: — This committee has always had the authority to get into the area of comprehensive auditing. The only issue is whether or not the Provincial Auditor should be discharging that function when he writes his report. We have always had the power to ask those sort of questions.

Mr. Katzman: — That's correct. I apologize. I was thinking the auditor's not a . . . (inaudible) . . . authority.

Mr. Chairman: — The kind of thing that Kim suggests is frequently done in American jurisdictions. The American governmental committees would have no hesitation . . . (inaudible) . . . their sub-committees would have no hesitation in doing it. I think it just is not a standard practice in Canada because these committees have not . . . because it's parliamentary government, and congressional systems work differently. But that may be getting just a tad hypothetical.

Okay. Saskatchewan Computer Utility Corporation — flag inadequate investment policy. Agreed?

A Member: — For \$1 million.

Mr. Chairman: — Flag concerns over declaration of dividends when in a deficit position. I recall this being the subject of a lively dispute, too.

Unless someone has some wisdom to offer on this, I'm just going to make a yellow note and review the transcript, because . . .

Mr. Katzman: — Mr. Chairman, if I remember correctly, this is that million dollars that was declared in profits at the end of the year, which was really money borrowed to buy equipment that didn't get bought till the next year, so in their year end report they showed it in the profit side. So what they should have done is show a loss rather than play a silly game.

Mr. Chairman: — Yes. Did you get a note of that? Okay.

Okay. Community legal services — flag inadequate monitoring and determination of client eligibility. Flag concern over lack of control over client solicitors. Flag apparent extravagant decor and appointment of legal offices and related image problems. Do you really want to do that? Do you really want to tie a can on . . . I think that was Moose Jaw. Do you really want to do that? It's going to get a lot of press.

Mr. Katzman: — That was Kim's area, I believe.

Mr. Young: — Where are we?

Mr. Chairman: — Kim, Saskatchewan legal services. It's just a question of how . . .

Mr. Katzman: — It was the store-front. It was the store-front versus the private law office set-up.

Mr. Chairman: — I wonder if we shouldn't discuss this in general terms rather than dealing with any individual clinic. I wonder if we shouldn't just . . . I think we generally agreed that the store-front kind of operation was more cost efficient and more effective in dealing with individual people than the posh office operation. And I wondered if we shouldn't just leave our comments at that, rather than castigating any particular clinic for being too posh.

Mr. Katzman: — Does anybody know if Yorkton and Melville are still in those locations, or have they moved?

Mr. Chairman: — I don't know.

Mr. Young: — The one I have here doesn't mention any particular location on this.

Mr. Engel: — . . . (inaudible) . . . flag apparent extravagant decor and appointment of . . .

Mr. Young: — Legal offices or related image problems, but it doesn't point to a location.

Mr. Chairman: — But the press are going to get out the transcript and find out which one you're talking about, and away they go.

A Member: — I see what your saying.

Mr. Chairman: — I think you're going to get more publicity than you want out of this thing. I think we'd accomplish the same thing if we just simply dealt with it in those terms I suggested, that we . . .

Mr. Katzman: — Mr. Chairman, we've already said it on the record, so what difference does it make?

Mr. Chairman: — Okay, I don't care.

Mr. Katzman: — I mean, how do you rub out the record, what you just said in the last two minutes?

Mr. Chairman: — Except the press aren't . . . There is nothing confidential about the location of the problem. I don't have it in mind, but it seems to me it was Moose Jaw. You may know, Kim, where the extravagant decor was.

Mr. Young: — I recall that my references, when I was talking about that — and I certainly wasn't the only one; I believe Mr. Dutchak and other people were here at that time — we were talking in generalities at that time, for the most part, of offices in Saskatoon, and all the ones that I've been to. I haven't been to them all myself. It seems to have been agreed, by anyone who had been to one, that they were certainly not modest by any . . .

Mr. Chairman: — Well, as I recall it, some were and some weren't.

Mr. Katzman: — My paper doesn't say Moose Jaw.

Mr. Chairman: — No. Okay, I may have been imagining problems that were not . . .

Mr. Katzman: — As I said, how do you wash out what you just said, Mr. Chairman?

Mr. Chairman: — What's that? Because the press aren't going to read the transcript of this. There is nothing to stop anyone from castigating Moose Jaw publicly, if that was the location which you were referring to.

Mr. Young: — To set myself straight on the record, Ned, I don't recall a specific reference to Moose Jaw, certainly not by myself.

Mr. Chairman: — Okay. I thought you had. Okay, I may be making a . . .

Mr. Katzman: — just a point of clarification for my benefit. We have not tabled any of our blue books at this time yet. Am I correct, Mr. Clerk?

Mr. Mitchell: — Our blue books being our verbatims and . . .

Mr. Katzman: — Yes.

Mr. Mitchell: — Yes. We've normally tabled them along with our final report.

Mr. Katzman: — But I mean we have not tabled any of them to the press or anybody at this point?

Mr. Mitchell: — No, not up to this point.

Mr. Katzman: — Thank you.

Mr. Chairman: — But they certainly have access to them.

Mr. Katzman: — Just a minute, that's the question. They don't have access to them until the committee report, do . . .

Mr. Chairman: — Oh, no. They have access to them all the time.

Mr. Mitchell: — They do, because the committee now no longer meets in camera, and so they are distributed daily, and that . . .

A Member: — That's public the next morning.

Mr. Katzman: — That's what I'm saying, so if they were going to use it, they would have used it by now.

Mr. Chairman: — Yes, you're probably right. Okay. I'm quite concerned over . . . (inaudible) . . . Consider further the question of Saskatoon . . . (inaudible) . . . telephone answering service, once requested information on this matter . . . (inaudible) . . . Can someone help . . .

Mr. Weiman: — I think that is internally being handled now, or is being . . .

Mr. Young: — It is for the year under review, though, not in the future.

Mr. Weiman: — Oh, for the year under review. I think even for the year under review, I think that it has been looked at by the department in charge of that, and that was Social Services.

Mr. Glauser: — Well, they were answering the telephone over the weekend.

A Member: — They were on contract as an answering service . . .

Mr. Glauser: — For the legal aid centre? I see.

Mr. Weiman: — As well, you know, as they were taking crisis calls, etc., etc., it became an answering service over the weekend, but I think that that has been looked at already in the year under review.

Mr. Chairman: — Okay, it's not a big item at my back door. Do you guys want to raise this or not?

Some Members: — No we don't. No.

Mr. Chairman: — Revenue, Supply and Services. Consider further the adequacy of education/health tax audits while noting some progress in paying additional staff upon . . . (inaudible) . . . verbatim is reviewed.

A Member: — Whoa.

Mr. Chairman: — What do you mean, whoa?

Mr. Katzman: — What are we doing with that? Is that all we're going to say?

Mr. Chairman: — Well, let me, to get the discussion going, recall what . . . As I recall the discussion, the provincial auditor had raised the issue of inadequate audits by the department. The department is responsible but it costs money to audit. As I recall the discussion settling down, our concern was that the department had really no idea whether or not additional audits would result in additional revenue. They didn't have . . .

Mr. Katzman: — That's incorrect.

Mr. Chairman: — What's your remembrance of it?

Mr. Katzman: — My remembrance of it is that it was a dispute between the comptroller and the auditor. The bottom line said . . . (inaudible) . . . the comptroller's side they should be doing more; and from the people collecting the taxes said, "Any time we think there's more money than what it's going to cost us, we attempt to go after it, but if not, we don't." That was the bottom end. That was the end of the discussion. Am I correct pretty well in that's the way it broke out? Two different opinions: the one saying if we think there's money there we go after it; the other says they should be going after more. They're saying it doesn't pay us to go after money. It's going to cost us more to get it than it does to get, you know, the . . . (inaudible) . . . dollars in.

Mr. Chairman: — Anyone else? Cal, do you remember this discussion at all? You were here.

Mr. Glauser: — Well, I recall that, going back and forth across there, you . . . Fred, would you like to add?

Mr. Wendel: — I don't think I can add much other than what we commented on in our annual report here which said — and our recommendation was — that the department continue with the study they had undertaken and completed. It started a study to determine how much it should do. We recommended in here they continue and complete that study . . . (inaudible) . . . They had done something to try and determine how much they should do, but it wasn't enough.

Mr. Katzman: — Their comment back was that it was enough in their opinion, and they were at the point where now we're . . . (inaudible) . . .

Mr. Chairman: — Are you sure that's accurate? Now that I hear that, I was of the view that they were not sure that they had done enough. They still felt that was something they were going to answer.

Mr. Katzman: — Their report said that that's where they should stop. They should go where there's money available, and I know they're going to get money from their auditor. But they do other kinds of audits where they don't get . . .

Mr. Chairman: — I thought I remembered asking them: at what point in time do you know at what level of audits do the audits tend to cost you more than you get back? And they didn't know.

Mr. Katzman: — That question was asked. They said they think they're dealing close to that point. They didn't say they were at that point, and I think that's correct. Would the comptroller like to say a comment? His head is moving.

Mr. Wendel: — I think all I can say is: your study did not address that break-even point. It

didn't address it completely. They've done some work, but not enough to address that point.

Mr. Katzman: — But they thought in their opinion they were getting close.

Mr. Chairman: — They were getting closer, I think.

Mr. Glauser: — I think we still want to bring that in and look forward to the completion of that study.

Mr. Chairman: — Agreed. Provincial Auditor's report re collection of corporate and capital tax should be dealt with here:

It is my opinion that the rules and procedures applied to collect corporate capital tax could be strengthened, to provide a more effective check on the collection of a tax.

I gather from the fact that we flagged it that we agreed with that observation. Right?

Mr. Katzman: — What's corporate capital tax.

Mr. Chairman: — Percentage tax on the capital a corporation has.

Mr. Katzman: — That's where there's only a few companies in the province.

Mr. Chairman: — It only applies to the corporations that have assets over \$10 million.

Mr. Katzman: — Yes, that's right.

Mr. Chairman: — Okay. Agreed? Flag the department's failure to evaluate the YES program, to determine whether it outlived its usefulness in terms of its original objectives, I agree with. I think that was . . .

Mr. Katzman: — That's all you're going to say?

Mr. Chairman: — That's all you can say. Tentatively flag the problems of relative provincial funding levels to the Centre of the Arts in Saskatoon and the Saskatoon Centennial Auditorium.

Mr. Katzman: — We had a long debate on that one.

Mr. Chairman: — That was a long debate. And the theory is that the Centre of the Arts does a bit better, and the Centennial Auditorium ought to be . . . is that a proper item for discussion in public accounts, in the sense that it's . . .

Mr. Katzman: — No, I think . . . Let me correct it, if I can. What Mr. Folk, if I remember with bringing the topic up, indicated: there are side benefits to the Regina centre, the Regina place, that are not given to the Saskatoon place. All they do is the balance sheet numbers, and whatever the loss is, here is what they give Saskatoon. But there was no consideration for the costs that the government pick up, paying snow removal, and then the rent goes to the centre here.

Mr. Chairman: — My question is: is that a proper item of concern for the public accounts committee, or is that an item to be dealt with in the budget itself?

Mr. Katzman: — I think it is a statement that the public accounts has told that the formula for adjusting is the loss, and that's what Saskatoon gets, but it was discovered that there are side benefits to Regina that should be taken into the formula. That's where it's public accounts.

Mr. Chairman: — But how does that relate to the mandate of the committee to deal with effectiveness and efficiency?

Mr. Katzman: — Effective and efficiency says the effect of efficiency is they're to get the exact same deal. That's the system that's in place. We've discovered they don't get it because of the hidden system.

Mr. Engel: — That's actually a policy matter, though, rather than an accounting process. I think the rule, the way it's set down, is covered . . .

Mr. Young: — What does Melville get?

A Member: — Nobody else gets it except . . . (inaudible) . . .

Mr. Martens: — just making an observation on whether or not we're following our mandate, the indication in the item we just finished has flagged the department's failure to evaluate the YES program: to determine whether it had outlived its usefulness in terms of its original objectives, is clearly not within the mandate of this committee, either. If we're going to exclude all of those kind of things, then we're perhaps . . .

Mr. Glauser: — No. You see, that very well is the purview of this committee because . . .

Mr. Martens: — Whether it outlived its financial objective, or whether it's . . .

Mr. Glauser: — It's all tied in.

Mr. Martens: — Political objectives.

Mr. Young: — Its worth has ceased as a program. If the work of one of these things ceases, then it's a waste of taxpayers' funds to be pumping into it when they're out there . . .

Mr. Katzman: — For lack of a better word, formula is what would cause us to play with the Saskatoon and Regina centres, because the formula is supposed to be identical, and it isn't.

Mr. Engel: — I don't know if it is or isn't. The formula is established by government policy in saying that we'll fund the Saskatoon one according to doing an audit within Regina's program.

Mr. Katzman: — No. We're funding Saskatoon subject to the loss Regina takes — equal. Cover the both losses.

Mr. Engel: — And if there needs to be a change in the policy, I don't think that's something we should be commenting on. I have no strong objections one way or the other. I just think within . . . (inaudible interjection) . . . Within the purview of our committee, if I could finish my sentence. Within the purview of our committee, I don't think it's our responsibility to comment on saying that we should be changing the formula here so it applies equally to Regina and Saskatoon or Melville, Yorkton . . . (inaudible) . . .

Mr. Chairman: — Order. The member from Saskatoon Eastview is next.

Mr. Young: — How it would work, in my view of this committee, is that if the government had elected to fund the Centre of the Arts and Centennial Auditorium, then we would . . . Following what Harold said, we're quite entitled to look at the worthwhileness of doing that in the first place, say, "Well, that's a waste of money," but we cannot suggest that we build feeders in small towns or something like that, because that is something that hasn't been done, and nothing to review. But once they do it, then we can look at the merits and the worthwhileness of the society in what they are doing. But as far as building horse arenas in the two cities, we can't

do that because it does not presently exist, and thus is not capable of reviewing an expenditure, which is all we review, is government is spending. It's not possible with future government spending.

Mr. Glauser: — Yeah. You see we're looking at two different entities here. We have the Regina art centre. We have the art centre here, which comes under the Wascana Authority. We have the Saskatoon auditorium, which is an autonomous unit of the city. One was built by the city; the other one was built by the government.

Mr. Engel: — Partially built by the city.

Mr. Glauser: — Yeah. So what applies in one instance, where it is part of the Wascana Authority, is altogether different to what applies in Saskatoon. It's just the way it all started out, so I think that's . . .

Mr. Engel: — Because they have better control of the costing and costing formulas that relate to Wascana Authority, where we have an authority made of the city and the university and the province as shareholders of it, we have a window into what the Centre of the Arts is doing. And if they declare a loss on a certain basis, we give that same amount of money that we contribute to the loss in Regina. We use that as a formula to determine how much money Saskatoon gets. And I'm saying if that's a policy that the government has decided on, that that's how we're going to fund Saskatoon, I think our mandate is fairly clear there. If there were some jiggling of the formula on the funding, then we'd have a problem.

Mr. Katzman: — Mr. Chairman, I think my point is this. In the discussion — and I'll just use one point only — it was discovered that the grounds that we have there are not the expense of the Centre of the Arts, the grounds.

A Member: — That's exactly what was said.

Mr. Katzman: — But the revenue from rent on the parking outside of the grounds goes to the Centre. It doesn't go to the land, but the person who pays the expenses.

A Member: — It doesn't go to the province.

Mr. Katzman: — It doesn't go to the province. It goes to the Centre. That's why I'm saying there's a problem. That was the whole nut of the argument. They get the rent for renting land around the building. It goes into the Centre of the Arts, if they rent it for displays and so forth outside. But the cleaning and all the expenses of that parking lot are absorbed by Wascana and not charged to the Centre.

Mr. Young: — There's no revenue from the parking lot.

Mr. Katzman: — Oh yes, they do have revenue. When they have shows and stuff, they rent out the parking lot to displays.

Mr. Young: — I have never seen any displays in the parking lot of the Centre of the Arts yet.

Mr. Katzman: — Well, I have.

Mr. Chairman: — But you're charged . . . When you go for governmental functions, you are not normally charged a parking fee. If you go and see the Rolling Stones or any other group, you pay a parking fee.

Mr. Katzman: — Yes, and that all goes to that Centre. But they don't pay for the snow removal; they don't pay for the grounds' caretaking.

Mr. Glauser: — They get the revenue but don't pay the expenses?

Mr. Katzman: — And that's why the formula is wrong. That's the whole point we're arguing. That's the only point that we're talking about.

Mr. Chairman: — I want to make one last stand, and then we'll quit and give up on this thing. The two were never the same from the beginning. Saskatoon finished its Centennial Auditorium; Regina did not. The government of Ross Thatcher had to finish it for the city. They have got a grant which is the same dollar figure, but they have never been treated the same from the beginning. One is a government building. One is a civic building. It seems to me that the members in Saskatoon are attempting to use this committee to take a run at Finance and say you ought to be giving more to Saskatoon, and you ought to be treating them equally.

Mr. Katzman: — No, what we're saying is, Mr. Chairman . . . (inaudible) . . . We're saying, if we pay the cleaning of the lot at Wascana, then the rent for those parking stalls goes to Wascana.

Mr. Chairman: — How does that get to be an item for discussion at the public accounts?

Mr. Katzman: — Because Wascana also comes here as well. I mean, we're talking about government funding.

Mr. Chairman: — But you're not going to save a nickel. It's not going to be any more efficient giving it to the . . .

Mr. Katzman: — But the loss that the Centre of the Arts take will fly up and, therefore, give more money to Saskatoon, if it's not allowed to keep that revenue. And you've now got an honest formula.

Mr. Young: — Mr. Chairman, the member from Rosthern is premising all his arguments on the fact that there should be equal funding for the two; equal granting.

Mr. Katzman: — That's what the formula says.

A Member: — No, I don't think it does, Ralph.

Mr. Katzman: — It says "a loss."

Mr. Young: — If Melville gets no money at all, so it gets zero when the other two cities get . . . why should Saskatoon and Regina get equal funding? Who cares, I mean, who says? Maybe it shouldn't get any.

Mr. Katzman: — Mr. Chairman, I'm going to be the bulldog and hang on here. Mr. Chairman, the point is: when the two centres were agreed to deficit picking-up, the comment to Saskatoon goes, we pick up . . . whatever Regina give . . . we give Regina, we give you. That's basically the formula, Kim.

A Member: — What do they say if it isn't though?

Mr. Katzman: — Well, it's the formula for deficit. Whatever the deficit in Regina Centre of the Arts is, is what they give the Saskatoon Centennial Auditorium. If Saskatoon's auditorium's deficit is bigger, that doesn't matter. Saskatoon has got to find the money to cover that additional deficit.

Mr. Young: — I'll have to take your word for it. I don't know.

Mr. Katzman: — That's the simplicity of the formula. That's the formula. What I'm saying is, there is one revenue that the government foregoes and let's . . . sorry, Wascana Authority, foregoes and lets the centre pick up, which if the centre didn't pick up that revenue, their loss would be greater. Therefore, their loss and the Saskatoon's would almost be identical. It would be much closer and, therefore, it would be a fairer system. But to allow the revenue from Wascana, which Wascana should be getting, to go into them, but none of the expenses go to them . . . if they charge them for the cleaning up of the parking lot and moving the snow and the ground . . . (inaudible) . . . attendants, then it's fair, Kim. But they are not. Wascana pays all those bills and the Centre of the Arts pays none of them, but they get the revenue from the parking. That's what's an unfair system.

Mr. Weiman: — Rather than talking about who is getting more, who is getting less, I suppose, and I hope I'm saying this correctly . . . I suppose what we're saying is that revenues that are accumulated should be going into the proper channel, and expenditures that are spent should be charged against the proper channel. That's all we're saying. We're simply saying that true expenses should be going to the proper department and true revenue should be going to the proper department.

Mr. Engel: — Well, you just made my point. I think if we look at . . . Let me . . . (inaudible interjection) . . . I didn't interrupt you. Rather than this committee comment on how much more money Saskatoon should be getting for their Centennial Auditorium, rather than what Regina is getting for the Centre of the Arts, I think we have a real problem here because we can look at what the Centre of the Arts is doing because of our involvement as shareholder in the Centre of the Arts.

We had no financial statement from Saskatoon. Saskatoon's centre is sitting downtown. Maybe they get more usage. Maybe they can rent it for functions that nobody would go out to the park here at the Centre of the Arts. So both operations are totally different. Without having a window, without having a window in what Saskatoon is doing, we're jeopardizing ourselves by even commenting on it, because we're not auditing their books. We don't even know if they have a deficit.

As far as I'm concerned, maybe the centre in Saskatoon is showing a profit and we're still giving them a grant because Regina had a deficit. And I think if we're going to make any comments on it, we should be looking at commenting on funding an operation that we don't even know if they have a loss. There's no record in the public accounts committee indicating that the Centre in Saskatoon showed a loss. We're just giving them a grant . . .

Mr. Glauser: — No, they wouldn't get it.

Mr. Engel: — They'll get a grant if they show a profit, because they'll get the amount of money that Regina loses. It automatically goes to Saskatoon. We don't audit Saskatoon's books or look at their operation here and show what kind of loss they have showing. I think to make a comment on how much more Saskatoon should be getting . . . I think you guys are jolly lucky, because Gravelbourg drives in to either Saskatoon or Regina. We don't have a Centre there and we're not getting any money at all — or at Swift Current. So I think, as far as flagging the process and slapping somebody's knuckles in Regina . . . I think we've got a good thing going, as far as Saskatoon is concerned.

Mr. Chairman: — I'm going to make a comment, then I'm going to get back into order again. I think that's accurate. I think there is a grant which goes to Saskatoon, which is equal to Regina's, which doesn't strictly relate to the size of any loss or profit . . . (inaudible) . . . The member for Saskatoon Fairview.

Mr. Weiman: — That was my point. I don't think that we should be commenting at all on the terms of agreement reached between the city of Saskatoon and the province, or the city of

Regina and the province. I don't think we should be commenting on that at all. Just as a side comment, though, anything that happens in those terms — the formulas that they came up with — is contingent upon what happens in Regina. That's where the catch 22 seems to be all the time, because it's contingent upon what happens there. Again, I want to stress that I think all we're asking for is direction: that revenues go to the proper jurisdiction, and charges against those expenditures go to the proper jurisdiction, whether that be Wascana Park authority, whether that be the Centennial Auditorium, or whatever. That's all we're asking.

Mr. Chairman: — Why?

Mr. Katzman: — That's the argument.

Mr. Chairman: — Whoa, whoa, just a minute. Why?

Mr. Weiman: — I think it's a budgetary thing. If Wascana Park authority has in their budget proposals certain expenditures, I think it's only fair that they should also be able to take in certain revenues from that process . . .

Mr. Chairman: — Fairness is an issue for the Legislative Assembly; efficiency, cost effectiveness, is an issue for us. I don't see what difference it makes to the taxpayer whether the revenues go to Wascana, and therefore the grant to the Centre of the Arts increases, or whether the revenues go to the Centre of the Arts . . . (inaudible) . . .

Mr. Weiman: — Oh, I beg to differ, because you were asking about efficiency of costs. I would think that if there was an opportunity for Wascana to receive revenues that they are not receiving now, through the rental of space, etc., or whatever, I think it is contingent upon us to make sure that we flag that and direct them, and say, "Look, there's a source of lost revenue that could be going to the governmental coffers that we're missing. We're paying the expenses for it. We're paying the expenses for that particular place — should we not also be allowed to collect our revenues from it?" I think that's legitimate. I think it's fair and equitable.

Mr. Chairman: — But I don't see what on earth it's got to do with . . . (inaudible) . . .

Mr. Weiman: — No, that's what I said. I prefaced my remarks by saying we should not be commenting upon the agreements made between the city of Saskatoon and the government regarding their facility, and the agreements made between the city of Regina and the government regarding their facility. We shouldn't be commenting on that at all. I agree 100 per cent on that, All I'm saying is that as watch-dog for the public, if there is a source of revenue to be attained and we are not attaining it, then we are doing a disservice to the public.

Mr. Chairman: — The money is being picked up, and it is going to the benefit of the taxpayer. You just want it to go into whatever pockets.

Mr. Weiman: — I think it should go to the department in which that expenses are allocated out of it.

Mr. Katzman: — Mr. Chairman, I think we have just hit the nut on the head. Mr. Weiman is correct. Wascana Authority picks up the cost of the parking lot. The Centre of the Arts gets the money. Wascana Authority losses are picked up by the Government of Saskatchewan, Regina . . . the city of Regina picks up a portion, and the university, subject to the areas that the work is done in. So what we are saying now is the three partners in Wascana — not equal partners in total; some areas the government pays totally for and some areas are joint shared — the true revenue to Wascana is not being shown either, because they are not picking some of their revenue up, because somebody else is getting it. But Wascana is paying the bills but not getting their revenue.

Mr. Chairman: — Why is it any more efficient or effective to direct the money to the Centre of the Arts as to the Wascana Centre. That's where you've lost me, and if you can tie that one in we're on for the next item. In fact we're gone.

Mr. Katzman: — Wascana Authority gets the funds which affect what we and the city of Regina have to put in the university.

Mr. Chairman: — It's the other way. The Centre of the Arts gets the funds.

Mr. Katzman: — Sorry. The Centre of the Arts gets the funds, and the expenses go to Wascana. If the funds came to Wascana, the amount being contributed by the three partners: government, Regina, university, would be lesser. Okay, with that in mind . . .

Mr. Chairman: — And the grant for the Centre of the Arts would be larger.

Mr. Katzman: — Right. And the grant to the Centre of the Arts comes from only one of those partners, Regina. I'm sorry, the Government of Saskatchewan. Therefore it's a true, proper cost, where right now, because Regina is picking up some of the costs of that Centre because of the agreement through Wascana, the university is picking up because of the agreement through Wascana. Basically the real comment should be that Wascana Authority is not receiving the revenues, when it is paying the expenses. That's really where the comment belongs.

Mr. Chairman: — Let us . . . We're not getting anywhere here.

Mr. Engel: — Can I make one comment?

Mr. Chairman: — No, the member from Morse can make a comment first, and then you can go.

Mr. Martens: — I just basically have a question. I wanted to know whether the auditorium in Saskatoon was city jurisdiction or whether . . .

Mr. Chairman: — City owned.

Mr. Martens: — Okay.

Mr. Chairman: — It's owned by the city . . . (inaudible) . . . Then I have a suggestion to make.

Mr. Engel: — The only point I want to comment on is that we have these facilities in Saskatchewan. They're bidding on tourist business and conventions and so on. In Saskatoon we've got a location that is handy. We just came from there last weekend. I could walk from the hotel. It was easily accessible. The parking lot's good. Everything is great. Here in Regina, if you want to talk about expenditures to make that Centre competitive, sometimes there'll be a chartered bus involvement where they pick them up at the hotels. If we'd start charging the costs involved you'd get a different picture than you are, just because of the revenue of the parking lots, and that isn't part of it. And I think we want to be careful what we flag here. We should, as a committee, be complimenting what these two functions are doing rather than raise a little hornets' nest where you might get some fighting going on between Wascana Authority and the government and the contributing partners, because I think we've got a good deal worked out. There's been very little hassle there, and to raise a hornet's nest over something and saying one group . . . that we as a public accounts committee see one group getting an unfair advantage over the other; pretty soon the university's going to start coming in and changing these formulas. I don't think we should be looking at how that formula's set up. I don't think that should be part of our purview.

A Member: — It's not the formula.

Mr. Engel: — That's what you're talking about. You're talking about changing the formula and how it's operated, and that's not part of our purview. Our purview is to comment on: are the funds misused or properly being . . .

Mr. Weiman: — I want you to clarify this on the record, and it should show on the record already twice. It should show twice already that the discussion here — and I indicated and underlined it — is not whether the city of Saskatoon or the city of Regina, insofar as their structures are concerned, are doing a good or bad job. In fact, if anything, I give high accolades to the management of both structures in both respective cities. I've said it twice now, and I'll have to say it three times. That is not my question. My concern is, if there is a source of revenue that is not being tapped and is there . . .

A Member: — It is being tapped and is there.

Mr. Weiman: — No, no. A source of revenue that is not being tapped, and is directed towards the correct department, I would say that I would like to see that source of revenue going into the proper coffers. I'm not talking about the formula. I'm not talking about the formula at all. All I am saying is, there is a source of revenue incumbent upon me to try to get that source of revenue back into the coffers where it should be. It seems to me that if I am buying something, spending something, I should also have the opportunity to collect the revenues from it, and in this case, it's the government of Saskatchewan, albeit Wascana Authority. But it's the government of Saskatchewan that is paying this money. I would think it would be only fair, that if there's a source of revenue that I can get back to the government of Saskatchewan, I think it's only fair they should be able to collect it.

I'm not talking about the formulas, the agreements that were signed between each city in the respective governments — talking about the formulas at all, or mismanagement, or good management. I'm talking about there's a source of revenue that's identifiable. That source of revenue should come back into the coffers.

A Member: — Who pays the expenses?

Mr. Weiman: — It's as simple as that. I don't want to get into an argument, and I don't think it should ever develop into an argument, where city is fighting city over a formula. They have their own agreements with the provincial government.

A Member: — I have a question. I have a question.

Mr. Chairman: — Order. I think Ralph was next. He had this spot here.

Mr. Katzman: — Well, my comment is Duane has basically set the key. While looking at the two auditoriums, it was discovered that really Wascana is not getting its revenue for its expenses. That's really what we discovered, if you want to get it down to a nutshell: Wascana does the work, Wascana looks after it, gets nothing from the centre from its work, yet the centre gets the revenue. Now, if the centre was paying the costs for the part of the lot, for part of their cost, that would change the whole system. Wascana pays all the costs, and somebody else gets the revenue. I'm saying, Wascana should get the revenue.

Mr. Chairman: — I just don't understand why. I know what you're saying. I still don't understand why.

Mr. Katzman: — Because that's proper. If I pay the bill, I get the revenue. If I own the lot, and I'm renting it out, I should get the revenue, not you.

Mr. Young: — . . . (inaudible) . . . the centre, and books and stuff?

Mr. Katzman: — They do it all the time. The Centennial Auditorium is filled by the whole Saskatoon — what's the place called? Midtown mall — for a portion of the costs of Midtown mall. They bill now for a portion for the joint — you know, the back alley there, and all the rest of it — with the payment. But I say . . .

A Member: — This has developed into *The Tale of Two Cities*. That's what it is.

Mr. Katzman: — What I'm trying to say is that Wascana . . . (inaudible) . . . the fact is Wascana does the work, Wascana should get the revenue.

Mr. Chairman: — Order, order! I say again, Ralph . . . I'm going to butt in here. I say again, Ralph, you are attempting to do by the back door what you've never been able to do by the front door. You make the argument that the Centennial Auditorium in Saskatoon is not fairly treated vis-a-vis the Centre of the Arts. I rather agree with that.

Mr. Katzman: — No, you're saying that you put the cost out through Wascana and Wascana pays the bill. Why doesn't Wascana get the rank?

Mr. Chairman: — If you want to do that, then a better way to do it would be to have the Wascana Centre bill the Centre of the Arts for the cost of snow removal, because there is no necessary reason to assume that the revenue from parking is equal to, less, or greater than, the cost of snow removal. So why don't you just recommend that Wascana bill the Centre of the Arts for snow removal? That's much more logical.

Mr. Katzman: — Bill for the cost.

Mr. Chairman: — Bill for the cost of snow removal.

Mr. Katzman: — That'll do the same thing that I want to do. It's honest costing again.

Mr. Chairman: — Well, all right, if you want to do that I've got no problem with that. If you want to recommend that the Centre of the Arts bill the Centre of the Arts . . . I think you've lost sight of your original objective which was to get a better deal for Saskatoon.

Mr. Weiman: — You are putting words into the record that the intent is not there. And I think the record will show that.

Mr. Chairman: — I say with all due respect to you gentlemen that I'm quite prepared to live with that if that's what you want to do. If you want to say the Wascana Centre should bill the Centre of the Arts for the cost of snow removal, no problem.

Mr. Weiman: — No, what we're saying is the Wascana Authority should be able to receive its revenues.

Mr. Chairman: — But there is no necessary reason to assume that revenue from parking bears any relation to the cost of snow removal.

Mr. Weiman: — I'm not talking about the relationship of cost. I'm saying there is revenue out there that the Wascana authority is not collecting, and that's simple and clear. Whatever agreement they wish to make with the Centre is up to them.

Mr. Chairman: — But the Wascana Centre don't collect any other revenue from the building or the premises. All the other revenue from the building and the premises, of which the parking lot is part of it, goes to the Centre of the Arts. What you were saying is they don't get anything for removing snow. That's end of the bill.

Mr. Katzman: — And watering the lawn, and . . .

A Member: — Do you want the security men, the cops, the whole works, to break the agreement they have with the . . . (inaudible) . . .

Mr. Engel: — Part of the contract, and this is the argument I was going to get into earlier, Mr. Chairman, is that if the Centre of the Arts contracts with a performing group to come in, they decide on how much revenue they need to bring in Johnny Cash, or whoever they are going to do. And part of that revenue is what they get at the gate, part of the revenue is what they get at the parking lot, and the overall picture . . .

Mr. Katzman: — Part of it is how much amusement tax they pay, too.

Mr. Engel: — And when you're all through, there's that much revenue . . . (inaudible) . . . And if you're going to say that part of that revenue is supposed to be cut off, I'd just as soon see you make a motion that they don't charge me to go and park there. I think, then, you'd be doing something. Say that's a Saskatchewan building . . . Like I don't pay to park in front of the Legislative Buildings, and I don't pay, you know . . . And if you drive in there you wouldn't have to pay. That would be great. That would solve a lot of problems, because you'd make a lot of people in Saskatchewan happy.

If you want to get involved in policy decisions, I don't think that's our purview.

Mr. Weiman: — I think we should correct a misconception here. The inference is that we are talking in terms of interfering with the internal organization and running of the two centres. I definitely am not saying that. It would behoove me to . . . (inaudible) . . . interfere with the internal operation of either of these two centres or the agreements that were reached between both respective cities and the provincial government. I state one more time, and I can't state it any more clearly: if there is revenue to be gathered by the province of Saskatchewan that is not presently being gathered . . .

Mr. Chairman: — It is presently being gathered and goes into the profits of a facility . . .

Mr. Weiman: — . . . by the province of Saskatchewan.

Mr. Chairman: — . . . wholly owned by the province of Saskatchewan. If you send that revenue to Wascana Centre, then you would be sending the revenue to . . .

Mr. Engel: — To the city of Saskatoon and to the university.

Mr. Weiman: — No, you're the one who keeps on bringing up the tale of the two cities. I stated many times, I do not want to get in . . . I don't think it's our purview to get into that discussion of what the two cities have, insofar as an agreement with the provincial government. You're the one that keeps bringing up the tale of two cities. I'm talking about a revenue source, and that is all.

Mr. Chairman: — But the revenue source is accruing to the taxpayer. They are getting it. It's going to the Centre of the Arts.

Mr. Katzman: — No, Mr. Chairman.

Mr. Chairman: — Yes. The Centre of . . .

Mr. Katzman: — The Wascana Authority pays all the bills.

Mr. Chairman: — Ah, no. You don't know that. You don't know what the cost of the ... (inaudible interjections) ...

Mr. Katzman: — Gentlemen, I hate to say, but we've had Wascana Authority in once, and Wascana Authority said they pay the bills.

Mr. Chairman: — Of course they do, but you don't know whether that bears any relation to the cost of the parking. It may be more; it may be less.

Mr. Katzman: — Well, they say they don't charge the Centre of the Arts for it, and the Centre of the Arts say they get the revenue. Okay, then the revenue should go to the guy who pays the bills.

Mr. Chairman: — I'm going to call a halt to this conversation because it's getting us nowhere. I'm going to invite suggestions as to how we're going to resolve this thing. Okay. Why don't we just take a vote. I think we know where the line is. Why don't we just take a vote on the damn thing and settle it that way? The issue is whether or not we flag and report in the final report the issue of revenue from the parking lot of the Centre of the Arts when the Wascana Centre bears a portion of the cost of maintaining it.

Mr. Weiman: — No, I don't want to flag that issue.

Mr. Katzman: — It's the reverse. The flag really has developed because of what we discovered — that Wascana Authority is picking up the costs of the grounds but not receiving the revenue. That's the flag. Am I correct? That's the flag.

Mr. Weiman: — Let's tentatively flag the ...

Mr. Chairman: — How do you people see the Wascana Authority? ... (inaudible interjection) ...

Mr. Katzman: — Yes, they're part of us. They have to come into this ... (inaudible) ...

Mr. Chairman: — Wascana Centre?

Mr. Katzman: — Sure, we pay a third of the costs.

Mr. Chairman: — That's right.

Mr. Katzman: — Then we have the right to call them in here the same as universities and everybody else, and we have in the past called them in here.

Mr. Chairman: — But it is not a Government of Saskatchewan agency. It's an authority independent of the Government of Saskatchewan.

Mr. Weiman: — Mr. Chairman, if I may, the way this is worded here I would have to say absolutely no, otherwise I'd be being contradictory to my arguments that I placed before the PAC this morning, because if there is anything, I definitely want to stay away from a conflict between the Centre of the Arts in Regina and Saskatoon Centennial Auditorium. I just reiterate again, take under advisement the whole idea of revenues and expenditures.

Mr. Chairman: — Do you guys want to flag the fact that the Wascana Centre, which is not an agency of the Government of Saskatchewan ...

Mr. Weiman: — No. I've already stated no. Not the way it's worded here.

Mr. Chairman: — Okay, so now we've got agreement. Nobody wants to flag it.

Mr. Katzman: — No, no. He's talking about this wording here.

Mr. Weiman: — Not the way it's worded here.

Mr. Katzman: — Tentatively flag problem of related provincial funding . . .

Mr. Weiman: — Provincial funding levels.

Mr. Katzman: — . . . Centre of the Arts, Regina and Saskatoon.

Mr. Chairman: — Then would you word what you want to flag?

Mr. Weiman: — I would simply like to see, or I would like to be convinced, that if there are sources of revenue available to the province of Saskatchewan vis-a-vis Wascana, that those revenues go to its proper destination.

Mr. Chairman: — But, Duane, let me say this without interruption, please. The Centre of the Arts is a facility of the Government of Saskatchewan. The Wascana Centre is not a facility of the Government of Saskatchewan. We contribute a portion of their funding, but they are not owned, operated, or controlled by us. They are independent. Okay. If, when you say you want to see that the province of Saskatchewan gets its funds, they're getting them — to the Centre of the Arts. If you give it to the Wascana Centre, they won't get them; it will go to an agency independent of this government.

Mr. Katzman: — Well, I would only disagree with Duane's motion by saying "the Government of Saskatchewan." He's really saying that the Wascana Authority, who is responsible and does the expenses, should be getting the revenue . . . (inaudible interjections) . . . We fund a portion of them for the service. When they clean up around this building, the Government of Saskatchewan pays the cost, not a portion of it. When they clean around that building, who pays for it? Nobody. They absorb it, and charge a third back to us.

Mr. Engel: — That's a good deal.

Mr. Katzman: — Sure, it's a good deal for that building, but it's . . . (inaudible) . . . to the taxpayer.

Mr. Chairman: — But we own that building, and we don't own the Wascana Authority; that's the whole problem.

Mr. Engel: — Mr. Chairman, I make a motion for adjournment. We're 10 minutes overdue.

Mr. Chairman: — We're more than that; we're 40 minutes overdue. We've got to deal with this, guys. We don't want to come back and deal with this silly problem. Can we just take a vote? Will someone make a motion, and let's vote on it.

Mr. Katzman: — Well, I would change Duane's motion — take "government," and put "Wascana Authority" in there.

Mr. Young: — I'd like to make a motion that we just delete the whole thing. There's no mileage made . . . I don't know what revenues Ralph is talking about. I have yet to see any money . . . (inaudible interjections) . . .

Mr. Katzman: — Hold it, there is a simple solution. Let's solve this thing. Let's call Wascana in here tomorrow, and find out the answer . . . (inaudible interjections) . . . Let's solve this thing.

Let's call Wascana in here tomorrow and find out the answer.

Mr. Engel: — There's been no problem with Wascana Authority one way or the other.

Mr. Chairman: — Order, order, order. There is a motion on the floor.

A Member: — What?

Mr. Chairman: — That we delete this flagged item from our final report . . . (inaudible interjections) . . . I'm going to call a vote on it.

Mr. Katzman: — . . . (inaudible) . . . it's written in this thing . . . (inaudible interjections) . . . Are we talking the item that is written or are we talking the whole idea?

Mr. Chairman: — He wants to delete the issue from the final report.

Mr. Katzman: — No. Duane says we're talking the written thing.

Mr. Chairman: — No, but he didn't make the motion. Kim made the motion.

Mr. Katzman: — What's your motion, Kim?

Mr. Young: — My motion is, Ralph, that we delete every reference to this. There is no mileage to be made. We're splitting hairs between one thing and another.

Mr. Chairman: — All in favour of the motion? Those opposed? Okay, two.

AGREED

A Member: — Bring it up next year if you want.

Mr. Katzman: — I'm going to bring it up in the House when the report comes in. I have that right.

Mr. Chairman: — You've got that right. Let us go through the rest of this quickly because I don't think there is much more. Municipal Employees' Superannuation Commission? Ah, right. Department of Social Services? We had them back and they gave us a fairly full report on that.

Medical Care Insurance Commission. Do we want to raise that thing? My view is we don't. What they say is . . . You know the issue with the Medical Care Insurance Commission — the fact that they don't have any authority to borrow. They therefore find it almost impossible to avoid an overexpenditure, however minute. The Provincial Auditor says that shouldn't be. What they say is the consequences of changing the act are far more serious to the taxpayer than living with the problem we've got. And I think they're right. For my money I wouldn't mention the darn thing, because I think the Medical Care Insurance Commission is right and the Provincial Auditor is not being realistic.

Mr. Katzman: — The Provincial Auditor is doing his job. We've made the decision that the benefits aren't worth . . .

Mr. Chairman: — Our ever efficient, ever pleasant, ever competent Clerk is to get all this into a nice, neat form that we can say yea or nay to.

Agreed to leave the issue of any subsequent meeting of this committee to review the final report to the chairman and vice-chairman? If either one of us think the committee needs to have a look at it, we'll meet again.

Mr. Weiman: — I just want to thank the commission for giving me the opportunity to be a hero at home. When I go home I can tell my young son that I am the PAC man.

Mr. Chairman: — Okay, in all likelihood we stand adjourned at the call of the chair, and probably until the session starts in March.

The Committee adjourned at 11:43 a.m.