

STANDING COMMITTEE ON PUBLIC ACCOUNTS

July 3, 1986

Mr. Chairman: — I think we have a quorum so maybe we'll begin. We're doing Agriculture, but before we get into it I wonder if there's anything that anybody had on their minds, or if Craig had anything you wanted to mention here.

Mr. James: — Mr. Chairman and members of the committee, simply to remind everyone that those who are participating in the annual meeting next week that there is the joint reception at the Hotel Saskatchewan at 6 o'clock on Sunday night, and then the business sessions commence Monday morning, either here or they will be . . . an alternate plan is to hold them over at the Jubilee Theatre at the Centre of the Arts. But closer to the time I'll notify members who are participating where they'll likely have to show up for the meetings, and everything else will be the same.

I distributed yesterday to members of the committee the agenda, the business, social and spouses program. I hope that everyone has had an opportunity to have a look through it. If not, if they would have a look through it and call me at your earliest convenience if they have any concerns or comments regarding the conference itself.

Mr. Klein: — How many people are you expecting altogether?

Mr. James: — For public accounts we're looking at about 50.

Mr. Klein: — Including the spouses?

Mr. James: — Including the spouses, yes.

Mr. Chairman: — Craig, assuming that the House adjourns today, tomorrow, Saturday, we will then still be in the Legislative Buildings?

Mr. James: — We will be. We're arranging for contingency plans this morning to have a sound system set up out at the Centre of the Arts just in case, because we don't want to be doing this at the very last moment. But there is an extra cost that this committee will incur because of that, I should point out, and I don't know how many dollars are going to be involved. But . . .

Mr. Young: — I have another question that's kind of . . . nothing to do with our meeting coming up on Monday, but what does the chairman think will be the fate of the rest of our work should the House adjourn the next couple of days. Are we going to wait to do it in the fall, or do we do it in the summer, or what's the deal?

Mr. Chairman: — I was going to raise that at the end of today, but if you want to talk about it this morning, we can. But let me suggest we raise it at the end of the session when we could have the officials here. And if I forget, you will remind me. But, yes . . .

Mr. Young: — There's no problem. It's public. It's going to be in *Hansard*, so . . .

Mr. Chairman: — No, I know. That's not the problem. It's just that I wanted to get right into it right away. But it's a

good question. We need to sort of decide that, and I was going to raise it with the committee to see what your thoughts were on that. I have some, but . . .

Mr. Klein: — A bit off the topic — I wonder if the Provincial Auditor was one of the 16,990 at the football game on Sunday?

Mr. Chairman: — The chairman was.

Mr. Lutz: — No, I wasn't, I'm sorry, Mr. Klein. I was out of town. However if they continue to win . . .

Mr. Klein: — Are you still on the bandwagon, Willard?

Mr. Lutz: — Well I haven't broken a leg falling off, but I may step down gracefully from time to time.

Mr. Chairman: — I thought he was going to say he was out somewhere doing an audit.

Mr. Chairman: — Okay. Mr. Young, another question?

Mr. Young: — Another one that has just been bothering me for months, and now that I have the Provincial Auditor captive, I've got to ask this one. Your fellow here, and I apologize — I don't know his name — the second guy down that comes to Crown Corporations all the time.

Mr. Lutz: — Mr. William G. Bucknall, deputy provincial auditor, Mr. Young.

Mr. Young: — I've seen him in Crowns quite a bit.

Mr. Lutz: — He's my spy there.

Mr. Young: — I see.

A Member: — That's why he sits in the corner.

Mr. Young: — I thought he was with the press for some time.

Mr. Lutz: — We try to foster that; people leave us alone then.

Mr. Young: — I thought maybe he just got a job with you last week or something.

Mr. Chairman: — We have another item which we'll discuss later, and that is a report to the legislature on the progress of committee to date, and Craig, as we indicated fast week, has prepared something for us which I will ask the committee to look at before we adjourn.

Public Hearing: Department of Agriculture

Mr. Chairman: — Seeing or hearing no other questions, I will ask the deputy minister of Agriculture to introduce his officials.

Mr. Drew: — Thank you, Mr. Chairman. On my immediate right, Henry Zilm, assistant deputy minister; on his right, Ken Petruic, with the Department of Agriculture, accounting; and Wes Mazer on my left,

director of administrative services.

Mr. Chairman: — Okay, we'll get you to write that down for the recorder up here. Okay, good. Mr. Katzman had undertaken to be the lead questioner on the committee on the Department of Agriculture, but I see that he is not able to be here. So I shall therefore leave it open for those who may want to initiate some questions and discussion.

Mr. Young: — The standard, out-of-the-chute question for you people is: what measures have you taken to address the concerns of the auditor as set out in his auditor's report? That gives you the floor for a bit because maybe there's not a lot in it we can accomplish if you've already addressed them.

Mr. Drew: — Well, Mr. Chairman, I believe all the concerns that have been raised by the auditor have been addressed. Some of the concerns relate to eligibility for emergency-type programs. The drought program, the flood program, and those sort of programs tend to get introduced rather rapidly. We have done post-audits on most of them, find the degree of error, in our estimation, not overly out of line.

We've been able to correct most of the concerns that have been expressed in terms of . . . Eligibility really is usually the one where we fall down a little bit on: the farm purchase program eligibility has been commented on; payments made to the flood area that the recipients were not eligible for, and measures are made to collect these ineligible payments, if you like, or payments to ineligible recipients. We are now doing pre-audits on the farm purchase program. Previously we did post-audits, and we're doing some pre-audits now, although the degree of discrepancy there, I think, is quite tolerable.

Mr. Young: — Well I would take it then the only thing that you could do, other than personal declarations from these applicant farmers, is to go out and cross-examine each and every one. Is there something in between that that you could see as a solution?

Mr. Drew: — Well I think, on the farm purchase program, those loans are made by established, credible lenders. They determine the eligibility in the initial instance and declare an applicant eligible for the farm purchase program interest rate rebate. We normally just made them and then did our post-audits after a while. We're now doing some pre-audits to make sure that, before we make the rebate, we have assurance that eligibility criteria have been met. I think early in the program the lenders were having a little more difficulty determining eligibility than they are now that they're accustomed to the eligibility criteria.

Mr. Young: — I would have some other questions for you with respect to the \$25-an-acre matter, but it's not under the year under review, so I'll have to leave that to others next year.

Mr. Meagher: — With respect to item (3) in the auditor's report here, where they say . . . It makes reference to a loan that was made to some company or corporation without apparent statutory authority. In several past years their reports to the Legislative Assembly indicate that the

loan was to be recovered because the government was a preferred creditor, but in fact in this year the loan . . . the amount of the recovery was only some 211,000, which represents a loss to the Crown of \$423,000.

The obvious question is: what is the background of this, and is it true that the loan was made without statutory authority, and to whom, and what is the story behind this?

Mr. Drew: — Well, Mr. Chairman, I guess in our opinion it wasn't a loan made without authority. In effect, what the Department of Agriculture was doing was buying inventory from the alfalfa cubing plant at Outlook. As it was going through the plant, we in fact bought the inventory and stored it. It was part of a livestock food bank, if you like, program that had been going on for years.

The company went bankrupt, and we were stuck with this inventory we had paid for that was no longer there. We were a preferred creditor. The ultimate decision to the government was to back off and share the residue, if you like, of the estate with the producers that hadn't been paid as well. We all took about a 30 cents on the dollar, I think, return.

Mr. Meagher: — So in effect, what you're suggesting is that it wasn't a loan to the company but rather a purchase of inventory.

Mr. Drew: — That's correct, Mr. Chairman.

Mr. Meagher: — Then in fact the inventory was not there, as you suggest, when the time came to recover your investment.

Mr. Drew: — That's right. Not only was it not there in sufficient quantity to recover our purchase, but the producers that had supplied the raw material had not been paid.

Mr. Meagher: — So are you saying then that the amount of the inventory was less than what you had been led to believe, in terms of quantity, or in value, or both?

Mr. Drew: — Both, I think, Mr. Chairman. It came to our attention in about, I think, March, about the start of this . . . no, the March of '83. We didn't advance any more money on the '83 crop. This was the '82 crop that we were caught short on. I'm sorry. My years are wrong. It was the '81 crop that we were . . . was the last crop we advanced any moneys.

Mr. Meagher: — So what steps . . .

Mr. Muller: — I was going to say it was the 1981 crop that was . . . that the money was given out from the Department of Agriculture, and that's the one you were caught short on.

Mr. Meagher: — So what steps have been taken then . . . do you plan to take to recover this loss to the Crown?

Mr. Drew: — Well, Mr. Chairman, I believe the company is bankrupt. It's been through the processes of due court and jurisdictions, and I think it's all settled, and I think its

a loss.

Mr. Chairman: — I'd like to turn back to page 17. I note here that, for the audits that were done, the following amounts were paid to ineligible recipients. They were relatively small sums of money in the whole scheme of things, but not small, because they were paid to ineligible people. It also notes that steps were taken to recover these payments. Can you report on the success of those steps? — this farm purchase program, 82,500, and down the list.

Mr. Drew: — Okay, Mr. Chairman, on the first item, farm purchase program, 82,500, that was an error. It should have read \$4,826, and that will be deducted from future rebates. So that will be collected by deducting it from future rebates.

On the livestock drought assistance program, there is something less than 10,000 outstanding at the moment, and Justice is handling the collection of that. On the livestock investment tax credit program, Revenue Canada will help us collect that. It's up to Revenue Canada to collect that.

Mr. Chairman: — Oh, and you don't know whether they have been able to collect?

Mr. Drew: — No, I don't.

Mr. Chairman: — How will you know? When will you know?

Mr. Drew: — We just notify of the ineligible credit that was issued, and it's up to them to make sure it isn't used; or if it is used, that they collect it in their normal collection process.

Mr. Chairman: — So that's not . . . Okay, I think I understand. That's not cash money that you paid out; it's just a tax credit system, okay.

Mr. Drew: — No, it's a tax credit issued, yes. On the north-east excess moisture program there is some \$7,000 outstanding at the moment.

Mr. Chairman: — I assume that, to arrive at these amounts paid to ineligible recipients, these figures come from a sampling audit that was done; they do not come from an audit of a large number of recipients. How big was your sample?

Mr. Drew: — No, that's correct, Mr. Chairman. I believe it was one in ten, although I stand to be corrected. Okay, 20 per cent, Mr. Chairman.

Mr. Chairman: — Twenty per cent? So could one assume that you could multiply this by five and be close to what the total amount may have been?

Mr. Drew: — I presume that's a normal auditor's method of determining the amount that might be out there, that is, to ineligible recipients, if you like, yes.

Mr. Chairman: — Has the department been made aware of the problem here or taken any steps to do further audits to determine if there are other ineligible people who have

received these moneys?

Mr. Drew: — I don't believe there'd be any ongoing audit now. On the farm purchase program — that's the only program that's ongoing — they do conduct some pre-audit inspections now. So I think, between doing the pre-audit and the tenders being more familiar with eligibility, my best guess would be that the ineligible recipients of rebates under that program would be considerably less than . . . Well first of all, it was a mistake in here; it was only 4,800, and I would think it would be a lot less now.

Mr. Chairman: — You use the word "some audit." Can you explain what you mean by "some audit"?

Mr. Drew: — A pre-audit?

Mr. Chairman: — Some pre-audit, yes.

Mr. Drew: — Yes, I'm not sure of the numbers . . .

Mr. Chairman: — Just the reason I ask is, I'm wondering whether you still are doing a sampling audit, because you say "some", or whether you're now pre-auditing everyone, or most people. How do you do this? How do you arrive . . .

Mr. Drew: — No, Mr. Chairman, we're just pre-auditing on a sample, one in ten, I'm advised.

Mr. Chairman: — You're still continuing the one in ten? And you're satisfied that will catch most people who may be ineligible?

Mr. Drew: — Yes, I haven't got the numbers in front of me as to whether they're even finding any on that pre-audit that are ineligible, but no doubt there will be the odd one.

Mr. Muller: — Yes, thank you, Mr. Chairman. In the case of the farm purchase program, like you said before, Mr. Deputy Minister, it's gone over by the lender, whether it be Farm Credit Corporation or the bank, and they take a pretty comprehensive look at the assets of the person, and everything is valued.

So in this case it would be very difficult to hide anything. The lenders are the ones, like the banks and the Farm Credit Corporation are the ones that lend the money, so they certainly take a hard look at the deal before it ever comes to ag credit corporation or the government for the write-down on the interest rate. So there is very little room for any problems in this farm purchase program that I can see.

Mr. Chairman: — Do you want to comment on that?

Mr. Drew: — No, I would tend to agree. I think that there is a check and balance there with the lending institutions assuming some responsibility and onus to make sure that they don't enrol someone that's ineligible. I think there's some responsibility on their behalf, and I think some liability possibly. If they enrolled someone that was ineligible and he had his rebate cut back, I think they're worried that they might have to rebate the interest. So there is a check and balance there prior to even coming to

your department.

Mr. Young: — I just wanted to go off on a number of things. I want to commend you people, first of all, on that little booklet that you put out with the programs on it. I, believe it or not, have a lot of farmers who live in my urban seat of Saskatoon Eastview, which people find to be strange. But you go through the voters' list and apparently a lot of the people for an area of about 50 miles surrounding Saskatoon have decided to move into Saskatoon Eastview and farm out of there. So people immediately think that you don't have farmers in your seat because you got an urban riding, and that's quite to the contrary.

But that little book you put out is the best summation that I've ever seen on agricultural policies. It's very usable. There's one there. But I just want to commend you on that little thing because that's just great. Your distribution of it has been good too.

Another question which I have which is, I guess, based on rumours that I have heard, and I have heard that you people have great volumes of Dieldrin stored in quonsets somewhere between here and Moose Jaw and that the Department of Agriculture has all this stuff piled up and it's locked away, and it's now illegal, of course, because of the federal environmental people. And I just thought I should ask you folks if in fact that's just a grasshopper rumour or if in fact you people have chemicals piled away that you don't know what you're going to do with?

Mr. Drew: — Well, Mr. Chairman, it is correct that we have some inventory of — it's Endrin, actually. It was purchased probably years ago, six to eight years ago, in that area for the emergency control of grasshoppers or to have an inventory on hand. We have disposed of anything that's usable. We have 2,000 pails, I'm informed, of Endrin left. It is not environmentally acceptable to be used in Saskatchewan.

Mr. Young: — Is that Saskatchewan, or is that the feds?

Mr. Drew: — That's in Canada. I believe some efforts have been made to try to export it to some countries that allow it to be used. And I think some of the States — they use it for some control of some bug in the United States.

Mr. Young: — Is that the stuff that's in the quonsets between here and Moose Jaw?

Mr. Drew: — That's correct.

Mr. Young: — I heard it was Dieldrin, whatever.

Mr. Drew: — I wouldn't think it would be worth \$100 a pail, so \$20,000 maybe at the outside.

Mr. Young: — You've got no immediate plans for that stuff then, obviously. You're just going to let it sit there until something comes up.

Mr. Drew: — It's very sensitive to try to merchandise a product that's environmentally not acceptable in Canada.

Mr. Young: — My other question is: a couple of years ago there was a lot of talk about land bank tenants being in arrears to great percentages, both in numbers and percentage of arrears, like two or three years behind. What's your situation today, and have you had any policy changes about getting tough or continuing to be what one might call sympathetic to these guys because of the recent crop failures and what not. Where are you at on all that?

Mr. Drew: — Well, Mr. Chairman, as you're aware the last couple of years have been rather difficult for farmers, and yes, we have an unusually high level of arrears. I haven't got the exact figure. It's somewhere in the neighbourhood of 20 per cent. We have some tenants that are two or more years behind in their payments. As long as we're satisfied they're making every possible effort to keep their payments up and are farming in a husbandry-like manner, we tend to try to be very tolerant.

Mr. Young: — What rate does the meter run on their arrears? Are they prime plus, or are they at some other number, or what's going on?

Mr. Drew: — Prime plus 1 per cent, I'm advised, is the rate that's charged.

Mr. Chairman: — I just want to, if there are no other questions, come back to page 17 again, and I certainly want to make a comment. I think that the auditors have raised some good points here about the potential payment of moneys to people who are ineligible, and I hear the comment being made about the checks and balances. But someone has said to me, I sometimes wonder whether the lender is the best person to be the one who is doing the checking. I don't mean that to be a negative reflection on banks, but I think you know what I'm saying. I'm glad the member from Saskatoon Mayfair isn't here. He'd probably challenge me on that. But I'm really serious.

I think that the department, as any other department, needs to take a good, hard look at making more effort in doing pre-audits because after all we are dealing with taxpayers' money here in huge amounts. I would like you to comment again on what steps you have taken since this report in doing more pre-audits than you did during the time when the auditor felt he had to make this report.

Mr. Drew: — Well I think, Mr. Chairman, I would repeat myself, I suppose, with two of the programs, the livestock drought assistance and the north-east excess moisture programs where . . .

Mr. Chairman: — That last one is no longer in existence.

Mr. Drew: — They're no longer in existence, and they were emergency programs probably introduced without as sound a judgement on our behalf in terms of pre-audits as we would like to have.

We are trying to standardize the auditing process. Most of these programs are put together by a particular branch within the department, and that director did tend to set his own audit requirements. We're now trying to standardize and toughen up on the pre-audits on any of these programs.

On the farm purchase program, Mr. Chairman, I really think \$4,800 was the amount that was distributed to ineligible recipients, and that, I think, is rather minor and, I would expect, down considerably. About half of the farm purchase programs loans are made by Farm Credit Corporation, and I assume they, as a Crown agency, are ultra responsible. So I'm not defending the lack of more audits, but I think one in ten pre-audits surely is enough of a measure, and if we find that we're having ineligible recipients under that audit, we will do more.

Mr. Muller: — Well I just wanted to say that . . . or I wanted to ask the question, what the percentage was between the banks and the Farm Credit Corporation? I'm sure that a lot of these farm purchase program loans do go through Farm Credit Corporation, and certainly there's very little room for any discrepancies there. You pretty well answered that for me in your remarks. That's fine.

Mr. Meagher: — How many employees in total has your department got?

Mr. Drew: — In the year in question, I believe it was 761. I think it was 761.

Mr. Meagher: — Is that just full-time or what's known as permanent employees, or does that include the part-time people?

Mr. Drew: — It includes part-time. That's person-years, equivalent of one person for a full year. We do hire a fair number of summer employees on our community pasture program. They would be counted . . . two of them for six months would be one person-year.

Mr. Klein: — Is that total in all sections of agriculture or just purely in one area of the department? Because you know you've got so many sections to your department.

Mr. Drew: — Mr. Chairman, that is the Department of Agriculture per se. It does not include crop insurance, ag credit corporation . . .

Mr. Klein: — It would include lands branch and things like that?

Mr. Drew: — Yes, all the branches within the department.

Mr. Meagher: — In the year under review, how many farmers are there in the province?

Mr. Drew: — Approximately 65,000, Mr. Chairman.

Mr. Chairman: — I'm going to move on to item (3) on page 18. Anybody have any questions? Can I go back to item (2) . . . The last paragraph on page 18 makes reference to a \$20,000 difference between perpetual inventory records and the annual physical inventory. It is said here that they were unable to determine the reasons for this difference. Have you now been able to determine the reason for the difference?

Mr. Drew: — No, Mr. Chairman. I believe that's our northern farms, and of course livestock inventories are

somewhat volatile. There's births and deaths and purchases and sales, and so there is apt to continue to be some discrepancies, I think, between a physical count and a value, and then a subsequent audit. I don't think it's unusual.

I'm advised that there was an error. There was some sale of chemicals out of there, our grasshopper inventory to our own lands branch, that wasn't properly recorded. That should not happen again.

Mr. Chairman: — Okay, thank you. I think we've had questions on item (3), so unless there are others, I'll go to (4). Item (4), page 19. Item (5) on 20. No questions?

Item (6). I have a question here. This is dealing with conservation and development revolving fund and indicates that it operated at a loss in 1984 of some \$220,000, I guess that is, and in 1985, 1.44 million, and apparently this, it is indicated, should have been reported as part of the annual estimates. Would you agree that the budget deficit — although you're not the Department of Finance — but I guess this should be part of the budget deficit as overall; is that the understanding? I don't know whether I should be asking the auditor or Mr. Drew.

Mr. Drew: — I can try, Mr. Chairman. I believe there's been a change in accounting procedure on revolving accounts, and we do now budget. We have a million dollars in this year's budget.

Mr. Chairman: — Okay. That's been corrected now. It shows?

Mr. Drew: — I believe so. I'm not sure the auditor is satisfied.

Mr. Lutz: — Mr. Chairman, we are merely commenting that since treasury board has put in place certain rules to be followed by these advance accounts, we think the rules should be complied with unless treasury board changes those rules. Now Mr. Kraus may know whether this rule has been changed. I don't believe it has. I think it requires disclosure in the estimates when there's a loss.

A Member: — That's correct. Go ahead, Gary.

Mr. Benson: — The guiding principle for the revolving fund is that they're supposed to break even. They're given the money, and they're supposed to charge the users or the purchasers of their service so that they break even. If there's consistent losses incurred in the revolving fund, those should be budgetary and paid for out of appropriation. That's generally the concept for revolving funds.

Mr. Chairman: — And I'm hearing the deputy minister say that that now is being shown?

Mr. Drew: — Yes, we are.

Mr. Chairman: — So you've made the correction?

Mr. Drew: — These are basically our northern farms as well. We would hope as a Department of Agriculture we will be able to run them at a profit some time.

Mr. Chairman: — I won't make any comment on that. Okay. Anyone else?

I am told that there is an item on — correct me if I'm wrong, Mr. Lutz — page 60.

Mr. Lutz: — Yes, something that overflowed on to page 60 from this section.

Mr. Chairman: — Yes, here it is — Saskatchewan Beef Stabilization Board. I have no questions myself. Does anyone have . . . If you'll look down on page 61, there's also Saskatchewan Crop Insurance Corporation that you may want to consider.

Okay, can I proceed? Okay, that completes the report of the Provincial Auditor. If you want to go to the *Public Accounts*, are there any comments or questions there?

Can I ask: under regional extension services branch, page 96, *Public Accounts*, there was an underexpenditure of some \$1 million. Can you explain what the cause of that was? Actually it was about 900,000.

Mr. Drew: — Mr. Chairman, I'm advised that we had planned to computerize our regional ag rep offices. We have done that, but it was planned in the year under review and wasn't done until last year.

Mr. Chairman: — So you had budgeted in the year under review some \$900,000 for computerization?

Mr. Drew: — That's the approximate figure, yes.

Mr. Chairman: — That makes up pretty well the total difference, and you say it's now done?

Mr. Drew: — Yes.

Mr. Chairman: — Did it still cost you 900,000?

Mr. Drew: — I wouldn't . . .

Mr. Chairman: — That's not in the year under review.

Mr. Drew: — Yes. I don't think it did, frankly, no. It was more like 400,000, Mr. Chairman.

Mr. Chairman: — Sounds like it was worth waiting. Next page, grants to control of pollution from intensive livestock operations; there's another reduction here of 50,000.

Mr. Drew: — Well that, Mr. Chairman, is a program that responds to demand of people that are required to move their livestock operation as a result of being too close to a town or a city or a resort or something. We respond to demand, and obviously there wasn't as much demand as we anticipated.

Mr. Chairman: — Are you making any significant progress in dealing with livestock pollution along the Qu'Appelle system as a result of this program.

Mr. Drew: — I believe, Mr. Chairman, that that work is

virtually completed along the Qu'Appelle.

Mr. Chairman: — So you think it's cleaned up.

Mr. Drew: — It's my understanding it is.

Mr. Chairman: — I ask that because I have had a number of cottage owners, well let me say, complaining about it recently. I'm not saying that it has not been cleaned up. Maybe they don't understand exactly what is happening out there. But you can assure me that **it's** now done?

Mr. Drew: — To my knowledge, it's completed in terms of the agreements that we had. If there are problems, we'd surely be glad to look at them.

Mr. Chairman: — Okay. Conservation development branch was budgeted for some . . . I believe that's \$10, and you spent 981,000. Was there some unexpected demand here or what is the . . . I'm not sure I understand how this program works totally, although I've lived in an area where it applied.

Mr. Drew: — Mr. Chairman, yes. The conservation and development branch was to be transferred to the water corporation, we thought, at the beginning of the fiscal year under review. It didn't happen until some time into the year.

Mr. Chairman: — Is this the normal amount of money that's usually spent? Is that the normal experience?

Mr. Drew: — It would be about a half a year's normal expenditure under our former conservation and development activities, yes.

Mr. Chairman: — And all this work is now transferred.

Mr. Drew: — That's right.

Mr. Chairman: — Does that mean that when some of these drainage operations are established — tell me if I'm on the wrong thing — but in some of the farm areas like the Hudson Bay area or Prairie River, that now they don't deal with the Department of Agriculture; they deal with the water corporation?

Mr. Drew: — That's correct, Mr. Chairman. It's a one-window approach to water. For water rights, for irrigation, for drainage, for any water issue, it's the one area that they go to and that's the water corporation. Previously they had to go to six or seven agencies to get approval to do something.

Mr. Chairman: — I was involved with a couple. I can assure you that's true; that's the way it was. If that has improved the decision-making, then I would certainly commend that development because there used to be some severe difficulties in trying to co-ordinate the different agencies that had to look after their jurisdiction. And if you've achieved that, then that's a good move.

I'm just moving along here. If some of you gentlemen want to move in, let me know.

I assume that that's the same thing with the grants to

conservation development organization under The Agriculture Development and Adjustment Act. On page 100 it was \$10 — turned out to be 120. I guess that's probably the same answer, so I won't . . .

Mr. Young: — You people, I believe, are responsible for the farm implement Act. It's under the jurisdiction of the Department of Agriculture.

With these companies going out of business, like White Farm Equipment, is there any sort of fall-back that you people would have vis-a-vis the supplying of parts and things that seem to be required by that Act but presumably may not be upheld if the company goes down the tubes? Do you have any comment on what may happen there to some of those people? I'm not saying that that's going to be a problem, but the Act seems to demand more than maybe coming out of the equipment outfit when it goes broke.

Mr. Drew: — Well it's true, Mr. Chairman, it's a serious concern, I suppose, amongst anyone involved in agriculture to try to assure that parts and maintenance and repairs are available for equipment. That was the purpose of the Act. That Act is not administered by Agriculture now, but it was in the year under review.

Mr. Young: — Who has got it now?

Mr. Drew: — It has been transferred to Consumer Affairs. But the companies assure us that they will continue to supply parts and service. I don't think it's been a serious problem yet.

Mr. Muller: — Well, if I may comment on it. Most of the equipment that is in the field today is put together with jobber differentials, transmissions, or whatever, and they are fairly standardized, and these parts can be picked up from jobber companies. There's really no problem in getting parts.

I myself have two tractors now that are obsolete, and I can get parts for them almost anywhere, and I haven't ever had to go to the Department of Agriculture to force them to supply parts. They are usually available through jobbers, and it's worked out quite well. Not that I want to see any more companies amalgamated or disappear, but we have had no problem so far.

Mr. Chairman: — Under the year under review, and I'm not finding it here right now, but there is the Agricultural Machinery Institute, Manitoba, Saskatchewan, and Alberta, the Saskatchewan one being located in Humboldt. Was there, in the opinion of the department, adequate results from what was done here, or is the department having some reservations about the value of this operation?

Mr. Drew: — No, I think it's a very useful operation, Mr. Chairman. We fund 45 per cent of the cost, and the other 55 is shared between Manitoba and Alberta, with stations at Portage la Prairie and Lethbridge, as well as Humboldt. They tend to specialize a little bit in each of the centres just what sort of machinery they test. But I think particularly in terms of assisting Saskatchewan manufacturers in prototypes and engineering design and

some of the efforts they make in terms of testing for manufacturers that are local doesn't show, I suppose, publicly as a great contribution sometimes, but I think it's very worthwhile work, not only for the manufacturers, but ultimately for the farmers that buy them and find them useful after they're on the market. So it's not a high profile activity, but it's very useful.

Mr. Chairman: — I've been at the operation many times. I agree with you, it's a very useful operation. Are you finding that the provinces of Manitoba and Alberta are still of the same view as we are in Saskatchewan, or is there some reluctance on their part to support this testing mechanism?

Mr. Drew: — I believe Alberta does have some concern about the administrative difficulties in trying to run a three-province facility. There was a 10-year agreement that, in our view, continues unless notice is served to discontinue it; in Alberta's view it should be renewed like right now. So yes, there is some concern and, I suppose, some trepidation amongst some of the staff of PAMI (Prairie Agriculture Machinery Institute) because they're waiting anxiously for this agreement to be re-signed or renegotiated.

Mr. Chairman: — I heard you mention small manufacturers. Is that the major work that PAMI does now, doing work for the small Saskatchewan manufacturer, or do the John Deeres and the Massey-Fergusons of the country still ask for some testing on their part?

Mr. Drew: — I think there's a switch from some of the main lines because, by the time PAMI was able to access some of the main-line equipment, it had already been on the market for a year or two or three, and they found their reports not as useful to purchasers as they should be. So I think they're concentrating more on local manufacturers and assisting them in their design and prototypes. They're doing quite a bit of work for Versatile in terms of tractor testing, but I'm not exactly sure what proportion of their activity that would amount to.

Mr. Young: — Didn't John Deere buy Versatile?

Mr. Muller: — Well there's some problems with that deal. It hasn't gone through.

Mr. Chairman: — Okay. Anyone else? On the South Saskatchewan River irrigation, I notice there is a vote here, subvote 82 on page 106. In the year under review, what kind of work was done in the Diefenbaker-Outlook area to expand irrigation? There had been talk about expanding the irrigation potential up there. Was anything accomplished in that regard?

Mr. Drew: — Anyway, Mr. Chairman, there was not much development done on the east side during the year under review. But there was work done on the west side; there was some development on the west side, west of Outlook.

Mr. Chairman: — Can you give me a postage stamp description of the extent of the work?

Mr. Drew: — Well I can't really tell you what the extent of the work was, Mr. Chairman. I believe, though, there was . . . Under our grant program of \$100 an acre we've spent 412,000, which should mean that there was some 4,000 acres put under water.

Mr. Chairman: — Were you, in this year under review, projecting for any major initiatives in the year since the year under review? Were you planning for some major initiatives in, say, '85-86?

Mr. Drew: — Well of course the water corp. does all the planning in terms of water development, so I'm really not familiar with what plans they might have, Mr. Chairman. I'm sorry.

Mr. Chairman: — But even though this is irrigation for agricultural purposes, you're no longer knowledgeable about what's happening. Is that what you're saying?

Mr. Drew: — We do provide on-farm grants of \$100 an acre for new development, so we know what's happening in terms of what's being put under water this year because that's when they'll apply for their \$100 an acre grant. But if you're asking me what plans are there for irrigation two or three years down the road, I'm afraid I can't answer that.

Mr. Chairman: — Well I'm asking you for the year under review, in which time this was in your budget. Was the department making plans that it would have forwarded to the water corporation for major irrigation development in that area?

Mr. Drew: — I don't believe there was any major development planned in the Outlook . . . In the Saskatchewan east area, anyway, east of Outlook. No, I don't think there was.

Mr. Chairman: — Nor west?

Mr. Drew: — Yes, there were some plans on the books for west, development of the west side, yes.

Mr. Chairman: — How extensive?

Mr. Drew: — I'm not familiar with them, Mr. Chairman, and I don't believe any of the officials are here, either.

Mr. Chairman: — I'm getting the impression here that very little has been done in expanding the irrigation developmental possibilities in that area. You're telling me that the department had no plans to have any major or extensive development while this year . . . while it was still in your budget for that year. So therefore you did not pack up your computer stuff, or whatever you had this records in, and pass it over to the water corporation saying, well here's our massive plan, now it's going to be your baby. You're saying that there was no such planning.

Mr. Drew: — Well I think, Mr. Chairman, between Prairie Farm (Rehabilitation) Administration, PFRA, and our conservation and development branch, they have, you know, preliminary designs for several major projects that could be implemented if the agreement was there between the federal and provincial governments. But to

specify exactly what plans were on the plate when the people transferred to the water corporation from the department, I can't tell you, and they took everything with . . . The people went intact, programs went intact, so . . .

Mr. Chairman: — Yes, I'm aware of that, but I just assumed that you might know some idea about what was around the department in the year under review since we're here considering the year under review. You must have some records . . .

Mr. Drew: — I believe under the year under review a big activity was to try to figure out how to get water to Regina, and they were doing a lot of work on the Riverhurst possibilities . . .

Mr. Chairman: — Okay, so my original conclusion that very little was being planned to be developed in the near future is probably an accurate conclusion.

Mr. Drew: — No, I don't think it would be, Mr. Chairman. I think engineers tend to have grandiose plans in the back of their minds and on the drawing board at all times. I'm sure they had plenty of those plans on the books when they transferred this.

Mr. Chairman: — I'm aware that the engineers will have the plans, but it takes a commitment of money in order to build and deliver it. I assume that the department had other priorities — and I'm not complaining about that; I think they were probably important priorities — that were far greater than the irrigation. I mean, the whole irrigation scheme in this area has not, it seems to me, been a very high priority, and I'm not saying that's right or wrong. I'm just trying to find out where we're going with this thing, and I ask the questions knowing it's no longer in your jurisdiction; it's somewhere else.

Mr. Drew: — Well fair enough; I guess I could comment. We've increased the budget 33 per cent this year to 2.1 million for on-farm grants. And we believe that that's the way to make it happen, is to provide a grant to the farmer if he develops an irrigation project, and a lot of them are not major. A lot of them are fairly small — one-quarter section out of a river.

Mr. Muller: — Well wouldn't one deterrent to irrigation now certainly be the low price farmers are getting for their produce? And to make it viable with these large expenditures, I mean \$100 an acre certainly doesn't cover the putting in of irrigation. And there's some people that have gone into irrigation in the last few years that are in lots of problems because of the drop in farm commodity prices, and I can certainly see why the people would be backing off on this. Their projections wouldn't be good enough to look at putting irrigation in in lots of instances, with the low commodity prices, and I'm sure that this would be a deterrent to going into an irrigation system.

You'd have to be approached by a group of farmers, or singular farmers, to the department to go into a major project, would you not? They would have to initiate it in the first step, and then the engineers would have a look at it, and if they can't see any added value to going into it or can't pay for it, I'm sure they'd be reluctant to move

forward.

Mr. Drew: — Well I think, Mr. Chairman, the fact we have 2.1 million in the budget suggests that we anticipate something like 21,000 acres going underwater this year. So that's fairly major increase.

Mr. Muller: — That's a fairly major increase.

Mr. Chairman: — Have you had that kind of success in the last two or three years? And I know I guess I'm off the year under review, but you mentioned this year, so I'm wondering . . .

Mr. Drew: — In the year under review, we put water on, obviously, just a little over 4,000 acres; '85, between 1 million and 1.2 million. So 10 to 11,000 acres went under last year.

Mr. Young: — I have some questions. Your Farm Ownership Board is the board, but then presumably you'd have executives who carry out the will of the Act and the will of the board. What kind of manpower would you have allocated to policing and investigating and doing Land Titles Office searches or whatever in the dickens those people do to deal with that Act. I have problems with that Act myself, but it's on the books and I guess you guys have to address it.

Mr. Drew: — There are two investigators and, I think, four people employed by farm ownership board.

Mr. Young: — What? Two investigators and two clerical, or something?

Mr. Drew: — Yes, that's about the way it would . . . (inaudible) . . .

Mr. Young: — Would they operate out of Regina here somewhere or Saskatoon or where?

Mr. Drew: — They operate out of Saskatoon, Mr. Chairman.

Mr. Young: — I believe the Act reads as follows: That a non-Saskatchewan owner has five years of time to dispose of his property and then after that he can get leave, or whatever you would call it, from the minister at the minister's sole discretion.

I'm wondering if you people, under the year in review, have ran any foreign owner off of the property, or has leave been given, or have you had no such cases come up where you had to face the music on deciding on some . . . shall we say a Lloydminster or Medicine Hat owner had inherited some farm from a relative or whatever the situation may have been. What has been your record in those cases? Have you been tough or have you given leave? I shouldn't say you; I mean the minister, and . . . (inaudible) . . .

Mr. Drew: — Yes. First of all, Mr. Chairman, it's the board that makes the decision on exemptions. I've never seen anything come to the minister's office.

Mr. Young: — Oh, okay. Fair enough. I just was fuzzy on

who did it.

Mr. Drew: — No, I haven't seen anyone that's been hard-pressed, I don't suppose. The board has been very lenient in terms of giving exemptions, I think. If it's a relative, they don't need to dispose of it. If you inherit it from a relative, so . . .

Mr. Young: — That wasn't my understanding. We're just arguing about what the Act says now.

Mr. Drew: — But my experience, in the year under review, it was under Agriculture; it is now under Justice. During that year there surely was no complaints that I heard from anyone feeling they were hard done by the farm ownership board.

Mr. Young: — This matching grants and aids, there's a million dollars. I'm pleased to see that even in our hard times we still have some charity for other countries. Do you happen to know which country got the bulk of that million dollars? And what maybe . . . I don't need real details, but what did it go for? Did it go for buying equipment or . . .

Mr. Drew: — Most of the projects we approved, Mr. Chairman, are related to agricultural development: that is waterworks, or soil conservation or technology transfer. We try to keep with a little bit of a food producing sort of flare, but to tell you which countries, I'm not sure we can find that. We will have projects but . . .

Mr. Young: — I take it you have no eyes to their politics, is that correct? If it's a communist country or a dictatorship or whatever, is that part and parcel of your consideration to who gets the aid, or is it how hungry the people are? Just what do you use to determine who gets the aid?

Mr. Drew: — Well, okay, the first criteria I think is primarily, is it going to improve the food producing capability of the countries. And just to go back maybe if I could, Mr. Chairman, to the previous question. Peru got the largest amount; Nicaragua got the next . . . Oh no, Nicaragua got the most, I guess. These are listed . . .

But the process, Mr. Chairman, is that the church organization first of all proposes, makes a submission. They have a project they would like to support. We match it and then the federal government matches the two of us. So there is a screening process at the church level. At our level we have to prioritize them, and then the federal government as well. So it's . . .

Mr. Young: — I may be wrong on this, but I was down there two years ago and it was my understanding that in Nicaragua about 90 per cent of the production comes from millionaire land owners that own those big farms and they have ag planes doing the spraying and the whole works. And the remaining production is by just a few peasants with the primitive equipment.

And that would strike me as odd that that country that has most of its producing agriculture extremely sophisticated, to my understanding, would be a recipient of aid when you get to other African countries, shall we say, that have absolutely no sophistication to any extent; whereas that

country, I'm in firm belief, has some extremely sophisticated farmers in Nicaragua.

You say that the church, to a great extent, as opposed to your department, decides which country would be best served by the province's aid.

Mr. Drew: — They make the submission. The SCIC (Saskatchewan Council for International Co-operation) makes the submissions to us for approval and they've been fairly responsible, I think, in recognizing that we would like to, you know, emphasize food production and improvement in these countries, so they tend to submit those kinds of projects. But the demand is greater than the supply in this case. We do have to turn some down.

Mr. Young: — Peru and Nicaragua were the two biggies in the year under review then, as far as recipients goes.

Mr. Drew: — India; and Sierra Leone is a big one; Botswana had four projects; Nepal had three.

Mr. Young: — That's good. It seemed for a minute there that you were all American, and now there's some African ones cropping up. But those other two are Central America.

Mr. Drew: — Haiti, Egypt, Sudans, Swaziland . . .

Mr. Chairman: — For the benefit of the committee, could you, through the Clerk, give us a list of the different places that received aid through this. I personally am interested, anyway.

Mr. Drew: — Sure we will, Mr. Chairman.

Mr. Chairman: — Then we can have it distributed.

Mr. Young: — You pool your money with other outfits. You just chip in to a great big pot.

Mr. Drew: — That's right. The church organization has to raise a dollar; we match it with a dollar, and then they get \$2 from CIDA (Canadian International Development Agency) actually, federal government.

Mr. Young: — My last question that I have here is a bit of my own campaign. It's not based . . . I am the furthest thing from a scientist. But I understand, from talking to people, that ammonium hydrate, when used on land . . . German people, for instance, when they come over here to look at agriculture, they go right off the deep end if they find that there's been ammonium hydrate used on the land. Apparently it's been used over in that country and it makes the land really hard, and after X amount of years of using that the land is no longer what it was.

And I'm wondering who, if anyone, would be responsible around here for determining if that's going to have some terrible, long-term effects on Saskatchewan farm land. And it's the immediate — what do they call it? — grain mining or, you know, short-term buzz for cash, that could motivate some people.

And maybe other people don't know the truth, if this should be the truth. I don't know that it is because I

haven't done any research at all. But somebody should find out if it is the truth. And if it is, then the farmers should be duly warned that their heritage is going down the tubes from using this stuff. And if it isn't, then it's just some nasty rumour that I've heard on coffee row from Germans.

Mr. Drew: — Well, Mr. Chairman, I think there are some soils around the world that do react adversely to anhydrous ammonia, but our researchers tell us that Saskatchewan soils will not be adversely affected by the use of anhydrous ammonia.

Mr. Young: — So it's been looked into and found that it's not going to be a long-term problem.

Mr. Muller: — I can comment on that. According to university of agriculture agrologists, they claim that the continuous use of anhydrous ammonia on our lands, and continuous cropping, that after a number of years of continuous cropping — in the area of 10 or 11 years — it will actually improve the soil if there's no straw ever burnt; if the residue is worked back in, that the continuous use of anhydrous ammonia will actually improve their soils and make them more mellow, rather than having any adverse effects on it.

And I've certainly looked into this, because we use a great amount of anhydrous ammonia up in the northern areas. And I've contacted the university, and this is the answers that I'm getting. So I have no problem with it.

Mr. Young: — Mr. Chairman, I don't want to look to come off half-cocked on that topic, but I guess I had only heard one side of the fence, and I had no idea until now that anyone had did any study into it to any extent at all.

Mr. Chairman: — I think you raise a perfectly valid comment, and I share the same concern. If I may follow up, the research that you base your opinions on in the Department of Agriculture, on this question, is it research that is done by our university, the Department of Agriculture, or is it research that's provided by the manufacturers of the product? What do you base your conclusions on?

Mr. Drew: — I think, Mr. Chairman, it's based primarily on the soil structure, what the soil is made up of. And they're telling us that Saskatchewan soils will not react adversely to anhydrous ammonia, although . . .

Mr. Chairman: — Who's telling you, and on the basis of who's evidence?

Mr. Drew: — The University of Saskatchewan.

Mr. Chairman: — So they've been out in the field doing the research? I guess that's my question.

Mr. Drew: — I don't even think it takes field research, personally — but I'm not a soil scientist — but I think what they're saying is, they will concede that there are soils around the world . . . So these people from Germany or Europe or wherever it is could very well have a problem with continuous use of anhydrous ammonia, but it shouldn't affect our soils at all.

Mr. Chairman: — I hope that's true.

Mr. Muller: — It was a soil man that I was talking to, and certainly he said in our area, any of the northern farming belt, that there would be no problem with the anhydrous ammonia. In fact, with the continuous cropping it mellowed up the soils and actually improved them as long as the residue wasn't burnt.

Mr. Drew: — Just to comment, Mr. Chairman. The odd person has complained, but the scientists tell us that if you apply anhydrous in the spring, the compaction of the machine is what makes the soil seem different, and that would do with any machine.

Mr. Young: — . . . (inaudible) . . . I'm told in the Philippines that the Americans put it in there in the Second World War to land their war planes. And they used this exact same stuff, and they're landing airplanes on the same runways today. It's just packed like concrete, and they actually used this stuff in the Second World War to make runways because it did the trick. It did exactly that.

Mr. Muller: — Well, with personal experience . . . In fact, I have 10th crop on land that has anhydrous ammonia on it for 10 years, and it's yellow clay soil, and it certainly is more mellow now than it was when it was summer fallowed every other year. And you worked the fibre out of the soil far faster that way than you do by continuous cropping it. We're getting tremendous yields off it and continuous cropping with anhydrous ammonia, and it's far more mellow and easier to work now than it was 10 years ago.

So I've had quite a bit of experience with it, personal experience, plus I've talked to the agrologists and the soil scientists at the University of Saskatchewan, and this is why we went that route.

Mr. Chairman: — If I can go back, and I think we're still not totally away from this matching grants for international aid, but the Saskatchewan Council for International Co-operation, I think evidence has shown that when it comes to aid for poverty-stricken areas, or aid for developmental purposes and so on, that the church organizations have tended to spend the dollar much more efficiently, and the dollar gets to where it's supposed to go much more effectively than some of the larger international organizations that have operated where the money has tended to end up being . . . or the money or the product being sold on the black market or going to the local dictator or if it happens to be a dictator and so on. Would you agree that this Saskatchewan Council for International Co-operation, and the churches and organizations that are part of it, are probably the best and most effective means through which to determine whether the dollar is being best spent?

Mr. Drew: — . . . very responsible and a very efficient program. I can't comment on the relative efficiencies of different organizations, but I'm personally satisfied with SCIC and their responsible attitude.

Mr. Chairman: — And certainly any commitment of money for this purposes is, I think, an important

commitment — \$900,000 may sound generous, but it's less than it was in previous years. And it's not your decision; it's a governmental decision. Page 109 . . . I hope that we can, as a society, consider that to be important enough that it needs to be jacked up to some degree.

Mr. Young: — I want to go back. We did something here that was novel, and I believe it's the year under review. We sent that boatload of wheat over there. Was that matched; was that in this program or was that separate?

Mr. Drew: — Mr. Chairman, that was the year following, not the year under review. And last year we spent something over four million under this program.

Mr. Young: — So the boatload of wheat that went to the Africans was not under the matching grants? Yes, no? Was it one per one by the other people?

Mr. Drew: — No, I'm sorry. It wasn't matched, but it was under this vote.

Mr. Young: — Matching grants, but unmatched.

Mr. Drew: — Well, I should stand to be corrected. There was donations from farmers donating the wheat. I am not sure of all the facts.

Mr. Muller: — Yes, I know, I made a personal donation of wheat to that. You could deliver wheat to the elevator, have it taken off . . .

Mr. Young: — But that baby was the child of the Saskatchewan Department of Agriculture . . .

Mr. Drew: — That's correct.

Mr. Young: — In every way, shape, or form?

Mr. Meagher: — It was administered though through Agdevco.

A Member: — Agdevco administered it, yes.

Mr. Young: — Do you happen to know if other provinces had anything akin to that? We're certainly not the biggest agriculture producers in Canada — Ontario and so on is bigger than us. Did Manitoba or any of these other provinces have anything akin to that when that famine was taking place?

Mr. Drew: — Not to my knowledge, Mr. Chairman, although I'm not familiar with what they might have done. But I didn't hear of any other province doing anything.

Mr. Chairman: — Can I turn to the Lebret training farm. Oh, sorry, are you still on that — go ahead.

Mr. Meagher: — On the same topic. With respect to the list that was requested by the chairman of the various countries that have received parts of this matching grant, could you include the amount alongside of each country?

Mr. Drew: — Yes, it will be in that information.

Mr. Meagher: — Okay.

Mr. Chairman: — Lebret training farm; I notice there was a reduction in the expenditure over the estimate. Is this part of a phasing out of this operation?

Mr. Drew: — That's correct, Mr. Chairman. That farm has since been allocated to — part to the Métis of the area and part to the native Indian band.

Mr. Chairman: — As part of land entitlements?

Mr. Drew: — It's a separate deal. I'm sure it will count under land entitlements, but it was a special deal that was struck for that particular farm because it had some historic importance to the Métis.

Mr. Chairman: — Could I ask another question on the counselling assistance for farmers, page 110 — a budget of 4 million, expenditure of 604,000. Can you explain why the massive reduction in expenditures over actual estimate?

Mr. Drew: — Well, Mr. Chairman, in our estimates we have to allow for payment under the guarantees that we issue. It happens that the guarantees are not demanded until some time later, and that's a start-up problem we had, I guess, with that particular year.

Mr. Chairman: — I'm looking for the guarantees under this list here, and I don't see them. Where would I find a provision for guarantees in the different lines here?

Mr. Drew: — There were actually no guarantees paid during the year under review. That is all administrative costs.

Mr. Chairman: — But you budgeted for guarantees? Did you know when you were budgeting for their guarantees that you wouldn't need the money till the next year?

Mr. Drew: — No, not really. I guess you can't guess on when a farmer might, you know, find himself in an impossible situation and the lender try to collect under the guarantee of the government.

Mr. Chairman: — I know it's not under the year under review, but if the committee will permit me to ask: how has your experience been since? If you don't have it right on you, I don't want to take . . . because I appreciate it's not under the year under review.

Mr. Drew: — I think we can get it in a minute, Mr. Chairman, if you'll bear with us.

Mr. Chairman: — Anyone else for questions? Okay, Mr. Klein, I'll let you go ahead.

Mr. Klein: — As I look through the list of expenditures, somebody that might look at this at first glance might feel that we have poor management. I'm sure that there's logical answers to it, and I'd just like to get some explanation from Mr. Drew.

On some sub-votes — we'll use conservation and

development as an example — you estimate \$10 and the expenditure is almost a million. In another area you have the same thing, where you have a \$10 estimate on page 100 and there's a \$120,000 expenditure. What would the reasons for that be where you underestimate so dramatically, when you estimate \$10 — let's talk about conservation and development — you estimate \$10 and your expenditure is almost a million?

Mr. Drew: — Well, Mr. Chairman, I thought I addressed that but I'll restate it. Conservation and development branch was going to the water Crown. When we were preparing our budgets, we anticipated it would happen the first of April. It didn't happen until about six months later, so we have half a year's expenditures there that we weren't anticipating.

The other item, Mr. Klein, I'm not sure what you referred to.

Mr. Klein: — Grants to conservation and development organizations; that would probably fall into the same situation?

Mr. Drew: — Yes, the same problem.

Mr. Klein: — Okay. And then there's another one, river irrigation; that would be the same thing. All I want to do is clarify the fact that it isn't bad management which sometimes somebody could have a look at and say, gee, if you're out a million bucks on your estimate, what kind of management is that. So there are extenuating circumstances that would . . .

The other thing that I would like to bring up, Mr. Chairman, there's an industry — an agricultural industry — that's extremely important to the northern part of our province that for years and years has bandied about from pillar to post without really having a home in government, and I'm talking specifically about the wild rice industry. As I've looked through the various expenditures, I don't see anything in Agriculture allocated as expenditures to that, and it may not very well be in the year under review. But has the wild rice industry finally found a home in the Department of Agriculture so that it comes under one umbrella and we can deal with it properly and start expanding that vital industry to the North? I'm thinking particularly of marketing and the like as well.

Mr. Drew: — Well, Mr. Chairman, yes, I think we have finally recognized the wild rice industry as a part of Agriculture. We have a specialist on staff now that devotes his time to that industry. We've made several projects under the ag development fund related to wild rice; the market development fund now administered by Economic Development and Trade have helped on the marketing side, and I think they're getting fair support, but if there's some concern, it should come to us. We're the co-ordinating . . .

Mr. Klein: — Yes, clearly Agriculture will be the main department now to co-ordinate all the activities for the wild rice industry, and it won't be like years gone by where we didn't know who was looking after it.

Mr. Drew: — That's right. The exception is that we do not issue the lease permits to grow wild rice. That's still Parks.

Mr. Klein: — But you would be the lead department, in any event, so that now the entire industry is under one umbrella.

Mr. Chairman: — Okay. I have no further questions. Do any other committee members have some. Mr. Drew?

Mr. Drew: — If you want an answer to your previous question on what we spent under guarantees last year: 2.5 million.

Mr. Chairman: — 2.5, thank you. Hearing no further questions, let me express, on behalf of the committee, our thanks to the officials of the Department of Agriculture for answering the questions and being here. Have a good day.

Mr. Craig here tells me that he has prepared, as at our request from last day, a report that we can give to the legislature on the progress that the committee has made, and I will ask Craig to present this to you so that we can either change it or approve it so that it can be typed more appropriately and then presented by your hon. chairman this afternoon.

Mr. James: — Mr. Chairman, members of the committee. This is a draft that I was asked to prepare for this meeting. This will be the ninth report of the Public Accounts committee, and it reads as follows, and feel free to amend it, of course, as we go along. A motion is required to adopt this report so that we can present it to the House this afternoon. It reads as follows:

Mr. Tchorzewski from the Standing Committee on Public Accounts presents the ninth report of the said committee which is as follows:

Your committee submits a progress report to the legislature for the Fifth Session of the 20th legislature. Your committee commenced its deliberations on April 3, 1986, and to date has conducted 13 meetings (and that includes today's).

The committee has completed its investigations in the Department of Health, Department of Revenue and Financial Services, the Municipal Employees Superannuation Commission and the Department of Social Services. In each case your committee has reviewed, pursuant to its terms of reference provided by the legislature, the issues raised by the Provincial Auditor in conjunction with the Public Accounts of the province of Saskatchewan for the year ended March 31, 1985.

Your committee is satisfied that every effort is being undertaken by the appropriate department and commission to address the concerns raised by the Provincial Auditor and the committee. The results of our investigations will be monitored by the committee and the Provincial Auditor respecting departmental compliance.

Your committee recommends to the legislature to adopt, by way of concurrence in this report, the measures applied by your committee in its investigations of this current session. Your committee anticipates meeting intersessionally to complete its business before the end of this calendar year.

The committee wishes to express its appreciation to those officials who have appeared before the committee for the testimony they have provided. Your committee also wishes to express its gratitude to the Provincial Auditor and his staff and the comptroller's office for the expert technical assistance they have brought to the deliberations of this committee.

On June 9, 1986, the member for Regina North East replaced the member for Regina Centre as chairman of your committee.

Do members wish to include anything else other than what I have mentioned in the report? Do they want any stronger wording? Do they want it . . .

Mr. Young: — I believe, Craig, we had . . . that last year there was commentary on the attendance of some of the members, particularly the WCC that we have on the committee. Right now there's no commentary on anyone's attendance, and maybe that's the way to go. But I just bring that out as something that we got on the ball on our last report, or maybe the second last, and we're silent on now. That's okay by me either way. And I don't know if we should be getting into that, but whatever.

Mr. Chairman: — I'll leave it to the committee. I'm not sure we should . . . If there is a comment, it seems to me more appropriate at your final report sort of to overview the workings of the committee. But I'm new to the committee; I don't know the history of those kinds of things. So I leave it to you, gentlemen.

Mr. Meagher: — Well, Mr. Chairman, is this an interim report?

Mr. Chairman: — Oh yes. Oh yes. We're not complete, you see.

Mr. Young: — You had a comment on that municipal pension people. That was kind of something that I've never seen happen before.

Mr. James: — That was the first.

Mr. Young: — That was the first. I don't know if that deserves any further commentary or what, but that was an issue where we felt we were taken to the wall by . . .

Mr. James: — It's certainly up to the committee. If they wish to comment on it now, they can. But I think in the final report it would be more appropriate to refer to it in other matters.

Mr. Young: — Make reference of our 7 a.m. meetings so the world will know what we've been through — another thing we could consider.

Mr. Chairman: — If I may ask, for my purposes, what's the procedure? I make the report in the House, but do I read this?

Mr. James: — No, I'll stand up in the House and read the report . . .

Mr. Chairman: — You are it, okay.

Mr. James: — . . . and it has a concurrence motion. But what we need from the committee is a motion to adopt this interim report.

Mr. Young: — So we're saying in the report to the legislature effectively what Mr. Tchorzewski said that we would discuss after the meeting, which is that we're going to meet intersessionally to complete. That's a little premature in that sense, Craig.

Mr. Chairman: — Why don't we discuss that now; then we'll know whether we want . . .

Mr. James: — I simply put in here that the committee anticipates meeting.

Mr. Chairman: — Yes, and that's probably fair.

Mr. James: — I think the legislature . . .

Mr. Young: — Well that's where I'm at, anyhow. But I just . . . in that we hadn't discussed it as a committee . . .

Mr. Chairman: — Let's just put this here and talk about the future work of the committee, and then we'll be more accurate in our report. As I look at July . . . Oh, this is June 26th.

But there are a number of departments and agencies which the committee said it wanted to question in the committee — Advanced Education and Manpower, computer corporation, Co-operation and Co-operative Development, Finance, Health, Native Affairs Secretariat, Justice, Forest Products Corporation, Tourism and Small Business, and research council — all of which have yet, I understand, not been considered by the committee.

Mr. Young: — What about . . . I thought we did Finance.

Mr. Chairman: — Did we?

Mr. Klein: — We did Finance.

Mr. Young: — . . . (inaudible) . . . They had that . . .

Mr. James: — There are outstanding issues . . . (inaudible) . . .

Mr. Chairman: — Strike that from the record.

A Member: — Pardon me?

Mr. James: — There are outstanding issues in the Department of Finance, one of them being the Provincial Auditor's position paper.

Mr. Young: — I'm with Jack, as far as I can recall, that we've been around the Horn on that thing real well. But . . .

Mr. James: — Well it's certainly up to the committee, but all I'm saying is that . . .

Mr. Klein: — As I recall, there's only one small article left that we could have finished, and the chairman walked out in a huff.

Mr. Chairman: — So it wasn't finished?

Mr. Klein: — I think that would be the only one.

Mr. James: — . . . (inaudible) . . . the Provincial Auditor's position paper as well.

Mr. Chairman: — Yes, okay. So it's . . .

Mr. Klein: — Most of the questioning on Finance is done, I would say.

Mr. Chairman: — Well we can determine, as we go down the list at future meetings, whether committee members still feel they want to bring Finance forward.

Mr. Klein: — How many other departments do we have outstanding other than that list?

Mr. Chairman: — That's the list.

Mr. Klein: — That's it?

Mr. Chairman: — That's the list.

Mr. Meagher: — In fact, Finance was completed. We completed Finance with the deputy chairman in the chairman's . . .

Mr. Young: — As a matter of fact, the day that we . . . I believe there was no NDP there for a while. They were coming and going all the time.

Mr. Meagher: — We finished Finance. Now it's a matter of debate whether or not they would like to bring it back. But we formally finished Finance and made a resolution to that effect and sent them on their way.

Mr. Chairman: — That's fine. I'm really not arguing that it should be on the agenda. I'm just wanting to know what the committee feels. If the committee feels that you have completed Finance, although I think there's a . . . did I hear you say an auditor's paper that needs to be considered, which is partly separated and removed. But if the committee feels you have completed Finance, that's quite all right.

Mr. Klein: — I'm under the impression that Finance *per se* is completed except for one little thing left on the auditor's report.

Mr. Chairman: — So we'll bring that item back. Okay.

Mr. Klein: — Well if there's something that's mandatory,

Craig would know, and you're the chairman. I don't have any problem with bringing them in for a few minutes and closing it off formally, if that's necessary.

Mr. Chairman: — Okay. Let's do that. What, therefore, is your wish? I, as the chairman, feel it's important we complete the work of the committee, and I'm certainly not going to suggest that we come back in July and do it. I think members probably have other plans, and so they should. But I'm open as to some times, either at the call of the chair . . . I would prefer it would be established at a committee meeting because these calls of the chair do often not get great responses. So if we can establish some timetable for future meetings in the fall, I think probably that's a more appropriate time — early fall. I am open to some suggestions from the committee.

Mr. Young: — I would agree that we should start doing things no earlier than September because . . .

Mr. Meagher: — Yes, I quite agree. Sometime in the early part of September seems to be the best.

Mr. Chairman: — I guarantee there won't be an election at that time.

Mr. Muller: — That's a very, very difficult time for me, but I guess . . .

Mr. Chairman: — I hear September. I don't hear any particular dates. Do you want to set dates now?

Mr. Young: — I'm okay from about the fifth on. I think school starts about the fifth or something. You would know, Ed?

Mr. Chairman: — Yes. Well it actually starts up here on the 25th of August.

Mr. Klein: — I wonder, Mr. Chairman, if I could make a suggestion that you and the vice-chairman perhaps could get together and work out a date that would be of mutual satisfaction.

Mr. Chairman: — I'm prepared to live with that.

Mr. Muller: — I think it's best that the chairman and vice-chairman set it because if we try to set dates here everyone will try to change them. I think if it's arbitrarily set by the chairman and vice-chairman, we will have to attend.

Mr. Chairman: — We will do it better than arbitrarily, we'll try to do a canvass of committee members. But I would urge members to try to at least make sure we have a quorum because I think we need to get this work done.

Mr. Klein: — Respectively, if that's what would happen if you and the vice-chairman established a date, you could.

Mr. Young: — So long as it's some time after the first two days in September, right?

Mr. Chairman: — Agreed.

Mr. Young: — You're not even going to consider anything in August. Fair pool.

Mr. Chairman: — Agreed.

Mr. Meagher: — The only other suggestion I could make coming from far away is that if it was in the early part of the week, a Monday preferably, or a Friday . . .

Mr. Chairman: — Tied into the weekend.

Mr. Meagher: — It's far better than mid-week. A mid-week meeting is fairly inconvenient.

Mr. Chairman: — We'll keep that in mind. Okay. Having established that, could I therefore ask whether you wish to name the departments you want to consider first, or shall we also undertake, the vice-chairman and I, to do that?

Mr. Young: — We would certainly have to know in . . .

Mr. Chairman: — You will know in advance.

Mr. Meagher: — With the notice of the meeting — if I could make a suggestion — if you send out a list of the departments and in their order that the chairman has decided, I could live with that.

A Member: — Oh, certainly. So could we.

Mr. Chairman: — It shall be done. Okay.

A Member: — Obviously, if we did Agriculture off the cuff today, we're capable of doing a lot without . . . (inaudible) . . .

Mr. Chairman: — Yes. I've noticed that in the House in the last five months.

Mr. Young: — I don't think anyone had any preparation at all for those people. I can't speak for everyone but . . .

Mr. Chairman: — Okay. So therefore Mr. James's comment about anticipated future meetings we can leave in the report because we've decided, more or less, that we're going to have some future meetings.

All right. The next thing I want to mention is the . . . We need a motion to adopt the report. Mr. Meagher.

A Member: — You need a seconder.

Mr. Chairman: — We don't need a seconder in committee.

The annual meeting which is coming on, starting on Sunday, in the absence of Mr. Katzman I'm going to invite you all, those of you who are able to attend. And if you can, I would urge you to. If you wish, and if you're able to, come to Room 738 at the Hotel Saskatchewan at about 5:30, which happens to be Mr. Katzman's room, prior to the reception. There's a reception at 6 for delegates from across Canada.

Mr. Klein: — With our spouses?

Mr. Chairman: — With your spouses. They're invited.

Mr. Young: — We're to bring our spouses on Sunday and on the closing? At the beginning and the end?

Mr. James: — Well it's not required, but if you want to bring your spouses, you can bring your spouses. If you don't want to . . .

Mr. Young: — I kind of thought that the spouse stuff had all been allocated to the conclusion of the meeting, and now you've got it at the front and the back.

Mr. James: — Well no, there's a separate spouses' program, but spouses have been invited as well to attend any of the social functions as well.

Mr. Chairman: — It's just a matter of choice.

Mr. James: — Yes, if they want to. There's no obligation

Mr. Young: — Are you saying, Craig, that we are booked . . . Am I booked already at the Sheraton? Have all these things been done, or was I to do that?

Mr. James: — At the Saskatchewan. No, you've got a room at the Hotel Saskatchewan.

Mr. Young: — As per you doing it, because I never did anything.

Mr. James: — No. It's all been done. It's all looked after

Mr. Muller: — You mean we all have rooms?

Mr. Chairman: — Those who have confirmed that they're coming. If you have not confirmed . . .

Mr. Young: — I can just walk in here Sunday night and I've got a room? Okay.

Mr. James: — I'll be phoning you prior to that just to let you know what your room number is and to request when you're going to be coming in and so on.

Mr. Chairman: — Just going back to the 5:30. The reason for that, as Craig suggested, it maybe would be a good idea if we got together and made sure that we had sort of arranged to make sure that we've looked after everybody when the reception is there and made them feel at home, and make sure they go away with a good impression. So we'll all have a role to play in that, throughout that time

Mr. Klein: — Are you aware of who from the committee is, in fact, attending and . . .

Mr. James: — Yes, Mr. Sveinson, Mr. Young, Mr. Tchorzewski, Mr. Shillington, and Mr. Katzman, and Mr. Klein — that confirmed so far. And out-of-town MLAs, members of this committee, will have rooms in the hotel, otherwise no rooms will be booked for the city members.

Mr. Young: — Here is my concern on this. We went through here before . . . There's numbers and numbers of people, myself, and Weiman, and Katzman, and Glauser,

etc., etc., who aren't running again and under no circumstances therefore will be back next year on the committee. Was there any effort made to attempt to substitute some of the people who weren't on the committee to come to this thing, if they could, who have some possibility of being elected members?

The benefit of this to myself is somewhat dubious in to the sense that, when an election is called, I am out of politics. Therefore, there'd be more mileage in sending someone who's running again than someone who isn't. Not that I don't think I will get any benefit out of it, but I don't know what the public benefit will get out of me going to this. I might learn something, but I don't know to whose benefit that is other than my own.

Mr. James: — Well, Mr. Young, it's a good argument, but unfortunately the constitution of the council reads that this meeting is open only to members of Public Accounts Committees, and so there's no substitution.

Mr. Chairman: — Any further questions? I think we've covered everything we need to cover today. Thank you. Have a good day! The meeting is now adjourned.

The committee adjourned at 10:40 a.m.