

STANDING COMMITTEE ON PUBLIC ACCOUNTS
October 6, 1987

Mr. Chairman: — If we could begin. We have a recommendation which we left off with that we said we would consider today, but before I do that let me refer you to the agenda. Tourism and Small Business — I don't think we need a great deal of time because last time when I stepped out for a while apparently you were almost completed on that.

Indian and Native Affairs; Westank Industries, I'm told, will not be here. They're not . . . Sedco is not available. Then we have the housing corporation, and hopefully we'll be able to get into Economic Development and Trade.

I've gone through all of these and I didn't find a great deal in some of them, although I should not prejudice what other members may want to ask or get into here.

So if we can . . . we have Education and Advanced Education on standby, and we notified them last Thursday so that we're going to try to let the departments know well ahead of time from now on so we don't get caught. We had about three or four different departments or agencies we called in the process and weren't able to arrange for them, and I think we have to sort of try to make an effort to make sure that doesn't happen too often. And sometimes maybe it's because we're calling them without enough notice, so we're going to try to give them enough notice so that they can be prepared to be here.

I refer you now to page 196 of *Hansard* in which there was a recommendation. I had suggested that:

The committee recommends that the government consider preparing legislation to ensure that the duly audited financial statements for Crown agencies, established pursuant to The Business Corporations Act, are tabled in the Legislative Assembly.

And I think Mr. Neudorf suggested we might want to consider some changes to that, and I was wondering . . . and then the government members of the committee said they wanted to take it back and spend some time on it. Can I ask what you have resolved?

Mr. Martens: — I think, Mr. Chairman, that one of the things that needs to be in there is . . . and I agree with what your content, but I'd like to see something in there with . . . where it doesn't infringe on the disclosure of items that would deal with competition that would be . . . would have an unusual competitive edge when dealing with the Crown corporation in relation to the items that they're required to disclose, and that for me is going to be a problem. I don't see any problem with doing it if you would include that.

Mr. Chairman: — Okay, I'm looking for the words here. So we could use my recommendation as it was and add . . . (I'm just writing here):

Providing that the competitive position of the corporation involved is not prejudiced.

Is that too big a word?

Mr. Martens: — No, that's good.

Mr. Chairman: — Okay. Is that okay, Harry?

Mr. Van Mulligen: — Mr. Chairman, I just have a question: am I wrong in stating that the company offers shares, shares are traded publicly and that company is obliged to provide information to its shareholders as far as audited financial statements are concerned. If a company, a private company offers or has shares and those shares are traded publicly, is that company not obliged to provide audited financial statements for its shareholders?

Mr. Chairman: — I think it is; it is obliged.

Mr. Van Mulligen: — My question would be, is that, inasmuch as the public are the shareholders here, why would we set up a different set of rules for a Crown corporation that many private companies can't take advantage of?

Mr. Martin: — Are you speaking of Crown corporations like Saskoil where share capital has been issued?

Mr. Van Mulligen: — Yes.

Mr. Martin: — Or are you assuming that because . . .

Mr. Van Mulligen: — No, I'm saying that . . .

Mr. Martin: — . . . people of Saskatchewan own a piece of SaskTel because it's a Saskatchewan Crown corporation. Are you . . . is that what you're . . .

Mr. Van Mulligen: — General Motors is an example.

Mr. Martin: — Yes.

Mr. Van Mulligen: — General Motors is a private corporation with publicly traded shares. They're obliged, I understand, at their shareholders' meeting to provide audited financial statements. In fact, those statements are sent out to all their shareholders.

Mr. Martin: — I guess what I'm asking you, Mr. Chairman, is: are you equating General Motors with SaskTel because SaskTel is a Crown corporation?

Mr. Van Mulligen: — What I'm saying is that if a privately owned corporation has to submit those kinds of statements to its shareholders, I think by definition, if any competition wanted to get hold of those statements, they're available. Why would we then suggest a different set of rules for a publicly owned corporation, Crown corporation?

Mr. Martin: — I just want to understand what you're saying. Are you saying that SaskTel, being a Crown corporation, is the same type of corporation as General Motors is?

Mr. Van Mulligen: — No.

Mr. Martin: — That's not what you're saying, is it?

Mr. Van Mulligen: — No. That's not what I'm saying.

Mr. Martin: — Because one has shared capital and one doesn't have, and that's a substantial difference.

Mr. Van Mulligen: — I'm saying that in one case the corporation, because of the type of ownership that it has, is required because of that structure to provide financial statements.

But you're saying in this instance, even though it's a Crown corporation, that we should be making clear some additional rules that may not apply to a private corporation that, well . . . again, just take GM as an example. I just throw that out for questions.

Mr. Martens: — I just want to make a comment here on that. In this committee we are required, or the witnesses are required, to answer all the questions without regard to who asks them or what the intention of the question would be or what the ultimate outcome of the answer would be to the question raised.

We are required . . . the witnesses are required to answer — and I have no problem with that — whereas in a publicly traded company they would have a discretionary capability as provided by their executive. And I think that there is a big difference. Shareholders might recognize the importance of not disclosing some of the information that they have for themselves, and I see that as a difference.

Mr. Van Mulligen: — I don't have any real problem with the amendment. I mean, like, whether we put it in or the government subsequently says that we need to recognize some specific things.

Mr. Chairman: — Okay. Anyway, I sense that the government members want to add to the recommendation the words "provided that competitive position of corporation is not prejudiced."

Van Mulligen has some reservations and questions. I have the same questions. I think public or private corporations have a responsibility to report. If it is not possible to report publicly, at least they should be able to be required to report to a committee like this one. And unless we have financial statements available to us, there's nothing to report, There's no way we can ask questions.

But I'm not going to pursue it any further. I just wanted to put that on the record, and I'm prepared to put the recommendation as amended to the committee and ask, do you agree with it, so we can put it into our report? Agreed?

Agreed

Mr. Chairman: — Okay. That one is disposed of. I think that's all for that.

Public Hearing: Tourism and Small Business (continued)

Mr. Chairman: — We'd like to call Tourism and Small

Business, '84-85. David, will you get them, please.

So that means you're looking at page 496 for 1984-85 volume *trois*.

Good morning, Mr. McNabb and Mr. Murchison. Thank you for coming. I think . . . Well I shouldn't. I'm not even going to say that I think it's going to . . . it won't take long. So I withdraw that comment.

We were on, I think, subvote 25. I have some other questions which I have . . . one or two earlier, which I wanted to ask, but I will open it up for discussion at this time.

Mr. Van Mulligen: — Mr. Chairman, I wonder if I could just have a brief statement from Mr. McNabb about the small business development program — its objective and generally what kind of parameters the program followed.

Mr. McNabb: — Mr. Chairman, this was actually called at the time, the small business employment program. It was a program that was initiated in 1983 to provide financial assistance to the small businesses to employ new employees in new jobs.

The basic criteria was that they employ an individual for a year — they had to be in their employment; it had to be a new job — and that they remain there for a year. After that year, they were eligible for a \$5,000 grant at the end of that period. That's basically . . . It was quite a simply run program, and I think all of these items here really relate to that.

Mr. Van Mulligen: — Those are basically the criteria then?

Mr. McNabb: — That's right.

Mr. Van Mulligen: — The funding was provided after the fact?

Mr. McNabb: — After a year of employment.

Mr. Van Mulligen: — Did you have any checks or any way to evaluate the requests? Did you have people actually check out or did you do any . . .

Mr. McNabb: — We performed a 100 per cent audit on all the applicants before the money was paid.

Mr. Van Mulligen: — What would that audit consist of?

Mr. McNabb: — Pardon me?

Mr. Van Mulligen: — What would the audit consist of?

Mr. McNabb: — An audit would consist of — I can't give you all the details, but what the auditors would do is go in and they would check all the employment records and tax records going back to previous years to ensure that in fact that the new employees on staff that we're paying grants for were additional employees and they related to additional employment in the firm.

So they couldn't be replacement employees; they had to be new, additional employees over the man-years that that particular firm had the year before.

Mr. Van Mulligen: — But in each case that kind of audit was done?

Mr. McNabb: — That's right.

Mr. Chairman: — Have you done a post-survey of these to see how many of these jobs continued after the year?

Mr. McNabb: — We haven't done one, Mr. Chairman, in the last couple of years. We did one in the year after the program ended, and I can't recall exactly — it was six to eight months after the period that the program ended and again, the exact figure I don't have, but we were in between 60 and 80 per cent, I believe, of the jobs that were created under this program were still in place.

An interesting note was that a lot of small businesses employed people; they weren't sure whether they needed them or not, and they, I think, got such a good service and a good employee out of the program that they kept them because they were actually paying for themselves and increasing the profit of the firm. So we thought the response was quite good.

Mr. Chairman: — Yes, I'm glad of that. I think this program has some potential that way. It's an example of where you don't have to spend a great deal of money on small businesses and create employment as opposed to spending gobs of money in some bigger operations and creating very little employment. I think this is a very stark contrast between the two, and shows what can be accomplished.

Mr. Van Mulligen: — The next one was assistance that a company could receive.

Mr. McNabb: — Yes, there was. I believe it was a maximum of 10 employees for any firm that would be compensated for under the program.

Mr. Van Mulligen: — So if somebody like Galon enterprises limited, there was a \$50,000 grant, we can assume that they in fact had 10 employees?

Mr. McNabb: — Under the program.

Mr. Van Mulligen: — Galon enterprises, it seems to me, is a small insurance company in Regina. Would they have been able to hire 10? just out of curiosity, what would they have put 10 people to do?

Mr. McNabb: — Well, Mr. Chairman, Galon enterprises does more than just insurance business, but I would have to check exactly what specific positions were staffed under this program. We did keep records on the individuals, the type of job they were going into, and the kind of salary range they would have. So we could check exactly what the specifics were of those jobs.

Mr. Van Mulligen: — I wonder if that information could be provided for all those companies that in fact received the maximum grant.

Mr. McNabb: — The maximum grant.

Mr. Chairman: — Okay.

Mr. Van Mulligen: — I just have one other question. One of the parties that received the maximum grant was the Prince Albert Drive In Ltd. Now would this be a year-round drive-in operation or . . .

Mr. McNabb: — I can only assume at this time that it was, Mr. Chairman. These were for permanent, full-time jobs, year-round jobs. They weren't for part-time jobs or seasonal jobs, so I can assume that they would be.

Mr. Van Mulligen: — I have no . . . just one other one. I notice one here, Traeger's Bakery Ltd. received \$50,000. And Traeger's Wheat Bin Bakery received \$5,000. Is it possible for some companies to in fact have . . .

Mr. McNabb: — If they were a different corporate entity, yes, they could. They could apply under their corporate entity. So the two different firms involved there, they could apply.

Mr. Van Mulligen: — Do you feel that that's playing with the rules of the game or is that . . .

Mr. McNabb: — Each situation's totally separate. You can't generalize on a question like that, Mr. Chairman. I would . . . again in that particular case they employed 10 people under the one corporate name and, assuming that the other corporate name is a part of the same operation or a subsidiary, they only hired one person. I think, you know, if they were going to really play with it, the one employee on that . . . under the second corporate name is not a significant amount there.

And again I want to emphasize that the intent of this program was to employ people, and that was really the criteria under which the program is being delivered. And as I say, we wanted to ensure that everybody was being honest in the fact that they employed people and they were getting a grant for that employment. We wanted to encourage employment through the program, and so I'm not suggesting that we would let them play around in a situation like this, but we emphasized the employment aspect.

Mr. Van Mulligen: — That's all the questions I have on that particular subvote.

Mr. Chairman: — Can you tell the committee how many applications were turned down because they, in fact, were not proposing to create new jobs but were actually maybe replacing seasonal jobs that hadn't been laid off the year before?

Mr. McNabb: — I can't give you an exact figure. I think we have those numbers back under the program files. We'd have to dig them out of storage. But . . . well, I wouldn't say many — several hundred, I would say, that would fall into that category.

Mr. Chairman: — Okay, several hundred. I'm not looking for exact figures, so I'm not going to request that.

Mr. McNabb: — Quite a few.

Mr. Chairman: — But there were quite a few?

Mr. McNabb: — Yes.

Mr. Chairman: — In the ones that were here approved, what was sort of the general wage level? Was it minimum wage or was there variation?

Mr. McNabb: — Again I think our figures on the total program — we kept the average salary figures as well as we could. They came up in the \$6 plus range, I understand, on the average. There were some getting into the lower levels of management that would be hired under this program, jobs created in a firm, you know, to hire quasi-managerial positions. So you've got quite a variety of salaries. You've got certainly some under minimum wage, but also you got into the middle range, I think, of wages.

Mr. Chairman: — How did you treat the cases where the business establishment decided to hire the spouse and maybe the two children. Is there any problem with that for you?

Mr. McNabb: — Yes, we had criteria in the program that restricted the hiring of family under the program, the hiring of direct family.

Mr. Chairman: — You could not hire direct family under this.

Mr. McNabb: — That's right.

Mr. Chairman: — I notice there is one, Dome Advertising Ltd., a \$10,000 grant. I mean, it's not any different from any other company except that it gets a lot of contracts from the government.

Mr. McNabb: — Yes, well, like any other company they qualified under the regulations.

Mr. Chairman: — Of course. Will you provide us with what that was for, as you will with all the maximum ones?

Mr. McNabb: — Certainly.

Mr. Chairman: — Okay. The one that I looked at and found it strange was J.E. Young — Law Society. I didn't find it strange, but I didn't understand what that would be for, J.E. Young — Law Society. Does that mean that the law society hired an employee?

Mr. McNabb: — It would have to have been that, but . . .

A Member: — I think the main idea of the program, though, was to create employment.

Mr. McNabb: — I'd, Mr. Chairman, have to get you the specific detail on that . . .

Mr. Chairman: — Would you do that then?

Mr. McNabb: — The grant . . . professional services were

not included under the program.

Mr. Chairman: — I knew that. That's why I wondered.

Mr. McNabb: — Certainly.

Mr. Chairman: — And I'm not suggesting that there's anything wrong with it. I'm just curious, and will you provide me with that. The other one was I noticed W. Roy Wellman, \$5,000 grant. Will you also provide the details on that. Is that Roy Wellman, lawyer, Regina?

Mr. McNabb: — I couldn't tell you.

Mr. Chairman: — Former PC candidate.

Mr. McNabb: — I couldn't tell you that, I'm sorry. It could be, but . . .

Mr. Chairman: — An unfair question, but . . .

Mr. McNabb: — We don't have addresses here.

Mr. Chairman: — I don't expect you to answer it to me whether he was a former PC candidate, but please tell us whether it is a law firm in Regina that it was for, because that's professional again.

Mr. McNabb: — Yes.

Mr. Chairman: — And maybe the employee was cutting grass and wasn't doing professional work, but please let us know.

Mr. McNabb: — Yes.

Mr. Chairman: — Okay, that's all I have.

Mr. Martin: — I want to ask about Dr. Bernard W. . . . (inaudible) . . . I would be interested in knowing what kind of a doctor he is and what kind of help he's getting.

Mr. McNabb: — Yes again, excuse me, Mr. Chairman, some of these businesses could come under names of professionals, although they're carrying on business of other sorts, and again we'd have to find out the specific detail of each grant.

Mr. Chairman: — You have the list of the questions we've asked?

Mr. McNabb: — Yes.

Mr. Lyons: — You don't know the total number. You had mentioned that there was a number of jobs that had been created through the program that people were kept on after the program ended. I was wondering, do you have any numbers as to how many people obtained permanent employment, and have you done any follow-up to check and see if those people are still there?

Mr. McNabb: — I answered the question earlier. We did a bit of a survey about eight months after the program had ended. Again, this ended in 1984. It was a one-year program only. So in 1985 we did a bit of a survey, and we're finding anywhere from 60 to 80 per cent of the

people stayed on the jobs after the end of the program and a whole variety of circumstances related to that. We haven't done any survey since because after this program ended then there were other sort of employment programs introduced. Then you wonder, you know, what's really holding people there. It wouldn't really have been effective to have introduced a question like that at that time.

Mr. Lyons: — You mean you don't have a total number of people that were . . .

Mr. McNabb: — Stayed on their job? No, we don't.

Mr. Lyons: — How many people, in total, were employed by the program?

Mr. McNabb: — Approximately 3,500 people were employed in small business under this program.

Mr. Lyons: — As Mr. Tchorzewski has said, it seemed to have some positive impacts on the small business community. I know in Regina people I talked to that were involved in this. It's unfortunate that the program was ended in that way.

Mr. Chairman: — It cost \$10 million for the program, 3,500 people; that's a reasonably good ratio. I know other programs where it cost \$10 million and creates 15 jobs. That's quite a contrast.

I'm looking at another one, and I don't know whether they are Swiss bank accounts or whether they're numbered companies, but at the tail-end of this list here there's 556996 Saskatchewan Limited, and then 566491 Saskatchewan Limited. And I'm wondering if you can provide us, the committee, with information as to who these companies were and who the principals were in these companies.

Mr. McNabb: — Certainly.

Mr. Chairman: — And what it was for.

Mr. McNabb: — Certainly.

Mr. Chairman: — This won't take long to get to us.

Mr. McNabb: — Mr. Chairman, I would expect it would take, you know, by this time next week.

Mr. Chairman: — Well that's soon enough, as long as it's within the month.

Mr. McNabb: — Sure.

Mr. Chairman: — Okay. That's all I have there. Any other questions?

Moving on to Tourism and Small Business; Tourism Business Payments — I guess these are salaries, services, gratuities, travel — any questions there? Page 504 on to 505.

I have one, You have an item there, day labour \$166,000. Can you provide a description of what that's

about?

Mr. McNabb: — That item, Mr. Chairman, relates to the salaries of our labour service staff that were at that time in our tourism information booths around the province.

Mr. Chairman: — I understand. The rest of this are basically staff that you've got in the department?

Mr. McNabb: — And had at that time, yes.

Mr. Chairman: — There's an item here, agent-general in the United Kingdom — \$2,270. What was that for?

Mr. McNabb: — We've had over the years, Mr. Chairman, an agreement with the agent-general in the United Kingdom to undertake certain tourism marketing-related activity, and that item relates to some travel for that activity in '84-85.

Mr. Chairman: — Okay.

Mr. Lyons: — What type of activity?

Mr. McNabb: — Well say there's a tourism show; there's some very major tourist-oriented trade shows in Europe. It's not cost effective often for people from the department to go that far to look them over and to get ideas in terms of what we should be doing so we would, for example, have the agent-general or somebody on his staff represent the department at a trade show. It costs us a lot less, and we can get the feedback in terms of what we feel is important out of it, that type of situation.

Mr. Lyons: — The people that you'd be taking out that you're referring to are the trade professionals, people who are . . . that wouldn't be cost effective. Take the trade professionals from Regina and put them in Köln (Cologne), for example, or Frankfurt or wherever.

Mr. McNabb: — Well it wouldn't be given where our major markets are at this point in time. Certainly down the road at some point when we develop a market there and start to develop the kinds of attractions and facilities that would attract people like that to Saskatchewan, then it may be more cost effective to have somebody go from here and even take a major trade group over there, or tourist organized group.

But at this time, and especially in '84-85, going back that far, it was certainly more cost effective to have somebody represent the department rather than send somebody all the way over.

Mr. Chairman: — Okay. Can I . . . maybe I won't have to ask on this — Air Canada, 46,000. Is this the catch-all for all of the rest of the travel that we've asked about earlier?

Mr. McNabb: — No, that would relate to the air fares for any of that . . . (inaudible) . . .

Mr. Chairman: — Okay. So the information we will get under each of the earliest subvote will cover off all of that?

Mr. McNabb: — Yes, basically . . . for air fare for that.

Mr. Chairman: — Thank you. Anyone else? Okay, I'm off to page 506. Anyone? At the top of the column here B.J.'s Tour House, Beyond La Ronge Lodge, Cheemo Lodge Ltd. — what would that expenditure be for?

Mr. McNabb: — Mr. Chairman, from time to time the department will work with major magazines, periodicals in the tourism industry, or major tourist groups where their representatives are interested in coming to Saskatchewan to look at the kinds of things we have to offer in the industry. And we will work with them and from time to time we will support their trip in terms of arranging for facilities to stay and meals and things of that nature while they're up here.

And some kind of, if you like, cost share their trip so that . . . often you'll see in fishing and hunting magazines articles on Saskatchewan; now some of those are generated from this type of activity. So those are the expenses related . . . that type of expense, B.J.'s Tour House, is related to that type of activity. We call them familiarization tours.

Mr. Chairman: — Is that what the two lodge would be as well?

Mr. McNabb: — Yes.

Mr. Chairman: — Central vehicle agency revolving fund — that's cars provided to staff.

Mr. McNabb: — Yes.

Mr. Chairman: — Was any car out of that, in the year under review, provided to legislative secretaries?

Mr. McNabb: — I don't think so, no.

Mr. Chairman: — We asked in the committee for the travel of the minister, destination. So you'll be providing that? Same thing for the Legislative Secretary, Mr. Morin, at that time — the travel, the destination, the purpose. Any other questions?

Mr. Muirhead: — Yes, I'd like to go back, Mr. Chairman, to an item that I wasn't real . . . it wasn't really clarified to me what we were doing here, and I'm reading out of the *Hansard* on a week ago today, September 29. It's where Mr. Rolfes asked . . . I'll just read it out here, Mr. Chairman, if you don't mind:

Mr. Chairman, I don't know if this is possible or not . . .

So that's why I am flagging this because Mr. Rolfes wasn't sure it was possible. I think he knew it was never possible in the past so that's why he said that.

. . . but I'll ask the question anyway. Is it possible to break out under each subvote the moneys that were spent as a direct request of the minister's office?

I'd just like to ask Mr. McNabb if this has been a regular practice in the past, if it's ever been asked before to have breakdowns. I understood — I hope I'm understanding it right — where they were going to take the minister's

expenses off the invoices, I understood you to say that's the only way you could get it? Or did you have it stored away?

Mr. McNabb: — We'd have to go back in the records and check all the travel. I think the difficulty in that question is, you know, to relate to what expenses staff would make with respect to minister's travel or at minister's request. We certainly couldn't deal with that.

Mr. Muirhead: — Is this something that's ever been asked before that you know of or . . . (inaudible) . . .

Mr. McNabb: — I can't recall.

Mr. Muirhead: — You can't recall. I'd like to ask the chairman why this question was even asked. I mean Mr. Rolfes, when he asked the question, he said he didn't know whether it was possible or not. Well he was a minister in the past government. He knew this wasn't . . . (inaudible) . . . in the past government. I sat in opposition from '78 to '82, and I could never get any kind of information like that out of you people under the NDP government. I don't mean you as individuals, Mr. Chairman, or Mr. Rolfes as an individual, I mean as a government as a whole.

But if you could explain exactly why you want it, what you're going to use it for, and what the opposition want it for and what the public want it for, well then maybe it might be all right. But I'd like to have an explanation why you want the information. It's going to take a lot of work and a lot of time, and I want to know why.

Mr. Chairman: — I think Mr. Rolfes asked the question. He is a member of the committee. He can ask for the information that he wishes. I don't think he has to provide an explanation. I'm sure if he were here today . . . he's not here because his annual meeting was last night, but were he here today he'd be quite prepared to give you that answer. But I think whether its government members or opposition members, if they ask officials here a question, it's a perfectly legitimate question, and the officials should be prepared to answer them.

Mr. Muirhead: — Well he didn't ask the question . . .

Mr. Chairman: — I don't think the officials are saying they are not prepared to answer them.

Mr. Muirhead: — He said it'd be difficult because Mr. McNabb came right back in respect to the last question, That's when you left, Mr. Chairman. You went to go to a meeting. I think it would be very difficult for the department to identify any kind of costs in our public accounts that relate to the expenditures made by the minister's request. Well so they're asking for something that's . . . they've said it's difficult, but we'll do it.

I'm not going to say that they shouldn't do it, but I sure think that it should be understandable here that it's a question that hasn't been asked before, this kind of a request.

Mr. McNabb: — Mr. Chairman, I think we agreed, or at least from the departmental point of view I agreed, that

we would attempt to provide all the travel information, but we would not try to identify, or could not identify, what was related to minister's requests at this point in time. So we will attempt as soon as possible to get just travel information from the department.

Now I guess one point of clarification: are we talking out of province travel when we're talking . . . those travel expenses?

Mr. Chairman: — I think that's what we had said — out of province travel. When I'm asking for the Legislative Secretary, I'm asking for in province travel as well though, because most of the Legislative Secretary travel would be in province, I would suspect, although I don't know that. Okay.

Mr. Muirhead: — Okay, I'll let it go. I just want to have it on the record that this type of information is going to be provided the best that the department people can provide it.

But I've been sitting as an MLA now for . . . this is my ninth year, and in the four years I had in opposition this kind of information was never provided for us. So I want it on the record, under this government you're getting what you people are asking for, and we could not get it when we were in government. I want that in the record.

Mr. Chairman: — It's always good to establish a positive precedent, Mr. Muirhead.

Mr. Muirhead: — You bet, Mr. Chairman.

Mr. Chairman: — Any other questions?

Mr. Van Mulligen: — Mr. Chairman, just generally on travel, would your department have used a travel agency at all in making any of the bookings that . . .

Mr. McNabb: — Mr. Chairman, during the 1984-85 fiscal year, I believe that the majority of travel in at least the Regina headquarters office was booked through Hart Kirch Travel.

Mr. Van Mulligen: — Would that have been as a result of a directive to use Hart Kirch?

Mr. McNabb: — It's our understanding, Mr. Chairman, that each of the departments were assigned different travel agencies and that in that period of time we were assigned to use Hart Kirch Travel.

Mr. Van Mulligen: — Who would that have been assigned by?

Mr. McNabb: — By our minister's office at that time.

Mr. Van Mulligen: — By the minister's office.

Mr. Chairman: — Did you ever have a practice of looking around in the year under review for who might give you the better deal?

Mr. McNabb: — Mr. Chairman, that's going back some time, I do recall us looking . . . or booking with other

agents, but certainly I don't recall any specific times when we felt we were getting a deal one way or the other.

Mr. Chairman: — I'm looking at other expenses on page 506. I just pick this up because it's an individual name, and most of the rest here were either companies, it sounds like. There's a Ray Carlson, \$12,275. Can you tell me what that was about and what it was for?

Mr. McNabb: — Mr. Chairman, in 1984-85 we introduced what's called the host program which was a program of training people in the hospitality industry. It was a half-day seminar that we took out to communities around the province. Mr. Carlson was the individual that was hired at the time on contract to deliver that program.

Mr. Chairman: — Thank you.

Mr. Lyons: — Mr. Chairman, Mr. Muirhead has peaked my curiosity somewhat in terms of raising this issue that we dealt with — and I believe it's the September 29 and I just want to ask Mr. McNabb whether or not he's received any communication from the minister in regards to the request for travel information, and whether he's received any instructions as to the manner in which the committee is to be provided with the information which is required.

Mr. McNabb: — None at all.

Mr. Lyons: — Has any of the other officials in your department brought this matter to your attention or queried you in any manner on it?

Mr. McNabb: — Yes. Mr. Chairman, our records are kept for two years. For this particular fiscal year, '84-85, they've all been destroyed. We now have to go into the comptroller's office to get all the records. It just takes a little extra work to do that.

Mr. Lyons: — Which office was that?

Mr. McNabb: — The comptroller's office. So we have to rebuild all the records to provide this information.

Mr. Lyons: — Okay, but you haven't been put under any pressure not to provide that information?

Mr. McNabb: — No. No, we haven't.

Mr. Lyons: — Okay.

Mr. Chairman: — Just a final comment. I take your comment about — and I don't argue with that — records after a certain period of time are set aside. I mean that's quite legitimate. But just for the purpose of all of us, I think that should tell us that getting information in a timely manner from agencies in governments and Crown corporations is absolutely essential. If that does not happen, the work of this committee and the work of the legislature is inhibited . . . (inaudible interjection) . . . Well he's got them. I know he has but we're getting the argument now that that is so much more difficult and almost impossible to get it and so on. I mean, I'm not saying there's anything wrong with the process of what the departments have done, it's perfectly correct. I'm

saying it makes our role extremely difficult, and I think our role is an important one.

So getting these things on time is important. I wish this 1984-1985 had been dealt with last year, but it wasn't; somebody decided to call an election. That wasn't our fault . . . (inaudible interjection) . . . Yes, in a way it was.

I have no other questions. Oh, one more, yes. Small business interest abatement program, page 492, and this is going back a long way. You may not be able to answer them offhand. But these are all small businesses that were helped with a interest abatement program. Can you tell me, are you able to tell if all of these businesses are still operating?

Mr. McNabb: — No.

Mr. Chairman: — I knew you would say that. Are you saying, no, they're not operating?

Mr. McNabb: — No, I can't tell you right now whether they're all still operating.

Mr. Chairman: — Okay, and I won't pursue it because I will do it under the next year if the program is still around, because I think that it's not totally necessary for me to know at this time.

That's all the questions I have. Anyone else? I guess that wraps it up. Thank you very much for your co-operation.

Mr. Van Mulligen: — That's '84-85.

Mr. Chairman: — '84-85.

Mr. Van Mulligen: — I wonder if we can move on to '85-86.

Mr. Chairman: — We can if that's what the committee's wish is.

Mr. Van Mulligen: — I think last time it was agreed that . . .

Mr. Chairman: — Pardon?

Mr. Van Mulligen: — I think last time it was agreed that we would do that.

Mr. Chairman: — Sure, no problem. '85-86. Do you want to begin, Mr. Van Mulligen?

Mr. Van Mulligen: — I wonder if it's possible to just get a further breakdown on some of the categories that keep coming up in all these subvotes, and that is a breakdown of the professional and technical services, any out-of-province trips by the minister's office, the purpose and destination of those trips, and how many people may have accompanied him; a breakdown of contractual services, who provided those services, the nature of the services provided, and the amounts involved in each instance; as well as breakdown on the item, provisions in business expenses.

Those are the questions that I have for all the

administrative subvotes, Mr. Chairman. I would like to move on to subvote 24, unless there's questions that . . .

Mr. Chairman: — Let's just go down the list. Subvote 10, employment and development. I thought I had a question here, but I guess I didn't.

Mr. Van Mulligen: — Oh no, I have it on 18 as well. Sorry.

Mr. Chairman: — Yes, 18.

Mr. Van Mulligen: — The Buffalo Narrows Pharmacy Ltd. received a grant of \$60,000, a grant for northern economic development. I would like to know what this money was for, and what are the conditions of the grant.

Mr. McNabb: — Mr. Chairman, that one was provided under the northern economic development subagreement that we manage jointly with the federal government. The \$60,000 in this fiscal year was for the establishment of a pharmacy at Buffalo Narrows. Conditions of the grant relate to putting the business in place and maintaining it for — I'm not sure exactly the particular period of time, but that pharmacy is in place and is still operating.

Mr. Van Mulligen: — Is that pharmacy still operating?

Mr. McNabb: — Yes, it is.

Mr. Chairman: — There's a grant here to a Don Holmes. Can you tell us what that was for?

Mr. McNabb: — I'm not familiar with that one, Mr. Chairman, I'll get you the information.

Mr. Chairman: — E. Keller and E. Keller, \$3,600.

Mr. McNabb: — This was a grant to a couple that live in La Ronge, Saskatchewan under the same agreement to do some work towards developing a berry processing facility and to market both blueberries and cranberries.

Mr. Chairman: — Thank you. You will get me the information on the Don Holmes grant?

Mr. McNabb: — Yes, we will.

Mr. Chairman: — Okay. Next week.

Mr. Lyons: — Do you have any information on what Nora and Popeye Carle got — thirteen five?

Mr. McNabb: — I'm not exactly sure what that specific grant was for but I would find you that out.

Mr. Lyons: — Could you find that out as well?

Mr. McNabb: — Pardon me?

Mr. Lyons: — Would you provide that information as well, please?

Mr. McNabb: — Yes, I would.

Mr. Chairman: — Okay. We're down to 25.

Mr. Van Mulligen: — All these grants for tourism marketing assistance was fifty-six thousand-and — some dollars to . . . on page 559, there's a grant of fifty-six thousand-and-some dollars to C.I.B.C. What is C.I.B.C?

Mr. McNabb: — Mr. Chairman, I'd have to provide that information at a later time. I'm not familiar with C.I.B.C.

Mr. Chairman: — You don't know what C.I.B.C. was in this case?

Mr. McNabb: — No. I don't.

Mr. Chairman: — You must be new in the department.

Mr. McNabb: — No, I'm not.

Mr. Chairman: — I'm not being critical. I mean, no one should expect you to answer all the questions. But I would have thought you might be familiar with some of these.

Mr. McNabb: — Well my responsibility under the department, until our former deputy left, we're mostly on the business side, so some of the tourism items, I'm not as familiar with as I might be. Sorry about that.

Mr. Chairman: — But you will get that to us next week, because that shouldn't take much.

Mr. McNabb: — Yes, we will.

Mr. Chairman: — Big Valley Developments Inc., that's the Big Valley Jamboree, etc.?

Mr. McNabb: — That's right,

Mr. Chairman: — Okay. Any other questions, gentlemen? I have a tax venture . . . Anything on venture capital? This venture capital tax credit program, can you give us . . . As I look through here they're all government agencies or government-directed agencies in one way or another, or funds. Can you tell us what this is about and how it works?

Mr. McNabb: — This particular item or these items under subvote 26 relate to grants that were paid out to pension funds under the venture capital Act. Where pension funds invest in the venture capital corporation, they receive grants because they obviously can't use tax credits. So under the program, pension funds receive the grant, the 30 per cent grant on the amount.

Mr. Chairman: — There are pension funds that are being invested in venture capital endeavours.

Mr. McNabb: — That's right.

Mr. Chairman: — Is this a very extensive way of investing? The risk in some of these has been rather high.

Mr. McNabb: — I can't speak for the pension funds making the investment. From the point of view of the program, we would encourage pension funds to invest in this type of investment. As long as the venture capital

corporations are managed in such a way that the pension funds themselves feel that their risk is going to be minimized, then they of course would invest in that type of thing. But again, it's up to them to make the investment decision.

Mr. Chairman: — If you are providing grants in lieu of tax credits or tax exemption or whatever it is, you would then know whether these things are functioning, the investments. Do you know if any of these investments made in venture capital corporations have had difficulty, any of them? Are you aware of any?

Mr. McNabb: — Well these particular grants are to pension funds that invested in First Merchant Equities in that particular year, and I'm not aware of any of the First Merchant Equities that are in any trouble at all, any of their investments.

Mr. Chairman: — That answers my question. Anyone else?

Mr. Lyons: — Just for clarification again, and it relates to the last question. All the pension funds listed here have been invested in First Merchant Equities?

Mr. McNabb: — That's right.

Mr. Lyons: — And I wonder if you'd be able to give us a, provide us with a brief description of First Merchant Equities and who is it and what it does.

Mr. McNabb: — It's, I guess, a major fund that was created by individuals to invest in small business under the venture capital Act in the province of Saskatchewan. The principals are: the chairman is Dick Pinder, Saskatoon; the president is Charlie Hodgins of Saskatoon; and the vice-president is Mr. Smith, former vice-president of the Bank of Nova Scotia in the province, is their vice-president. And they're a corporate entity registered under venture capital Act to invest in eligible small businesses under the venture capital Act.

Mr. Lyons: — Did you have a list of the small businesses that these moneys have been invested in?

Mr. McNabb: — We have a list of what they have invested in to date.

Mr. Lyons: — Could you provide us with that list?

Mr. McNabb: — Certainly.

Mr. Chairman: — More questions? I'm just leafing through to page 561, unless someone has anything before that — 561, any questions there?

Mr. Van Mulligen: — I wonder if we could also get a breakdown on travelling expenses for Keith Parker, if any of those trips were for out of province, and what was the purpose of the trip.

Mr. Murchison: — Out of the province?

Mr. Chairman: — I'd like in-province for the Legislative Secretary too.

Mr. McNabb: — Certainly.

Mr. Van Mulligen: — I asked before under the administration or the various subvotes for a breakdown of any contractual services and so on. And I see here a listing of other expenses such as Associated Business Consultants. Would those be covered under that or . . . So we would be getting the information on say Associated Business Consultants and the core group of market research and management consultants?

I note again that between Dome and Roberts & Poole, that these two advertising agencies received in excess of \$2 million. And I wonder if . . . again I assume that as in the previous year, that you used these two agencies because of the directive from the minister's office. And I wonder if you see that as a desirable course of events or whether you would prefer to have the option to shop around and to engage other agencies.

Mr. McNabb: — Mr. Chairman, I think in the whole area of communications from our point of view it's important to have somebody who can do a job for you. We have to, in the marketing plan and program that the department has, you have to have agencies who are familiar with what you're doing and how you're going about it. To change with every contract or every particular vehicle that you want to use during a year probably would be less effective in the long term.

I think it's important to get staff in different firms who know what you want and who can deliver that on a consistent basis. And I think it's personally more effective to have an agency that you can work with on that basis. So we certainly haven't had a problem in developing the kind of resources now. We've been satisfied with . . . (inaudible) . . .

Mr. Van Mulligen: — I don't disagree that continuity may be desirable, but by the same token you may reach a point where you feel that it might be wise to engage the services of other agencies simply because the agency that you used has become stale. They no longer have the kind of creativity that you may desire in your marketing.

And I wonder about the fact that inasmuch as the minister's office directs you to use specific agencies, whether that option should be there. I recognize that it's practice in this province that the kind of continuity that you talked about ends rather abruptly with every election. And I wonder about the advisability of that approach.

Mr. McNabb: — Well it's certainly an option.

Mr. Neudorf: — Yes, Mr. Chairman, just on a point of clarification here. The member opposite just asked a question requesting the official to give his opinions and suppositions and these kinds of things. And I just wonder if these officials are not here to answer direct questions rather than abstract questions where they are going to have to give opinions. I don't think that's a proper question for them to ask. So I think we should watch how we frame our questions. The officials are not here to give opinions, is what I'm saying.

Mr. Van Mulligen: — Well with all due respect, Mr. Chairman, when someone spends in excess of \$2 million for a certain kind of service, I think it's appropriate to ask the questions.

Mr. Neudorf: — Well, Mr. Chairman, I would just ask you to rule on the point that I have brought up.

Mr. Chairman: — I think officials . . . I think you are right, Mr. Neudorf. Officials are here to answer on the expenditures of the department, all questions that are asked. Any manager, on the other hand, may have a view on a policy. We're not asking the managers to speak on the development of government policy. If that's what you're saying, that's valid.

Mr. Neudorf: — Not only not on the development, but also on the implementation.

Mr. Chairman: — Except from the point of view of the administration of the implementation, I think the officials have to answer. Don't you agree? In the implementation of any policy it involved administration which is the officials role. From that end of it, I think the officials should be required to answer — on the administration of any policy. So I'm not arguing with you.

Mr. Van Mulligen: — I have one further question on that page, Mr. Chairman — the northern Saskatchewan economic development revolving fund payments. These are payments for salaries, services, gratuities, travel, sustenance, and vehicle expenses. I note that there is a payment of in excess of \$13,000 to something called Pete's Mobile Mechanical Service. I wonder if you could tell us what kind of services were provided. You have a lot of breakdown with vehicles, or . . . it's not really clear.

Mr. McNabb: — Mr. Chairman, I'd have to check on that specific item. I believe, but I'd have to again confirm it, that it's probably related to some of the activities under the loan fund that we have in the North, with respect to gathering and repossession of goods and equipment under the program, and the, I guess, refurbishing of that equipment for a sale. But I'll confirm that.

Mr. Chairman: — Can I ask you to provide, later this week or next week, information on expenditures: Regina Inn, page 561, what they were for; expenditures, Hotel Saskatchewan Ltd., itemize what they were for. Following me?

Mr. McNabb: — Yes.

Mr. Chairman: — Further on that column, The Cor Group — Marketing Research & Management Consulting. Can you tell me what this . . . who the principals are here?

Mr. McNabb: — I don't know offhand, sir.

Mr. Chairman: — Okay, we will expect that then and what the purpose of the expenditure was. And there are two items of Way Bar Management Corporation and Waybar Management Corporation again, twice, for a total of \$47,000 and-some-odd change. Also, who the principals are, and what the expenditures were for. Okay, that's all I have.

Mr. McNabb: — Excuse me, Mr. Chairman. The Waybar Management Corporation expenditures were for services under our management assistance program in the 1985-86 fiscal year. It's where they provided consulting services to small businesses in particular communities. So we'll provide you with the names of the principals.

Mr. Chairman: — Okay. That's all I have. Anything else?

Okay. That brings us to a close. I just want to make a general comment here, and I thank the officials for their time. I noticed that in the discussions, and I'm not being critical as I appreciate there are new people in the department, and that's one of the problems we face is that in a vast majority of the questions, you've taken notice and you'll provide them later.

And I'm really saying this to the Clerk here and asking him to relay the message to other departments. Departments keep records and should be able to refer, particularly at the previous year, to those records and documents, and answer more questions directly in the committee. Because if we don't get that, we lose the opportunity for any follow-up that might be there unless we call you back again.

And I know that there have been changes in the personnel, but certainly in the department there must have been records. And if there weren't, then somebody ain't getting their job done.

And I just say this as a kind of a friendly advice for future in the department, that if the committee calls a department, it should come prepared with the records. And I ask the Clerk to relay this to Advanced Power and Education.

There's a whole bunch of new people there, and I think it will not be appropriate for them to come to the committee without being prepared to answer the questions. It's no fault of theirs, because they weren't there when the things were happening, but surely somebody who was there must have kept the records.

And I leave that and ask Mr. Barnhart to pass that on to Advanced Power. Thank you very much.

Mr. Van Mulligen: — I suggest we take a break.

Mr. Chairman: — We may all take a break; we usually do at this time. Okay. But don't leave the room.

Public Hearing: Human Resources, Labour and Employment

Mr. Chairman: — Gentlemen, let's come back to order. Before we begin, let me see the list of John Henrys here.

Good morning. Mr. Phil Richards, who is the deputy — Mr. Richards; and John Reid, director, Indian economic development program — Mr. Reid. Welcome.

Before we begin, I want to give my usual instructions to the witnesses to the committee, and that is to inform you that you are required to answer all of the questions asked. And in doing that, you need to understand that nothing

you say here in evidence or in the answers you give can be used in a court of law for any kind of civil action or otherwise.

You are protected with that immunity, I guess much in the same sense as we are protected in the legislature by the immunity of the Legislative Assembly. So you need to be . . . I'm just sort of outlining that for you to give you that assurance and so that you're aware of where you stand on this.

And as I said, thank you for coming. We will go directly into the 1984-85 Provincial Auditor's report — because we're a year behind — and I will open this up for the committee's consideration. It's on page 36 of the 1984-85 Provincial Auditor's report.

Are there any questions? When we went through this I think some government members had asked that this '84-85 be called. Did you have any questions you wanted? We can go onto '85-86 if there are none. I want to just take a look. just give me a minute here.

A Member: — It's the same report twice.

Mr. Chairman: — Okay, I think . . . Mr. Lutz reminds me that the report in '84-85 is the same as the report in '85-86, so it's just a continuing, I guess, problem.

So maybe in view of that, let's just go to '85-86 and cover them both then at the same time. Okay, 85-86 is on page 142. Any questions?

Can I just maybe begin then? Mr. Lutz indicates that there was a lack in management control systems in '84-85 and again in '85 and '86. Can you report to the committee if there has been any action taken on this?

Mr. Richards: — Yes, Mr. Chairman. Actually, effective . . . the day after the auditor's report was effective, a system of audit controls and reviews of each of the approved Indian economic development programs was established. The reason it took two years, as I understand it, to set up, was that after the initial report by the auditor, during the second year the department was working with Revenue and Financial Services to set up an appropriate mechanism to commence audits of the grants to the various Indian bands.

And as of April 1, '86 a full audit was implemented. Since that time, out of 203 projects approved, 194 have been fully audited; 80 per cent of the projects have been successful and would be classified as "going concerns." So from the point of view of new businesses, it's a fairly high success rate. In fact, it's a very high success rate.

And if the committee wishes I could outline the audit procedures that we follow when we go to a project and see how it's proceeding. Okay, in terms of the actual audit procedure, it's carried on by a member of our field staff who would be familiar with the project.

So the initial data collection is basic data in terms of the actual project — legal name of the applicant, district

band, etc. We check first on the status of the business. Is it in a developmental stage, is it operational, is it not operational. We check to see whether they've used the provincial grant and how they've used the provincial grant. We also, as many of the projects that we fund lever money from other sources such as the federal government — some of its grants programs — and banks and lending institutions, we also check to see if other funding is in place, to make sure that it's been received and also committed.

Then we review all capital expenditures over \$500 to make sure where they were purchased from, to make sure there's appropriate receipts, etc., so that actual money is confirmed. We check to make sure insurance coverage is in place, and if it's in place, which company it's with.

We check the employment records to give us an indication of the number of people that will be employed in each individual grant project. So we check to make sure that the number of jobs that were created, the number of people employed, the type of jobs — are they permanent, part time, seasonal. And then we attempt to do an evaluation to find out, one, is the business solvent? in other words, can it meet its financial obligations? Is it viable? Does it look like it's going to turn a profit if it isn't already? is there potential growth in the business? Do we anticipate any growth? And is the management structure in place effective and working reasonably well? And we also check to make sure that there are effective accounting procedures and fiscal controls.

Assuming all those criteria are met, the project continues and the grant continues. And as I said initially, there's been a very high success rate of 80 per cent, when I think the normal success rate for a new business is closer to 10 to 20 per cent. So we're relatively pleased. I don't think we could ever expect we'd have a 100 per cent success rate in any of these projects.

Mr. Chairman: — That's a very interesting piece of information. You say normally the success rate is around 10 per cent, but in this case it's up to about 80?

Mr. Richards: — I'm trying to remember the exact statistics. It's around 10 to 20 per cent, the normal success rate for a new business starting out.

Mr. Chairman: — Well, yes. That's marvellous. I think that's . . . And all these grants go to native business enterprises?

Mr. Richards: — Native business enterprises only.

Mr. Chairman: — Yes.

Mr. Richards: — Status Indian only.

Mr. Chairman: — Yes. I think that's a very notable piece of information. And I say this not in any way to start a debate, but I say it because of, sort of, the social situation, that I think the public has a different view. I really think that we know better, and then maybe all of us have a role to play in changing some public attitude here. And my commendation to the success rate here.

Any other questions? If not, we're certainly pleased to know that steps have been taken.

Can I ask the auditor, Mr. Lutz, has this been reported, or is it too early to have an opportunity to have a look at it?

Mr. Lutz: — Mr. Chairman, we did this in the previous year and this year, and as the deputy minister has said, they're now putting into place in their own management systems a mechanism to follow up these grants and make sure that these things are in fact happening.

I would like to maybe refer you to item 6 in your program of requirements for a grant. Namely, have you done anything about — if I can use the word — lapsing a grant or recovering a grant where in fact they didn't comply with these things, or will that come up later?

Mr. Richards: — I've been informed that one grant didn't meet its conditions, and we have in fact collected that.

Mr. Lutz: — Yes, the other point I'm trying to get at here is, what does this prorata mean? Prorata over what — a period of time — some years, some months?

Mr. Reid: — In this particular case the applicant had received a grant and in good faith was hoping to set up a business that didn't materialize. We, in the proper follow-up procedure, as part of these controls, we talked to the applicant. And it didn't look like he'd be able to start the business because the thing didn't materialize, and he returned the entire grant to us.

Mr. Lutz: — So it's not exactly the same as for a business that didn't quite make it, and he didn't comply with your terms, and that I'll presume you'll have something in place to handle that?

Mr. Reid: — That's right.

Mr. Lutz: — And if you do indeed document these various things, I would certainly expect that next year our reporting will be a lot less on this matter.

Mr. Reid: — I would think so.

Mr. Lyons: — I wonder, if we're finished with that particular item, we could turn to the '85-86 Public Accounts. I've got several questions. First of all, as regards the estimated expenditure and the actual expenditure during that year under review, I notice, in terms of administration, there was a roughly 32 percent decrease between that which is estimated, 1.5 million, and that which is spent, which is roughly a little over \$1 million. Also there was a decrease in the grants to Indian and native organizations of 13.5 per cent, which made, when the two were added together, a total decrease of from 3.1 down to \$2.4 million. I was wondering, what was the reason basically for this decrease?

Mr. Richards: — Just a question on the year — 80 . . .

Mr. Lyons: — '85-86.

Mr. Richards: — '85-86. As I remember '85-86, there was a . . . I think what was budgeted was expended, according

to our information — budgeted was 2 million, expended was 1.99592.

Mr. Lyons: — Well if you look under subvote 1, administration, the revised estimate had 1.5 million and the expenditure was 1 million.

Mr. Richards: — Okay. We don't have the blue book in front of us in terms of administration.

Mr. Reid: — Maybe you're talking about the entire administration of Indian and Native Affairs Secretariat at the time. Is that what you're referring to? You see, this program is part of the overall administration, but the Indian and Native Affairs does other things as well.

Mr. Lyons: — Under subvote 1, Indian and Native Affairs Secretariat, administration, the subvote 1, the revised estimate was \$1,586,010. The expenditure was listed as 1,080,2 . . .

Mr. Chairman: — Page 382.

Mr. Lyons: — Page 382. Okay, that might help.

Mr. Richards: — I can only answer in general terms that there were requests for departments, as I remember it, in that year to attempt to come under budget if possible. So I would guess — I wasn't the deputy at the time — I would guess some internal corrective action was taken to control the expenditures.

Mr. Lyons: — Well you may guess what they were. Could you probably tell us what they were? Was there fewer people employed or were there . . . what actions were taken?

Mr. Richards: — I think it would be a combination of positions not being filled, combinations of what we call control on codes 2 to 5. It would be a combination.

Mr. Lyons: — What does control on codes 2 to 5 mean in real English?

Mr. Richards: — Okay. In our budget, 2 to 5 is expenditures for travel, stationery, those sorts of things, and you, as I say, control . . . in other words you ask people not to travel unless absolutely necessary. You review out of province travel to make sure it's essential, and you back off to the essential elements in an attempt to come under budget.

Mr. Lyons: — You don't have any ideas how much we're saving by cutting back on travel or cutting back on staff?

Mr. Richards: — No, not specifically, no.

Mr. Lyons: — Okay, if under the subvote 2, "Grants to Indian and Native Organizations," the revised estimate had a projected expenditure of \$1,552,940 and the actual was 1,342,380, where was the \$200,000 not spent that had been originally budgeted?

Mr. Richards: — Perhaps if we piece it together from the annual report.

Mr. Kraus: — Mr. Chairman, I noticed in a couple instances the departments have advised me that they expected they were going to have to speak to the items in the Provincial Auditor's report.

It's not my place to defend the departments or anything, but I think the way the letter's been written, or the invitation, I think they maybe believed that they only had to speak to the Provincial Auditor's report and perhaps hadn't realized that there's a lot of questions that can be asked in volume three. We'll undertake to phone departments ourselves unofficially to let them know but . . .

Mr. Chairman: — I would appreciate that. I've already asked Mr. Barnhart to do that, but I think you should as well. You should instruct the departments, Mr. Kraus, that they should be prepared to answer on the Public Accounts any questions on changes of expenditure. If they're not sure what kind of questions might be asked, I would advise that they assign someone to go through previous *Hansards* of Public Accounts Committees and get a fair idea about questions that might be asked so that they're able to answer them here rather than provide them two weeks hence. But your point may be well taken.

Mr. Richards: — I'm afraid we find ourselves in that position. As we look at subvote 2 and look at the grant levels that were expended, most of the grant levels that were expended in that year remained the same for the next two years. So it may have been someone had thought of increasing the grant levels and decided not to, but that's pure speculation because the grant levels have remained basically the same the year after. So I can't see anybody that got cut.

Mr. Lyons: — I wonder if, Mr. Richards, you'll undertake to provide us with that information then and send it over to the Chairman.

Mr. Chairman: — We would like to have it next week at the latest.

Mr. Lyons: — Okay, just moving on then, "Schedule of Payments." I notice that there was a payment made under salaries, services and gratuities, travel, sustenance, and vehicle expenses for Mr. Ian B. Cowie of 45,915.53 for salaries, 3,340.72 for travel. And then under other expenses on page 383, there's a payment to Ian B. Cowie and Associates, Management Consultants, of 20,981.95, is this, first of all, the same Ian B. Cowie? And I tend to think that it probably is. It would be a little too coincidental.

Mr. Richards: — Same individual.

Mr. Lyons: — And could you explain why there was a salary payment and then also for his company?

Mr. Richards: — Mr. Cowie was executive director of Indian and Native Affairs at the time, and resigned, set up a private consulting firm, and was retained to do some management consulting later on in the year — after his resignation.

Mr. Lyons: — Could you tell us what was that

management consulting?

Mr. Richards: — He was assigned to develop some urban economic development initiatives for natives, and in fact presented a report to the department on possible urban economic development.

Mr. Lyons: — And what was the content of that report?

Mr. Richards: — As I remember it, he made recommendations on potential initiatives that could be carried out in the urban area.

Mr. Lyons: — Mr. Chairman, I don't know whether it's not knowing the protocol, but can I ask for that report?

Mr. Chairman: — Yes, sure you can.

Mr. Lyons: — Could you provide us with that report, please?

Mr. Chairman: — just for clarification, you're saying Mr. Cowie was executive director of Indian and Native Affairs Secretariat, left, and then was retained as a consultant?

Mr. Richards: — That's my understanding, yes.

Mr. Chairman: — And whose decision was that? Was that his recommendation before he left? That seems like a weird and peculiar arrangement. Maybe not, but one could not help but wonder whether maybe there's something unusual here.

Mr. Richards: — I would guess it would have been the minister or the then acting head at the time. He was replaced by one Joe Leask, who has also since resigned. And I can find out who actually retained him.

As I understand it, the study was required. If you took at many of our Indian economic development programs, I must admit, alas, they're heavily rural. And it's been a continuing concern that in urban economic development we have not been very successful. We plan this year to try and earmark some of the money for urban economic development, but it has been a continuing problem.

Mr. Lyons: — Well again, under Mr. Leask the same thing seems to have happened where Mr. Leask received \$34,000 and a little more in salary, and then again was paid out under other expenses \$13,795. Was that for his own company, or what was that payment paid for?

Mr. Richards: — That payment, I'm pretty sure, would be for his moving expenses from Ottawa. We hired him from Ottawa, and so it would be his moving expenses which form a forgivable loan after two years of service.

Mr. Lyons: — Okay, is he presently in the employ of the department?

Mr. Richards: — No, he has resigned. He completed his two years of service and is in the process of moving to Kelowna.

Mr. Lyons: — Okay, so he's not . . . Mr. Cowie, is his firm presently engaged by the department?

Mr. Richards: — No, he hasn't been engaged since that stage as far as I know.

Mr. Chairman: — Does that . . . well, unfair question . . . is that firm still in operation?

Mr. Richards: — Yes.

Mr. Chairman: — It is?

Mr. Lyons: — Okay, just no more questions, provided that it's . . . I understand that we can provide them with that report fairly quickly.

Mr. Chairman: — Yes, we'll get the report.

Mr. Richards: — Yes, we'll get the report and the answers in subvote one and two.

Mr. Lyons: — Okay, thank you.

Mr. Chairman: — Any other questions?

Mr. Van Mulligen: — Just one, Mr. Chairman — notice of payment to Sidney P. Dutchak, \$4,387. I wonder if we might be provided with an indication if any of those trips were for out of province, and the nature and purpose of the trip?

Mr. Richards: — We can get the specifics. I would say they were constitutional discussions but . . . leading up to the FMC (First Ministers' Conference), but we'll get specifics.

Mr. Chairman: — I sense that just about wraps it up. Mr. Lyons, I guess my senses are wrong.

Mr. Lyons: — One final question in regards to a payment made to the Saskatchewan Housing Corporation of 15,900. Do you have any idea what the payment was made for?

Mr. Richards: — No, we can report that as well.

Mr. Lyons: — Thank you.

Mr. Chairman: — Anyone else?

Mr. Van Mulligen: — Just maybe if we could . . . do you have any indication or idea what the payment of \$15,000 to W.J. Davies, what that payment was for?

Mr. Reid: — Yes, Mr. Davies was retained to assist in some of the initial follow-up under the program. Mr. Davies is a banker by profession, works with the Indian agricultural program, and accordingly knows the Indian community very well. And we wanted to do an independent assessment, a sort of a snapshot of what was happening with the program, and we retained him to do that. So he canvassed the Indian affairs' offices as well as touching base with Indian applicants, as well, to give us sort of an early view.

This was done around the time we're setting up the formal controls pursuant to the Provincial Auditor, and we

wanted to have someone who knew the Indian community well, and was well received by the Indian community, that could go out and do that kind sort of work. And we thought the amount was reasonable.

Mr. Chairman: — Thank you.

Mr. Muller: — Yes, I have a few questions. What, if any, initiatives has the province undertaken during the year '85-86 with the federal government in support of a tremendous potential which exists in the resource sector for creating employment and income for the aboriginal people?

Mr. Richards: — I guess in terms of '85-86 one of the key areas that we worked on then, as we still do now with the federal government, is Special ARDA (Agriculture and Rural Development Act), which is a special agricultural resources development grant that we jointly administer.

And it is rural based, agricultural based. It's been used for developing such things as wild rice in northern Saskatchewan. It's been a very, very good program and it's . . . it leverages a fair amount of money, as I say, from other programs, and other federal programs, and other banks, so we found that Special ARDA's been excellent.

The one comment I would make, that I've already made, I is the problem with Special ARDA is it's geared to rural, and we still have that urban problem with economic development that we're hoping to work on.

Mr. Muller: — What did the government do for the Indian economic development in the fiscal year of '85-86?

Mr. Richards: — In '85-86 the overall program was budgeted for \$2 million. We expended 1.988 million. That 1.988 million leveraged 9.3 million from the federal government. So they gave us total costs of projects of about 11.4 million — 67 projects, 11.4 million — and created about 450 jobs. So I suppose in highlights in terms of job creation, as we look at the figures across the board, that was the year that created the most jobs. It didn't have the most projects, but it did create the most jobs.

Mr. Muller: — So the money that we used is actually leveraging a lot of money from the federal government and . . .

Mr. Richards: — Yes. We are almost at . . . well at least three to one, almost. For every dollar we put in, they get three more from other sources. And we're normally first payer. If we don't make a grant, normally they can't get grants from any other source.

Mr. Muller: — Do you have any programs in employment training?

Mr. Richards: — Yes, we've got what's called the native career development program, NCDP, which is a combination of employment, employment initiatives and, training initiatives for natives. And in analysing that program we have discovered — not discovered, we have found an 80 per cent retention rate for natives hired under that program, which we're very pleased with, which is a very high retention rate for natives. Because after the

grant money runs out, 80 per cent of the natives remain working. Normally the experience is when the grant money runs out, the jobs run out, so it's working very successfully.

Mr. Muller: — What kind of jobs are those? Can you give me in a broad sense?

Mr. Richards: — There's all types — from the normal, say, auto body shop; construction jobs; office jobs; we're working with the Regina Police Force in terms of creating positions. So it's a wide range. We'd like to get more time and more emphasis on the "professional" jobs such as banking, and get moving away from the labouring jobs. We've asked the program heads to emphasize that, and they are. But that one is a slower process. It is easier to place natives in, say, autobody, construction work.

But I think if we're going to have any success with the program, we've got to develop them into more professional positions, and that is starting to happen.

Mr. Muller: — So that would be more urban based than rural based then?

Mr. Richards: — Yes, although I guess it's more in the bigger centres, because that's where the employers are. And we have more luck with the larger employers such as, say, the Regina Police Force.

Mr. Martin: — Is there any tie-in here — you talked about getting guys mechanics, but what about secretarial services? Is there any tie-in at all with, say, the career college in La Ronge or that type of college opportunity through this program with the Department of Education?

Mr. Richards: — There is, but perhaps, in our opinion, the tie-in could be stronger. This department now — not to get off the topic, but it does tie in — this department now has responsibility for employment equity for the government in terms of Human Resources, Labour and Employment. And our plans are to, as we've got the employment equity people, as we've got the Indian and Native Affairs, the women's directorate also under our wing, that we can use all the resources to then work with such community colleges as the ones in La Ronge and to work with ones in Regina, wherever, to ensure more natives, more secretarial natives go on training programs. We think with the wide approach that we can be more successful and more coordinated.

Mr. Martin: — Have you talked to the Department of Education about this? Is this sort of an ongoing . . .

Mr. Richards: — Yes, in fact we stole the employment equity co-ordinator from the Department of Education, so . . . and she started work yesterday.

Mr. Martin: — Who is that?

Mr. Richards: — Natallia Carroll is her name.

Mr. Martin: — Oh, yes. She's good, yes.

Mr. Richards: — Yes, so we've got a good link with Education.

Mr. Muller: — One more. How many bands have accessed the provincial Indian economic development program by March 31, 1986?

Mr. Richards: — Sixty-one out of 68; 90 per cent of the bands have used it.

Mr. Muller: — Ninety per cent of the bands have accessed it?

Mr. Richards: — Yes, have accessed the program.

Mr. Muller: — Well that seems pretty good. Have you got anything more, Beattie?

Mr. Martens: — You made a comment about your government provincial — federal; we supply one portion, and they'll match it with three times the amount of money for it.

Mr. Richards: — That works out as an average, yes.

Mr. Martens: — Right. Is that basically rural that that is dealt with, or is there opportunity to do it in the urban?

Mr. Richards: — There will be opportunity to do it in the urban, but we need . . . the problem is, as I mentioned, say, Special ARDA (Agriculture and Rural Development Act) is geared just to rural, so you can't spend any money in the urban. We are in the process of setting up what's called a Métis economic development fund which we're hoping — it's got \$500,000 in it — we're hoping to have about two-thirds of that urban based, and we understand that the feds have already got now a similar program in place ready to come along with us. So we should be operational on that in a month or two.

Mr. Martens: — So that the federal contribution on an urban based is not expected to be three to one, or have you got any idea of that?

Mr. Richards: — We're hoping for three to one, but it's not a promise yet.

Mr. Martens: — Okay. Would you expect that to be dealt with on basically the areas like in Regina and Saskatoon, or would you be dealing with them in the towns like Buffalo Narrows and Cumberland and those?

Mr. Richards: — I would say on the urban expenditures it will be more to the big centres, Regina, Saskatoon. There's a very high native population in both cities, and at the present moment they have limited access to any of these economic development funds. And so if we can set it up in your market for the two cities and the other major cities — but I don't think we would classify, say, Buffalo Narrows as a city — Buffalo Narrows would be eligible for Special ARDA and all the other things.

Mr. Martin: — You'll have to help me with this. It may not be related, okay? The Saskatchewan Indian Federated College out at the University of Regina is putting a major thrust now on the development of a business program to get the boys and girls involved in economic development on their own reservations. Is there any tie-in whatsoever

with your department with the programs that they are developing there now at the Indian federated college?

Mr. Reid: — There's not a formal tie-in per se, but many of the graduates from the Indian federated college and from the Indian community college in Saskatoon, as well, apply to our program for grants to set up businesses as well. But in terms of the tie-in, there isn't a formal tie-in between our department per se and them. However, with the new Department of Education, or the old Department of Advanced Education, rather, there is a tie-in where that department does provide . . .

A Member: — Show us where that last . . .

Mr. Reid: — Oh, sorry. The Department of Advanced Education and Manpower does provide some funding to the Saskatchewan Indian Federated College. So although it's not our department per se that has a formal link, that department does.

But with respect to your question . . . Well in our department there is not a formal tie-in; however, again, many of the applicants that we have are graduates of those colleges.

Mr. Martin: — Is there any opportunity for a tie-in? I guess that's really what I was asking. Is there a way to get involved in that, or should you be involved in that, or is that something that we should not be involved in?

Mr. Reid: — Well I think it might . . . Speaking for myself personally, I don't think there would be any problem with some sort of tie-in with them, in terms of trying to maximize economic development, I guess there's different ways. There haven't been any discussions per se between their department and them at this point in time.

Mr. Chairman: — You'll notice, Mr. Martin, I allowed questions on the year not under review, which I think is a good practice on relevant questions, and I shall continue to do that in the future.

I want to ask some questions. Can you answer, under Administration, Public Accounts '85-86, what were the expenditures for MLA and other allowances and support staff?

A Member: — That's not in order.

Mr. Chairman: — No, it's perfectly in order.

Mr. Richards: — We'll, as we've had to do before, we'll have to do our homework, I'm afraid.

Mr. Chairman: — Can you tell me what were the temporary positions and salaries; there was \$68,000, and who the people were?

Mr. Richards: — Temporary staff people?

Mr. Chairman: — You can't answer that today?

Mr. Richards: — No, not this specific.

Mr. Chairman: — You have to do your homework?

Mr. Richards: — I apologize.

Mr. Chairman: — Can you tell me what the advertising and printing-related expenses were, \$13,000, and who did the advertising?

You have to do your homework on that, too?

Mr. Richards: — Yes. I'm afraid we got a narrow letter and are ill-prepared.

Mr. Chairman: — Travelling expenses, \$116,000. Can you provide an itemization of the travelling, the destinations, who was involved and the expenses?

Mr. Reid: — I'd like to point out that a good chunk of that travel would involve the Indian field staff. We do have a field staff who administer this program, and that probably would take up the lion's share of that.

Mr. Chairman: — Thank you. I am sure you will have that on record. And can you outline for us, also, if you can't today, the contractual services — who was involved, what the purposes were, and whether any of them were tendered?

And I'm going to ask Mr. Kraus in his direction, which is a direction I might add should have been given before to other departments, that on the lists and items which I have just mentioned, departments should be here prepared to provide the answers in future so we don't have to wait, because in this exercise one of the key elements is to be able to cross-examine and to do follow-up questions, and it's really quite inadequate for department officials to say, well, we'll give it to you another day. I mean, people know that we're doing public accounts, and they can't be coming prepared for one thing and not for another.

Okay. I have no other questions. Thank you very much.

Public Hearing: Saskatchewan Housing Corporation

Mr. Chairman: — I have here a list of . . . Mr. Larry Little, president — that's the gentleman in the middle — right; Mr. Larry Boys, executive vice-president, with the glasses, on my right; and Mr. Ron Styles, executive director, policy, planning, and information services. Thank you for coming.

I'm supposed to make a little speech when officials come to the committee, so I will. I just want to tell you what requirements are here, and that is that you are required to answer all of the questions as officials. You are protected by immunity. Anything that you may say in this committee cannot be used in the civil or any kind of other legal action against you, so in a sense you have this one privilege that MLAs have when you're in this committee, in that you have an immunity. So we wanted to sort of let you know that so that you know where you are with respect to that.

And we are here to consider the Saskatchewan Housing Corporation reports in the auditor and estimates as well. So I will open up the discussion.

Mr. Van Mulligen: — Mr. Chairman, I'd like to turn to the

auditor's report first. The auditor makes some comments with respect to the senior citizens' home repair assistance program. Inasmuch as that program is no longer in operation, it's kind of academic at this point.

I'd like to turn to the public and non-profit housing projects. The auditor indicates some concerns about the corporation: one, not having adequate procedures in place to ensure that all board minutes of housing authorities are in fact being provided.

In addition to that, he points out that the terms of reference for auditors of public or non-profit housing projects, the auditors that are provided . . . or appointed, that these auditors are not required to report to the corporation any significant observations they have made while conducting their audit, except for tenant income verification. He points out the corporation may be unaware of control weaknesses existing at the housing authority project or non-compliance with prescribed policies.

I'm wondering if you can tell us what kinds of actions the housing corporation has undertaken with respect to the auditor's concerns.

Mr. Little: — I think it's important to keep in mind, when we're talking about the local housing authorities in Saskatchewan, the structure that's in place for that. We're dealing with some 270 local housing authorities throughout Saskatchewan. Some 80 percent of those 270 local housing authorities manage less than 40 units.

They're all volunteers on the board of directors, there's part-time managers for many of them, and they spend a lot of their time very freely and of their own freewill trying to provide community input into the management of those units. We recognize that they are volunteers. We try to provide help whenever possible to ensure that there is sufficient and reasonable control.

In 1985 we looked towards a longer-term solution to some of the points that were raised, and we tried to put into place some structured help. That's taken place by a computerized property management information system that that connects the housing authority network. We've taken and put into place a new position, a manager of budget planning and control, which was filled in October of '85. And that's filled by a professional accountant who is there to help strengthen the property management department and to provide liaison with the local housing authorities to tell them what our needs are for information.

In addition to that, we undertook a comprehensive property management education and training plan during 1985, through April and May. Twelve separate workshops were held throughout Saskatchewan at which people were given courses in accredited residential management, in certified property management courses, all of which evidenced the need for us to have consistent policies across Saskatchewan and give them the training to be able to carry them out. And I believe by those types of measures we will be able to see a dramatic improvement in the future.

Mr. Van Mulligen: — What about the specific concern of the auditor that . . . as I understand it, let's just take housing authorities. They are required to submit audited reports to the corporation, but the terms of reference that you provide for these auditors do not require these auditors to report any significant observations. Is that still the case, or has that term of reference now been amended?

Mr. Little: — I believe there's two sides to that answer. One is, is the . . . what requirement we put on these very small local housing authorities. And the second one is the cost for those types of audits. What we have done is required as a matter of course that the larger local housing authorities do provide us with detailed audits. For the small local housing authorities we don't require that of them. It would be very expensive. What we do is primarily focus on income verifications of the seniors to make sure that the assistance that is offered is targeted to those people that are of low income.

Mr. Van Mulligen: — It's to meet the requirements of the CMHC (Canada Mortgage and Housing Corporation).

Mr. Little: — Yes, sir.

Mr. Van Mulligen: — Recognizing that there is some cost in getting a complete audit and that some of the housing authorities are rather small, has there been any thought given to — and is this perhaps a solution to that if you do not require a complete audit every year from some of the smaller authorities — is there provision to ask for a complete audit every few years?

Mr. Little: — As you know, as mentioned, this is a cost-shared program with the federal government. They, too, recognize the expense that some 270 audits would entail for the corporation, and indeed, the taxpayer. We are having meetings with them now where we're taking a look at the number of audits and a cyclical audit approach. And in that cyclical audit approach we could look at touching base with many of these local housing authorities on a random basis through the years, so we would be doing an audit on them.

Mr. Van Mulligen: — Before we turn to the question of no regulations for programs, again, I suppose that some of that might be academic, I don't know if all these programs that the auditor lists are in fact still in operation. But for those that are, are there steps under way to ensure that regulations will in fact be provided?

Mr. Little: — I guess as a preamble to that question is that our Act, which was initiated in 1973, provides that regulations are discretionary rather than mandatory, that we have two legal opinions on that.

To go more directly to the question is that this has been a matter that's been outstanding for some time with the Provincial Comptroller. And I would very much like to sit down with the comptroller's office and address the matter and take a look at the development of regulations for all new and ongoing grant and subsidy programs.

Mr. Van Mulligen: — That's all the questions that I have

on the auditor's report.

Mr. Chairman: — I have a question on your comment that the regulations are discretionary, and I have not pursued it enough to know; I'll take your word for it. My question to you as the manager and responsible: is that, in your opinion, good management?

Mr. Little: — I believe that a decade of experience with . . . over a decade of experience within the housing corporation, what we've recognized is that we do have legislation which is permissive, in that it's enabling legislation. And . . . (inaudible) . . . it recognizes that we have a board of directors who are chosen because of their knowledge in the housing field, and they provide us guidance in determining policy, and that's worked very well in providing program guide-lines.

It's very difficult when you come out with a housing program to envisage all types of restrictions, regulations, program guide-lines. And that type of flexibility at the board level has made us able to enact restrictions, put different guide-lines in place very fast without encumbering the legislature, so I believe it has been effective.

However, certainly some regulations which are wide-ranging, I believe, would satisfy both ourselves as well as the Provincial Comptroller's office, and that's what we'll look at.

Mr. Chairman: — Yes, that's one side of it. Then another comment the auditor makes is that there's also a lack of detailed procedural manuals for the use of project managers. You not only have lack of regulations, and maybe there's, in some cases, need for flexibility, but when you couple that with the fact that there is lack of detailed procedure manual, the question then is: under what kind of terms of reference do your project managers operate? I mean, do they have no guidance at all? Are they out there flying by the seat of their pants, making decisions on the spot?

Mr. Little: — I'm pleased to report that we do have a policy and procedures manual in place for our public housing. The Prairie Housing Development projects do follow many of those guide-lines, and in fact the managers of them often are local housing authorities.

However that portfolio, which has got a restricted amount of subsidy that's available to it, operates in more of a private market fashion, and we do have in fact some private sector property managers in place looking after it. And to that extent the policies and procedures with a deep subsidy program aren't necessary.

Mr. Chairman: — I don't quite understand that argument. How is their policy manual — or some policy directive would be necessary if you're managing it, but if you're providing the money and somebody else is managing it, they're not necessary. Can you rationalize that for me?

Mr. Little: — The distinction is that public housing is a full subsidy program where there is essentially sufficient funds available to make sure that those individuals who move into it, that are low-income, have ample assistance

available to make sure that they never have to pay more than 25 per cent of their income toward shelter. But underneath that there has to be guide-lines on who gets into those projects, on the management of them, to make sure that all of that subsidy assistance does go directly to those people that need it.

Underneath the PHD (Prairie Housing Development) portfolio, it's a matter that the subsidy assistance through the federal government is at, say, in a lesser amount. It's an interest rate right down to 2 per cent, and as such, very often the subsidy assistance simply goes into writing down the high book value of the project to the point where it can meet a market rent. And as such, they're often rented out with the assistance being used to bring them down to market rent. And then it just comes into a point where the people moving into it aren't necessarily low income. What they are is moderate income people, and it becomes a market function.

Mr. Chairman: — Okay? Mr. Van Mulligen, you had another . . . on another topic?

Mr. Van Mulligen: — Just in *Public Accounts*.

Mr. Chairman: — Go ahead.

Mr. Van Mulligen: — I'd just like to turn to the *Public Accounts*. And the first question I have is one of the payments that's made by the government to SHC (Saskatchewan Housing Corporation) is for grants under The Senior Citizens Home Repair Assistance Act. The budget estimate for '85-86 was \$7,850,000. The *Public Accounts* shows an actual expenditure of . . . It shows an adjusted estimate and then an actual expenditure of \$8,800,000. There's an increase there of roughly \$1 million, and I'm wondering if you can explain why that is, why you're over budget?

Mr. Little: — Simply, it is an increase in the amount of take-up underneath the program and the cash flow associated with it.

Mr. Van Mulligen: — If there is an increase in the take-up on the program, would that reflect . . . I'm just going back, that you would have some historical information about the kind of take-up for a program like that and what one might reasonably expect and, hence, you make your estimates for the year. Would there have been, during that year, a decision on the part of the corporation to advertise that particular program further?

Mr. Little: — There was no advertising in '85-86 that I'm aware of. It was just increased take-up — and you're correct, as we do try and calculate the amount of take-up underneath these programs. They're estimates, and they're one where, as estimates, they can get exceeded, and this is what happened in this case.

Mr. Van Mulligen: — So you're saying that for that particular program, that there is no advertising at all to let the senior citizens know that they're eligible for this particular program, that it was available for them?

Mr. Little: — There was no media advertising of it. No, not that I'm aware of.

Mr. Van Mulligen: — None at all?

Mr. Little: — There would be the normal brochures that we would have available. It could get discussed at meetings with senior citizens. When people phone in and inquire about what assistance is available to them, we would tell them that that's there. Given the duration of the program it was anticipated that people do know about it and, in fact, the level of take-up in actuality versus what is estimated would indicate that they did know about it. So that there was no media advertising.

Mr. Van Mulligen: — Okay, assuming that there is no media advertising — we're taking your word on that would there have been, say, additional mailings that may not have been done in previous years to senior citizens or to groups to make them aware of this program?

Mr. Little: — There was no directed mail to the senior citizens of Saskatchewan on any focused basis to make them aware of the program.

Mr. Van Mulligen: — The next question I have is concerning the non-profit sponsors of senior citizens' accommodation. I understand this is new in '85. Your estimate was half a million dollars. Your actual expenditure was \$1.28 million. Can we assume, and is it reasonable to assume, that your expenditure exceeded your estimate because it was a new program. Is that . . .

Mr. Little: — This program was one that the non-profit sponsors for the project were ones that essentially controlled the rate at which their projects proceeded. In this case they got into the ground earlier than expected, and the cash flow requirements for the construction, and the progress payments as they proceeded along, were at a rate that was faster than expected.

Mr. Van Mulligen: — And it would appear the reverse for grants under the home improvement for the disabled program. You budgeted \$395,000. Your actual expenditure was \$150,000. Can you come up with any reason why that occurred?

Mr. Little: — I believe the answer is twofold. First of all, the program is, I believe, in its fifth year of its cycle at that time. And given that it has been around for that length of time it becomes a natural self-extinguishing method or system where many of the people who were eligible for it would have benefited from it.

The second side of the answer is that we have gone and had a lot of liaison with self-help groups, etc., making them aware of that program through the years, and as a consequence the number of people that continue to be eligible for it would have diminished because they'd have been aware of it and taken it up.

Mr. Van Mulligen: — I'd like to just turn to payments to SHC for subsidies with respect to the urban native housing program. And I wonder if any of the funds under that program would have been expended, or would have been expended with respect to a project that the corporation had planned in conjunction with the Regina Native Women's Association at 5th Avenue and Pasqua

Street in Regina?

Mr. Little: — No.

Mr. Van Mulligen: — Would that particular project, or any of the expenditures on that project, fall anywhere under the expenditures?

Mr. Little: — There was no funds committed underneath the urban native housing program towards that project at all.

Mr. Van Mulligen: — Where were those funds? The corporation did purchase property.

Mr. Little: — The program that would have . . . the RNWA project with them as the sponsor would have proceeded underneath. Was it a non-profit housing program?

Mr. Van Mulligen: — I don't know. I don't know. Where . . . the corporation did purchase property, the old Safeway property at Pasqua Street in Regina. Where would that expenditure be reflected in the Public Accounts?

Mr. Little: — I'm not sure what protocol is here? Can I have my official give that in?

Mr. Chairman: — Oh yes. Indeed, yes.

Mr. Boys: — There was a grant set aside initially under the non-profit program. It would have been a 20 per cent grant. And when the arrangements couldn't be reached, we had asked CMHC to write this project down to 2 per cent, similar to the other 56.1 projects. The land that was purchased was through our capital side, and there would have been an appropriate transfer of land into the project that would have been allowed by CMHC in the normal course of their commitments.

Mr. Van Mulligen: — I would just like to ask some questions about that project. Perhaps the appropriate place to talk about that is the payments to Saskatchewan Housing Corporation under administration, inasmuch as certainly some of the administrative officials of the housing corporation were involved, and the question I have: is it a practice, or was it a practice of the corporation prior to that, if it tended to pursue, say, an infill housing project, to institute discussions with community groups in the neighbourhood, those that stood to be affected, to try and get some sense of reaction to potential projects and then gauge your response as to whether or not to proceed further, in part on that response?

Mr. Little: — The corporation does have a direction that when we are going to be delivering a project where there are active community associations, we do like to have discussions with them. We do, however, also have a requirement in any one year that we have to have the budget which is provided by our federal partner to the point of commitment.

And what that simply means is that we have to have a fixed price for the project by year end. There are times when, in order to commit a project, we will accelerate matters to the point where what we would like to do, in

not all cases is done, because we have some requirements in order to maintain that federal budget coming into Saskatchewan that we have those fixed prices.

Mr. Van Mulligen: — You must have some lead time though. You must have a sense of, before fully committing funds, that you would like to move in a certain direction which has implications for a neighbourhood. In that sense I ask: what kinds of consultations were there with the North Central Community Society, as an example, about the project at Pasqua and 5th, or the corporation's intentions about that project, before any announcements were made, before any deals were struck with Regina Native Women's Association?

Mr. Little: — On this particular project the catalyst for it being considered was, in essence, what you could consider a donation by Canadian Safeway when they indicated that they were going to provide the land to the housing corporation at a reduced cost if we proceeded with a social housing project on it. The consequence of that was that the land being designated for a social housing project came through as a result of what you could consider a corporate donation. It was then determined through that allocation by Safeway that a project that was of a social housing nature would occur on that site.

Mr. Van Mulligen: — . . . (inaudible) . . . discussions with the local community, again through the North Central Community Society, or for that matter with the city of Regina at that point, to gain from them some ideas, some input as to their feelings, their ideas about the site and what kinds of uses it might be put towards.

Mr. Little: — As I would understand, the chain of events that occurred there is that once the land had been purchased at that reduced value and a determination made that we would be doing a social housing project on it, that consultations did occur. Certainly they were after the fact, in this case, because of the nature of how we acquired the land, but they did occur after the fact that we were going to be doing a social housing project there

Mr. Van Mulligen: — So these discussions took place after the fact, after you had made an announcement as to the type of project that was being contemplated.

Mr. Little: — Yes, they did.

Mr. Van Mulligen: — I just might say as an aside, Mr. Chairman, that this is a case of where haste makes a great deal of waste. When we look at all the fall-out that resulted from the project, if there's anything that's clear it's clear that the housing corporation, the same as a developer, needs to have some very clear assurance that the type of project that it wants to build in a community will have impact on that community — that it's wise to discuss potential projects with the community and to gain some of a sense of input from that community before becoming irrevocably locked on a course of action.

A public corporation cannot simply take the position that we've decided what's going to be built, we've decided

what's going to be done, and we'll consult with you after the fact, and to engage in a damage control exercise. That's simply not the way that a public corporation should be moving; that's not the way a public corporation should be acting.

I recognize that there are things like acquiring land that might be done in the first instance, because to signal your moves about the kind of acquisition you might do might trigger some other reaction in the community which might lead to increased costs, and that's understandable. But once having the land, certainly before moving to develop projects, becoming specific about the kinds of projects other than in a very general sense that there needs to be opportunity for community reaction and community input, to avoid the kind of fiasco that we saw resulting from this particular development.

Mr. Little: — If I could respond to that. In principle the corporation is committed to community consultation when we're going to do a project. When we do acquire land it is, by virtue of the acquisition of the land in, I would think, about 100 per cent of the cases, predetermined that we will be doing a social housing project there.

Consultations do go on with communities. I am aware of one instance in the city of Saskatoon where we changed our total design and our target group for what we were going to do on a project that was for public housing, and that was at city council's request, and that was one where we were having discussions with the community all the way along. This project, where there was the land purchased, we did go into discussions with the community. The project was built. I believe the community is happy with the type of design of the project, and I believe they are happy now with the inhabitants of the project, the sponsors of it.

Mr. Chairman: — Being that it's 10:30, I'm going to adjourn the meeting. And it seems to me that we are not done with housing corporation, so we will call housing corporation for Thursday, first off. I don't think it'll take the whole session — 8 a.m. I've talked to Mr. Muller; we'll try to get back to the order that we had originally established.

And because Advanced Education has already been alerted, we'll tell them to come on Thursday. Westank, which we had called, was not able to come this week. We will put them on stand-by for Tuesday, and we will put . . . well, we'll call them for Tuesday unless Advanced Education is not finished, and we will put Finance on stand-by for next Tuesday. So we can give them all a week's notice ahead of time, and I think that'll help. Agreed?

Mr. Muller: — As long as they can have more notice.

Mr. Chairman: — Okay. Thank you gentlemen. See you on Thursday.

The committee adjourned at 10:32 a.m.