

Consideration of Provincial Auditor's Report
(continued)

Mr. Chairman: — Welcome to the Public Accounts Committee. Can I ask you to . . . I have here I guess Mr. Barclay — Douglas Barclay is the general manager, and Fred Hachey, the comptroller from the Saskatchewan Forest Products Corporation.

Before we begin may I just indicate that any evidence given at this committee cannot be used in any way in a libel suit or any kind of other action against any officials who testify here. You have the protection much the same way as members of the legislature have in the Legislative Assembly, so you do not have to concern yourselves with that.

But the other requirement on the other hand is that officials in the committee, unlike politicians in the House who are cabinet ministers, are required to answer the questions. I was told when I was on the other side of the House that cabinet ministers do not have to answer the questions but may have to suffer the consequences as a result of it. I'm afraid we can't extend you that luxury.

Thank you for coming. I know you had to come from places outside of the city, so that's appreciated. We hope that we will not have to spend a great deal of time on this. We're on the 1985 report of the Provincial Auditor in which some reference is made by the auditor to some operations of forest products, and we wanted to get some clarification on some of the issues that were raised here. It is open for questions from the committee members.

Mr. Van Mulligen: — I note that in '84-85 the auditor had comments with respect to rules and procedures in so far as unauthorized data perhaps being entered into the accounting records of the corporation, I don't see any note of that in the subsequent report unless I've missed that, and Mr. Lutz would maybe want to correct me on that.

Mr. Lutz: — It's on page 62, Mr. Van Mulligen? Is that correct?

Mr. Van Mulligen: — Yes, of the '84-85 report.

Mr. Lutz: — I think my comment will have to be that if there is no subsequent follow-up comment of the same nature, then one must assume that it has been corrected.

Mr. Van Mulligen: — That's what I'm assuming, too. Perhaps we could just have a bit of an explanation as to what the problem . . . were there any problems, or was it just a matter that the rules and procedures that were there were not clearly laid down, and do you know of any problems of people entering into your data bases?

Mr. Barclay: — No. I guess a note of explanation here with regard to my position with the corporation. I've only been with the corporation over the past year, and you'll have to maybe bear with me with the background, you know. Having not experienced that period of time, I may have to look up this information for you in some of the subsequent questions.

Mr. Van Mulligen: — But as far as you know, or the comptroller knows, there is no evidence of any people entering unauthorized data.

Mr. Hachey: — No.

Mr. Van Mulligen: — I really don't have any more questions on that point. The auditor notes — there is no notes in the subsequent report, and I assume that whatever problems he noted do not exist any more.

Mr. Chairman: — Thank you, Mr. Van Mulligen. What others are . . . looking at the report I just want to turn to page 50 and have . . . I'm referring now to the first comment of the auditor in which he indicates the treasury board policies had been contravened in the instance referred to by the processing of revolving fund receipts and payments through NorFor's bank account rather than through the Consolidated Fund.

I assume also, because there was no further comment in another year, that this has now been corrected. I just take that as an assumption and, unless otherwise stated by Mr. Lutz or one of his officials, I will . . .

I'm wondering, and I know this may not be a totally fair question of the new general manager or president, but was this an oversight? Do you know if there's any evidence if this was just an oversight or that the corporation was unaware of the requirement?

Mr. Hachey: — What would you think? Do you think we were? This has to do with the . . . which question is it on the auditor's . . .

Mr. Chairman: — Page 50.

Mr. Hachey: — Okay.

Mr. Chairman: — Under Tourism and Small Business, sorry — dealing with the purchase agreement.

NorFor opened a bank account and began processing revolving fund receipts.

Mr. Hachey: — Okay. Yes. That was during the interim when Tourism and Small Business was taking over the operations from DNS (department of northern Saskatchewan), DNS. I opened the bank account, and the fact is we didn't have any place to put the money. DNS didn't want the money any longer; Tourism and Small Business weren't sure whether they should be getting the money, so therefore I opened up an account and put the money in there pending finalization of who was eventually responsible for these funds.

Mr. Chairman: — Okay.

The other one is that it notes here that Saskatchewan Forest Products Corporation was charging the department a fee for the administration of the saw mills; in the case it happened to be 5 per cent. Is that normal in this case?

Mr. Hachey: — That was the agreed upon rate between the two managers at that time, that the administration fee would be 5 per cent.

Mr. Chairman: — I see but . . .

Mr. Hachey: — I think in business it's a little less than what would normally be charged.

Mr. Chairman: — I guess the concern here, that there had not been an authorization to do this in the agreement signed between the department and the corporation.

Mr. Hachey: — That's correct.

Mr. Chairman: — Is there now an agreement, or was there since then an agreement? How was it rectified?

Mr. Hachey: — Well that fee was never charged to Northern Forest Operations; it was brought back into Saskatchewan Forest Products books.

Mr. Chairman: — Okay. Thank you. Another thing that was noted here on page 51 is that there were no policy or procedures manuals and no formal method of delegating responsibility. How has that been rectified?

Mr. Hachey: — That's correct. There wasn't any policy or procedural manuals. Since that time we have written some procedures and policies. Inadequate supervision, I don't quite agree with that.

Mr. Chairman: — Can you elaborate?

Mr. Hachey: — We only had . . . there was only two employees of Northern Forest Operations, and they were in a separate part of the main office, and I visited them quite frequently. That's about all.

Mr. Barclay: — We do have an office manager at our operation at our head office in Prince Albert who also assists Fred to supervise the workings of both the NorFor, to co-ordinate our NorFor and our SaskFor administration.

Mr. Chairman: — Thank you. I guess part of the reason I asked those is because I note also it says that accounts were unreconciled and amounts were recorded in the wrong accounts. When you're running an operation of this kind, I don't imagine any manager would want to have that take place. Can you explain what steps have been taken to put a check on that?

Mr. Hachey: — Accounts are now being reconciled on a monthly basis. During the time that this report was written, there was transferring the records from the revolving fund to Saskatchewan Forest Products Corporation computer system, and I think that was why — I know that was why some of the accounts were left unreconciled and unchecked.

Mr. Chairman: — Thank you. I'm now on page 52, dealing with (e)(i). It talks about inadequate systems of checking to ensure the completeness and accuracy of transactions in a number of instances, and there was no check to ensure that customers were billed for all

shipments. Can you tell the committee whether this did result in some loss of payments from customers? Are you aware of any such situations arising?

Mr. Hachey: — No, we're not.

Mr. Chairman: — So you're confident, then, that even though there was no control on the billing process, that things went okay?

Mr. Hachey: — The other procedure whereby we have the wood products sales slip which is more or less a bill of lading and these slips are prenumbered, and whenever a shipment is made, these wood products sales slips are prepared and they are referenced to the customer's invoice. And the numerical sequence of the wood products sales slips are checked on a regular basis to show that they're all accounted for. So I'm quite confident that all the shipments to the customers are being billed.

Mr. Van Mulligen: — If I might just back up for a bit to point (c), and that's the note of the auditor where he indicates there is no comparison made of logs cut with lumber sawn, planed and sold — and I'm wondering, was there a problem? Has there been any attempt by your corporation to set up a system of reconciling the lumber that's brought in with the lumber that's actually sold, or lumber that's inventoried?

Mr. Hachey: — Yes. The operations that we're talking about here, we're talking about Green Lake and Meadow Lake, which produce four million feet of lumber a year. All the logs that are brought in during one year are sawn within that year. Normally we expect an overrun of about 2 per cent, and that's done at the end of the year, and we've been doing that. We haven't had any problem with that.

Mr. Van Mulligen: — Do you have any control procedures so that there's no theft or people sort of walking away with the odd bit of lumber here and there?

Mr. Hachey: — Well there's a watchman at each location.

Mr. Barclay: — But then again I think it would be fair to add, Fred, that our inventories have been well within the — I would say — would under 1 per cent be fair? They are accurate. We see no discrepancies, and we do our inventories on a period basis, 13 periods a year, and the discrepancies are not showing up. So we're confident that the customers are being billed, and the lumber and products are not being stolen.

Mr. Van Mulligen: — The comments from the auditor has then . . . where he indicates that there was no comparison — are you saying that this happened at a particular mill and it was not widespread? Or was this a difference in perception on the part of the auditor's staff and yourself where you feel, in fact, there were controls?

Mr. Barclay: — Well I think here we're pointing out our Green Lake operation. I think that's the reference there, to the Green Lake-Meadow Lake operation.

Mr. Van Mulligen: — It's not entirely clear in the auditor's

comments.

Mr. Hachey: — We just do a simple calculation at year end to show, like, what was produced based on what was delivered. There's no long, detailed calculation. It's just a quick comparison. Like for different operations we expect different results. Like for one operation, our Green Lake-Meadow Lake operation, we expect an overrun. In our other operation at La Ronge we expect an undercut by about 10 per cent. And this is what has been showing up in our books.

Mr. Van Mulligen: — I wonder if Mr. Lutz or his staff have any comment on this point (c).

Mr. Lutz: — I missed that, Mr. Van Mulligen, I'm sorry.

Mr. Van Mulligen: — No, we were just discussing the note that you had about the lack of any comparison between logs cut and logs planed, sold, and inventoried and so on, and they seem to indicate that this was a problem perhaps at one mill, the Green Lake-Meadow Lake mill, and it's not a widespread problem. They feel that generally their procedures are adequate to ensure that the product in has some relationship to product out. And I'm just wondering if you have any further comments, after listening to these officials, about this note that you had in your report.

Mr. Lutz: — The first thing I will say, Mr. Chairman, is that in our later report for this year the same observation is made again. I believe that no matter where your process is taking place, any management control system should have some element of reconciling on an interim basis the input of raw product, the output of finished product, the availability of product and the sale of product.

Now the gentleman says he can do it at the end of the year, and he knows he's right there, or very close. I guess it they can do that, that's fine. But our observation, I believe, will be that a management control system should have something a little more regular and a little more systematic than once a year at the end of the year, and it will be all read in a day, and this is repeated in the next subsequent report, so I suppose we're going to go through this again,

Mr. Van Mulligen: — But you're satisfied with your procedures that you have in this respect to reconcile the amount of lumber that's brought in with the product that's sold and so on?

Mr. Barclay: — We do it on a trade basis.

Mr. Van Mulligen: — And the standards that you have for that and the process you have of doing that, how does that compare, say, generally with the industry?

Mr. Hachey: — I'd say it compares.

Mr. Van Mulligen: — The standard practice throughout industry?

Mr. Hachey: — Yes.

Mr. Van Mulligen: — Is this a case of where the owner's

auditors, in this case the Provincial Auditor, might have some different standards than private auditors who might be doing this in private industry?

Mr. Hachey: — No.

Mr. Van Mulligen: — Or they all express the same concern?

Mr. Hachey: — I would say so. Yes.

Mr. Muller: — Just for clarification, did you not say that you check it 13 times a year . . .

Mr. Barclay: — Well, I think there's . . . maybe we should clarify . . .

Mr. Muller: — . . . rather than once at the end of the year. I thought I understood that.

Mr. Barclay: — Mr. Chairman, with regard to . . . we're speaking of a specific operation here — our Green Lake, Meadow Lake saw mills, I believe — and in our other operations, all of them have inventory control on a 13-period year — thirteen times a year log inventories, work in progress, finished product inventories, they're done each period.

Mr. Muller: — Oh I see, and the Meadow Lake and Green Lake year you bring so many logs in in the winter and those are processed in that year and you check them once a year.

Mr. Barclay: — Yes, and this is the area that's been highlighted here in the report, the operations.

Mr. Muller: — You have a certain time of year you log, and then you have to shut your logging off in the summer time, and those logs that are in the yard are then sawed and shipped out.

Mr. Barclay: — That's right. And that operation is operating up until probably mid-October and then it's . . . all the logs . . . that we've depleted the logs and that operation's shut down, and then we log again, put the wood into place in the yard, and then we start up the mill again in about April and operate it for about six months. But the others are all year-round operations.

Mr. Muller: — On an ongoing basis; so they're monitored on an ongoing basis?

Mr. Neudorf: — Yes, it would seem then to me, Mr. Chairman, that the people who have come out to do the auditing of the books just simply failed to understand and to appreciate the kind of operation that they were looking at.

If there's an ongoing inventory on a continual basis, then of course you're going to have to check it periodically. But if there's only one season of the year that the raw product comes in, and then it ceases to come in; there's not much point in checking on a monthly basis to see how much more product is coming in during the summer months when there is no activities such as that.

Mr. Rolfes: — Mr. Chairman, I just have one question. In (e)(ii) — I don't know if this was explained before or not, but there was no checking of sale price to determine whether the correct price was charged. I don't quite understand that.

Could you give me an explanation of that? Surely there must be some checking of the . . . I mean, if you sell lumber, somebody must be checking the price that is being charged. I don't quite get the statement; what does that refer to here?

Mr. Hachey: — All Northern Forest Operations lumber was sold by Saskatchewan Forest Products. We were getting the same price for NorFor lumber as Saskatchewan Forest Products was getting for its lumber. There wasn't any checking to any great extent on the sales prices that were being required by Sask Forest Products for NorFor, that's true. But we expected . . . or I had confidence in that the sales manager that he would obtain the best price, or the same price that he was getting for Sask Forest Products, for NorFor. I wouldn't doubt that he'd be getting the same prices because they were sold from the same place, using the same sales price list.

Mr. Rolfes: — But we don't know whether you got the same price?

Mr. Hachey: — We have never checked the sales price back to the invoice, no.

Mr. Rolfes: — So someone could be selling it for less without you knowing that he's not getting the same price as . . .

Mr. Hachey: — I doubt very much that would happen, but it could be, yes. I don't see why it would be to his advantage to sell it for less.

Mr. Rolfes: — Well I don't want to give the reason, but it's obvious to me why one would want to, but let's hope that's not the case.

But if there's no checking, how do we know whether the person is or isn't taking advantage of his position? I'm not suggesting that he is, don't get me wrong; I'm just saying if there are no checks, how do we know that he isn't taking advantage of his position.

I would suggest that that probably is a weakness there that we should look into. I'm not suggesting that anything untoward is taking place, but it's simply we don't have the check and balances here that we possibly should have and certainly notify the Provincial Auditor. I think it is an area that we should maybe check into.

Mr. Chairman: — I'd like to reinforce that, and I hear what you're saying, Mr. Hachey, and without reflecting at all in any way on the sales person here, it's really not a question of confidence in the sales person, although you probably have every reason in the world to have that. It seems to me that it's more a matter of good management and sound business practice to be able to assure for yourselves that in fact everything is going as it should. I, as one, can't accept that practice. If you're acting responsibly as a manager of this kind of a corporation,

then you have to make sure that you protect yourself, if nobody else, with the right procedures.

And I see Mr. Barclay was nodding his head, and I shouldn't read anything into that, but I take that as some assurance to the committee that steps will be taken, if they haven't already, to see if that can be corrected. Thank you.

Mr. Barclay: — Certainly.

Mr. Hachey: — What we've done, we've been sending a copy of the selling prices that our sales manager has been using to Northern Forest operations. We've requested the clerks to check those prices against the invoices to ensure that they're getting the prices they were supposed to be getting.

Mr. Chairman: — Thank you. Anyone else? I don't have a great deal more. I'm making a quick comparison between the 1985 auditor's report and the 1986 report, and I simply wish to bring to your attention and ask that you address it: that a number of the concerns that the auditor has expressed in '84-85 are also expressed once again in 1985-86, and some of them were expressed in 1984.

Without pushing any panic buttons at this time, I really think it's incumbent on the corporation to address those issues, and if there is disagreement with what the auditor says, provide some documentation to the committee to show that there is reason for that disagreement. And I sort of leave that with you, but I refer on things like:

. . . documentation of policies and procedures increases and the risk of breakdowns in the systems of internal control with the result that the risk to the corporation of losses due to fraud or error is increased.

Not suggesting in any way that there has been fraud or error, but the potential for that is there. That's again reinforced in the 1986 auditor's report; in other words, that signals to me that no follow-up was made. I really would hope that the corporation would address those items raised here and satisfy to the legislature that all of those things are in hand in the future.

Mr. Barclay: — Well, Mr. Chairman, I've made a note of those points, and we certainly will address them.

Mr. Chairman: — Thank you. Any other questions?

That's all I have. Thank you very much. It's a long trip for a short meeting, but it's important. We appreciate your coming down. Have a safe trip back.

Mr. Barclay: — Thanks very much.

Mr. Chairman: — You get a chance to meet with your minister now or something like that.

Mr. Barclay: — Pardon?

Mr. Chairman: — You have an opportunity now to meet with your minister or something like that, you see.

Mr. Barclay: — He seems to be a busy fellow.

Mr. Chairman: — I won't comment on that. Thank you.

Do your members have designated lead questioners for Department of Finance and Department of Advanced Education?

Mr. Muller: — We haven't as yet.

Mr. Chairman: — Can I ask you to do that so that when we call them we'll be well briefed and ready to go.

I think Mr. Rolfes is our lead questioner on Advanced Education, and we don't have anybody designated for Finance yet, but I'm sure we'll be able to . . . I imagine we'll find one.

Mr. Muller: — Oh, you moved Advanced Education down to number 5 after Finance.

Mr. Chairman: — Yes, because we already had notified Finance, so we'll just keep that order. Sorry.

Public Hearing: Tourism, Small Business and Co-operatives

Mr. Chairman: — Gentlemen, shall we begin. Good morning to the officials from the Department of Tourism, Small Business and, now, Co-operatives.

We're going to deal with 1984-1985, so the Co-operatives will be deleted for that period of time, Mr. Ken McNabb, acting deputy minister, the gentleman in the middle; Harvey Murchison, director of administration, the fellow with the two-tone beard; and Jim Zatulsky, financial consultant.

I just remind you gentlemen — I don't know whether any of you have been to a Public Accounts Committee meeting before; you may have been — that all evidence provided by officials here is done such that you are exempted and protected from any action that someone may take in the courts, libel or otherwise. So that is an immunity which you enjoy when you appear before a Committee of the Public Accounts, much the same way as we enjoy as legislators when we're in the Legislative Assembly.

You're required as a result to answer all questions that committee members address, and if you're unable to answer them today, obviously we have to wait till you're able to prepare some answers.

We are going to be considering here a backlog from 1984-1985. The committee did not get its work done, so I'm going to ask the committee members for now to address their comments and questions to the 1984-1985 Public Accounts,

We have had a discussion of the Provincial Auditor's report for '85 with Sask Forest Products Corporation just previous to this. I sense that we're satisfied that we have covered that area. Unless someone has some questions, I will move on to the *Public Accounts* themselves if somebody has any questions. Okay?

Mr. Van Mulligen: — Mr. Chairman, I don't have any questions on the '84-85 auditor's report with respect to this department. I have some questions on Public Accounts, '84-85, and I have some questions on — very brief ones — on the '85-86 auditor's report, and I wonder if we just might deal with that and then get into public . . .

Mr. Chairman: — Auditor's report itself?

Mr. Van Mulligen: — Yes, and then get into public . . .

Mr. Chairman: — Is that okay with the committee that we finish the auditor's reports first? Okay. Let's deal with '85-86 auditor's report. Go ahead Mr. Van Mulligen.

Mr. Van Mulligen: — In reference, page 133-134, in discussing the venture capital tax credit program and the fact that there's a requirement that there will be a trust fund set aside by each venture capital corporation, the auditor makes the point that there's an established procedure whereby you will obtain in writing or otherwise document the existence of these trust funds. Then he mentions that there is several instances where written confirmation had not been obtained, and he points out that it's not a lack of established procedures but simply a lack of compliance by some people to obtain the information. He raises the concern that, I guess, especially given the volatility of some of the venture capital corporations, that if the Crown were later to require compensation and the trust fund, or the required trust fund wasn't there, it may create some problems.

I'm just wondering how you've dealt with this question of lack of compliance by the officials? Was that a widespread problem? Was the nature of the problem . . . The auditor makes the points, but it's not always clear. Is it one or two cases, or was it more widespread than that? And how has this matter been dealt with?

Mr. McNabb: — Mr. Chairman, with respect to the venture capital program, as we recall, this was a relatively new program when this audit report came out. We're in sort of the infancy of ensuring that all the procedures were in place at that time. From our point of view these were isolated cases; they weren't a general problem. They are not a problem we have now, and we feel that there are appropriate procedures in place to ensure that the proper trust funds are in place.

Mr. Van Mulligen: — That's all the questions I had unless Mr. Lutz had any further comments on his notes.

Mr. Lutz: — Mr. Chairman, the department has advised us that they have corrected, and I believe they probably have, and of course in a subsequent visit we'll look again. But I think they have taken remedial action.

Mr. Van Mulligen: — Okay. I'm pleased to see that. I don't have any other questions about the auditor's report for this department.

Mr. Neudorf: — I'm not quite sure, Mr. Chairman, whether this would be considered a point of order or perhaps committee procedure, but my records indicate that for the year 1985-86 we would not be calling in the

Department of Tourism and Small Business, and the Standing Committee on Public Accounts priority list that we received also indicates that Tourism and Small Business was to be in for 1984-85.

Mr. Chairman: — '84-85?

Mr. Neudorf: — Yes, and now we were dipping into '85-86 after all, after having agreed that they were not going to be called up for '85-86. So I'm just wondering what the procedure is going to be in the future?

Mr. Chairman: — I think as I look at the list here, you're correct — '84-85. Unless someone objects, if the department is prepared and some people want to question '85-86 when we have dealt with '84-85, then I think we can do it. We can add to the committee any time we wish.

Mr. Neudorf: — Well, Mr. Chairman, I certainly have no objections to Mr. Van Mulligen raising those questions, but I guess I would question the hour and a half or two hours that we spent going through it before to make those decisions and now not abiding by them.

Mr. Chairman: — Yes, that's why we go through them. But we may add, like for example, I have — since we have gone through them — been thinking about adding a department if we have time at the end of our sessions. But that's open to us.

Let's go back to '84-85, as you indicate . . . the *Public Accounts* of 1984-85, and I'm going to ask the committee members if we can deal with them in an orderly manner. Let's start at the beginning with the administration and deal with them section by section and then at the end if we have some general questions in a summary nature we can then deal with that as well.

So we're here at page 489 of the *Public Accounts* of '84-85, just to let you know where we're at, and I ask committee members if there's anything you wish address? Mr. Van Mulligen, we have extra copies.

Mr. Van Mulligen: — Mr. Chairman, under administration, page 489, there is a category: allowances, retiring gratuities, and TPHD. First of all, I'd like to know just the nature of these retiring gratuities, and what is meant by the initials TPHD?

Mr. McNabb: — With respect to that item in the Public Accounts, we can't this morning recall any allowances or retiring gratuities. I think at this point we consider that most of that would have been temporary pay for higher duties within the department, people in the department who were doing duties that were higher than their normal classification and were getting paid at a higher rate.

Mr. Van Mulligen: — So that that \$3,583 then reflects that temporary pay?

A Member: — Yes.

Mr. Van Mulligen: — Professional and technical services, I note that you've spent close to \$21,000. I wonder if you can tell us what kinds of professional and technical

services these might be?

Mr. McNabb: — Mr. Chairman, we, in that particular year, had a contract for professional services in the North for handling some of the, I believe it was, accounting responsibilities for our northern loan fund. And it was an individual doing some professional accounting work for us for the loan fund.

Mr. Van Mulligen: — So it was strictly accounting type of work then?

A Member: — Yes.

Mr. Chairman: — Can I just interrupt? Who was the firm?

Mr. McNabb: — It was a firm by the name of Peterson & Reinhardt out of Prince Albert.

Mr. Van Mulligen: — The category, advertising and printing related expenses, I can certainly understand how some of the departments would have advertising costs and some do, and they're significant. But I'm curious as to what the advertising expenses would be for the administration, you know, subvote?

Mr. McNabb: — We had no advertising costs under administration in that year. The costs identified are for printing of forms, administrative forms for use in the department.

Mr. Van Mulligen: — Those are forms then for the whole department?

Mr. McNabb: — Yes.

Mr. Van Mulligen: — Travelling expenses in this one are in the neighbourhood of \$75,000. I wonder if I could ask if any portion of that was travelling expenses for the minister, and where he may have travelled to if it was out-of-province?

Mr. McNabb: — Mr. Chairman, yes there would have been some of those expenses, travelling expenses for the minister in this particular year. We're currently doing a complete summary of this type of information for a return in the House. I'm wondering if we could provide that information at that time, as part of that return?

Mr. Chairman: — I think you need to provide it for the committee.

Mr. McNabb: — Okay, on that basis, we don't have it with us. We could provide it at a later date in a separate summary.

Mr. Chairman: — I take it . . . we certainly will be quite satisfied with you agreeing and confirming that you will provide it as soon as possible.

Mr. McNabb: — Certainly.

Mr. Chairman: — I mean the committee does not want to wait till January.

Mr. McNabb: — No. We should have it ready for . . . Just

the minister's travel then, or all the travel under that item?

Mr. Van Mulligen: — All the travel under that item. I have particular interest in the minister, and I'll tell you why. It seems to me that the minister, Mr. Klein, made a trip to Africa in August of 1984, and I'm curious to know the nature of his expenses on that trip and who may have accompanied him.

I'm also curious to know and just get your opinion at this time if in fact, you know, those expenses are reflected here, whether you've seen any upsurge in tourism visits in Saskatchewan on the part of African people, or any increased investment in Saskatchewan as a result of . . . by African business interests in Saskatchewan as a result of this trip,

Mr. McNabb: — Mr. Chairman, a comment with respect to Mr. Klein's trip at that time. It was to Africa and he was attending an international teachers' conference in Africa. The purpose of the trip was to encourage as many of those people attending and as many of the organizations that were attending, to have representatives come to the next convention which was being held here in Regina the following . . . I'm not sure whether it was the following year or the year after, which subsequently took place, and there was quite a good turn-out of people from across the world at that convention.

Mr. Van Mulligen: — So he was there at a convention which 'was scheduled to meet in Regina in any event?

Mr. McNabb: — I understand that had been organized or . . . I'm not sure if . . . you know, I'm going back three or four years now and wasn't directly involved, so my recollection at this time is that there was a pretty good chance that it was assigned for Saskatchewan in that year. I'm not sure that it was confirmed in full at that time, but there certainly was a good opportunity. It may well indeed have been already assigned to Saskatchewan.

Mr. Van Mulligen: — And can I assume that you had people from your department scheduled to attend that conference, but felt that given the significance of the conference that the minister himself should go? Or was this an initiative on the part of the minister that perhaps he should attend and take a more direct hand in promoting convention trade in Saskatchewan?

Mr. McNabb: — Well we did as a department have somebody to go to that particular convention to encourage as many people to come, and through joint discussion with the minister it was agreed that, you know, it would be worthwhile having somebody of a higher profile go there and encourage as many other international attendees as possible.

Mr. Van Mulligen: — Would you characterize that as a normal ministerial activity, where he goes to attend the conventions of groups that may be coming to Saskatchewan, or are planning to come to Saskatchewan, in an effort to encourage greater participation when they do meet here? Are there other instances of him making trips such as that?

Mr. McNabb: — Well, Mr. Chairman, there's any

number of occasions when the department has marketing activity going on where we're dealing with either other governments in co-op programs of marketing nature, or in direct selling to organizations such as this type of organization where the higher profile you can get the better the marketing effort is. And I wouldn't say it's often, but from time to time our ministers have attended these types of events on behalf of the province.

Mr. Van Mulligen: — Can you just recall, off the top, the types of conventions that the minister may have attended in the same category, I suppose, as the teachers' convention in Africa, where he went where he knew that they were to be in Saskatchewan, but decided to attend in order to encourage even greater participation at the future Saskatchewan convention?

Mr. McNabb: — Another example would have been our minister attending an international market-place in London, England last year, where he was there as part of our small delegation to encourage more the marketing of Saskatchewan in the tourism market-place.

Mr. Van Mulligen: — But then this is the only . . . the conference in Africa which is not a tourism type of conference but is a conference of educators, the minister went there knowing that they would be meeting in Saskatchewan in a year or two years time. He went there to ensure maximum participation and encourage greater attendance at the Saskatchewan, if I'm following your line. Did he attend any other conferences such as that of, say, independent outside organizations and bodies, those not directly connected with tourism but . . .

Mr. McNabb: — Not that I'm aware of.

Mr. Van Mulligen: — He wouldn't for example have gone to the Federation of Canadian Municipalities, or groups such as that here in Canada?

Mr. McNabb: — No, I don't recall him attending those in Canada. We do much of our work in the convention area through the associations that handle the broader approach to conventions, and we deal to a large extent in that market-place.

Mr. Van Mulligen: — But in this case the minister himself decided that his presence would be helpful to encourage participation?

Mr. McNabb: — Well I'm not sure if . . . I guess he did decide that. As I recall — and again I can't speak directly to it because I wasn't directly involved — but as I recall, there was ongoing discussion with the organizing group from the province of Saskatchewan, the teachers that were organizing it locally, and the officials in the department and the minister. And this went on for a number of months. And the package that it turned out was the minister and the senior official from the department would accompany the delegation from Saskatchewan to that convention.

Mr. Van Mulligen: — Well I think we may be fortunate to have had a minister like that in that department at that time, Mr. Chairman, to take such a direct interest and would be willing to travel all the way to Africa to

encourage convention attendance in Saskatchewan, unless there's any further questions on that point.

Mr. Rolfes: — Mr. Chairman, I couldn't help but note from an article, "Klein to Africa to sell province," that he made a fairly extensive tour at that time. It wasn't just Africa. He then went to West Germany; from there he went to London, England. And my understanding is that you just indicated he went back to London, England again. Did he not have very much success on his first trip in convincing them that Saskatchewan is a good place to come and visit, and he had to make a return trip? I want to just indicate that in the last four years, before '86, I was in the field of education and some involvement with the STF (Saskatchewan Teachers' Federation), and I know that this date had been well confirmed before Mr. Klein went on his trip.

So I'm somewhat surprised that a former realtor would be going to an education conference rather than the Minister of Education to convince educators that maybe they should reaffirm their decision to come to Saskatchewan, in particular Regina, to have the Minister of Tourism go to talk to educators who have already decided that they will come here. To reassure them that they shouldn't change their minds is rather an expensive trip for the province.

I'd assume in West Germany he . . . Were there other conference in West Germany and London, England that he was also reassuring the people at that time that they should come to Saskatchewan? Or had others committed themselves; it just needed reaffirmation; or some . . . you know. Could I get an explanation?

Mr. McNabb: — Lot of response there. Excuse me, Mr. Chairman, as I recall, the return trip through Germany and London, England was established to make several contacts with people in the tourism industry in those countries and with our office in London, England. The purpose of making those kinds of stops certainly wasn't to — on one trip — to encourage a lot of people to come to the province of Saskatchewan. In the marketing of tourism it's a major international activity, it's a very large business, it's very competitive.

The amount of either funds or activity that we are able, in the province of Saskatchewan, to provide to that activity is quite minor compared to other jurisdictions. We have a hard sell. In terms of this return trip it was an effort that was added on to the trip from Africa to try to assist in that sell. There were some major . . . some contacts made both in Germany and in England that contribute to that barter marketing approach. In terms of England and the follow-up trip, there has been some results that have come out of those trips, and it's the kind of thing that we want to try to build on as an agency, I guess, of government.

Mr. Rolfes: — Wouldn't it have been natural to send the Minister of Education to Africa if we wanted to entice teachers to make sure that they were going to come out in full force to an educational conference in Regina rather than having the Minister of Tourism who, although a knowledgeable individual, has no direct connection with the Department of Education or educators as such? Why would the Minister of Education not have gone if we

wanted to reaffirm in the minds of those people that Saskatchewan and Regina was a good place to come to?

Mr. McNabb: — Well, excuse me, Mr. Chairman, at the time I think it was considered that we weren't . . . or Mr. Klein was not going over as an educator, he was going over as somebody responsible for marketing the province and some of the tourism highlights of the province. And the purpose of his trip was to do that, not to deal with educators as educators, but in marketing the province.

Mr. Rolfes: — I would assume that since the convention had been confirmed already, that he must have met with other people in South Africa. Otherwise, you know, if they are already coming, then for a minister to go to South Africa, I assume he had other groups that he met with, and I don't object to that, to sell the province. But if you already have confirmation that it's going to be . . . that the convention will take place, what's the purpose of the minister's trip to these educators as such?

Mr. McNabb: — I think the discussions that went on at the time, Mr. Chairman, between the local group that was going over and the department then, the minister's office, were that a lot of the folks that are attending these conferences don't necessarily attend the next conference — that they're representing a national group or depending on where they're from, a group of folks that they don't necessarily represent them the second time in a row or in subsequent years.

And the point of going there was to try to encourage the organizations themselves to ensure they had somebody there, whether it was the individual going or not, and to provide an attractive package that would ensure that indeed they did come and that there was a good turn-out for an international event of this nature in the province of Saskatchewan.

Mr. Rolfes: — What was Mr. Karl Crosby's job then?

Mr. McNabb: — Karl was the executive director of our tourism, or part of the organization.

Mr. Rolfes: — And we needed two people to convince the teachers to come. Did Mr. Crosby also accompany him to West Germany and London, England?

Mr. McNabb: — Yes, he did.

Mr. Martin: — How large a delegation went? You say there were a couple of members from Tourism; were there some from the city of Regina as well?

Mr. McNabb: — No, I don't recall anybody other than the official organization from the teachers' group in the province plus the minister and Mr. Crosby.

Mr. Martin: — Did Mr. Klein have an opportunity to make any kind of a presentation at this conference?

Mr. McNabb: — As I understand, there were presentations being made both at the conference, and he had official visits with government officials and elected officials in that country and also presentations at the other stops during the trip.

Mr. Martin: — To the best of your knowledge, had other representatives from Saskatchewan made presentations in the previous years as to getting business from African countries and getting some of their dollars circulating around here?

Mr. McNabb: — Not that I'm aware of. Of course they would have had to have made a presentation at the previous teachers' organization if indeed the conference had been committed.

Mr. Martin: — Well in any respect, not just for the teachers, but . . .

Mr. McNabb: — In Africa, I don't recall any previous delegations.

Mr. Martin: — So it may have been a first for Saskatchewan then?

Mr. McNabb: — As far as I know.

Mr. Martin: — Good.

Mr. Van Mulligen: — Have you noticed any investment in small business in Saskatchewan from Togo interests?

Mr. McNabb: — From Togo?

Mr. Neudorf: — I would just . . . I cannot help but to react to a statement that Mr. Rolfes made in terms of questioning, whether it was appropriate to send a member who is very knowledgeable in terms of business and to address an educators' conference and try to persuade educators to come to Regina. And an observation I would have is that governments tend to do somewhat queer things, politicians tend to do queer things, whether it is on the opposition side or whether it is on the government side. And I would just like to indicate that there are also educators who are involved as critics of Energy and Mines and so on, who seem to be just a little bit off field as well.

Mr. Rolfes: — I just want to thank Mr. Neudorf. If that's the kind of thinking that has gone into the government's decision to send Mr. Klein, I can well understand the queerness of it. But we can also put another interpretation of the word queer or queerness, which we shall not do this morning.

But, Mr. Chairman, Mr. Neudorf has his facts just a little bit mixed up in that that convention was confirmed way before Mr. Klein went to South Africa. That is the point that I was trying to make. They were already coming. I have no objection of the Minister of Tourism going around the world to attract people to Saskatchewan, but these people were already committed to coming to Saskatchewan. My question simply was: what was the purpose of Mr. Klein going to an educators' convention who already confirmed that they coming to Regina? That was the question that I had asked.

Mr. Chairman: — Just for clarification, I think we have asked the department to provide us information on the travel item in the administration vote. We may ask on

others. And I just want to clarify here, do you mean, Mr. Van Mulligen, out-of-province travel?

Mr. Van Mulligen: — Yes, essentially . . . (inaudible) . . .

Mr. Chairman: — Okay, so it'll be for out-of-province travel — the destination, the purpose of the trip, the costs involved, and the individuals on the trip. You'll have that; that's easily accessible.

Mr. Lyons: — A point of clarification. That just doesn't relate to the subvote I though.

Mr. Chairman: — Well that's the one we're dealing with now. We can add that to all the other ones as we go down.

Mr. Murchison: — So you'd like that for the entire department?

Mr. Chairman: — That might be an easy way to deal with it. Why don't we do it for all the different places in which it is addressed. Let's do it that way. Is that okay with the rest of the committee? Because it'll save us asking it 15 times.

Mr. McNabb: — Okay, we'll provide that as soon as possible, Mr. Chairman.

Mr. Van Mulligen: — I have one follow-up question on the travelling, and that is: what would your policy be or your guide-lines be, that if an organization has a convention somewhere else and that organization has indicated that we have a convention confirmed for Saskatchewan at some future time, will you also be sending Department of Tourism staff to attend this convention to encourage participation at the future Saskatchewan convention, recognizing that it's confirmed? Do you have guide-lines in that respect and would you, as a matter of course, be sending departmental officials then to attend that convention to encourage participation? Or do you take the point of view that it's confirmed, the convention is confirmed, we will supply materials and so on that Saskatchewan delegates can distribute, but we would not be sending Tourism staff to also attend the convention?

Mr. McNabb: — Mr. Chairman, the department at this time does not have any clear guide-lines on what level of support we provide in a specific circumstance. The way we normally handle those situations is on a case-by-case basis based on the type of conference — you know, where the delegates are coming from, how much work is gone into actually providing the Saskatchewan organization or the organization group with activity or assistance in the province. And if they request further assistance then we will try to oblige if indeed it looks like it's something that requires any more major activity than simply the level of support you've mentioned, or Mr. Van Mulligen's mentioned.

So the major activity, and I think from a marketing point of view, would be to assist organizations in getting that conference to the province, and that's where we would put the major part of our assistance.

Mr. Van Mulligen: — So it's to help them to sell

Saskatchewan as a good place to hold a conference.

Mr. McNabb: — That's right.

Mr. Van Mulligen: — But once the conference had been confirmed you would not necessarily be sending people, as well, to promote it further.

Mr. McNabb: — Well, not necessarily. Every conference is established differently. You might have a conference that you identify a location four years in advance. You might have a conference that you do it the year prior to the next conference. So, you know, we've tried to take a flexible approach to how we assist organizations locally in attracting conferences. It's certainly a major area of tourism. It's a major area and factor for increasing hotel occupancy in the province, and it's something we're going to continue to support.

Mr. Martin: — Mr. Rolfe made the point a couple of times. I think Mr. McNabb answered it. I just wanted to add to it that the purpose of the Tourism and branch would seem to me — and Small Business — would also be not only to attract conferences, but to having attracted the conference to this province, to then make sure that as many people interested in that particular conference would be here.

And I gather in this instance, Mr. McNabb referred to it earlier, that sure, Mr. Klein knew that the conference was coming to Saskatchewan but it was an opportunity to make contact with people in Africa, when in his opinion no one else had been there before, and get as many of those delegates who may not have been committed and delegates probably weren't committed two or three years ahead of time — to get as many delegates to come to Saskatchewan. So I think that it's important to point out that there's more than one reason why a person goes to those kind of conferences.

Mr. Lyons: — If you don't mind, I just want to get off of this particular topic, you know, of the . . . (inaudible) . . .

Mr. Chairman: — You're still under administration . . .

Mr. Lyons: — Yes.

Mr. Chairman: — . . . because I wanted to ask some questions. Go ahead.

Mr. Lyons: — That is that during the year under review, '84-85, were any services supplied to Tourism and Small Business by the Department of Revenue, Supply and Services, and were paid for out of that administration subvote?

Mr. McNabb: — Mr. Chairman, we're not aware at this time of any charges that we have in this particular year for the Department of Revenue and Financial Services, that have been paid for out of this subvote.

Mr. Lyons: — When you say you're not aware, can you unequivocally say that there were none?

Mr. McNabb: — Mr. Chairman, yes, we'd be comfortable with "unequivocally" there.

Mr. Lyons: — Just on that, in order to save time for the committee, would you be prepared to provide the answer to that to all the other subvotes as well? Is that basically for the whole department?

Mr. Chairman: — I think what I hear Mr. Lyons saying, will you provide an itemization of all the money expended by your department for services or rent or anything provided by the department of Revenue, Supply and Services to the department during the year under review?

Mr. Kraus: — I'll just clarify that. Revenue and Financial Services is one department; Supply and Services is another.

Mr. Chairman: — We mean Supply and Services, I'm sorry.

Mr. McNabb: — The name, Mr. Chairman, that he referred to, Revenue and Financial Services . . .

Mr. Chairman: — We used the word revenue.

Mr. McNabb: — Yes . . . Supply and Services.

Mr. Chairman: — Can you undertake to do that?

Mr. McNabb: — Certainly.

Mr. Chairman: — Are you done on this topic? Okay.

Mr. Van Mulligen: — Mr. Chairman, the next item is postage, communications, freight, express, and relocation expenses, totalling some 46-plus thousand dollars. I wonder if there were any relocation expenses, and under what circumstances you would be providing relocation expenses — for whom?

Mr. McNabb: — Mr. Chairman, relocation expenses would occur if we were moving somebody from within the department, and under this subvote, some of those relocation expenses had to be incurred. Or we were bringing somebody new into the department that had to relocate, and again some costs had to be incurred under this subvote. This particular subvote does not include any relocation expenditures.

Mr. Van Mulligen: — The item, computer and word processing related expenses, the figure is \$116,000 and then some. Who provided those services? What were the nature of those expenses?

Mr. McNabb: — Mr. Chairman, the \$116,000 in that item relates to the rental of word processing equipment in the department, computer equipment in the department, and some charges for professional services in the area of programming and systems development.

Mr. Van Mulligen: — I see that in all the other subvotes, regional services, community economic development, and so on, they have a similar category and an indication of expenses. So I assume those expenses have been broken down, yet for administration it's indicated the expense is in excess of \$100,000.

Mr. McNabb: — Under the administration subvote we paid for the centralized system both on the computer side and the word processing side. The items in the other subvotes for this type of expenditure relates to specialized systems work that was done in the particular branch.

Mr. Van Mulligen: — I'm not clear on word processing expenses. Is this a service that's provided by someone from outside the department, which you are then charged for? Or is this for hardware, or for . . .

Mr. McNabb: — Mr. Chairman, this relates, in our case, to the major pieces of hardware in the department.

Mr. Van Mulligen: — Purchased that year?

Mr. McNabb: — No, this is rentals. Excuse me, it's leased from Supply and Services.

Mr. Van Mulligen: — Have you looked at those items? It just seems to me that's a lot of money to be spending if it's on an annual basis, in excess of \$100,000 — page 489.

Mr. McNabb: — Mr. Chairman, the major reason for the higher costs shown for this item with respect to word processing equipment relates to the type of lease we have where the front-end costs were higher than the latter years of the lease, so our costs now are considerably lower for the lease of that equipment than they were in this particular year.

Mr. Van Mulligen: — You have an item, contractual services (other). I wonder if you could tell me who provided those services.

Mr. McNabb: — Mr. Chairman, we don't have that information with us. Can we provide that?

Mr. Chairman: — Yes, please, provide a list of all contractual services, who provided them, and purposes and cost.

Mr. McNabb: — Under this subvote?

Mr. Chairman: — Well I suspect the member will want to ask for it in other subvotes, so you might as well do it for all the subvotes and then we won't have to . . . save us time in the committee.

Mr. McNabb: — Certainly.

Mr. Chairman: — Can we also have this for . . . We're doing '84-85. Can we also have it for '85-86, and then that year is also completed?

Mr. McNabb: — Certainly.

Mr. Chairman: — And for the travelling as well, '85-86. Thank you.

Mr. Van Mulligen: — I just have one other question. Well, no — two. One is under administration category — scientific and educational supplies, and then later on, educational, scientific, and recreational equipment. And I'm just curious as to what kind of

scientific and recreational equipment your department might be acquiring.

Mr. McNabb: — Mr. Chairman, we don't have the specifics of the relationship of the costs here to the specific pieces of equipment or supplies, but we can provide that as well.

Mr. Van Mulligen: — It's not a great item, Mr. Chairman, it's just something that's peaked my interest. And I'm always curious to know what kinds of scientific interests various departments have.

Just one other question on administration. It's the category entitled provisions and business expenses. And I note that even though other subvotes may have larger budgets or be spending more money, their total expenses under that category is significantly less than it is for the administration. And I'm wondering if you can tell us a bit about what kinds of expenses and who made those expenses, under that category, provisions and business expenses, under administration.

Mr. McNabb: — This item includes banquet expenses, meeting expenses, and entertainment expenses of officials in the department, mostly related to the activity of senior officials and I guess the focus of their work.

Mr. Van Mulligen: — So the administration people attend a lot of banquets and dinners, this including the minister, I assume?

Mr. McNabb: — This was the minister, the executive offices within the department, the senior civil servants in the department.

Mr. Van Mulligen: — Is it possible to get any further breakdown on those expenses?

Mr. McNabb: — Certainly.

Mr. Van Mulligen: — I have no further questions on that subvote. If someone else has, Mr. Chairman.

Mr. Chairman: — I would like to ask a couple.

Just staying on that one, provisions and business expenses, is there in that one, or anywhere else in the department, an expenditure of money for club memberships, or season tickets to athletic events or cultural events?

Mr. McNabb: — Mr. Chairman, there's been no expenditures in this particular year for club memberships, for season tickets to events, anything of that nature. We do have some expenditures, say for special events where it's appropriate for the department to be represented, and we buy tickets to a particular event.

Mr. Chairman: — Thank you. I would like to go back to the top here, elected representatives, ministers of the Crown and sessional staff. And my only question is, what is encompassed here? I don't fully understand what this expenditure would include — \$58,000.

Mr. McNabb: — Mr. Chairman, I'm not totally sure of

what that represents, or what the costs represent in that particular item. I'd have to provide you with the detail of that.

Mr. Chairman: — Do you have any idea? Can you give us a general idea? I mean, if you can't, don't bother; I wouldn't expect you to, but . . .

Mr. Murchison: — The department in that year did not pay directly the salary of the minister, but our conjecture is that through the public accounts, that perhaps it has been charged back and accounted for within the public accounts to the department. But at this point I'm only guessing on that, that it would be the minister's salary.

Mr. Chairman: — From my experience that would be extremely unusual in that there is also under Executive Council a provision and an accounting for the provision, so it can't be that.

But out of fairness to you folks, if you don't know the answer, will you provide it? We're asking you to provide it because I thought . . . I can't recall seeing that listed before, and I wasn't sure what it was all about. But you will give that to us? Okay.

The other one on the advertising and printing related expenses, there was some questions on that. Who did your advertising?

Mr. McNabb: — Mr. Chairman, Roberts & Poole has done the bulk of our advertising or had the bulk of our advertising activity. In the first year of operation, Dome Advertising was also involved in our work, so I'm not sure how much . . . where the cut-off exactly took place with respect to fiscal years.

Mr. Chairman: — Can I, just from a bookkeeping question . . . Under each of these subvotes — 1, 2, 3 — it refers to advertising and related expenses, and then later on it lists money paid to Roberts & Poole and to Dome Advertising. Is that later listing accounting for all of what we're seeing in each of the subvotes? So if I look at that, that gives me the total figure. I can ask my main questions on there. Okay.

My question on advertising and printing related expenses: how do you choose your advertising firm? Are there proposal bids? Is there a tender? Or is it a blessing on the part of the minister?

Mr. McNabb: — Our advertising agency is assigned to us, Mr. Chairman.

Mr. Chairman: — Is it assigned to you by Executive Council?

Mr. McNabb: — Yes.

Mr. Chairman: — It's assigned to you by Executive Council, therefore there is no tendering; no other advertising agencies have an opportunity to bid on it. It's simply a designation by Executive Council.

Mr. McNabb: — There's no advertising on our part as a department, and no tender.

Mr. Chairman: — That's all I have on subvote 1.

Mr. Rolfes: — Mr. Chairman, I just have a couple of questions. Under contractual services, I notice there are a number of . . . on each subvote are contractual services. I wonder if I could get a listing. First of all, could you tell me what those contractual services were for?

Mr. McNabb: — Excuse me, under which subvote?

Mr. Rolfes: — Well, okay, generally speaking, contractual services, were they for summer employment, unanticipated?

Mr. McNabb: — The contractual services across the department would be for miscellaneous types of services that the department requires expertise and hires for that expertise and it just happens not to fit into another specific code to charge it.

Mr. Rolfes: — Could I have a breakdown of those contractual services under each subvote?

Mr. McNabb: — Yes.

Mr. Rolfes: — Mr. Chairman, I don't know if this is possible or not, but I'll ask the question anyway. Is it possible to breakout under each subvote the moneys that were spent as a direct request of the minister's office? For example, I would assume that the trip to Africa, you know, which is a direct expense of the minister . . . I'm wondering, is there . . . can you give me a listing of the amounts in each subvote that have been spent directly by the minister or the minister's office, or by special requests made by the minister?

Mr. Chairman: — This is going so well that I think I'll ask Mr. Muller, vice-chairman, to take my place.

Mr. Vice-Chairman: — Who's next on the speaking list?

Mr. McNabb: — With respect to the last question, Mr. Chairman, I think it would be very difficult for the department to identify any kinds of costs in our public accounts that relate to expenditures made at the minister's request.

Mr. Rolfes: — Let me rephrase the question then. Could you give to me the expenditures that you have incurred as a direct result of the minister's office? Not necessarily a request, but expenditures that were made on your appropriation but by the minister or his staff.

Mr. McNabb: — Mr. Chairman, we could break out the costs associated with the salaries, the travel, and other expenditures made by the minister's office. That would require an item by item search through the records for this particular year, but it could be done on that basis.

Mr. Rolfes: — You don't have it tabulated now?

Mr. McNabb: — Well the way that our costs under this subvote come out is that they are a combination of minister's office and the senior executive office within the department, and they're all combined. And so we'd have

to break those out within that.

Mr. Rolfes: — I can recall, when I used to be minister, I had to sign all the expenses that were related to my office, pretty well, I mean they came in to me, and I had to sign them. Mind you, I can assure you there weren't very many in my office. I would be interested, particularly under this department, under this particular year, I would be interested in knowing the costs that your department incurred by the minister's office and his staff, the total cost.

Mr. McNabb: — Well we would require an item by item search, but certainly we could, you know, we could do that. It might take a little longer than the other information that has been asked for, but we'll attempt to do that.

Mr. Rolfes: — That's fair enough.

Mr. Van Mulligen: — Mr. Chairman, I'd like to move on to regional services, and I guess, basically, I have similar questions for this and some of the others. Retiring gratuities. Were they any? If so, who were those for? A listing of the professional and technical services that were provided. Who provided those? What was the nature of the service provided, and the amounts? The travelling expenses — I think we've dealt with that. You'll be providing that for all of the subvotes. Relocation expenses. Were there any relocation expenses? And contractual services, same question, who were those provided for? And those questions also stand for the "other". I'd like to just move on to one other one, unless there's questions on regional services and community economic development.

Mr. Rolfes: — Mr. Chairman, I wonder if I could just go back. Is it very difficult to get that for both years, '84-85, '85-86?

Mr. McNabb: — The question of ministerial office expenses?

Mr. Rolfes: — Yes.

Mr. McNabb: — Well it would be the same job, but if you require them for both years we will . . .

Mr. Rolfes: — Yes, please.

Mr. Murchison: — Yes, we would have to go through every individual invoice for that particular cost centre.

Mr. Rolfes: — Every invoice?

Mr. Murchison: — To determine which were ministerial expenses, which were other executive office expenses. Like we'd have to look at every . . . basically every transaction. We group the . . . Yes, just out of that subvote. Not every invoice for the department.

Mr. Rolfes: — Oh no. No, that's right.

Mr. Murchison: — But every invoice for that subvote, yes.

Mr. Rolfes: — Yes.

Mr. Vice-Chairman: — Any further questions?

Mr. Van Mulligen: — I'd like to move to subvote 4, Communications. In addition to the information that's been requested for all others, I have a question on the category: differentials, severance pay and stand-by pay. I'm wondering if any severance pay was paid out that year, and who that was for?

Mr. McNabb: — No, Mr. Chairman, there was no severance pay under that subvote.

Mr. Van Mulligen: — I'd like to then move to Grants for General Business and Tourism Development. Can you just perhaps explain: what was the nature of those grants, and what they were intended to do?

Mr. McNabb: — Mr. Chairman, under this subvote the grants that are identified relate to the community economic development program — grants under that program.

A Member: — Could you speak up just a little bit, sir.

Mr. McNabb: — I'm sorry.

The grants under this subvote relate to the community economic development program, the farmers' market activity in the province, the commerce student consulting program with the University of Saskatchewan in Saskatoon. And again there are two or three other miscellaneous grants under here: one to the Northwest Economic Development Council, North Battleford; another one to the Saskatchewan Chamber of Commerce; Saskatchewan Craft Council. There's several miscellaneous grants in here.

Mr. Van Mulligen: — What were they intended to accomplish?

Mr. McNabb: — Well there are a variety of programs that were established, like your community economic development program. Under this subvote we're involved with supporting communities who are organizing themselves to look at economic development opportunities, and we provide them with a small amount of grant money to assist them in that purpose.

Mr. Van Mulligen: — What about something like the commerce student consulting program? What was the objective of the grant in that case?

Mr. McNabb: — The grant for the student consulting program is to basically . . . well there are several objectives there; first of all, to provide a vehicle by which students within the University of Saskatchewan can interact with the business community in a meaningful way. So they've established through the Faculty of Commerce and organized themselves so they can provide some consulting services to small business that would not normally be identified as an appropriate market for some of the other people that are in that business.

So they will go out, and they will do small business

consulting. The purpose of the grant is to underwrite some of the costs of that program.

Mr. Van Mulligen: — There is some follow-ups on that.

Mr. Lyons: — Yes. Just a . . . Mr. Chairman, I notice that along with the commerce student consulting program, there is also a grant to the College of Commerce. Is this in relation to the consulting program, or is this on a different program?

Mr. McNabb: — Mr. Chairman, both of those grants are for the student consulting program. We usually make an up-front grant at the start of the year, and then we do a calculation at the end of the season that you're doing the consulting to find out how much the rest of the grant should be.

Mr. Lyons: — It's my understanding that the program was to ascertain what type of business need there is in any particular small community or geographical area. And I'm wondering what type of successes have been accomplished through the program in identifying those kind of needs?

Mr. McNabb: — Which program are you talking about? There were some . . .

Mr. Lyons: — The commerce student consulting program and the College of Commerce program in relation to the community economic development program.

Mr. McNabb: — Mr. Chairman, those are two distinct programs, and they don't relate one to the other specifically. The student consulting program, they find assignments, you know, with small businesses; they don't relate to community organizations; they do it on a one-to-one basis with small business. The community economic development program was set up to deal at the community level in organizing community groups to look at their economic development initiatives.

Mr. Lyons: — Well it's my understanding that there has been some of the students in the department of commerce involved in that. Is that not correct, or have I been misled?

Mr. McNabb: — Well they may have from time to time taken an assignment with a community economic development committee to look at a specific business initiative, but there's no relation other than that.

Mr. Lyons: — Okay. On what basis are the students assigned to each of the businesses? Is there . . . does the small business phone up the department of commerce and say, look, I want . . . the College of Commerce and say, I'd like one of those business consultings or . . .

Mr. McNabb: — Exactly.

Mr. Lyons: — Or how is the student assigned to each of these small businesses?

Mr. McNabb: — Mr. Chairman, there is fairly extensive faculty advisory group within the College of Commerce to deal with this program, and it may be just as Mr. Lyons has said that an individual business will phone in and ask

for some assistance.

They choose, within the Faculty of Commerce, the faculty chooses a number of students from the college who they feel would be appropriate for doing this kind of work. And I think they do that basis . . . They do it like any other job; they put out an ad, and they receive applications, and then they judge whom they feel would be best suited for doing this type of work. And then when an assignment or a business phones in, or there's some contact saying they want to have some work done, the faculty advisers will sit down with the students and identify which consulting student would be better suited for that particular job. And then they'll set up a program for that individual student to go out and guide them in the kind of consulting they do with that business.

Mr. Rolfes: — just one question: is the money given directly to the College of Commerce?

Mr. McNabb: — Yes it is.

Mr. Rolfes: — Both grants.

Mr. McNabb: — Yes.

Mr. Rolfes: — The 44,000.

Mr. McNabb: — Yes.

Mr. Rolfes: — And they allocate the money?

Mr. McNabb: — Yes they do.

Mr. Rolfes: — There is no particular criteria set down by your department as to who shall be eligible for moneys?

Mr. McNabb: — No. Mr. Chairman, the department has no contact other than a contract with the College of Commerce to provide this service. We do not deal on any individual cases with the College of Commerce.

Mr. Rolfes: — Good enough, thank you.

Mr. Vice-Chairman: — Is that all the questions on that subvote?

Mr. Van Mulligen: — One other one, Mr. Chairman, The sum of 4,000 . . . or \$5,000 was given to the Saskatchewan Chamber of Commerce. I'm curious to know what were the objectives of the grant to that organization, and to what extent, or what activities the Saskatchewan chamber carried out in support of those objectives?

Mr. McNabb: — Mr. Chairman, without checking the specific record, we've had ongoing activities with the Saskatchewan Chamber of Commerce over the years, and I could hazard a guess on this particular item, but rather than guessing, I'd rather get the specific item.

Mr. Van Mulligen: — I'd like to have that, Mr. Chairman, just what the objectives were; what activities the chamber does in fact carry out in support of those objectives, and . . .

Mr. McNabb: — Generally speaking, Mr. Chairman, we have been supporting the Saskatchewan chamber in things like the ABEX (Achievement for Business Excellence) Awards Program, where it's starting to identify, within the province, businesses that show expertise and excellence in different areas of the business world.

And again they deal with this on an independent basis, but we feel it's an important activity that starts to develop a better, I guess, feeling amongst Saskatchewan businesses that indeed they are contributing and doing a good job, and are being awarded for that type of thing. And I think it's kind of a leadership approach within the business community that we're trying to support there. So it could be — and I'd have to check exactly — but it could be the grant we provided for ABEX in that particular year.

Mr. Van Mulligen: — I see also \$100 for the Simmie Downtown Business Association. I wonder what that's for — how the Simmie Downtown Business Association could possibly benefit from \$100.

Mr. McNabb: — As you're aware, Mr. Chairman, the Department of Industry and Commerce undertook the downtown rehabilitation program. I'm not sure if that particular grant related to that program, but again, we'd find out exactly what \$100 was for Simmie.

Mr. Van Mulligen: — It's the only downtown business association on the list. I just was curious to know. Those are all the questions I have on that subject, Mr. Chairman, unless there's any more.

Mr. Vice-Chairman: — Okay, Ready to move on?

Mr. Van Mulligen: — Subvote 10 . . . I note here . . . I'm just curious to know the objectives established under this subvote. I note that your estimate was \$1.4 million; the actual expenditure was \$56,000. That's quite a substantial difference between what you had hoped to achieve, or what you thought you might achieve, or what you thought you might spend, and what was actually expended. So I'd like to know just what the objectives were of those grants of that particular subvote.

Mr. McNabb: — Mr. Chairman, in 1984-85 this item was budgeted for the provincial share of the Special ARDA (Agriculture and Rural Development Act) which is a joint federal-provincial agreement with DRIE (Department of Regional Industrial Expansion). In that particular year there was a new agreement being negotiated with DRIE, and when that new agreement was negotiated, from the standpoint of the Department of Tourism and Small Business we did not feel that it was appropriate that these funds all be in our budget; that the programming under Special ARDA included several areas. One was a business-oriented area with the majority of funds for business development being provided through DRIE.

The other areas of programming deal with training and some natural resource activity were not the normal areas of responsibility for our department.

So in finalizing the negotiations of that agreement and in re-establishing direction within the provincial system, it

was not programming that we were going to be involved in in the long term. So the funds that are related there, or the expenditures relate to the actual activity that we undertook under the agreement. In future years our estimates under that item are considerably reduced.

Mr. Van Mulligen: — The grant for the Methy Construction & Maintenance Corporation, I wonder if you can just fill us in, what kinds of services this corporation might have provided that we would end up paying them \$25,000, or almost half of the money that was expended that year?

Mr. McNabb: — We'd have to provide that information, Mr. Chairman, later.

Mr. Van Mulligen: — I'd be curious to know that. The North Star Café, where is that located?

Mr. McNabb: — Sorry, I don't know. I'll find out for you.

Mr. Van Mulligen: — Well, I'd like to know that one too. I'm just curious to know where they fit into the overall scheme of things. And also Town & Country Upholstery, \$3,500.

I'm not clear; was this money that went to these organizations because they provided some service in terms of training and employment, or was this money that was sent to those . . . or that was provided to those organizations for service provided, such as the North Star Cafe providing meals, Methy Construction & Maintenance providing construction and maintenance, Town and Country doing upholstery.

Mr. McNabb: — Mr. Chairman, another point of clarification on the business development area of the Special ARDA program. It's run jointly between DRIF (Department of Regional Industrial Expansion) and the Department of Tourism and Small Business.

The DRIE responsibility is to provide any of the capital grants and operating grants to the businesses if indeed they're approved under the program. The provincial responsibility is to identify any special needs of the applicant where they may require specialized accounting services to help them set up their books.

They may require some sort of pre-operating training where they require a bit of updating in terms of, say, bookkeeping or marketing or something of that nature where we would then provide some costs or some grant funds to them to get that specialized kind of training. So the costs that are identified here are that area of pre-operating and special needs kinds of expenses under the program. The majority of costs on the business side would be carried by the Department of Regional Industrial Expansion.

Mr. Van Mulligen: — So the grants then to Methy would have been for some special needs that . . .

Mr. McNabb: — Yes. That's a specific one that we'd have to check back for.

Mr. Van Mulligen: — I would then ask again if you can

provide us subsequently with an indication of what special needs you attended to for that corporation and as well as the North Star Cafe and the Town & Country Upholstery.

Mr. McNabb: — Okay. We've noted that.

Mr. Van Mulligen: — Those are all the questions I have on subvote 10, Mr. Chairman.

Mr. Vice-Chairman: — Any others on subvote 10?

Mr. Rolfes: — Could I just ask a question here on the estimates. I guess maybe the estimates are way out because they're not all under this department . . . no, that can't be right. Why are the estimates of \$1.4 million and expenditures of \$56,000; estimate \$80,000, expenditure of around 13 or 14,000; industrial technical assistance, estimate 175, expenditure \$70,000 — what's the . . . there's got to be some logical explanation for that.

Mr. McNabb: — Mr. Chairman, as I indicated under the Special ARDA program, the 1.4 million is considerably reduced in future years because of a reallocation within the provincial system, and some of that money went to Advanced Education and Manpower, and some of it went to the Department of Agriculture, I believe. So in future years that's considerably reduced.

And there was never an intent, after we renegotiated that agreement, to expend that money under the subvote by our department.

Saskatchewan small industry development program, subvote 11; that program had ended, and this was just a completion of commitments that were made under that program, and the same basically under subvote 12. These were just cleaning up commitments that were made in the previous fiscal year.

Mr. Rolfes: — And I assume the same thing applies to the next one?

Mr. McNabb: — Main Street Program is the same thing. That's right.

Mr. Rolfes: — And the small business interest abatement program?

Mr. McNabb: — That's right.

Mr. Rolfes: — Okay. I have a question on industrial and technical assistance, unless somebody else . . . Could you tell me, what were the criteria set down for the industrial technical assistance program, very quick? I don't want it in real detail, but how did one qualify for an assistance under that program? Were they generally new businesses that needed some industrial technical assistance?

Mr. McNabb: — Mr. Chairman, there's basically three program components that again had been sunsetted prior to this fiscal year. One was . . . I correct myself. There were two program components that were sunsetted and one that carried on after that.

The product development management program was a

program where we provided, on a cost-sharing basis with the federal government, we provided funds to the Saskatchewan Research Council to undertake specialized development projects with small businesses who were developing a new product and needed some management assistance in development of both that product and how they would integrate it into their company. There were criteria in how they selected the kinds of businesses that would come forward with projects under that. The 36,000 that is in there relates . . .

Mr. Rolfes: — I'm not concerned about that one.

Mr. McNabb: — Okay.

Mr. Rolfes: — Would you mind explaining to me Mercury Printers Ltd.? What did Mercury Printers Ltd. develop or expand that Mercury Printers did not have the expertise? I mean these people have been in the business for years and years and years, and there's not too much expertise that these people don't have.

Mr. McNabb: — I'd have to check the specifics on that, but I would believe it would be a project under the product development program that had been approved, again, when the program was in existence, and this would relate to a pay-out of an earlier commitment. And it could have been for development of a new piece of equipment or a product line within that firm.

Mr. Rolfes: — But it says industrial technical assistance. I assume by that that you had the expertise which you made available to Mercury Printers. Is that not correct?

Mr. McNabb: — No, under this program, like the product development program was another component of that. This subvote was a program whereby businesses would be developing a new product or developing a new system within their firm and, you know, we would agree that if it fit the criteria of the program, that we would fund them up to a certain amount of money for that. And they would then go ahead and develop it, and we would pay on the basis of the costs that they incurred, up to a limit.

Mr. Rolfes: — While you're at that, giving me the information on Mercury Printers Ltd., what they developed, or new technology . . .

Mr. McNabb: Yes.

Mr. Rolfes: — . . . could you also give me for Roman Marble Products Ltd., please?

Mr. McNabb: — Yes, we'll undertake that.

Mr. Lyons: — Just along those lines, Mr. Chairman, I wonder if you could provide also the Zero Energy Products Ltd., what precisely they were involved in?

A Member: — No more questions on that?

Mr. Van Mulligen: — I don't have any on subvote 13 either, Mr. Chairman.

Mr. Lyons: — I'd just like to ask: you said that the Main Street Program was . . . this is a winding up of the program.

What was it replaced with? Or was it replaced with anything?

Mr. McNabb: — Mr. Chairman, in the Department of Tourism and Small Business we did not replace the Main Street Program. This was a physical development program for small towns. It was again a joint program between ourselves and the Department of Urban Affairs. And when it ended, that was all we got involved in as a department at that time.

Mr. Van Mulligen: — Mr. Chairman, with respect to subvote 14, I gather that this was the Small Business Interest Abatement Program was a program that you had that businesses could apply for a certain type of abatement and for certain types of loans that they committed through banks. Is that correct?

Mr. McNabb: — That's right.

Mr. Van Mulligen: — I just have a question here: could you tell me what kind of business Rod's Cathouse Ltd. was involved in?

A Member: — Caterpillars, I presume.

Mr. McNabb: — I'm sorry, I told him it's a caterpillar dealer, Mr. Chairman.

A Member: — I wonder if you could undertake to provide us with that information.

Mr. Van Mulligen: — The member from Wascana asked: where is that? That's the question.

Mr. Rolfes: — Subvote 14. Did you say you were going to look it up, or . . . I didn't get that, sir.

Mr. McNabb: — It's an Arctic Cat dealer. I don't know the location. If you'd like complete information, we'd provide that.

Mr. Van Mulligen: — They're those kind of cats. No, I don't need any more information on that, Mr. Chairman.

Mr. Vice-Chairman: — Any more questions on subvote 14?

Mr. Van Mulligen: — I don't have any on 15 other than the normal questions that we had for other subvotes. Eighteen or 19 now, if Mr. Lyons or Mr. Rolfes have any.

Mr. Lyons: — Thank you, Mr. Chairman. In regard to subvote 17, Northern Economic Development and the expenditure of 1.4 versus the estimate of 3.1; again, was this one of those programs that was winding down, or was it transferred to another department? I understand that given the situation in the North, the Northern Economic Development certainly should be a priority, and I was wondering, and given also its reliance on tourism in the North, what precisely has happened with that program. Why is there only 1.4 million spent?

Mr. McNabb: — Mr. Chairman, the reason for that estimate showing as high as it is relates to the transfer of the forestry division. We understood that at the time, that

it was going to be sold before the end of the fiscal year and there was a special warrant provided to the department of 1.512 million for that purpose. And the sale, the transaction, did not go through before the end of that fiscal year. Therefore the estimates are considerably higher than what the actual expenditures show.

Mr. Lyons: — Well again, I missed . . . what was . . . is the sale of forest products?

Mr. McNabb: — Forestry division to Sask Forest Products, yes.

Mr. Vice-Chairman: — Any further questions? Well it's drawing very close to our time of adjournment. Is the committee satisfied with the answers they've got from Tourism and Small Business, and do they want to bring them back again next meeting, or . . .

Mr. Lyons: — There's some few questions under the . . .

Mr. Vice-Chairman: — I leave it in the hands of the committee.

Mr. Van Mulligen: — Well, Mr. Chairman, I've got a few more questions and with . . .

Mr. Vice-Chairman: — Well you've got three minutes to do it in. We agreed to start at 8 o'clock and we adjourn at 10:30.

Mr. Lyons: — Okay, Mr. Chairman, in that regard, I wonder if we could go to subvote . . . Small Business Development, and there were . . .

Mr. Vice-Chairman: — Which subvote is it?

Mr. Lyons: — Subvote 25.

Mr. Van Mulligen: — Can we just back up to subvote 24?

Mr. Lyons: — Okay, go Harry.

Mr. Van Mulligen: — In Tourism Marketing Assistance there was a grant to the Bosco society. I gather that was for the Craven jamboree?

Mr. McNabb: — Yes, that vote had been for that purpose.

Mr. Van Mulligen: — What is the I.S.F. 7th Men's Championship that they were so lucky to get \$10,000?

Mr. McNabb: — I'm not sure what the I.S.F. represents. I'd have to find that for you.

Mr. Van Mulligen: — Yes, I wonder if we can be provided with that information. And then going to . . . That's all I have on that one, Mr. Chairman.

Mr. Lyons: — Yes, subvote 25 on page 499, and I don't know if this is a fair question, but Klein's Holdings Ltd. received \$25,000. That's . . . I take it that's not related to the minister, that Klein's Holdings?

Mr. McNabb: — No, it wouldn't have been related to the minister.

Mr. Lyons: — Can you tell me what Klein's Holdings . . . Is that the Klein's Food store people in Regina?

Mr. McNabb: — That specific one I'd have to find for you again.

Mr. Lyons: — Good. I wonder if you could provide that please.

Mr. McNabb: — Certainly.

Mr. Van Mulligen: — He was also going to ask you about Penny's Puppy Parlour, but . . .

Mr. McNabb: — We can certainly provide it if you wish.

Mr. Rolfes: — Could you tell me, under Small Business Development, were these grants related to the number of jobs that were created?

Mr. McNabb: — Yes, this subvote represents the expenditures under the small business employment program that was initiated in 1973-74 and . . .

Mr. Rolfes: — That is where they hired individuals . . .

Mr. McNabb: — They had to hire individuals and have them on staff for a full year before they received a grant.

Mr. Rolfes: — And what would they . . . what would the . . . I forget the exact . . . you paid what, \$2.25 or . . .

Mr. McNabb: — No, we paid \$5,000 for a year of employment.

Mr. Rolfes: — So they had to keep somebody on staff for one year.

Mr. McNabb: — That's right.

Mr. Rolfes: — And then they received \$5,000.

Mr. McNabb: — That's right.

Mr. Rolfes: — Okay.

Mr. Lyons: — Mr. Chairman, on page 498 there's two items, one for Dome Advertising Ltd. of \$10,000, and another for Dome Media Buying Services Ltd. And what's the difference? Are they both the same company, or a subsidiary of the same company?

Mr. McNabb: — Well they may be subsidiaries. I'd have to check the legal relationship there, but they're certainly not the same company.

Mr. Lyons: — Okay, I wonder if you could do that. Provide us with that information, please.

Mr. McNabb: — Yes,

Mr. Vice-Chairman: — We have to decide whether you want the Tourism and Small Business people to come back at the next meeting. It's 10:30 now; it's our normal time of adjournment, and I'm sure other members of the

committee and myself have other business we have to attend to this morning.

Mr. Van Mulligen: — Mr. Chairman, as do I. I do have some questions, and I wonder if it's possible that we might ask them to come back because there are some questions, perhaps some more, more on '84-85; but in terms of Public Accounts, I have some questions on '85-86, and I wonder if the committee would see fit to ask the officials to come back to deal with those.

Mr. Martens: — Do you have questions on '84-85 any more? Then we could assume that this is completed and . . .

Mr. Van Mulligen: — Well there may be some more questions on the small business development program, but I'm not sure on that.

Mr. Rolfes: — It wouldn't be very long.

Mr. Vice-Chairman: — Would it be an inconvenience to come back next Tuesday? For next Thursday we have Crown Management and Finance.

We've already made our commitments for Thursday, so would next Tuesday at 8 o'clock . . .

Mr. McNabb: — Certainly.

Mr. Vice-Chairman: — I guess the meeting's adjourned until Thursday morning.

Mr. McNabb: — Will we be dealing with both '84-85 and '85-86?

Mr. Vice-Chairman: — Yes, they have some questions on '84-85, and there's some questions on '85-86.

The committee adjourned at 10:30 a.m.