

STANDING COMMITTEE ON PUBLIC ACCOUNTS
April 4, 1984

Public Hearing: Department of Supply and Services

MR. CHAIRMAN: — This session of the public accounts welcome again, as we have, I think, every year, welcome to our committee, the officials of now Supply and Services. You will forgive us if we refer to it as Government Services, since in the year under review that was, in fact, the title of the department.

I want to welcome the deputy minister, Otto Cutts, Ken Brehm, executive director of administration and financial services, Ian Laidlaw, executive director of commercial services, Jon Bingham, executive director of maintenance and operations, Al Moffat, executive director of supply division, Jack Peterson, director of program space, Lloyd Wildeman, director of office and storage space, Norm Drummond, director of financial services.

I want to remind you, for the benefit of anyone who wasn't here before — I don't think there's anyone here who wasn't here last year, but perhaps I'm wrong.

MR. CUTTS: — Yes, Al Moffat wasn't here.

MR. CHAIRMAN: — I guess Al was not with us last year.

A MEMBER: — Lloyd Wildeman and Jon Bingham wasn't here.

MR. CHAIRMAN: — Oh, I see. We got a new cast . . . (inaudible) . . . What is said before the committee is privileged in the sense that it cannot be used outside the committee for any libel or slander or criminal actions. On the other hand it is taken down verbatim and is readily available for use elsewhere.

Gentlemen, the only reference to Government Services . . .

MR. YOUNG: — Ned, don't you introduce us as a rule?

MR. CHAIRMAN: — Not as a general rule. There are normally, Craig, name plates. Where have those got to? Do you know? . . . (inaudible interjection) . . . Okay. I certainly will, though. We normally have name plates, and it has not been my custom, although perhaps it should have been, Kim, to introduce the committee to the . . . Perhaps it's a good idea. I haven't done it. Perhaps it's just bad manners.

Kim Young, Saskatoon Eastview; Duane Weiman, Saskatoon Fairview; Cal Glauser, Saskatoon Mayfair; and Ralph Katzman, Rosthern; Ned Shillington, Regina Centre; and perhaps we might as well then let you introduce your staff as well.

MR. WENDEL: — I'm Fred Wendel. Layne McFarlane, comptroller's office; and Bill Bucknall.

MR. KRAUS: — I'm Gerry Kraus. Gary Benson, Glen Crook, and . . . (inaudible) . . . McEwen is sitting in as a guest.

MR. WEIMAN: — Now that we all know each other, put on the music and let's dance.

MR. CHAIRMAN: — Gentlemen, there is one paragraph on page 33 of the auditor's report which refers to an incident which was notorious at the time, and by that I mean it became the subject of some controversy in some people's minds.

Perhaps you could just tell the committee what happened in that incident.

MR. CUTTS: — I guess, Mr. Chairman, I wasn't there at the time, but, in retrospect, I think I can

say honestly that an honest error was made, and that's kind of the sum of it. There was a new person in the position at that time, making the decision, and he went ahead on what he thought was right and made an honest mistake.

MR. CHAIRMAN: — I gather by the new person you mean the deputy minister — the associate deputy minister.

MR. CUTTS: — The associate deputy minister.

MR. CHAIRMAN: — And what, then, occurred on September 24? Was that simply an attempt to right . . . That wasn't a purchase of additional water purifiers. That was an attempt to do it, to cover the paper trail. Is that right?

MR. CUTTS: — September 24, from our records, Mr. Chairman, that's when the goods were, in fact, received.

MR. CHAIRMAN: — I see. That's what it says, in fact.

MR. CUTTS: — I think you're referring to possibly October 27.

MR. CHAIRMAN: — I was referring to October 27. That's right.

MR. CUTTS: — And it was at that time that the comptroller's shop, I guess, were reviewing — they pink-slipped it back to us on the 25th, saying that it didn't comply. Our purchasing agency, on the 27th, reviewed it and felt that, although an honest mistake was made, there was no really attempt of wrongdoing, and so he approved it at that time.

MR. CHAIRMAN: — How many purifiers were purchased, in total were purchased?

MR. CUTTS: — I think there was 18.

MR. CHAIRMAN: — How many were purchased at this time?

MR. CUTTS: — 18.

MR. CHAIRMAN: — Okay, at a cost of . . .?

MR. CUTTS: — \$9,072.

MR. KATZMAN: — Cost per each?

MR. CUTTS: — \$480 plus tax.

MR. KATZMAN: — \$480. Therefore, under the limit on each.

MR. CHAIRMAN: — \$504 each, is that . . .?

MR. CUTTS: — Including tax, that would be.

MR. CHAIRMAN: — That includes tax. Okay. This may not be a question you can answer. Have there been other purifiers purchased since that tender?

MR. CUTTS: — Not for this building.

MR. CHAIRMAN: — At all then?

MR. CUTTS: — There may have been something put in on some other contracts we've had, Mr. Chairman, but not for this building.

MR. CHAIRMAN: — And other government offices, other existing government office buildings?

MR. CUTTS: — Not that I'm aware of.

MR. CHAIRMAN: — So to your knowledge, any purifiers that would have been installed would have been installed in this part of a larger construction program.

MR. CUTTS: — That's right.

MR. CHAIRMAN: — The major renovations, sort of.

MR. CUTTS: — I can tell you that we've got one in my office, and our own staff paid for it. It comes with a filter.

MR. CHAIRMAN: — I see. Okay.

MR. KATZMAN: — I can tell you we've got one in the caucus office, and we, the MLAs, paid for it. It was only \$39.

MR. CHAIRMAN: — We had one in our office, and I think the government paid for it.

Gentlemen, I want to get on to a separate subject, and that is the severance pay paid out by the department. I note in your *Public Accounts*, there is a figure included of \$49, 700 . . .

MR. CUTTS: — What page is that on, Mr. Chairman?

MR. CHAIRMAN: — I'm on page 151 of volume 2, public service and ordinary expenditures. There's a figure of \$49,791 in administration.

MR. KATZMAN: — Which page?

MR. CHAIRMAN: — 151. And I see a separate figure under public works branch of \$8,569.75. Is that all that was . . . Have I got all the figures? Is that all that was paid out in severance?

MR. CUTTS: — Yes, Mr. Chairman.

MR. KATZMAN: — Do you just have the one number there, or two?

MR. CHAIRMAN: — I've got two numbers . . . (inaudible interjection) . . . I was answering a question to the member from Rosthern. He said, do I have one figure or two. I have two. The figure is \$49,791 in administration and \$8,569.75. That comes to a total of \$15,000, and that's all that was paid out in severance by your department in the year under review.

MR. CUTTS: — That's true.

MR. CHAIRMAN: — How many people did that cover?

MR. CUTTS: — Six.

MR. CHAIRMAN: — The balance, then, of people whose services were severed would have not have been . . . (inaudible) . . . in the year under review? Is that right?

MR. CUTTS: — That's correct.

MR. CHAIRMAN: — Are you able to tell me how many people we're dealing with in total — how many people whose services were severed under the year under review?

MR. CUTTS: — It would just be those six.

MR. CHAIRMAN: — Just the six.

MR. CUTTS: — Yes. For the year under review.

MR. CHAIRMAN: — Okay. So you were able to settle, in the year under review, all of the outstanding claims for severance pay.

MR. CUTTS: — Yes. Excuse me. There is one, I guess, that still hasn't been . . . (inaudible) . . . There is one more that is still outstanding.

MR. CHAIRMAN: — Let me repeat, for your benefit, a rumour that I heard. I place it — I give it no higher credence than that. But I would ask you to respond to it. I was told that during the year under review, one of the offices, for security reasons, was lined with lead. Is that accurate? The third floor of the office building?

MR. KATZMAN: — That was done in your time when Romanow and the boys had the potash corporation. They lined the room with lead. That's right, Ned. You remember that.

MR. CHAIRMAN: — That wasn't what I was told. I was told it was done this year.

MR. KATZMAN: — I guess . . . (inaudible) . . . was coming in, yes.

MR. CUTTS: — No, there was no offices lined with lead for security reasons.

MR. CHAIRMAN: — At all? Was there any offices at all on the third floor of 1942 Hamilton Street building lined with lead for any reason?

MR. CUTTS: — There was no walls lined with lead on the third floor of the 1942 Hamilton Street building.

MR. CHAIRMAN: — Okay.

MR. KATZMAN: — The only one ever done was the one Romanow . . . I mean, you guys are the paranoiacs.

MR. CUTTS: — I'll be very frank with you, too, Mr. Chairman, that one of the offices had some lead related material put in the ceiling of one of the offices for sound reasons, and that's possibly where the story came from.

MR. CHAIRMAN: — I see. That may be. Do you know the approximate cost of that?

MR. CUTTS: — Approximately \$900, Mr. Chairman. That's a rough figure.

MR. CHAIRMAN: — Okay. One other question relating to, if I may go back to severance pay for a moment. I have Mr. Cousineau's OC in which there was \$17,500 authorized for severance pay. Was that the sum total of what was paid to him? Was there any additional sums paid?

MR. KATZMAN: — Mr. Chairman, if I may.

MR. CHAIRMAN: — Yes.

MR. KATZMAN: — Am I correct in making an assumption — and I guess I may need the Clerk's opinion here. The assumption that you are going on, Mr. Shillington, is that the numbers in the book for severance are the proper and legitimate right of this committee to talk about. I don't argue that one at all with you.

MR. CHAIRMAN: — Okay.

MR. KATZMAN: — The arrangements behind, in some cases, other than the number, and in some cases the number may be bulked because the agreement signed between the individuals both by when your government did some, and when we did some in the past . . . I've indicated that it's to be confidential and therefore bulked with a group, and therefore they don't break them out. With those two aspects in mind is the way you are asking your question? Am I correct? Just to understand it

MR. CHAIRMAN: — Yes.

MR. KATZMAN: — What we're saying is the normal agreement has been both prior and present, that when there's an agreement between departing parties and the government, and it would be kept confidential, and that's part of the assigned agreement. Therefore they're usually bulked into the whole mess — in this case, six people — and we do not go after the break-out in this committee, because of the arrangements . . . (inaudible interjection) . . . Okay. I just wanted to make sure that we have a set of rules here, because that's a policy decision and not a money decision.

MR. GLAUSER: — Not only that, Mr. Chairman, but there's also a legal aspect to that, and that's what I was referring to in so far as my motion was concerned. The legality of conducting a contract to its conclusion is another matter.

MR. CHAIRMAN: — I say this only for the record, since it's entirely academic at this point in time. I don't necessarily accede to the view that we cannot ask about individual contracts. I see no point in doing that at this point in time. But one might be able to imagine circumstances . . . (inaudible) . . . where one severance was thought to be extraordinarily rich and unfair, and I think that would be a legitimate subject for discussion. As I say, it's an academic comment at the moment because I don't have any such inquiries to make. I say this simply for the record in case we ever get into the discussion again.

MR. KATZMAN: — That's exactly why we're on the first one, so we set a set of guide-lines that are along the line of how we're doing the thing. And with Mr. Glauser's motion in mind, plus your questioning, which has not been improper at this time, I thought now, before there's anything starts, we better, you know, set the rules out a little carefuller because rather than get into long haggles.

My comment is very simple. If I remember correctly, Mr. Blakeney, Mr. Cowley, and others, when you were in government, indicated the groupings were grouped in five or six, and he wouldn't break them up for reasons which he considered improper, and nobody argued that at the time. And all I'm saying is that, once again, if contracts and agreements and policy suggestions are to say that the grouping is there, then I think we will contain ourselves to, as you have done, the six, the one. The other fellow seems to be on a separate agreement though, which was public. Fair game. But let's not break it any farther, in case we are going to get into some legal . . .

MR. CHAIRMAN: — I hadn't intended to go beyond Mr. Cousineau. It so happens his is an OC.

MR. KATZMAN: — Yes, and his was a . . . (inaudible) . . . separate, so I'm not arguing. I'm just saying let's not break any legal discussions.

MR. CHAIRMAN: — No, I had no intention of mentioning any names beyond Mr. Cousineau. You've probably by now had the opportunity to get the answer to my question.

MR. CUTTS: — The question again was: was there any other amounts paid over and above this? And the answer to that is that he got his regular holiday pay that was due and any other SDOs and things like that, that are becoming common to pay out.

MR. CHAIRMAN: — I'm sorry. Any other what?

MR. CUTTS: — The scheduled days off that they're entitled to, that we're paying out.

MR. CHAIRMAN: — All right. It is the custom of the department to pay what I guess are now called scheduled days off. Is that the same thing as earned days off?

MR. CHAIRMAN: — Scheduled days off are the management, out-of-scope people. Earned days off are in-scope.

MR. CHAIRMAN: — And it is the policy of the department, of the government, I gather, what you're telling me . . . it's the policy of the government to pay scheduled days off and earned days off for employees who are terminated?

MR. BENSON: — To the extent they've been earned.

MR. CHAIRMAN: — So they treat it like a holiday, in fact.

MR. KATZMAN: — It's labour standards that calls for that.

MR. CHAIRMAN: — I gather that is the policy.

MR. CUTTS: — I can't speak for the government, but for our department it's happened, and it's happening today.

MR. KATZMAN: — Mr. Chairman, as the critic for labour, which I was and you are now, in opposition, that's the labour standards regulation, because that's an earned benefit under the system, and therefore must be paid out.

MR. CHAIRMAN: — It may or may not be right . . . (inaudible) . . .

MR. KATZMAN: — The comptroller says I'm right.

MR. CHAIRMAN: — And the comptroller is never wrong.

MR. KATZMAN: — I'll use anybody to win an argument.

MR. CHAIRMAN: — You're probably right. I'm not arguing with you. What is the policy of the department with respect to payment of moving expenses for employees who are hired? Or is there a set policy whether or not you pay moving expenses for someone who is hired to work at the Government of Saskatchewan.

MR. CUTTS: — It's the public service commission policy that is followed in our department.

MR. CHAIRMAN: — Do you know what that is?

MR. CUTTS: — Basically, it covers your basic moving costs, and there are some upper limits . . .

MR. CHAIRMAN: — To Saskatchewan, when you take a job here.

MR. CUTTS: — Yes, that's right. I know in my case that's what it included. It included moving costs — no real estate or no legal fees or things like that.

MR. KATZMAN: — That's a standard policy that's been in place for a long time.

MR. CUTTS: — That's right. For the year under review there's been no change.

MR. CHAIRMAN: — I'm trying to be sure there were just six people, and I'm not saying there were more — I don't know. I'm just honestly listening for information here. Were there any employees who were terminated for cause in the year under review? I don't want the names. A simple yes or no would do. You may not be able to separate. If you can't, say so. You may not be able to separate termination for cause and what I shall call "lack of confidence" severances.

MR. GLAUSER: — Mr. Chairman, is that a value-for-money question that you're concerned with in this committee?

MR. CHAIRMAN: — Just as I said, my concern is not those who were terminated for cause but those who . . . I want to be sure there's just six.

MR. GLAUSER: — Well, I think that's an unfair question of the officials.

MR. CHAIRMAN: — Why?

MR. GLAUSER: — Well, it's got absolutely nothing to do with what the purview of this committee is in value for money. Where's the connection between that and value for money?

MR. CHAIRMAN: — Well, as I say, what I'm getting to is I want to be sure that there were just six people severed for lack of confidence.

MR. WEIMAN: — You're suggesting then the original answer where they said to you six were . . .

MR. CHAIRMAN: — I'm not suggesting it was in any sense dishonest. I'm just wondering if I asked the question properly.

MR. KATZMAN: — What you're saying, Mr. Chairman, if I read you correctly, is: there was severance pay to six people; were these six people all let go because of lack of confidence, rather than none of them were dismissed for other — what's that fancy word you use — cause?

MR. CHAIRMAN: — Cause.

MR. YOUNG: — Cause could be lack of confidence as well.

MR. CHAIRMAN: — Yes, I admit that it may not be easy to separate it, but go ahead. You look as if you've got the answer.

MR. CUTTS: — I'm not sure we have the answer, Mr. Chairman. That's exactly it, I'm not sure.

MR. CHAIRMAN: — Okay you're not . . .

MR. CUTTS: — One of them was terminated by the previous administration in this group as well.

MR. KATZMAN: — One or two?

MR. CUTTS: — Well, one we knew of, and the other . . . there's three that we're not sure who

they are, in fact.

MR. KATZMAN: — Yes, well Mr. Blakeney knocked 63 of them the day . . .

MR. CHAIRMAN: — I was going to ask that as well. That was another question I was coming to. Does the six include what has been called the Kool-Aid kids, the . . . (inaudible) . . . terminated on the day of the change of government?

MR. CUTTS: — Yes.

MR. CHAIRMAN: — Okay. How many Kool-Aid kids are . . . (inaudible) . . . in the group?

MR. CUTTS: — Well, like I say, we know there's one of the six.

MR. KATZMAN: — Ned, I think you're out of order.

MR. CHAIRMAN: — Well, I don't think I am because I want to know whether or not the \$49,000 includes those — to what extent it does?

MR. CUTTS: — It does include those . . .

MR. KATZMAN: — It includes everybody; he said that.

MR. CUTTS: — . . . in that instance. It would include those — your definition of Kool-Aid kids; I've never heard that term before but . . .

MR. CHAIRMAN: — It's the executive assistants and ministerial staffs that were terminated.

MR. KATZMAN: — Mr. Chairman, I think, just for ground rules, because otherwise we're going to be in one of our disagreeable moods, I think that the question asked on the severance — how many — is fair game in both sides.

The breakdown of that severance, to say which group was Kool-Aid kids, as you call them — I call them something else — and which were done by who, I don't know. But I think that may be, once again, an upstairs in the House question. I am not positive of that, but I have that feeling that's a policy thing — the dollar for value for money. We've agreed that there's 49 plus eight, and . . . (inaudible) . . . pluses which was paid out in severance because these people were let go during the year under review.

We've agreed that we will not sort people out because of legality reasons. I believe, and as far as who gave them the pink slip or if they agreed to go on their own and accept a pink slip or however it was done, is not part of the value for money. That's part of a policy that either they made their own choice, or the government made them for it, or the former government made them for it, and they should be just left as one ballpark group. Why not separate . . .

MR. CHAIRMAN: — I disagree with that. It is customary — the severance of executive assistants and ministerial assistants. It is customary on a change of government. Our government handled it the way Ross Thatcher did, and that is to sever your own and make your own arrangements with them and take the public consequences for it. That has been part of . . . I know it was under the CCF, I may say, in '64. The policy has not changed over 20 years.

The severance of the other employees is of a different nature. I'm not suggesting for a moment that we should reveal names. But I think it is a legitimate question to determine to separate the two groups, and to know who was a ministerial assistant, and who were the so-called loss of confidence employees. I think that's a legitimate question. I think it does go to the value for money.

It strikes me, if I may continue, with little choice but to sever the ministerial assistants. I would rather assume that Joan Duncan wouldn't want, whoever the EA was, around. I think that's fair, and no one would criticize that. As I say, Ross Thatcher did it, and so did Woodrow Lloyd.

The balance of the expenditure is, I think, of a different nature.

MR. KATZMAN: — Mr. Chairman, I think we are making some ground rules here, and I think that this is the first department, and we had better make the rules because I have the strange feeling that everybody called before us is going to go through this little step with you. Fair game. Up to this point, you have not, what I considered, broken the rules, and I am not going to do the Randy Nelson thing and scream and holler, as was the normal, the whole government side jump up and down. But I think we will calmly and rationally discuss the point that we're into because we're going to have to handle it through the rest of the estimates, and we'd better make the rules straight.

My comment to you is very simple. To this point, I don't agree with your questioning. To separate the true, you are putting a different light on the situation. If you go back and check history, oh, '64 as much as you can, and '71 which is a little easier to check, you will discover there was both sets of groupings let go: the one by the premier who was leaving, and the one groupings by the new government. And in most cases they were just grouped as they are now, and that was the end of it. They were discussed as a group, from what I understand.

I think to continue that practice is fair. To split the practice and make it wider is not proper for both two reason: (a) the motion that was moved and passed in this committee; and (b) the legalities of contracts and the assumption if you weed out enough people, you'll know who, what by obvious what was left, and therefore will be breaking a confidence.

Example: let's assume that there was two people only in this department, one by that OC, and one by another method. There is no way to protect what you gave the certain person. Even though it was a signed document, you wouldn't release it. So, therefore, you have to leave the two . . . (inaudible) . . . together so to follow the agreement. That's a legal and binding contract. You're a lawyer. You know what I'm saying.

So, if you start splitting, this one may not be a problem because there's six people. But we may run into one with one or two people only in it — I mean, two people only in it, and we're going to get into that next. So the policy has to be made now to cover them all. And I'm very concerned with the legalities of signed contracts.

MR. CHAIRMAN: — I'm not in any sense arguing that we should in any sense breach contracts.

MR. KATZMAN: — I'm scared that because we set a policy here, we may cause ourself, when we get into a small situation . . . and I think we had better treat them all similar, rather than flag something special. So I'm saying to this point you are not wrong, suggesting that maybe hold your questions to the line you have done now. You're given the information you need. I think you may not be pleased that how many were done by one government versus the other government may not come out in this number. I think the simplicity of that is the order paper, because on that point they don't have to . . . it won't tie so quickly to somebody reading *Hansard*. They're going to have to work to figure it out, and then we haven't broken a contract.

MR. CHAIRMAN: — I don't see how you can suggest you have broken a contract. If I may just carry the discussion one step further, there are two views about the appropriate methods of changing government through, I think, legitimate views. And so we can discuss the matter rationally.

Let's deal with the situation in Ottawa, if I might. There is the one view that I think, if I may say

so, that John Diefenbaker followed, if my understanding of history is correct. It is the view that public servants are professionals who stay from one government to another, should not be changed, do not have political loyalties.

There is another view, I think, which may also be legitimate, which suggests that that's unrealistic. Where you've had a government in office for a lengthy period of time, the public service will inevitably be coloured by the texture of a government in office, and a new government, which assumes office after a lengthy period of time, must make administrative changes.

The proper place for discussion of the merits of those two approaches to government is the House. But I think it is a legitimate role for this committee to determine the costs of the two approach . . . (inaudible interjection) . . . Can I just finish, and then you may interject.

All I want to do at this committee is to determine the costs of the changes in personnel which, I think, in fairness to the government that took office, actually should not include severance of ministerial assistants. That is ever since ministerial assistants came into common usage in the early '60s, it has been common, when the government changed office, for ministerial assistants to change. That's understood. It's like the ministers themselves. They go with the minister's brief-case. So, I think, in fairness to, and in the interest of accurate information, it strikes me that that group ought to be excluded. I had intended to divide the thing no further than that.

MR. WEIMAN: — If I may interject, I feel as if we're rambling, or we're just chasing our tails on this one. I don't understand the logic or the intent. From what I understand the objective of this committee to be, is to find out whether we are getting value for money for the people of the province of Saskatchewan.

The question properly put is: how many people were released, and how much we paid for them. I don't think the issue is: did they leave because of the request of the former government, the former administration, or the request of the present one? That's not the objective, and that's not the question here.

The question quite succinctly is: how many people received severance pay, and how much severance did they receive? And I think those are two legitimate questions that come to this table, and nothing else.

MR. CHAIRMAN: — I don't know if we should argue about it all morning long, again. It is my view that we have a responsibility to inquire into the costs of a policy. Don't discuss the merits of the policy, but we have a responsibility to inquire into the costs of that policy.

MR. WEIMAN: — And this is exactly what we've asked. What I've heard this morning, we've asked the question: how many people were terminated or released? Six. How much money did it cost? \$49,000.

I'm not talking about the merits of whether the past administration determined that certain people should be requested to leave before a new government took over, or how many people were requested to leave after a government took over.

MR. CHAIRMAN: — But it seems to me that the government members are distort . . . I shouldn't say that. That's not a fair way to put it. If you just take a global sum — I'm sorry; if you just take a global sum, it seems to me that you have distorted the information because you've included two separate groups.

A MEMBER: — Well, I don't see how we could have distorted . . .

MR. CHAIRMAN: — Order, order, order. Let me finish. It seems to me you have included two

separate groups.

A MEMBER: — I think you owe this committee . . .

MR. CHAIRMAN: — Let me finish. Order, order, order.

A MEMBER: — . . . an apology for the assumption that members of government have distorted anything.

MR. CHAIRMAN: — I didn't say that.

A MEMBER: — Ah, you did. We are not distorting anything. All I'm doing is going by the records of a public document called *Public Accounts*. In it, it states how much money was paid out. We've already asked the gentleman here this morning how many people that covered. There was no distortion on the part of this government. There was no distortion on the part of these fine civil servants.

MR. CHAIRMAN: — If the member is finished . . . When I said, "You have distorted," what I meant is that the line of questioning, if it stops there, the process has distorted the picture.

I wasn't suggesting it was an intentional distortion by any individual, or by any caucus. What I was going to say is that I think the information comes out in a distorted fashion.

The Clerk tells us this is one of the issues that he is going to directly and squarely face in his report back to the committee.

MR. YOUNG: — Ned, if I might . . . You're premising most of our argument on an erroneous suggestion that only the EAs of the ministers, the Kool-Aid kids, were what are commonly known as hacks, and that no one else would be a danger to torpedoing government policy. And certainly I don't agree with that for a minute.

There's the other types — the Van Mulligan types, and all sorts of other types — who were not in the nature of an EA, but were extremely political, and thus, in order to smoothly move through the policies which we were elected on, had to be replaced with someone else.

And accordingly, your attempt to restrict those types of people from your Kool-Aid kids, is erroneous.

MR. CHAIRMAN: — Well, I wasn't doing that.

MR. YOUNG: — You sure were.

MR. WEIMAN: — I do not like to disagree with members of this committee. However, the reasons for termination I don't think are in the purview of this, of this committee. And I think that we'd be going into some very choppy seas if we started determining here, and brought this to a political forum of the reason for the terminations. What you were asking quite succinctly was: how many were terminated, and how much money did it cost — which is value for money. And this is what we're here for, and nothing else. Otherwise we can go outside there, and we can talk philosophies till hell freezes over.

MR. CHAIRMAN: — I frankly don't think we're going to resolve the argument, we're going to resolve this. I will be prepared to accept a motion on the subject if government members want to move a motion. I'd be prepared to accept it and accept the majority rule. I don't agree with your point of view.

MR. KATZMAN: — I think that the point . . . there's no, Ned, need for a motion. Let's just put it

point-blank, Mr. Chairman. If you want to go any further, you put a motion to allow yourself to go any further. You put the motion to go the other way and find a backer.

MR. CHAIRMAN: — I am . . . unless there's a motion . . .

MR. KATZMAN: — You are causing new ground to . . .

MR. CHAIRMAN: — No, I'm not.

MR. CHAIRMAN: — Mr. Chairman, you are attempting to play your nice little legal-beagle games, which you were trained well for. I'm not sure . . . the rest of the statement I should make, I won't.

The point is, you are attempting to break new ground. The old ground is exactly has been that you have been allowed to do. You are now wanting to make new ground. You are saying to the government members, "If you don't want me making this new ground, make a motion to stop me." What's I'm saying to you: if you want to break new ground, make a motion to allow it.

MR. CHAIRMAN: — I am not breaking new ground. I am simply asking for a breakdown of the figures.

MR. KATZMAN: — That is your opinion. The history of this House — sorry, this committee — shows you are. Now unfortunately we don't have the Clerk's ruling yet, so that we are both working what we believe is to be the history of this committee.

And I think, as Mr. Glauser and Mr. Weiman have both said, and Mr. Young — the point is the money situation which we have the . . . (inaudible) . . . to look at. The other is something you were playing red herring with, and let's not get into it. It's very simple, 6, 49 plus 8, and change in both cases — that's what was let go, the severance pay paid in total. The rest is, if you want, take it to the House, because that is not money value.

If you want to really laugh, I would suggest you look at the Quebec system, or the B.C. system which is a total farce and no value for money. At least this system, the value is there. I met a deputy minister (and I think you've met the gentleman) who for nine months sat at home and collected a cheque because they weren't allowed to let them go under the Quebec system. Now he's still there and he's paid that same fabulous sum he made as deputy minister because they can't fire him under their rules when governments change. They just let him sit home and draw cheques. They can't even move him from one town to the other if they don't want to move. They have to let him sit home and draw a cheque. So if you want to talk about value for money, that's one issue. But if you want to start talking about policy, that's another issue.

MR. CHAIRMAN: — Well, that was another . . . I take it that government members are not going to allow me to get into the area.

MR. KATZMAN: — I take it you're trying to change the rules of this committee. And you're saying as chairman: if you don't like the way I'm changing the rules, you make a motion to stop. I'm saying no. You follow the rules the same as we do; same as in the House we all follow rules, we're supposed to follow rules. You follow the rules in the accepted pattern in history. And if you want to change them, bring a motion in. You're the guy that's playing the game, Ned.

Now, let's get down to . . . We've agreed to certain rules. Let's stay with them, and let's move on. You want more questions? Or now that the press has arrived, you want to go through and make your argument so you can get a headline? Do it. Make your mind up. Do your thing. The press is here. He doesn't report totally proper, but that doesn't matter. Take your shots, get your headline, and let's get on to getting the work done.

MR. CHAIRMAN: — In my view in the past, apart from disclosing confidential information about individual cases, we have not restricted members who want a breakdown in figures so long as the information is reasonably available. I am not aware that we have, in the past, restricted members who want a breakdown in the figures, which is all I did was want a further clarification of that figure. As I say, I take it the government members are not . . .

MR. WEIMAN: — I take exception to that comment, “government members.” And I don’t want to get into an ideological warfare or partisanship here. We are not government members at this present time. We are committee members as a whole. What you are hearing is a dissent from the majority of committee members, and it is not designated as government members or opposition members.

MR. CHAIRMAN: — That may or may not be. It strikes me it’s not a very realistic view. Members do divide up . . . (inaudible interjection) . . . May I finish? Members do divide up into government and opposition caucuses, for better or for worse.

MR. YOUNG: — I’ve voted in this committee more with you than with these guys, Ned, so if that’s any indication . . .

MR. CHAIRMAN: — That’s probably true. I’m not suggesting that, by and large, this committee has been partisan. I think the committee has not been partisan, and that has assisted the work of the committee to a considerable degree.

MR. KATZMAN: — Well, we’re stopping it from getting it partisan but you seem to want to take it.

MR. CHAIRMAN: — I do not. I think they are legitimate questions. I am prepared to accept the majority view, be that of the members. The majority of the members is that this is an improper line of questioning — I dissent. But I’m prepared to abide by the majority view.

MR. GLAUSER: — That’s why I wanted to come in here before you put that phrase in there, because I think we’ve received some directive from the Clerk.

MR. CHAIRMAN: — No we haven’t. We have not.

MR. GLAUSER: — Yes, but it’s in the offing. And perhaps the time has come now to get away from this line of questioning. And if you want to have these people back at some future date and go into it in more depth, depending upon, of course, what the Clerk comes forth with, then we could get on with what we’re doing today.

MR. CHAIRMAN: — It seems we inevitably are going to get on anyway.

Let me ask you a question raised by the . . . The subject was raised by the member from Rosthern: Were there any people in the department who were continued to receive a salary, but were asked not to come to work. The member from Rosthern referred to such a practice in Quebec. Did that ever occur in this department?

MR. CUTTS: — Mr. Chairman, in some of these instances we’re not sure that there might have been a week or 10 days when they were asked to leave, and the decision might have been made in a few days, but no, there was no . . .

MR. CHAIRMAN: — Nothing for any extended period of time.

MR. CUTTS: — Nothing for any extended period . . . (inaudible) . . .

MR. CHAIRMAN: — Now, if I may find my . . .

A MEMBER: — 151.

MR. CHAIRMAN: — Tell me, with respect to leased space, can you give me the total volume of leased space in the year under review? Can you give me the total volume of leased space at the beginning and at the end of the year?

You may want to supply this in writing. Did the total volume of leased space increase or decrease over the year? Maybe something else. Supply in writing. I don't know.

MR. CUTTS: — Mr. Chairman, if you'll leave that question with us for a minute, we'll see if we can get it, and if there's another one you want to address, we'll . . .

MR. CHAIRMAN: — Okay, well . . . (inaudible) . . . Let me sort of unload the whole . . . Did the . . . I would like to know what the average cost of the lease space is, if you can give it to me.

MR. KATZMAN: — Mr. Chairman, if I could pitch in here for just a second. While I was in opposition, Mr. Deputy Minister, the department put out a punch-out each year which gave a rough figure of the total amount of space by volume and by class.

There was certain . . . (inaudible) . . . class 1 space, class 2 space, class 3. Total amount of, we had at December 31, of, sorry, March 31 and then the following year, again of March 31. Do you have that number? That may help the member, that he's looking for. There's a computer punch-out on that.

MR. CHAIRMAN: — Yes, the problem with that computer punch-out is it's almost too much information. It's useful to have, but it's a couple inches thick. It's more than I need.

MR. KATZMAN: — No, there is an end number.

MR. CUTTS: — Mr. Chairman and Mr. Katzman, on page 26 and page 27 of this report . . .

MR. CHAIRMAN: — The '82-83.

MR. CUTTS: — '82-83. Table 10 and 11 provides that information in a fair amount of detail in terms of leased space, and owned space, and also, on page 11, gives . . . (inaudible) . . .

MR. CHAIRMAN: — Indeed, they do. Indeed, you're quite right.

MR. CUTTS: — . . . the average lease cost by type of facility. Is that, in fact, what you're looking for?

MR. CHAIRMAN: — That, in fact, is what I was looking for. All right. Per square metre — I find it hard to work in spare metres. How many square feet in a square metre?

MR. PETERSON: — 10.76.

MR. CHAIRMAN: — Pardon me.

MR. PETERSON: — 10.76.

MR. CUTTS: — If you work with 11 you get a pretty rough figure — it's easier.

MR. CHAIRMAN: — So the average cost per square foot rose by, I gather, about 10 per cent. That's my calculation.

MR. CUTTS: — That appears to be.

MR. CHAIRMAN: — Were there any new major office buildings brought to completion in the year under review?

MR. CUTTS: — Owned or leased, Mr. Chairman, or whichever?

MR. CHAIRMAN: — I was thinking of owned. Any major office buildings that you know were brought to completion?

MR. CUTTS: — Nothing owned, Mr. Chairman.

MR. CHAIRMAN: — What was the last office building brought to completion then?

MR. CUTTS: — Owned?

MR. CHAIRMAN: — Owned, yes.

MR. CUTTS: — The last one was the McIntosh Mall in Price Albert.

MR. CHAIRMAN: — What was the approximate cost per square foot? That's hard because I guess that included retail space. Do we know what the approximate cost of that was per square foot for our office space?

MR. CUTTS: — We'll look that up, Mr. Chairman, and get back to you on that in a minute.

MR. CHAIRMAN: — All right. Were there any contracts in the year under review in excess of — and I'm trying to pick a figure which will exclude the chaff — over \$10,000, which were over budget? If so, I'd like to know the percentage or the amount — the percentage would be more useful — the percentage which they were over budget and the number.

MR. CUTTS: — Mr. Chairman, I believe that was the same question that you asked last year, and you used the figure of \$50,000 . . .

MR. CHAIRMAN: — All right, let's use the figure of \$50,000.

MR. CUTTS: — . . . and we responded within a written form to you.

MR. CHAIRMAN: — All right, and that would be satisfactory if you would do that again. So what you are going to supply me then with is the number of contracts of an amount in excess of \$50,000 which were over budget; the dollar amount at which they were over budget, and the percentage by which they are over budget. Just do a bit of math for me.

MR. CUTTS: — Are you talking building projects?

MR. CHAIRMAN: — Building projects, yes.

MR. CUTTS: — Like new building. You're not talking renovations or . . .

MR. CHAIRMAN: — No, I'm talking about renovations as well. I'm talking about construction contracts — renovations or building. Were there any contracts which were not awarded to the low bidder?

MR. CUTTS: — On table 7, in this report there were, I believe, if my recollection is right . . .

MR. YOUNG: — . . . Alternate method of construction not approved . . .

MR. CUTTS: — . . . that there were 1, 2 — I believe there was 3 in the report in terms of the contracts that went to tender.

MR. CHAIRMAN: — That would be the court house re-roofing in Regina; the Legislative Building re-roofed; power house, and . . . Am I correct in this so far?

A MEMBER: — Yes.

MR. CHAIRMAN: — And the Legislative Building pile underpinning west wing, Regina.

MR. CUTTS: — Yes.

MR. CHAIRMAN: — Because the tenders had not been properly put forward in effect, I suppose. Tender form not signed, no tender form provided.

MR. CUTTS: — And on the Legislative Building it was the type of work that was required.

MR. CHAIRMAN: — . . . (inaudible) . . . Is the any system of awarding contracts to Saskatchewan contractors, any Saskatchewan first, any such policy of awarding . . .

MR. KATZMAN: — Mr. Chairman, I'm glad you added that last word, "policy".

MR. CHAIRMAN: — No, I don't want to get into a discussion with policy. I think the question of whether or not there is such a policy is a legitimate question; whether or not we paid more for these contracts by virtue . . .

MR. KATZMAN: — Fair game. The word "policy" was what I hooked on and said . . .

MR. CUTTS: — For the year under review, again, I don't think there was any policy statement, or policy direction. In terms of our operating procedure, we're attempting to be very pro-active to encourage . . . we were attempting to be very pro-active to encourage Saskatchewan people to be good bidders, and successful bidders.

MR. CHAIRMAN: — . . . (inaudible) . . . per cent policy or 10 per cent policy. By that I mean a policy whereby . . . (inaudible) . . .

A MEMBER: — No, no.

MR. CHAIRMAN: — Is there any policy of providing art work in government office buildings; a certain percentage or a certain sum of money which goes towards providing art work in government buildings?

MR. CUTTS: — No, there's not.

MR. YOUNG: — Speaking of art work, I see you're on table 6 in your annual report. Art is for capital programs with various firms, Saskatoon, Lumsden, Regina, etc., for a total in the year under review were \$19,000. What sort of art work were those people providing to the government? Was this pictures or what? I'm looking at page 17 of the annual report.

MR. CUTTS: — The \$16,000, the . . . (inaudible) . . . one, was the Sturdy Stone completion of the ceramics, and . . .

MR. YOUNG: — That would have been contracted for prior to the Conservative government, I take it.

MR. CUTTS: — I'm not sure about that. It might have been completion of a project or . . .

MR. YOUNG: — Final bill or something . . .

MR. CUTTS: — Or a new item that might have been going up. A continuation of the whole ceramic display in the Sturdy-Stone.

MR. YOUNG: — That's the Lorraine Malach of Regina, you said?

MR. CUTTS: — Yes.

MR. YOUNG: — So that's really about it then, eh?

MR. CUTTS: — That's just . . . the \$22,800 is the concrete work they worked on the T.C. Douglas building, if you've been in there — in the foyer.

MR. YOUNG: — That was it for art work?

MR. CUTTS: — That was it for artwork.

MR. YOUNG: — What is your . . . Okay, you're in a situation — maybe you didn't contract those ones because they were probably done prior to us taking government. But how do you — obviously you don't tender it, because it's pretty hard to do that. How do you assess which artist is going to get the work? Someone in your department would have to judge whether it's a Michaelangelo or not, or whether he's just some first-year art student. I don't know how you do it.

MR. CUTTS: — In the past there was an arts committee set up that did make a selection. In terms of our ongoing budget, I think we have something like 10,000 in our annual budget to provide art for around offices. Basically what we do there, Mr. Chairman, Mr. Young, is to let the people who are going to be having the art in their offices make the selection. So it's a matter of Saskatchewan artists having the show, and personal taste.

MR. CHAIRMAN: — Tell me, what are you going to do with all the highway equipment storage sheds now? That was not the year under review I will readily admit, but I am curious about it.

My question, which I'm not sure is entirely in order, but has piqued my curiosity: what are you going to do with all the equipment storage sheds — highway storage sheds? Will those be leased to private contractors, or what are you going to do with them? Much of the equipment is being sold by government . . . (inaudible) . . . Or have you reached a decision on that yet?

MR. CUTTS: — We haven't had to deal with that yet.

MR. GLAUSER: — Weren't those storage sheds much in the nature of bush and what have you?

MR. CUTTS: — I really don't know Cal, at this point.

MR. YOUNG: — Those are the real nice ones, like at Moose Jaw and Swift Current. Some real, most of the . . . (inaudible) . . . steel ones.

MR. KATZMAN: — For your information, Mr. Chairman, just to make a point — I love making those — there is a steel shed that's in my constituency for storing a grader. But if you take a good look at it, you will discover its footings are railroad ties and it all just pops apart. And it was moved in about three years ago, and it will move somewhere else when they move it. In other words it's not tied to the ground.

MR. CHAIRMAN: — I've assumed those things are on cement foundations, perhaps wrongly.

MR. CUTTS: — That's true. In some cases, Mr. Chairman, they were still going to need those sheds for snow removal equipment and that type of stuff which will be, I understand, an ongoing responsibility of the Department of Highways.

MR. CHAIRMAN: — Member from Morse.

MR. CUTTS: — You asked a question a little earlier on the MacIntosh Mall, what the cost per square metre was, and it was \$447 a square metre. That includes land and parkade and furniture, and the total bill.

A MEMBER: — You guys overpaid for it.

MR. CHAIRMAN: — I'll get to the member for Morse in a moment. I just want to run this thing to ground and drop it. Okay, it's \$404.75 per square metre.

MR. CUTTS: — \$447.

MR. CHAIRMAN: — \$447. I got one extra zero in there. Is the member from Rosthern right? Is that on the high side, as buildings go? It's not germane to my central point.

MR. CUTTS: — There's some other figures, we should make it clear, too. The main building, as such, was \$508 a square metre. The parkade was \$241, which brings the total price of the total project down to the \$447, so I think you have to look at that type of breakdown.

MR. KATZMAN: — I think, Mr. Chairman, it was established last year that the MacIntosh Building was higher than most average costs.

MR. CUTTS: — I think that's a fair statement, Mr. Chairman.

MR. CHAIRMAN: — Do I take it then . . . and the average cost of leased space is \$121 a square metre in that year, at least at the beginning. Am I wrong?

MR. CUTTS: — I think that's the figure you had . . .

MR. CHAIRMAN: — In about three and a half year you have paid for the leased space. Is that, in rough terms, correct? You're spending \$121 a year for leased space. Multiply that by three and a half, and you've got the cost of building it. Is that true? Is it about . . .

MR. CUTTS: — I don't think you can figure it that way, Mr. Chairman.

MR. CHAIRMAN: — Perhaps you can tell me, then, where . . . The thing just occurred to me quickly. Where is my error in my calculation then?

MR. CUTTS: — Well, one thing, in terms of leased cost you're also paying for maintenance in operation of the building, and cleaning, and heat, light, and power, and all the rest of those type of costs.

MR. CHAIRMAN: — In leased space that is normally included in the cost of leasing.

MR. CUTTS: — That's right.

MR. CHAIRMAN: — Do you know what that figure is?

MR. CUTTS: — I believe it's averaging this year in that 6.50 to \$7.00 a square metre.

MR. CHAIRMAN: — Okay. There is a cost of maintenance and cleaning, \$6.00.

MR. CUTTS: — Excuse me. That's 60 to 70 per square metre, not 6.50 per square foot.

MR. CHAIRMAN: — Ah, that's \$60 to \$70 per square metre.

MR. CUTTS: — Yes.

MR. CHAIRMAN: — Any other costs? That, in fact, makes up the bulk of the cost for leasing space, is paying for cleaning?

MR. CUTTS: — It's a good chunk when you're looking at office buildings; it's a good chunk of that, that's true.

MR. CHAIRMAN: — Any other things included in leased, per square metre, the leased rate that you'd have to pay for separately, if you bought the building, if you constructed the building? Any other of these things that distort the figures?

MR. CUTTS: — We're leasing space. The landlord is also paying his taxes, city taxes. He's paying finance charges, and he's paying insurance costs, which would be three big numbers that would be part of the leasing package.

MR. CHAIRMAN: — What's the taxes work out to per square metre, do you know?

MR. CUTTS: — Around 10. It depends where it is, but, say, an average or 10.

MR. CHAIRMAN: — You mentioned insurance costs, as well.

MR. CUTTS: — The landlord pays taxes if we're leasing from him.

MR. CHAIRMAN: — Okay. What are the financing costs per square foot? We've got to break these figures down.

MR. CUTTS: — Mr. Chairman, it's not an easy question to answer in terms of . . . I'm not sure what you're getting at with it, because there's the present value cost to consider, but if you . . .

MR. CHAIRMAN: — I recognize it's not . . . Perhaps the question can't be answered.

MR. CUTTS: — If you're looking at interest rates at 10 or 12 per cent, or 13 per cent . . .

MR. CHAIRMAN: — Perhaps it's an impossible question to answer. The member from Morse has been patiently waiting for quite a while.

MR. MARTENS: — I was just going to ask a question regarding the Department of Highways. We were on that. With relation to the maintenance shops and the storage shops, does your department handle that, or does Department of Highways?

MR. CUTTS: — We provide the buildings to them, Mr. Martens.

MR. MARTENS: — Okay. Then do you have an idea of what is maintenance and what is storage as it relates to the suggestion that was made that this equipment, since it's being sold, is going to vacate a lot of space? My own rationale behind that is that I would suspect that the maintenance areas in the region that I'm familiar with were basically maintenance, not the storage.

MR. CUTTS: — Yes, at this stage, Mr. Chairman and Mr. Martens, you know, I'm not sure that there's going to be much impact on the buildings. A lot of equipment, I understand, was for the major projects, and when it wasn't being used it was stored outside, and that type of situation.

MR. CHAIRMAN: — Buildings were basically used for maintenance, not for storing the equipment.

MR. CUTTS: — That's right. Except when they're equipment storage buildings — the reference there generally is that it's for winter storage, so that equipment can be readily moving in the winter-time when needed.

MR. CHAIRMAN: — Is the member from Morse done? I've got a list here: Rosthern and then . . .

MR. YOUNG: — Ralph, let me pre-empt you because I've got a 9 o'clock meeting.

MR. CUTTS: — Mr. Chairman, I think there's a point that Mr. Wildeman just brought to my attention that we could talk about, and that's the Prince Albert situation where DNS had an equipment storage and maintenance facility, and the Department of Highways had one. With the P.A. Tech looking at providing training in some of those areas, what we have done, in fact, is turn one of the depots up there over to their use for a training school.

A MEMBER: — Did you lease it then to advanced education?

MR. CUTTS: — Well, we provide buildings to them as well as highways, so it is just a change of use. We're the same owner.

MR. YOUNG: — Mr. Cutts, the year under review goes from March of '82 to April of '82.

A MEMBER: — March of '82 to April of '80?

A MEMBER: — '83 I meant.

MR. KATZMAN: — April of '82 to March 31 of '83.

A MEMBER: — Yes, that's right.

MR. KATZMAN: — April 1 of '82 to March 31st of '83.

MR. YOUNG: — I got that right now. And I'm wondering if, in that time, with respect to art work and fridges, etc., etc., did your department notice around the building here any shrinkage of materials in the change of government? Have you got any records for that, or was there no stock taken of goods in this building here following April the 20 something?

MR. MOFFAT: — Well, maybe I could speak to the art work now. We have records of every painting owned by us, exactly where it is, whose office it's in, and there wasn't any shrinkage with respect to art work.

MR. YOUNG: — How about mini fridges. Was there any shrinkage on them that you noticed?

MR. CUTTS: — I think that was asked last year, and I . . .

MR. YOUNG: — This is the proper year to ask it.

MR. CUTTS: — The best information we have is that there is no shrinkage.

MR. KATZMAN: — Otto, on that question, if I may, on that comment last year I think you indicated there were several privately owned fridges in the building, several . . .

MR. CUTTS: — I think, in fact, you provided that information to us.

MR. KATZMAN: — I was the first guy to bring my own private fridge into the place, I'm told. You know, I can't live without . . . But seriously, I think there was an indication that one or two ministers did own their own prior, and took them out when they moved. That, I think, is where the story got going, as Mr. Shillington calls it, the rumour that there was some removed. But there is some argument that the two ministers that were involved were the two that brought them in themselves many years ago, before the new policy developed.

MR. CUTTS: — That's what we understand.

MR. CHAIRMAN: — Have you got the information with respect to the leased space, the amount? I think we're almost done here.

MR. CUTTS: — That's what we provided in table 10, isn't it?

MR. CHAIRMAN: — You gave me the . . . table 10. Ah, yes. Okay. I'm sorry. I didn't . . . All right. And is there a similar figure for '81-'82?

MR. CUTTS: — On page 31. Is that what you're looking for, Mr. Chairman?

MR. CHAIRMAN: — Right. There was a 10 per cent, I gather, about a little under 10 per cent — say 8 or 9 per cent, increase in space. Can you account for that in simplistic terms? Is there any simple answer for that?

MR. CUTTS: — Like in terms of what buildings, or which departments?

MR. CHAIRMAN: — Yes. Right. Yes, was there a major building brought on-stream which accounts for that increase? Where did the 10 per cent increase come from?

MR. CUTTS: — I would think, Mr. Chairman, the biggest factor would, in fact, be the amount of DNS space that was transferred to our responsibility during that year.

MR. CHAIRMAN: — DNS space was included in these figures in this year and not in previous years. Then that probably would account for it.

MR. CUTTS: — And I think that's why it shows as spread across all the different types of facility there.

MR. KATZMAN: — As with our normal policy that I usually like to do, Mr. Chairman, I would like to announce that it's 9:11 a.m. and the *Leader-Post* has finally arrived, which is normal.

MR. CHAIRMAN: — The *Leader-Post* should not feel that they've been singled out for any special treatment. The *Star-Phoenix* were similarly welcomed when got here 20 minutes ago . . . (inaudible interjections) . . . They were so insulted they stomped out.

MR. KATZMAN: — Supplementary estimates, 1984, it indicates here that \$1,122,000 — I gather that's a warrant needed, which comes in this year to pay for something you might have done prior. Am I correct?

A MEMBER: — That's correct.

MR. KATZMAN: — And it's suggested here that the extension to the Saskatchewan Technical,

Moose Jaw, 872,000; applied arts and science, Prince Albert, a quarter of a million. Therefore you needed above what you had in your estimates, you needed an additional one million— 1,122,000. Those numbers are in this report. Correct? The change here, actual . . .

MR. BENSON: — Are those for 1984?

MR. KATZMAN: — I should be looking at last . . .

MR. BENSON: — You should have been looking at the supps for '83, in March of '83.

MR. KATZMAN: — And they would then appear in his column numbers as part of a vote. I'm just trying to get that explained in my head.

MR. BENSON: — Those would show up in the departmental detail as additional special warrants.

MR. KATZMAN: — No, they don't show up as special warrants. They show up in the estimate. That's what I . . . (inaudible) . . .

MR. BENSON: — In the Appropriation Act, they're charged against the next year's appropriation act.

MR. KATZMAN: — That's what I'm trying to understand. Are they charged against the next year, or do they show back in this year?

MR. KRAUS: — Just what year have you got there?

MR. KATZMAN: — Well, maybe I've got the wrong one here. The Clerk's checking to see if we have one for fiscal year ending March 31, '84. But actually, in fact, those are supplementaries that are actually for March of '83.

MR. BENSON: — They're included in here as appropriated dollars.

MR. KRAUS: — As special warrants under the special warrants column.

MR. KATZMAN: — Under special warrants?

A MEMBER: — In volume one.

MR. KATZMAN: — Okay. I can't find . . . Here we go again. I find estimates, virements, total expenditures, underexpended, accounts payable, overcommitted, and undercommitted. I don't see a place here that says warrants.

MR. BENSON: — I think if you show the estimates, they're adjusted to reflect special warrants.

MR. KATZMAN: — That's what I assumed. That's what I wanted to make sure I was correct in my mind.

MR. BENSON: — I think there's a footnote at the bottom to indicate that.

MR. KATZMAN: — So actually, the way I read this one here, which I think is C-15 or something . . . The way I read this one here, there was no warrant in the year March 31, 1983 — sorry — or was there? I'm having trouble understanding that particular issue. Page C-25. It's more to him than anybody. I suppose you'd have to look through your budget of '83, to see how they cross, to see if this number is higher. We were getting back to that warrants-virements question which is a separate issue.

MR. KRAUS: — Mr. Katzman, the estimates would have to include the special warrants. It isn't indicated here, but they would have to.

MR. KATZMAN: — It's built into the estimates figure. Could we make a policy that may serve to — not a policy — a recommendation, Mr. Chairman, if I can get your ear, . . .

MR. CHAIRMAN: — I'm listening with bated breath.

MR. KATZMAN: — . . . that there should be an astro, or something, on that total that shows that there was a special warrant that affected . . .

MR. BENSON: — . . . (inaudible) . . . special warrants?

MR. KATZMAN: — I mean, it may solve the problem. The auditor seems to indicate that, you know, the warrants come through — the virements come through. And we list virements now. Okay, warrants are listed and go through cabinet and so forth and so on. But should there be something that indicates there that the estimate figure of No. 13, page C-25, for example, is higher because there was extra money voted in . . . put into the following year.

MR. KRAUS: — Yes, there could be. I must say, I thought there was at one time. We'll certainly look at different ways of providing that information. We'll make sure it's clear for next year's *Public Accounts*.

MR. KATZMAN: — I think it might make it a little — it will solve the problem of . . . 'Cause we're already told about virements, because they've moved within. And the number that I may look at here, and the blue book, may not jibe, and I will say why I assume that means there's a warrant — where?

MR. BENSON: — Are you suggesting as we dispose of each virement, separate for each subvote, that we would dispose each special warrant for each subvote? Is that what you're saying?

MR. KATZMAN: — I'm not sure. I think we should flag it, but I'm not sure we should have another column, or if we should . . . The *Star-Phoenix* came back. Who said they died.

MR. CHAIRMAN: — Who said they were so insulted? Recovered from his chagrin.

MR. KATZMAN: — I don't know. Is there a way? I don't know if you want to lengthen the column and put it in. It's just because of some of the comments that I raise the question and maybe we can address it later, Mr. Chairman, in our report, or not report it.

MR. KRAUS: — We'll endeavour to make that clear.

MR. KATZMAN: — Can you make a recommendation to us of what you think will work?

MR. CHAIRMAN: — Would you consider it, and we'll pick it up at a later date, Mr. Kraus. I think the request is a valid one. I'm not so sure I know how it should appear, but I think the request is valid.

Anyone have any further questions of these august gentlemen at the end of the table?

Okay, thank you very much for coming, gentlemen. You have one undertaking to provide us with information. We need 15 copies, addressed to the Clerk, who will distribute them to the committee. Thank you very much for coming.

Public Hearing: Department of Revenue and Financial Services

MR. CUTTS: — Mr. Chairman, just in terms of . . . I'm not sure we are . . . This is Government Services, I realize that. Revenue, Supply and Service is also — is going to be answered by us, I guess, as well.

MR. CHAIRMAN: — Yes.

MR. CUTTS: — We are scheduled for another time for that, are we, or . . . ?

MR. KATZMAN: — You are scheduled right now.

MR. CHAIRMAN: — You are scheduled right now. I don't have any particular questions with respect to revenue, with respect to the supply and service side of your department. I don't know whether other members do or not.

MR. KATZMAN: — Mr. Chairman, should we be nasty and let you get fooled?

MR. CHAIRMAN: — Why, what are you saying?

MR. KATZMAN: — Or should we be honest. We could do your homework for you, Mr. Chairman, but we won't.

MR. CHAIRMAN: — Well, I'm prepared to let it go.

MR. CUTTS: — So we covered off Revenue, Supply and Services.

MR. KATZMAN: — The old Revenue.

MR. CHAIRMAN: — Yes. Well I asked a question during . . . I may be overlooking something that government members are aware of. I have no further questions though.

MR. CUTTS: — Again, Mr. Chairman, just before we leave and to make it clear, I guess, again, Revenue, Supply and Service are supposed to be on next, and we'll be part of that group.

MR. CHAIRMAN: — Oh, I see what you're asking. Okay. I see what you're saying. Why don't you just bring Revenue in then, and perhaps divide up the . . . (inaudible) . . . I see what you're saying.

MR. BENSON: — . . . (inaudible) . . . the confusion on the disclosure on the estimates.

MR. CHAIRMAN: — Okay, why don't you wait . . . (inaudible) . . .

MR. BENSON: — What happened last year was there was supplementary, or I mean special warrants throughout the entire year. The Appropriation Act wasn't passed until the end of the year, and that's why there'll be no supplementary estimates for last year.

MR. CHAIRMAN: — I see, okay. Where did my sheet go? Oh, there it is.

Public Hearing: Revenue and Financial Services

MR. CHAIRMAN: — Welcome to our committee. Paul Robinson, deputy minister; Keith Laxdal, assistant deputy minister; Barry Halbwachs, executive director of administration division.

Gentlemen, I want to thank you for attending this morning. I want to add, as well, as I do for all members, that the proceedings before this committee are privileged in the sense that nothing

you say here can be used in any libel or slander action, or criminal action. On the other hand, it is taken down verbatim, and is readily available for use outside the committee.

Gentlemen, may I ask first of all about the whereabouts of your annual report for the '82-83 year?

MR. ROBINSON: — Yes. Because the department was split between us and Supply and Services, now Mr. Cutts is tabling it, and I believe it's in the process of being printed.

MR. CHAIRMAN: — Okay. I want to utter a note of complaint about that. I use the annual report as a primary source of information before this committee. To be still printing it, over a year after the end of the fiscal year, I think is simply just not satisfactory. And I want to utter a note of complaint about the lateness of your annual report. I don't necessarily want any response from you unless you feel there is some deserved. Maybe you do, and I'll let you make a response if you want. Otherwise I'll just drop it. You're not alone. I'm going to be complaining to a whole lot of departments about the lateness of their annual reports.

MR. CUTTS: — I guess the difficulty, Mr. Chairman, was in the breaking out of the departments, and your criticism is taken, and possibly deserved.

MR. CHAIRMAN: — With respect to the central vehicle agency, can you give me the number of miles driven, and the number of vehicles owned? I have got our '80-81 annual report, and it appears there in a table. I'm not able to find a similar table — maybe I didn't look in the right spot — for 19 . . . Oh, yes it is. Yes it is. I'm sorry. It's on page 12. What are the equivalent figures for '82-83, for vehicles in use, kilometres driven, and I guess fuel consumption, if you've got that.

MR. CUTTS: — The number of vehicles is 5,371.

MR. CHAIRMAN: — 5,371.

MR. CUTTS: — Yes.

MR. CHAIRMAN: — That's a remarkable increase over '81-82, which shows 2,800. I wonder if we're dealing with the same figures here. It strikes me that you, we may be using a different figure.

MR. CUTTS: — I think the biggest part of the increase there, Mr. Chairman, was the timing of the disposal of a number of the vehicles, in terms of turning them over.

In 1982 we had 190 vehicles in the stage of being prepared for sale. In 1983, in the same class, the number of vehicles that were being prepared for sale was 724. So it was just the timing of the turning around of the sale and the selling of those vehicles.

MR. CHAIRMAN: — I may misunderstand your answer, but in the '80-81 annual report, you show a little under 3,000 vehicles in use.

MR. CUTTS: — No, in April, I guess March 31, '82, we had 4,760 vehicles.

MR. CHAIRMAN: — What, then, do the figures in your annual report refer to? Because your annual report show '82 . . . I don't have that.

In page 11 of the '80-81 annual report, you show a little under 3,000 vehicles in use. '81-82, that seems to have decreased modestly, to about, say, 2,700 vehicles in use. We're obviously dealing with two different figures here.

MR. CUTTS: — Are you referring to the graph at the top?

MR. CHAIRMAN: — I'm looking at this annual report where it says 2,800, and we're obviously dealing with two different figures here. I'm just trying to get us both on the same subject . . . (inaudible) . . . I think that's the difference. Obviously a difference of accounting.

MR. CUTTS: — Mr. Chairman, I don't have the answer why the graph on page 12 would only show the number there, except it possibly just showed what was being used within the government, not within the crowns, which we also provide some vehicles for.

The right figure for March 31, '82, is 4,760 vehicles. The . . . (inaudible) . . . for '83 is 5,371. The biggest variance, like I say, is between the vehicles — the number that I gave you before the 190 and 724. The increase in vehicles that we have for departments, agencies, and so on, was 67 active vehicles between the two years. There was that increase.

MR. CHAIRMAN: — All right. Would you want to undertake . . . I gather you are speculating to some degree here because you . . .

MR. CUTTS: — No I'm not.

MR. CHAIRMAN: — I thought that by the phrasing, by the way you phrase it; you said you assumed.

MR. CUTTS: — Well I think the 2,900 is obviously . . . doesn't include all the vehicles, so I think the obvious answer is that that just relates to the departmental information.

MR. CHAIRMAN: — How many vehicles were purchased then in '81-'82, and what's the corresponding figure for '82-'83?

MR. GLAUSER: — You're getting a little bit . . . (inaudible) . . . relevant to the year under review.

MR. CHAIRMAN: — We're just getting a comparison. What he said was that the increase . . .

MR. GLAUSER: — I know what you're getting, but you're not sticking to the year under review. That's all.

MR. CHAIRMAN: — No, nor is that possible to do that in the strictest sense.

MR. CUTTS: — Mr. Chairman, you also asked the question how many kilometres were driven.

MR. CHAIRMAN: — Yes.

MR. CUTTS: — In 1981-'82 it was 72.431 million and some odd. And in 1982-'83 it was 71.849 million kilometres. In terms of new vehicles, 1982, 1,178; in 1983, 922.

MR. CHAIRMAN: — You said that just a little faster than I could copy it down. In '80-'81 it was 1,178?

MR. CUTTS: — I'm sorry. Yes.

MR. CHAIRMAN: — In '82-'83 it was 922. Okay.

MR. KATZMAN: — What happened to . . . there's a year missing.

MR. CHAIRMAN: — No, no, those are consecutive years.

MR. KATZMAN: — You said '80-'81, and you said '81-'82, or did you say . . .

MR. CUTTS: — No, I'm sorry. '81-'82, and '82-'83.

MR. KATZMAN: — Thank you. So basically you were down 56 vehicles less you bought in '82-'83 than was bought in '81-'82.

MR. CUTTS: — Whatever that number works out to is . . .

MR. KATZMAN: — 1,078 vs 922.

MR. CUTTS: — No, 1,178.

MR. KATZMAN: — Oh, 11 . . . 156 less vehicles were bought . . . (inaudible interjections) . . . You're right too. No wonder I'm losing money lately on my farm, 256. 25 per cent less vehicles were bought in '82-'83 than were bought in '81-'82 roughly.

MR. CUTTS: — Yes. Mr. Chairman, to give you the comparable figure that relates to page 12 for '82-'83, the graph shows 2,963. If we put the same graphing to '82-'83 it will show 2,954 . . . (inaudible) . . .

MR. CHAIRMAN: — I have got to run. It's 9:30, and I'm afraid I'm going to have to run. I've got an appointment elsewhere.

MR. KATZMAN: — Do we need these people back or not? I'm done.

MR. CHAIRMAN: — We have not discussed the issue which I wanted to — the issue of the collection of the E&H tax, which the Provincial Auditor raised.

MR. KATZMAN: — Mr. Chairman, on that one, if I may — and I'm going to get a little bit political — we ain't going to be like the feds and the income tax boys. They can be stupid and silly. It is proven last year in this discussion that the department believes in their mind, without hassling and harassing people, they're doing an efficient job. The auditor does not agree with them. I will choose, if I may, not to be a hassler and a haranguer of the citizens of Saskatchewan, as the auditor thinks we should be, and use our good common-sense attitude and say the department's doing a good job.

MR. CHAIRMAN: — Well, I appreciate the member's comments. I was interested, in addition, the views of the . . . The Provincial Auditor is of the view that the auditing which is being done is not — and I think this is a fair summation — is not sufficient to ensure that the maximum, in reasonable terms, the maximum amount of revenue is collected.

MR. KATZMAN: — I would use my unsaying word — and use it, but not say it.

MR. CHAIRMAN: — What is the view of the department . . . (inaudible) . . .

MR. ROBINSON: — Well, I believe that in our remarks last year we, in essence, agreed with the Provincial Auditor that we are not at the point where marginal cost equals marginal revenue.

My further point, that you described, we were collecting the maximum amounts of revenue. I believe, we're on record as being in agreement with that. What we have also said is that in the past — I mean to go back some years — in the '60s we did about 20 per cent coverage in our audits, and we've, over a period of years, we've moved from a complete kind of a compliance audit with a high level of coverage to a mixed audit — compliance audits and what we call deterrent audits. They're much shorter. And we've moved into a desk audit procedure where we could actually determine, with a fair degree of reliability, what the audit assessment was by . . . (inaudible) . . . the office.

And we've shown consistently, I think, over the years that our audit revenues have improved as a percentage of the E&H tax revenue, shown that our audits have — the delayed compliance audits that we've done — have increased in terms of dollars per audit.

So I think that we can demonstrate a good performance over the years in terms of using our resources more efficiently. And that . . . (inaudible) . . . their point.

MR. CHAIRMAN: — Are you able to estimate how much your revenue would increase if you got to the point where marginal . . . where your marginal cost equalled your marginal revenue? Can you estimate how much more you'd receive?

MR. ROBINSON: — No, we're not able to do that. We think that if we were to attempt to answer that question, that we would likely have to engage in some kind of . . . we might have to audit all of our clients over a certain period of time. There'd be some fairly sophisticated kind of study, I think, that would need to be done to just determine that amount. And it could seriously disrupt our audit program for a period of two or three years, and to get a realistic answer, or a scientifically acceptable answer to that kind of question could potentially put several million dollars of revenue at risk if we were to alter our audit program.

MR. CHAIRMAN: — Why do you say that? I don't understand why you'd put revenue at risk.

MR. ROBINSON: — Because if we were to attempt to figure out . . . we would have to alter our audit program. Okay. I think right now we audit about 5 per cent. We do about 5 per cent audits right now. If we were to attempt to come to that kind of decision we would have to, I think, select a fairly large sample, or audit everybody — audit all of our 28,000 clients — as opposed to the 1,200 we do, to determine whether or not, how much revenue we are actually losing. That would take us a period of two or three years.

So there is a cost to the information, and it could be a fairly sizable cost.

MR. KATZMAN: — The size of it may not reflect what we get back.

MR. ROBINSON: — That's right. Many years ago, I believe in the '60s and the '70s, when we did, we found that, I think, 65 per cent of the people we audited resulted in no-audit assessment. And it's likely, an educated guess is that in likely another 15 to 20 per cent it wouldn't be worth our while to audit anyway.

MR. CHAIRMAN: — It would be uncollectable.

MR. ROBINSON: — Not uncollectable, particularly. It's just that the amount we pay our auditor wouldn't be worth . . . we wouldn't recover a like amount.

MR. CHAIRMAN: — What happens to an individual who is audited, or a business which is audited, and it found not to have remitted sufficient sales tax? Are penalties levied? If so, what are the nature of the penalties?

MR. HALBWACHS: — The penalty is 10 per cent of the tax liability to a maximum of \$500, plus interest from the date of the assessment.

MR. CHAIRMAN: — It doesn't strike me as being a very stiff penalty to a maximum of \$500 with a relatively small revenue. It might be a reasonable sum of money, but in larger business it's not a very large sum of money.

MR. KATZMAN: — Every month the fine can be assessed. Am I correct?

MR. HALBWACHS: — On the return . . . (inaudible) . . .

MR. KATZMAN: — Every month he'll be fined \$500.

MR. CHAIRMAN: — But in practical terms, am I not right? There'd just be a single charge laid? Just a single penalty assessed . . .

MR. KATZMAN: — I can guarantee you it's three, because I had it happen.

MR. CHAIRMAN: — In practical terms, what would happen?

MR. HALBWACHS: — Would you like to rephrase your question, clarify your question?

MR. CHAIRMAN: — Well, the member from Rosthern suggested that they would be assessed a 10 per cent penalty to a maximum of \$500 for each month that they have not properly remitted the arrears. In practical terms, would that happen? Would they face several charges?

MR. HALBWACHS: — The returns are due, if they're on a monthly basis, some of . . . (inaudible) . . . If he fails to file his return by the due date each month, he's subject to a penalty of 10 per cent to a maximum of \$500 for each month that he fails to file his return.

MR. CHAIRMAN: — And if he files his return, but has not reported the correct . . . but your audit finds he hasn't recorded the correct amount . . .

MR. HALBWACHS: — That's right. The audit assessment would be subject to a penalty of 10 per cent to a maximum of \$500. That has been standard policy for as long as I've been in the department.

MR. CHAIRMAN: — So there'd be sort of one assessment, one penalty for the assessment.

MR. HALBWACHS: — That's right.

MR. CHAIRMAN: — I'm not sure he's saying that.

MR. HALBWACHS: — If he was assessed \$10,000 for a two-year period, he would be assessed a \$500 penalty.

MR. KATZMAN: — But if he doesn't file each month anything, then he gets the \$500 per month, right?

MR. HALBWACHS: — That's right.

MR. CHAIRMAN: — It strikes me that the penalty is not commensurate with the offence in the sense that the \$500 penalty . . . And this is not necessarily a question of, not necessarily a legitimate, I suppose, public accounts question. It's more of a policy question. It strikes me that the penalty is not necessarily commensurate with the crime in the sense that . . . (inaudible) . . .

MR. HALBWACHS: — At one point there was no limit to the penalty. The penalty, if a firm was assessed \$500,000, the penalty could be \$50,000. Because of a government policy decision, a maximum of \$500 per . . .

A MEMBER: — Year?

MR. HALBWACHS: — Offhand I would not . . .

A MEMBER: — When was the policy . . . (inaudible) . . .

MR. CHAIRMAN: — Probably some time ago, I assume.

MR. HALBWACHS: — It was a number of years ago.

MR. CHAIRMAN: — Given the modest nature of the fine and the limited number of audits, it strikes me that it is something of an honour system. The penalty isn't very stiff if you don't do it. It may work as an honour system, but it strikes me that that's largely what we got here is an honour system.

MR. HALBWACHS: — But every sales tax, every consumption tax system in Canada is a voluntary reporting system.

MR. CHAIRMAN: — But roughly, are the level of audits about the same in various governments, or do you know?

MR. ROBINSON: — I think that we're approximately on average across the country. And I think our penalties and interest are towards the lower end of average. I believe, in some jurisdictions, the maximum penalty goes to \$5,000, does it? . . . (inaudible interjection) . . . But there is some leeway and some room in the penalty area, of course.

MR. MARTENS: — What's the traditional audit percentage when the Provincial Auditor, for example, deals with an audit in the province? Is it 5 per cent? Or is it 7 per cent? Or is it 4 per cent? What is the traditional coverage that the Provincial Auditor takes?

MR. WENDEL: — Sorry. Didn't catch your question.

MR. MARTENS: — Well, the gentleman here said that their E&H tax was 5 per cent coverage. In order to do an audit, they cover for 5 per cent. What's your coverage? Do you go 12 per cent?

MR. CHAIRMAN: — What is the view of the Provincial Auditor?

MR. MARTENS: — Yes.

MR. CHAIRMAN: — What is the appropriate amount of coverage?

MR. MARTENS: — When you do an audit, how much . . .

MR. WENDEL: — Of a government department? It would depend on what systems were in place.

MR. MARTENS: — So it's variable.

MR. WENDEL: — Yes.

MR. MARTENS: — Have you got a top and a bottom?

MR. WENDEL: — Not as a rule of thumb.

MR. MARTENS: — Well, is it above 50 per cent, or is it below 25, or . . .

MR. WENDEL: — It would be a statistical sample, based on what we're looking at — whether there were any weaknesses in the system, whether the systems were strong. There is no fixed rule.

MR. MARTENS: — I see. So if I read it right, then, if you suspect error here, you increase the coverage.

MR. WENDEL: — Yes.

MR. MARTENS: — I have a question to ask that's not related directly to the E&H tax. What was the estimated saving in cost when the gas tax was taken off, on the audit and all the things related to the gas tax and the change there?

MR. ROBINSON: — When that happened, it freed up an additional five positions that we were able to reallocate towards E&H tax. And that happened a year after.

MR. MARTENS: — The year after this?

MR. ROBINSON: — Yes.

MR. MARTENS: — Oh, I see. I'm sorry.

MR. ROBINSON: — Okay, I'm sorry. It happened in '82-83.

MR. MARTENS: — Do you have an estimated figure value that that would be, the five positions?

MR. HALBWACHS: — No, it was more than five positions. There were five in the audit side. There were a number of dye people, who actually dyed . . . (inaudible) . . . A total of 9.6 positions were eliminated. Five were converted to audit; the other 4.6 — some were absorbed and transferred to other departments. The total cost was approximately half a million dollars.

MR. KATZMAN: — Mr. Chairman, if we're done with this group, we'll thank them for coming. And we'll start with Social Services tomorrow?

MR. CHAIRMAN: — That's right. I want to thank you gentlemen for coming, appearing before the committee and answering our questions. We're starting tomorrow with Social Services. Would it be satisfactory to have computer utility corporation here at 9 o'clock? Would that be reasonable? Eight forty-five?

A MEMBER: — Eight forty-five for computer, but we're starting at 7:30.

MR. CHAIRMAN: — We're adjourned.

The committee adjourned at 9:45 a.m.