

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**  
**February 2, 1988**

**Mr. Chairman:** — I'd like to call the committee to order. We have a good number of people here. You were, thanks to Gwenn Ronyk, provided with a proposed schedule and a bit of a time-tabling, so that we can hopefully wrap up the deliberations of this committee in the next three days. It may take all the three days; it may not take all of three days, but I leave it up to the members of the committee.

We are going to begin this morning with the Department of Health 1985-86. For some departments we have '84-85 and '85-86. Health was completed by the former committee for '84-85, so we're going to deal with '85-86.

I talked to our Clerk and we decided it would be useful, because it has been some time since our committee met before, that for each of the departments we have a five or a 10-minute briefing by the auditor on anything that he may update us on, and if there are some things that have changed, then maybe we will not need to spend a great deal of time on them.

I know that we have with us here, from the comptroller's office, some people who have not been here before, at least have not been introduced: Mr. Paton, who is the Acting Provincial Comptroller today; and you know Mr. Bayda. Have the other three people been here?

**A Member:** — I have.

**Mr. Chairman:** — You have, okay. You're . . .

**Mr. Robinson:** — Murray Robinson.

**Mr. Chairman:** — Robinson. There's Mr. Knecht.

**Mr. Knecht:** — Peter.

**Mr. Chairman:** — Peter, sorry. I have only the first initial. And there's a B. Swyston.

And all the rest of us have been here before, so we shall leave it at that.

**Mr. Rolfes:** — I wonder who that guy is in the centre?

**Mr. Chairman:** — The guy in the centre, I think that's Mr. Martin.

So is there anything that the committee wants to raise before I go into the Department of Health, anything in particular?

One other thing I just remembered. From time to time some of us may want to go to the SUMA (Saskatchewan Urban Municipalities Association) convention, so I think members should feel free to do that — that's an important body. You may want to touch base with some of the people over there. Then we'll just have to make some arrangements. And I hope when Mr. Muller comes I will be asking him, hopefully at some point, to take the chair for an hour or two so I can go over there as well.

If there is no new business on the part of the committee, I'll ask Mr. Lutz if he can, in a brief time period, tell us if

there is anything to update on the report of the auditor on the Department of Health.

**Mr. Lutz:** — Well since our last meeting, Mr. Chairman, I'm not aware of any developments at the department relative to my report. I don't know whether you want me to go through . . . Was there something you wanted to say?

**Mr. Wendel:** — We have been to the Department of Health, its various organizations, and some of these matters are now corrected. I can just go through those ones and give you those if you like.

**Mr. Chairman:** — I thought that would be the case, and that's why I thought this would be very helpful.

**Mr. Wendel:** — Okay. Go to paragraph 14.08.

**A Member:** — Page 79.

**Mr. Rolfes:** — That has been corrected?

**Mr. Wendel:** — Yes, I'm advised that it's corrected. On the fixed asset system they now have a list.

**Mr. Chairman:** — Are you saying then that . . . oh, 14.08, you're dealing now with just 14.08?

**Mr. Wendel:** — Just that paragraph, yes,

**Mr. Chairman:** — All right.

**Mr. Neudorf:** — What are you saying about 14.08 — that has been resolved?

**Mr. Wendel:** — They now have a system for the fixed assets. That's right.

**Mr. Chairman:** — They've rectified the situation.

**Mr. Wendel:** — Paragraph 14.47. They also now have a system for their fixed assets.

The Souris Valley Regional Care Centre, paragraphs 14.52 to 14.55 — they now have a proper agreement with the service bureau, so that concern no longer exists.

And paragraph 14.57 of the Wascana Rehabilitation Centre — that problem now has been corrected.

**A Member:** — Excellent.

**Mr. Lutz:** — Now, Mr. Chairman, having passed on my chance to speak in the first place, I would now remind the committee that having a system in place to protect the fixed assets of the organization will only work as long as they maintain it in a current position. If they don't maintain it in a current position, it could very easily become redundant in another year, and they have to start over again. They have to keep them up.

**Mr. Chairman:** — Okay, thank you.

The committee should note, therefore, I would suggest in our report that when we considered this report, those

sections which have been specifically mentioned have been dealt with and corrected by the agencies in question. I think we need to be acknowledging that in our report. Okay?

I will then turn it over to the members for questioning. But we need the officials of the Department of Health here.

### Public Hearing: Department of Health

**Mr. Chairman:** — Good morning, gentlemen. Mr. Podiluk, I will ask you to introduce your staff.

**Mr. Podiluk:** — Yes, I would like to present George Loewen, associate deputy minister, Lawrence Krahn, who is the executive director of our finance and administration branch; and John McLaughlin, his assistant; and we will be joined by two additional ADM's who have not arrived, John Heath and Darrell Thomson.

**Mr. Chairman:** — Thank you. Just as a preliminary comment, and you know all this, but I am required to make it in this statement, that this is a committee in which you cannot be held liable in the court of law by anyone or any organization, so you should feel free and, in fact, you are required to speak freely and openly and provide the answers which are required of you today, because this is basically almost more or less like a court of law, so you have that immunity such as members have in the House.

**Mr. Rolfes:** — Mr. Chairman, I have a number of questions that I would like to direct to the officials this morning on the Department of Health.

I have noted in the auditor's report, gentlemen, that there are a number of issues that he has — let me use the words "taken you to task for," and let me say, as a former minister of the Department of Health, which I'm relatively surprised that there were so many in the auditor's report.

I will begin with 14.01 in the auditor's report and simply ask the officials to comment on the university allotment as made by the legislature. It seems to me it is very clear from what is written that all moneys that are allocated by the department . . . or by the legislature must go to the University Hospital. I've read your explanation in the auditor's report, and I take exception to the explanation. I don't think it washes really with what is required of the Department of Health. And I want to simply ask again, why was the \$1.5 million in capital not expended on the University Hospital as required by law?

**Mr. Podiluk:** — Well, Mr. Chairman, first of all, let me make an introductory comment, a very brief one, and that is that we accept the observations of the auditor on various aspects of the administration of the department, and we have a responsibility to take these into consideration and to take corrective action wherever this is necessary and appropriate.

I also want to mention that in some instances it's a matter of interpretation and it's a matter of determining . . . arriving at an understanding. And this applies to a point to the University Hospital with respect to the allocation of funding.

My understanding, and I stand to be corrected if I'm wrong, is that the finance Act — we have done this in keeping with the finance Act — and my understanding is that the finance Act takes precedence over The University Hospital Act, and this is not the first time that virement of funding has occurred. Now if that is an inappropriate interpretation, of course we do not want to do this. However, we have also . . . we take the position that that money was not required for that purpose because of a changed pace at which construction was proceeding but was required — and I think in this particular instance it was the cancer clinic, I'm not positive about this — but for another purpose, so therefore it was vired for that purpose. This is not unusual with respect to the department's areas of operation.

Now in this particular instance it comes up because there is a University Hospital Act and there is a certain provision in the hospitals Act. And the advice that we have received — this is not exclusively a Department of Health interpretation — is that the finance Act takes precedence and virement is permitted. But we are not here to argue. If the interpretation is to be a particular one, of course we will have to live by it.

**Mr. Rolfes:** — Mr. Chairman, I would just like to respond to that. I am sure that Mr. Podiluk is aware of the section 9 of the university Act which says that all money "shall be" and that it says:

For the purpose of making provision for the maintenance and support of The University Hospital and the expenses of the board, there shall be paid annually to the board, out of the consolidated fund, such sums as may be appropriated by the Legislature for that (year) . . .

I don't think that there is any room for misinterpretation in that particular section.

Let me also remind you, sir, that the finance Act, although I think I agree with you, does take precedence, the finance Act only allows the Minister of Finance to vire money that is not committed. He is limited, he can't take money that the legislature appropriates for a specific purpose and take that money and spend it on something else. He does not have that authority. He can only vire money that has not been committed for a specific purpose. This money was specifically allocated by the legislature and therefore must be expended on that specific purpose, or you have but one other alternative — or return it to the Consolidated Fund. You may not expend that money for any other purpose. And I believe I am correct in saying that.

**Mr. Podiluk:** — I would like to suggest that this money was allocated for a particular project and was assigned for a particular project, as the University Hospital, and since it was not required because of the progress in which this project was proceeding, then it was vired for another purpose. And virement occurs constantly because of the fact that it's sometimes very, very difficult to anticipate that some things are going to be at a certain point — that is in terms of construction — and I'm referring to that particularly. And indeed some other projects move ahead

more rapidly, and the department has maintained that it has that kind of flexibility, and virement does occur, as a general rule, and it's always reported and it always appears — with respect to this particular area, The University Hospital Act is the one, the section 9 of it — and our interpretation has been that the Minister of Finance can authorize that virement. And if that's not a right interpretation, we have a responsibility to examine it.

**Mr. Rolfes:** — My point is that I don't agree with you, and I think the Provincial Auditor also does not agree with you on that, that point. I think it would make a sham out of the legislature if any minister, or a particular Minister of Finance, can simply vire money that has been allocated by the legislature for a specific purpose. The finance Act does not supersede the legislature. And I grant you that it will supersede The University Hospital Act, or the university Act, I'm not arguing with that. My point simply is that this money was allocated by the legislature for a very specific purpose.

The finance Act allows the Minister of Finance to vire money that has not been allocated for a specific purpose, and there's lots of money that he can vire. But in this particular instance he does not have that authority, and therefore I say he was wrong if he gave you permission to vire that money. And I think that's the point that the Provincial Auditor attempted to make also.

**Mr. Chairman:** — Mr. Podiluk, am I hearing correctly you say that you recognize that there is a discrepancy between the interpretation by the department and the Provincial Auditor?

**Mr. Podiluk:** — There obviously is.

**Mr. Chairman:** — Can I ask then, are any steps being taken to try to come up with some kind of a solution here?

**Mr. Podiluk:** — I think it's a matter also of interpretation as far as the Provincial Auditor is concerned. It's a matter of interpretation as far as the Department of Finance is concerned, and of the Provincial Comptroller. And I think, now that the matter has been raised in this particular kind of a way, we have a responsibility to seek an understanding as to what indeed should be the proper interpretation.

And I want to once again suggest to you that it was a matter of interpretation because the practice of viring funds is not . . . because it's related to projects, and the project was not at a certain point and some projects had proceeded beyond a certain point; it was a matter of facilitating the development of capital projects.

Nov, on the other hand, if the University Hospital has to be treated differently than some of the other areas because of The University Hospital Act, because it is improper, and to do this goes contrary to the authority of the legislature, we have a responsibility to examine it and to determine a policy that is in keeping with that interpretation.

**Mr. Rolfes:** — Well I just want to make one comment. It annoys me a little bit; I'm a little concerned that you say

because one project did not proceed as well as another, therefore you took the money from one to use for another. That is a laudable objective, but it does not . . . under this particular instance you were simply not allowed by law, in my opinion, to do that. The law states that moneys that are appropriated for a specific purpose must be used for that purpose, otherwise you make a sham out of the legislature. And what I'm saying in this particular instance, you may have a very laudable objective, but then that money should have been sought from some other purpose — maybe go back to Treasury Board and seek approval for reworking your finances. I don't argue with that.

The point I think simply is made here is that this money was specifically appropriated and the Department of Health and the Minister of Finance did not have the authority to vire . . . I don't argue with viring. Viring is done all the time, but it's done on money that is not specifically committed. This money was.

**Mr. Podiluk:** — I have this point to make. It's allocated for a specific project, and if that project is only 50 per cent completed or 25 per cent completed, whereas another project — and this is all part of a network of hospital and special care and health care facilities — another project has proceeded in its progress and its construction to the point where the cash flow is limited, therefore that's the justification for virement, and there is no other justification.

If, on the other hand, it is inappropriate to do this because of the fact that it challenges the role, the place of the legislature, then certainly I do not want to make a sham of the legislature — far from it. And I think we have a special responsibility to ensure that what we do is that we play the game by the appropriate and correct rules, and I promise you that that will be examined.

**Mr. Chairman:** — Thank you, Mr. Podiluk. I think it's clear that . . . at least as expressed by Mr. Rolfes, and I don't think I pretend to speak for everybody on the committee, but there is a concern when there is this kind of notation in the auditor's report, and I think there should be from the point of view of the legislators. That's what we're here for, and the Provincial Auditor is supposed to oversee the expenditure and the appropriate expenditure of funds, and he has noted what I consider a very serious concern. And I think I'm not stepping out of line in interpreting that the committee would legitimately be concerned about a note . . . seeing this kind of a report, and I am glad to hear you say that it is being addressed. And we certainly will be looking forward to see what the resolve will be, because it can't happen again.

**Mr. Rolfes:** — Mr. Chairman, I just want to make one other point. We hear politicians saying often, on all sides, that they are . . . very often the politicians can't carry out their objectives because the bureaucracy have their pet projects that they want to do, and they're . . . (inaudible) . . . and put their pet projects ahead. I'm not saying that this happens in this case, not at all. I'm not saying that.

What I'm saying is that I think if we . . . I don't want the precedent set that if the legislature makes a decision, that somebody somewhere else can make a different decision

that overrides what the legislature has decided. The legislature in this particular case decided one thing. Somehow, and I don't know the intricacies as to why one did not proceed as well as the other, but I think there is a danger.

I'd like to go on to another topic, if I may . . .

**A Member:** — Mr. Chairman, I'd like to ask . . .

**Mr. Chairman:** — . . . Let's stay on this one. I'll ask other members if they have a comment, and then we'll deal with it one at a time.

**Mr. Van Mulligen:** — May I just ask how this matter will be resolved.

**Mr. Podiluk:** — The matter of interpretation? I think the Department of Finance has something to say. We did not. I want to assure you — as a matter of fact, I don't think that I have that kind of power to be able to assign money on the basis of my pet projects, and I don't think I have very many. I don't. And so this authority must come from the department. We deal on the basis of co-operation and authorization from the Department of Finance because of the finance Act in this case.

But as I have committed myself before, we are going to, obviously, involve our solicitors as well, in terms of giving us an interpretation and reporting back to you.

**Mr. Van Mulligen:** — Can I just ask: has there been consultation, then, with the Provincial Auditor as to any amendments that might be considered for The University Hospital Act or other instances where this type of thing can arise, where we have these problems of interpretation?

**Mr. Lutz:** — There's been no consultation with me, Mr. Chairman, and Mr. Van Mulligen, no.

**Mr. Podiluk:** — Mr. Chairman, I would like to suggest that this virement issue is not only a Health issue. And I think that if it's an issue that requires attention, since the focus is on Health, we're prepared to be active participants in pursuing alternatives and developing different interpretations. But we take . . . This has not been done independently of the Department of Finance in consideration of the finance Act, and I think it's appropriate that representatives of the Department of Finance make some comment about this issue.

**Mr. Van Mulligen:** — Mr. Chairman, I wonder if I might just flag this one. I think that all of us understand the need for virement in certain instances. But where a section of an Act would seem to preclude that, and we get into a matter of interpretation, in this case interpretation limiting, according to an Act, the power of the legislature, then I think we need to flag that issue and perhaps to alert our colleagues in the House that this particular problem of interpretation exists, and that some resolution should be found. To have an ongoing problem, I think, aids no one, and I think this is a matter that our colleagues should know about, and we should find some resolutions.

**Mr. Chairman:** — I agree. I've noted that, Mr. Van

Mulligen, as something for us to maybe make a recommendation on or a comment on, and I think it's fair to say, a clear interpretation would be of help to everyone, including the Department of Health. I don't think Mr. Podiluk would disagree with that.

Mr. Lutz, did you have your hand up?

**Mr. Lutz:** — Yes, thank you, Mr. Chairman. I would like to stress that this particular matter is not a case of fighting the virement system. I have, in the past, had my thoughts and my ideas on virement. This was not a case of fighting the virement philosophy per se. It was a case of, in my view, contravening one of the few cases where the statute says "shall." And this was the point we made here, if it says "shall", we don't think it's subject to, or eligible for, virement.

**Mr. Chairman:** — Thank you, Mr. Lutz.

Can we move on to the Frank Eliason Centre, then. I think we've dealt with this.

**Mr. Rolfes:** — Yes. I just have one question on the Frank Eliason Centre, and that is 14.11. My understanding is that 14.08 has been . . . corrective action has been taken.

14.11 — the auditor notes again that an agreement was signed with Crownx Inc., but without authority, that there was no authority. Why was authority not received in this particular instance, may I ask?

**Mr. Podiluk:** — In this particular instance it was . . . Pardon me, let me check 14.11. I want to read it in its entirety.

There's no question, Mr. Chairman, that this is a matter of administrative error, and it occurred at the time when we were in the process of establishing a new board that would eventually have responsibility for the facility that's in place. There were changes being made in board structure, the foundations of the board, and this was really an extension of the administrative contract. An OC (order in council) should have been obtained and, as I say, it was an oversight; it's a matter of the thing falling through the cracks, unquestionably.

**Mr. Rolfes:** — Is Crownx the same company that had the . . . or an extension of the same company that had the contract before?

**Mr. Podiluk:** — It's part of Extendicare, yes.

**Mr. Rolfes:** — Okay. I have no more questions on that one, unless somebody else has.

**Mr. Chairman:** — Anyone else? We note that some action was taken on 14.08. I think Mr. Rolfes mentioned that, and that's, I think, good to see.

**Mr. Rolfes:** — All right, on just a very small note again. I guess some of these are relatively small, but I'm annoyed with, you know, that there's so many . . . the auditor has noted so many things being done without authorization or without abiding by the statutes or whatever.

The alcoholism commission, during the year under review the commission collected a total of \$12,134, But it says the commission did not receive approval again of the Lieutenant Governor. Why was that not done again?

**Mr. Podiluk:** — It was an oversight on the part of the commission. We have started drafting regulations with respect to this matter. But at the same time the board, the commission itself, as you are aware, Mr. Rolfes, has a certain responsibility in authority, in autonomy, has decided that it wants to examine everything pertaining to revenues that they collect, and these are not the only ones, to develop some new ground rules and update them, and that's what's happening at the present time.

**Mr. Rolfes:** — All right, no further comment. I was going to make a comment, but I think I'll leave that, I want to go on to the Saskatchewan hospitalization fund. Certainly there again are rules as to overdrafts. The auditor does note that at one time the fund had an overdraft of \$1.6 million, Again, why was there not authority received for that overdraft?

**Mr. Podiluk:** — I would like to first of all make the comment that despite the fact that there was an overdraft, this is not, by the way, the first time that we've had overdrafts. When we're dealing with an operation the size of SHSP (Saskatchewan hospital services plan), where there are millions of dollars paid out constantly, it has been the practice of . . . We have not had the practice of having some kind of a cushion fund in place to make sure that overdrafts do not occur, because in reality that would be tying up some fairly significant amounts of money to have in a cushion fund to prevent overdrafts occurring. So we have had overdrafts. However, at no time in the history of SHSP for the past 20 years . . . 15 years, there have been overdrafts, but at no time has SHSP ever exceeded its appropriation. It's been a system of doing business, of managing the cash flow. It's a cash flow management system. Now, if it's wrong, then quite obviously it should not be done. However, the problem . . .

**Mr. Rolfes:** — Mr. Podiluk, if I could just interrupt. That wasn't the point that I wanted to make. I know there have been overdrafts. The point that I wanted to make, that they did it without authority. Why did they not seek the authority of the . . .

**Mr. Podiluk:** — I can't answer that question. The authority has never been sought in the past 20 years, and maybe it should have been sought in this particular instance, I don't know.

**Mr. Rolfes:** — Okay. Well, that's fair enough. That's the answer I wanted.

**Mr. Podiluk:** — The point is that the matter is really being resolved for us, because now the cash flow management, it's all consolidated and all the accounts are pooled.

**Mr. Rolfes:** — I was just going to ask a question of the Provincial Auditor. If that is the case that it has never been sought before, how come it was spotted now and hasn't been spotted before?

**Mr. Lutz:** — Well I think, Mr. Chairman, we have reported these matters in the past with the fact that there has been no authority or these are unauthorized borrowings, if you will. I think, in addition there too though, that this section . . .

**A Member:** — Section 41.

**Mr. Lutz:** — Section 41 of the finance Act is, what, a 1983 or '84 . . . It's a fairly new section in this Act which did change the ground rules a little bit. But we have indeed reported these matters over the years.

**Mr. Martens:** — Would you explain the ground rules again . . .

**Mr. Lutz:** — Well, section 41 of the finance Act — now maybe Chris Bayda can tell me how old this section is — it's fairly new, but it doesn't really matter. The fact remains that we think when they incur an overdraft they borrow money, and you're supposed to have authority to borrow money. I think that's the point we make here.

**Mr. Podiluk:** — I think that we have to . . . one of the things, if we were to be managing this account ourselves, one of the things that we would have to do is to develop some new procedures, because in some instances it was . . . As a matter of fact, it was an overdraft occurred because of a delay in the processing of cheques. It might have been an overdraft for one day only. But now that's not our responsibility to manage this account, so therefore obviously it's going to be the concern of the people responsible for the . . .

**Mr. Chairman:** — Can I ask, have you taken steps now, because you've had another fiscal year, and now you're into another one again, to assure that when these overdrafts occur there is authorization from the Minister of Finance?

**Mr. Podiluk:** — Our problem really is one of the . . . frequently it's an overdraft of one day because of the way cheques are issued and cheques are handled and cashed. And those are very difficult to achieve, and I don't know . . . I cannot assure you, unfortunately, that it will not be . . . we would avoid spotting an overdraft on January 2 or January 5, 1987, for one, so those . . .

**Mr. Chairman:** — You would have an overdraft of \$1.6 million in one day?

**Mr. Podiluk:** — Oh, yes.

**Mr. Paton:** — Mr. Chairman, if I might speak to this. I'm not familiar with the particular circumstances underlying this one situation. The province has undertaken to develop a consolidated offset balanced banking procedure whereby the accounts of the province are consolidated for interest purposes. This problem has resulted in a number of cases where departments are attempting to keep their cash balance at a minimum and leave the money at the disposal of the Department of Finance for investment purposes. By being able to consolidate our balances now, this changes the situation, and this type of a problem should not occur again.

**Mr. Chairman:** — Thank you.

**Mr. Rolfes:** — If I could just jump over to this Saskatchewan Medical Care Insurance Commission, I want to note that they had a similar problem, except theirs was \$2.4 million, and from your comments, Mr. Paton, I assume therefore that that will not occur . . . should not occur again either?

**Mr. Paton:** — That's correct.

**Mr. Rolfes:** — Okay. That's the only question I had on the Medical Care Insurance Commission, unless somebody else wishes to . . .

**Mr. Chairman:** — I see no hands. Go ahead.

**Mr. Rolfes:** — The same thing applies again to the Saskatchewan Prescription Drug Plan. I would assume that was the same problem there. I had a question that I was going to ask on that, but I assume that that's the same thing. All right, my question has been answered there.

I have no further questions on the auditor's report, but I have just one on 14.63 . . . oh, go ahead,

**Mr. Chairman:** — Before you go ahead, I am looking at page 83, Saskatchewan Medical Care Insurance Commission, 14.36. There were some payments totalling \$33,697 made out of the fund to beneficiaries for ophthalmologist — well, whatever — services. These payments were for neither insured services nor administration — ophthalmological services.

**A Member:** — Eye services, much easier.

**Mr. Chairman:** — Can you provide some details of this, what it was for and who directed it?

**Mr. Podiluk:** — This occurred at the time . . . after the signing of Saskatoon Agreement II, where extra billing was eliminated. The ophthalmologists in Regina decided to opt out of the plan and to charge their patients directly and not be paid through the MCIC (Medical Care Insurance Commission). After a relatively short period of time, two of the ophthalmologists decided to opt into the plan. And so therefore it was decided at that time to pay on behalf, or reimburse the people who went to those two ophthalmologists, and that amounted to the \$33,697.

There's a provision in The Health Services Act for the minister to authorize that kind of payment. So it was entirely related to the people who received services from the two ophthalmologists while they were opted out of the plan, and when they opted back in it was decided that it was appropriate for the government to pay,

**Mr. Chairman:** — All all the people who were affected thus were paid?

**Mr. Podiluk:** — Yes.

**Mr. Chairman:** — Okay. Thank you.

**Mr. Rolfes:** — Mr. Podiluk, I have one further question I want to ask on 14.30. The Saskatchewan Medical

Insurance Commission deals with data and . . . personal data and information on many individuals in this province, and the security of that data is very important, as you well know, for individuals. It seems to me that the auditor has alluded to some lack of security on that information. Has that been corrected?

**Mr. Podiluk:** — Very much so. As a matter of fact, there have been some very significant steps taken to correct this, as a result of the concern expressed by the auditor. And as I said in my comments at the outset, given the size of the operation of the Department of Health — and you're very much aware of it, I know — that there are some things that may occasionally show up as being a bit inappropriate. And I think we have a responsibility, wherever possible, to address the issues that are identified by the Provincial Auditor, and this one, we were able to take action on it pretty quickly.

**Mr. Rolfes:** — Well it's my sincere hope that with the changes, the new changes that are made, that that gets high priority, because that is one of the concerns that people have expressed to me. Over the years I think this province has taken pride in the data that we have collected and the security of that data, and I hope that that gets high priority.

**Mr. Podiluk:** — Absolutely.

**Mr. Rolfes:** — I have one further question, and that relates to the last comment that the Provincial Auditor has made in this, and that is the tabling of documents. This refers to the Wascana (Institute) Rehabilitation Centre Board. Why was that not tabled when it should have been tabled? You know, it was, what, a year and a half — more than that — late in being tabled.

**Mr. Podiluk:** — The reason for that is because I believe that it was a matter again of transition from a provincially operated . . . or a body, rather, that was . . . or an institution that was administered by the South Saskatchewan Hospital Board, and a new board was established. It was during this period of transition, and I believe the board was in place for only a month and a half, and that's related to the fact that . . .

**Mr. Rolfes:** — Is it not true that the report was ready, but simply was not tabled?

**Mr. Podiluk:** — Let me check with my officials. Mr. Rolfes says, why did it take so long? Is that your . . .

**Mr. Rolfes:** — Why was it . . . My understanding is that the report was ready but wasn't tabled, and I just simply want to ask the question: if it was ready, why wasn't it tabled? I know there was a transition.

**Mr. Podiluk:** — I have a letter here to the Provincial Auditor from the chairman of the hospital board, and it says with respect to annual report — this letter is dated November 13, 1986 — and it says, section (c) dealing with the tabling of the annual report says, arrangements are being made for tabling as indicated in the letter from Mr. Taylor to you, and the tabling occurred on December 23. And the letter from Mrs. Kyle, chairman of the board, to Mr. Lutz, was dated November 13.

**Mr. Rolfes:** — Now okay, to face the question as to whether or not the report was ready? It could have been ready, but arrangements were made to have it tabled? I don't know. I don't want to make a big issue out of it, I just . . . leave it at that. I have some other . . . because we are on limited time here. I do want to refer to the 1985 budget speech that was made, and a big fanfare was made out of a big project the Department of Health was going to take some major health, capital health renovations and big expansions of \$300 million, and the budget contained, I believe, \$36.9 million. And before the year was over, I believe that that project was abandoned. My question simply is: why did you abandon the project if it was such a great deal?

**Mr. Neudorf:** — Mr. Chairman . . . (inaudible interjection) . . .

**Mr. Rolfes:** — It's the year under review.

**Mr. Neudorf:** — If I could just interject. What page are you on now, which portion?

**Mr. Rolfes:** — No, I'm not on the auditor's report. I'm on the year under review, Department of Health. Department of Health, year under review, '85-86.

**Mr. Chairman:** — I see no other comments on the Provincial Auditor's report. We are now proceeding to the *Public Accounts*, and you can find them on page 283, starting on 283, and this is . . . are you addressing, Mr. Rolfes, the capital expenditures?

**Mr. Rolfes:** — The capital expenditures, Department of Health.

**Mr. Chairman:** — Of that year?

**Mr. Rolfes:** — Of that particular year. And I simply want to know, in . . . you know, in that year you had allocated \$300 million for capital expenditure in the area of health and, as I say, there was big fanfare and then it was abandoned, and I want to know why you abandoned such a good project?

**Mr. Podiluk:** — The 300 millions plus that was allocated in that time was for a five-year program. It was a five-year capital program, identified as a five-year capital program, and it identified some projects that would not be starting until 1989, 1990. And those included, for instance, as of by way of example, the Estevan hospital was at the tail end of that project. And City Hospital was slated to get started in 1987-88. So the '85 program was not, the total program was . . . the \$300 and some million dollars did not apply to the 1985.

In 1985, the capital program, the capital spending as part of the total plan, included grants — for instance, by way of example, included the cancer clinic of \$1.5 million; it included a grant to the Saskatchewan rehab centre of \$3.5 million; Saskatoon hospital construction was \$7.9 million. Special grants that we talked about already to the University Hospital of \$1.5 million to a special project. Special care facilities, construction of special care facilities, \$4.1 million; and generally the . . . and grants to

hospitals, generally, in terms of upgrading and so on, amounted to \$11.8 million. The actual expenditures, the actual capital expenditures in 1985 amounted to \$41 million as part of that five-year package. The five-year package was not abandoned because we proceeded . . . the department proceeded with the construction of facilities such as the . . . well, the addition to University Hospital, the major addition; the construction of the Watson Hospital, for instance, and facilities such as that. Those are examples.

**Mr. Rolfes:** — Well the \$300 million, wasn't something . . . a brand new project that was going to be in addition to what the Department of Health would ordinarily have done?

**Mr. Podiluk:** — No, the \$300 million clearly indicated a new five-year capital program that was developed and presented to the minister and his colleagues. Of course they have a responsibility to make a decision in terms of what the bottom line is going to be, but it was clearly a five-year program that identified projects based on assessments; based also on the submissions that the department received from certain groups, including the Saskatoon Hospital Planning Council. The Saskatoon Hospital Planning Council had a profound effect on the kind of program that was adopted for that five-year period of time.

**Mr. Rolfes:** — The point, you say, that was new; they weren't so new. Estevan, I mean that hospital had been in the works for some time. City Hospital had been in the works for some time. St. Paul's had been in the works for some time. These weren't new. What was so new about it out of the ordinary planning of the Department of Health?

**Mr. Podiluk:** — Well, maybe I misunderstand the question. I have the impression it was relatively new, because it committed the government to spend beyond 1985, and it is spending at the present time between 60 and \$75 million annually for the construction of hospitals. There was no plan before 1985, no specific plan, for the kind of extension or kind of expansion of St. Paul's Hospital that would occur. It was firmed up in 1985. There was no plan in terms of the kind of facility that would be constructed at the University Hospital. That was firmed up in 1985. There was a plan, but it was not firmed up as far as the next stage of the regeneration of the Regina General Hospital was concerned. All those are components of the 1985 to '90 program that was adopted by government in 1985.

**Mr. Rolfes:** — Well let me take exception to that, Mr. Podiluk, because if you go back to Department of Health before 1985 you will find that there were plans, although they were tentative plans, for St. Paul's. There were plans for City Hospital, there were plans for University, and there were plans for the Regina. They weren't all tentative; certainly many of them were in the planning stages. But certainly some of them were firmed up; there's no doubt about that. But to say that these were all new and that nobody had thought of doing these things before isn't quite . . .

**Mr. Podiluk:** — Well I don't want to argue about that aspect, except that I want to remind you, sir, that I was a

member of St. Paul's Hospital Board till 1982, and there were no plans.

**Mr. Rolfes:** — Let me remind you, sir, also that your board met with me on a number of occasions, talking about expansion to the St. Paul's, and you were part of that board.

**Mr. Podiluk:** — But there were no plans at that time. We were talking about a need for expansion . . .

**Mr. Rolfes:** — Exactly.

**Mr. Podiluk:** — That's right.

**Mr. Rolfes:** — And the plans were firmed up after. But they are not new, they did not . . . I mean to say that these were all new and to have a big fanfare that we're going to spend \$300 million on all new projects which nobody has thought of before isn't quite true.

**Mr. Chairman:** — Let me interject here. Let's not get into games here. Clearly this is a matter of packaging which is decided by the government. And whether it's new or not — and I tend to agree with Mr. Rolfes, they probably weren't new — but let's admit to the fact that the packaging which was done by the Minister of Finance or the Minister of Health, which is quite legitimate whether you want to say it's done for political reasons or not is irrelevant here — but the fact is that it is packaging.

What I would like you to provide to the committee, and you don't need to do it today, is in '85-86, the year that this report talks about, I would like to know which projects had the department put into their proposal for the 36.9 million, and which ones were completed. Okay? I would also like to know, and the committee should be provided with the information on, in the five-year plan maybe you can answer that here — are you on target? Is there still a commitment by the department for the 300 million? Or are you not on target?

**Mr. Podiluk:** — As far as the projects that are in progress at the present time — and the most recent one of course is City Hospital that is going — that they are advertising for tenders at the present time. With respect to all the projects that were initiated in terms of as far as 1985 and '86 and '87 are concerned, there is no question that they are on target. University Hospital addition will be opening in the late spring; St. Paul's will be opening in early 1988; Parkridge is open; certainly Wascana is very much on target in terms of the schedules that were developed. Regina General addition is opening when, John?

**A Member:** — Soon.

**Mr. Podiluk:** — So I think that in terms . . . yes, we are on target as far as all these facilities . . .

**Mr. Chairman:** — So you'll provide to me the information I requested . . . or the committee, the information I requested?

**A Member:** — Oh, sure. We'd be pleased to do that.

**Mr. Chairman:** — Can you add one other item to that?

And it is: when were the proposals made to the department by the particular bodies affected — when they were made to the department, and when did the department approve them? You don't need to do that today.

**Mr. Podiluk:** — The department developed this plan in 1984 and, of course, became part in '84-85 and made presentations to Treasury Board concerning the five-year plan, and they became part of the announcement that was made in early 1985 for '85-86. But those plans were developed during '84-85 after consultation with various groups and certainly after discussions with the minister and his colleagues — the matter of establishing needs, the matter of establishing priorities — and that formed the basis of the program.

Consultation included . . . Perhaps the group that had the most organized approach was the Saskatoon Hospital Planning Council which was made up of representatives of all three councils, and they made a commitment to a certain game plan as far as the construction of hospital facilities; and that's very much on target. Consultations have also included the South Saskatchewan Hospital Board, the Regina General Hospital Board, various regional boards in terms of what the requirements were.

**Mr. Chairman:** — Thank you. But you will provide when the proposals were made and when it was approved by the department. I'm not asking when it was approved at the political level. That's a different . . .

**Mr. Podiluk:** — They were developed in 1984.

**Mr. Chairman:** — But you will provide that with the other information when you provide the written report.

**Mr. Podiluk:** — To the best of our ability.

**Mr. Chairman:** — Well I would hope it's on record. If it's not, we're going to worry about the record keeping.

**Mr. Podiluk:** — But the final decision, of course . . . I'm not sure. The final decision concerning any program is the responsibility of cabinet. Our responsibility is to provide the required . . .

**Mr. Chairman:** — I want to know . . . I'm not interested in the decisions of cabinet. The cabinet had made their announcement in the budget speech. I accept that

I'm interested in when the department received the proposal — the final proposal — and when the department agreed it was a good idea to go ahead. And I will be looking forward to that in the report. I have no further questions.

**Mr. Saxinger:** — Mr. Chairman, I'd like to make a comment. It really bothers me why the opposition, especially Mr. Rolfes, should question the spending on hospitals and health care when we have spent more money than ever was spent before. And especially you, Mr. Rolfes, you sent out a letter that you had ceased the spending from '76 to '82. That bothers me.

**Mr. Chairman:** — Mr. Saxinger, we are under the year of

review and we're talking about what is in the *Public Accounts*. I'd like you to address that.

**Mr. Saxinger:** — Well, I'd just . . . that bothers me because its questioned what we do, and when you just did the opposite when you were minister, so I just want to bring this to your attention.

**Mr. Rolfes:** — I guess I'd say Mr. Saxinger makes absolutely no sense at all, as he usually doesn't do, and if you want to make personal attacks then I'll become personal too.

And the year under review I want to address now to the officials, and that's the abolition or destruction of the dental plan, and that was done by your government, sir. You want to get personal; I'll get personal.

Mr. Chairman, I want to ask about . . .

**A Member:** — Mr. Chairman, I would ask you to . . .

**A Member:** — Send the guy outside then. You keep control over him.

**Mr. Chairman:** — Let's carry on, please.

**A Member:** — You don't know what you're talking about.

**Mr. Rolfes:** — Mr. Chairman, I would ask about the dental program. In your 1985-86 report — your '86 report — you indicate that, in the dental program, it was a very successful program, and you indicate so in your annual report. You say that the total number of decayed, missing and filled permanent and baby teeth for six-year-old children has declined from 6.5 in 1974-75 to 3.4 in 1984-85, indicating that it was a fairly successful program.

Also, I'm sure that you are very familiar with the Ambrose report. I don't have it here, but I know you have it in the department. It's entitled: *Quality Evaluation of Dental Services Provided by Saskatchewan Dental Plan*, (Ambrose E., et al.)

In that report, Ambrose indicates that it was one of the best dental programs that you could find anywhere; not only that the dental nurses were providing excellent care — in many instances they were providing better care than you could expect to receive anywhere else.

My question to you simply is this, sir: in your own report you indicate the success of the program. Why did the Department of Health — and I assume the Department of Health must have had consultation with the treasury board — why did they recommend that the dental program be changed and altered when you had such a successful program?

**Mr. Neudorf:** — Mr. Chairman, that question is totally out of order. It's a policy decision, and he's not here to discuss policy or to answer for any policy decision.

**Mr. Chairman:** — I'm sorry, Mr. Neudorf, but Mr. Rolfes is in order. He's asking about the operation of the department . . .

**Mr. Neudorf:** — He's asking the reason for a decision to be made at the ministry level.

**Mr. Chairman:** — He's asking about any recommendation the department made on its expenditures, and I consider that in order.

**Mr. Rolfes:** — I simply ask why the Department of Health did not consider that as a priority in their . . .

**Mr. Neudorf:** — Then you're overruling my objection.

**Mr. Chairman:** — I am.

**Mr. Rolfes:** — Why did the Department of Health not consider the dental program a high priority when you had such high success as you indicated in your annual report?

**Mr. Podiluk:** — I believe that the incidence of dental caries in the province of Saskatchewan was lower than any place else in Canada — I'm aware of that — and I'm aware of the fact that this occurred as a result of certain services that were available in a certain kind of a way.

Now I also am aware of the fact that services can be offered in alternate ways. There are options to existing services, and I think that's one of the responsibilities that we have is to always consider options, but also always consider in a very special way the targets that we want to achieve, and we have to assure ourselves that when we look at options that we still are going to maintain standards and quality and objectives. And in consideration of a different kind of a program, a different kind of an approach, I do not believe that those achievements that . . . and those targets, those standards, are going to deteriorate.

As a matter of fact, I want to report to you that there were 90 per cent of the children in the past that were enrolled in the dental program, in the former dental program, that today, to date, there are 85 per cent enrolled in the current program. I'm also very pleased to report to you that that decision to change has resulted in 26 additional dental clinics being . . . dental offices being established in rural Saskatchewan. I want to say that there are more dental offices located in the small communities of Saskatchewan than there ever have been in the history of this province. Therefore, the people who are receiving the services from the dentist aren't children, but also adults. And the response of the adults, particularly, who do not have to travel from St. Walburg to North Battleford — and I speak of St. Walburg because it's my wife's home town — so that's the base, those are factors that were taken into consideration. I did not intend to stray from the answer, but I hope I've provided some of the rationale for the decision.

**Mr. Chairman:** — I notice you didn't want to stray from the answer. I want to ask you this question on your answer. Will you provide, as of today, the list: locations of the new, so-called dental establishments that have been established; when they were established; and how they operate — is it half a day, one day, full week? Can you do that; all the new ones that have been established this year?

**Mr. Podiluk:** — Sure, by all means, by all means. We have that information right at our fingertips.

**Mr. Chairman:** — I guess you can send it to the committee.

**Mr. Podiluk:** — I'll be pleased to provide it.

**Mr. Lyons:** — I just have a question on that. When you say that there are now more dental offices operating in the province of Saskatchewan, are you including the school-based clinic, in that total? Are you saying that now there are, inclusive of . . . So there are less dental service offices operating in the province?

**Mr. Podiluk:** — I'm sorry. I apologize if I didn't make myself clear. I'm referring to dentists' offices, rather than dental clinics. So certainly there were more dental clinics around. But I'm referring to the fact that there's a presence of a dentist who is able to offer a service to children and to adults. But certainly, there's no question, there were many more dental clinics.

**Mr. Lyons:** — Okay, just in regards to the '85-86 report. Was there at that point in time any development or recommendations to the Minister of Health in terms of impending changes to the dental plan? Was the department contemplating changes at that time, and did the impetus for the change come from within the department in '85-86?

**Mr. Podiluk:** — '85-86 . . . changes in the dental plan occurred in '85-80, prior to 85-86 the dental plan continued to change and '85-80 was one, of the years where perhaps some of the changes occurred, and I'm referring particularly to the involvement of the dental profession with the adolescent program. More and more adolescents were being . . . services were being provided by dentists over that period of time. So that's the kind of change that occurred.

**Mr. Chairman:** — Adolescent program — are you saying it began in 1985-86?

**Mr. Podiluk:** — Oh no, no, no. I say that in '85-86 . . .

**Mr. Chairman:** — When did it begin then?

**Mr. Podiluk:** — Oh it began before that. I cannot be specific in terms of . . . '81-82 or something. But I'm suggesting that during this period of time that there was an arrangement made where the dentists were going to offer services to the adolescents more than the . . . No, but it began a long time before that.

**Mr. Lyons:** — Mr. Podiluk, I'm not referring to the sort of ongoing evolution of the program. I'm talking about the major change which took place this year, and that is the destruction of the school-based children's dental program. The question is very specific: did that change, did the plans for that change take place, or were they formulated by the department in the year under review 1985-1986? Did the Department of Health initiate or draw up plans for that change during this year? It's a very simple question.

**Mr. Podiluk:** — No, absolutely not. The answer is no.

**Mr. Chairman:** — One more question on that I have. Did the department expend any money on the public assessment of the plan? And if so, can you report what the assessment showed? Did you do any studies or consult with the public on what they felt about the children's dental plan?

**Mr. Podiluk:** — I'm not aware of any studies having been undertaken, and I certainly should have been aware if they were in '85-86 in terms of . . . that is, any formal kind of structured study. We have our reports, of course, in terms of the number of children that were seen, the numbers of services that were offered, and of course the report makes comments to the incidence of dental caries, the dental health . . .

**Mr. Chairman:** — Would you be so good, as for the committee's information, check with the department to see whether any kind of assessment had been made on the public's view of the plan, and then report by letter or whatever.

**Mr. Podiluk:** — All right, I'd be pleased to do that.

**Mr. Chairman:** — Thank you.

**Mr. Rolfes:** — Just to follow up on that just a bit. In the Ambrose report, if I remember correctly, the report is very strong on the preventative services of the program. Was there any evidence, in the interim from '76 to 85-86, in particular in '85-86, was there any evidence at all that the plan was not meeting its objectives of preventative care in the province?

**Mr. Podiluk:** — No, I'm not aware of any indications of that at all. I think that there are, unquestionably, a number of factors that contribute to improved dental hygiene . . . dental health in this country, as well as in this province. Some of them are beyond the efforts of any government.

There are other factors at work that contribute to it. In Saskatchewan, the education of children in a direct way, by dental therapists, probably was an effective way of doing it. And that is why in 1987-88 when the change was made by government in terms of how dental services were going to be delivered, they retained a strong educational component by providing for 19 dental therapists, a supervisor and 18 dental therapists, to be involved in a hands-on, direct way in providing dental health education to kids — in addition to that, to being the resource people for teachers.

So there's a recognition of that educational component and the importance of that educational component, And we are receiving feedback, and I have received some of it very personally about the fact that this is working effectively.

**Mr. Rolfes:** — Well I've one further question. As far as native people are concerned, did you have any evidence in 1985-86, the year under review, that native people were not participating in the plan, or were they participating to the same extent as the white people were

in the program?

**Mr. Podiluk:** — I think that the native people participated in the plan, and when I take a look at the registration of 85 per cent, I know that native people are participating in this plan. I think that I cannot help but think that native people are no different than the population generally in having a concern about the welfare of their children and the well-being of their children.

So that's as far as the southern part of the province is concerned, and I cannot point my finger at any one group in our society that says that they care less about their children, however . . .

**Mr. Rolfes:** — I didn't impute that they were caring less. We do know that poor people — and native people generally are a poorer people — do not visit their dentists as frequently as the rich people do. I mean, that's a known fact. And what I am concerned about now is that they have to go and see a dentist, the poor people, and that includes, generally speaking, the native people because they are in the poorer class people. I'm concerned that maybe now, with the new program, that they may not participate. But from your comments . . .

**Mr. Neudorf:** — Mr. Chairman, I object on this whole line of questioning. You're a little out of order here? We have to get this committee back on track, which is not on a political scheme, and we have to get it on track, what we're intending to do, which is Public Accounts. We're not here to make this deputy minister answerable for policy decisions made at a ministerial level, and I think that it is incumbent upon you now, to get this meeting back under control.

**Mr. Chairman:** — Well, Mr. Neudorf, I think to some extent your point may be well made. I think we're straying a little bit, and we're getting in to discuss the present program, as much as some of us would like to. We know we're straying a little bit, and we're getting to discuss the present program as much as some of us would like to. We know that we're looking at . . . (inaudible interjection) . . . Let me finish, if you don't mind. We're talking about the *Public Accounts* of '85 and '86 and the decisions and recommendations that were made at that time by the department, and that's quite legitimate. And as long as we stay on that, I will allow the discussion.

**Mr. Rolfes:** — Mr. Chairman, if you'd check the records, and if Mr. Neudorf checked the records, I asked specifically about '85-86. It was Mr. Podiluk who referred to the 85 per cent participation of the present plan. I did not refer to the present plan; it was Mr. Podiluk who did. It wasn't me. So if you have any encumbrance, then face Mr. Podiluk when you make the statement and not me. I was not out of order. It was Mr. Podiluk who was out of order, not me.

So I asked about '85-86 and that's . . . (inaudible interjection) . . . So what I'm simply saying is there was a preventative aspect. Mr. Podiluk has answered that as far as he was concerned, the preventive aspect of the program was met in '85-86.

All right. If there are no further questions, I'd like to turn to

the drug plan, if I may.

**Mr. Chairman:** — You may.

**Mr. Rolfes:** — Mr. Chairman, under the drug plan in 1985-86 — and if Mr. Neudorf would listen — 1985-86, did the drug plan meet its objectives as outlined, Mr. Podiluk, in your 1986 report?

**Mr. Podiluk:** — I think that the drug plan, in terms of what the drug plan was all about in '85-86, truly did meet its objectives, because those were the objectives of '85-86, and we have a responsibility to make sure, that regardless of the structures and the framework of the program, to meet those objectives, and we did it.

**Mr. Rolfes:** — Mr. Podiluk, under the year under review, 1985-86, was there any indication that the drug plan at that time was being abused by the people who were using it?

**Mr. Podiluk:** — Was there any indication that it was being abused?

**Mr. Rolfes:** — Abused by the people who were using it.

**Mr. Podiluk:** — As a matter of tact, Mr. Rolfes, I have come to the conclusion a long time ago that regardless of what system one has in place, and regardless of what the foundations of it are and the intents of it are, there always are going to be those who will find a way to abuse the system. And I am sure that applies to everything in our society,

**Mr. Chairman:** — Mr. Podiluk, it's just that I'm . . . Getting along with Mr. Neudorf, I think you're inviting debate again. The member asked a specific question. I think for the purposes of having the committee function well, I would like you to address the questions as asked, rather than making the generalized speeches which is . . . leave that to the politicians, okay?

**Mr. Rolfes:** — Did you have any studies done to indicate . . . were any studies done by the Department of Health that the program, the drug program, in 1985-86 was being abused by the public?

**Mr. Podiluk:** — There was no formal study done.

**Mr. Rolfes:** — Okay, thank you very much. I have really no further questions on that. That's it for the drug program. I have a couple more questions.

**Mr. Chairman:** — Okay, carry on.

**Mr. Rolfes:** — But I'm finished with the drug program, if anybody else wishes to . . .

**Mr. Chairman:** — Carry on.

**Mr. Rolfes:** — Mr. Podiluk, under the year under review, 1985-86, the Department of Health did a fair amount of advertising. Dome Advertising, 51,000; Dome Media Buying, 332,000; Roberts & Poole Advertising, Roberts & Poole Communications; and then there's one, SIM Communication Services. Who is SIM Communication

Services, for \$130,000, and what was that money spent on at that time?

**Mr. Podiluk:** — Primarily for organizing the consultation workshops that were conducted throughout the province by the former minister of Health — the framework for those, the structure, the arrangements for conducting these workshops — and they were held in Humboldt and North Battleford and Swift Current, I believe — yes, there was one in Swift Current — Regina, Prince Albert. So by far the greatest portion of that was for that purpose. And the principal of the company — you asked, who is this? — is a person by the name of Mr. J Byron Milton.

**Mr. Chairman:** — Where is the company? A Regina-based company?

**Mr. Podiluk:** — It's a Regina-based company. The address is 2152 Scarth.

**Mr. Chairman:** — Is it a subsidiary of any other company from anywhere else?

**Mr. Podiluk:** — Mr. Chairman, I'm not aware of that.

**Mr. Chairman:** — Can you find out for us?

**Mr. Podiluk:** — We can.

**Mr. Rolfes:** — Roberts & Poole Communications, was that for similar . . . was that also expended on the workshops that were being conducted?

**Mr. Podiluk:** — Roberts & Poole do much of the print material and the media work for us in terms of campaigns, such as the alcohol Christmas campaign and these kinds of things. I have it broken down here, as a matter of fact.

**Mr. Rolfes:** — Well if you can provide that for the committee, that would be fine. Then we don't have to use the time of the committee.

**Mr. Podiluk:** — My example that I used about Christmas drinking is one of them.

**Mr. Rolfes:** — Okay. In the 1986 *Estimates* there's a Michael McCafferty. Now I don't know Michael . . .

**Mr. Chairman:** — Can I interrupt, Mr. Rolfes. Can I go back to the advertising; I had one question with that. Mr. Podiluk, for this SIM Communication Services expenditure of \$130,514 in the fiscal year under review, will you provide . . . well I simply say, provide for the committee's information . . . (inaudible interjection) . . . Well it's all the pages. I just compiled them all. They're under expenditure lists. Can you provide an itemized statement on expenditures made to SIM, for what they were for — like, in Humboldt you will have paid for room rental and so on, but under this you may have paid for some speech material and so on — will you provide, for the committee's purposes, an itemized statement or a breakdown of the 130 thousand.

**Mr. Podiluk:** — I commit myself to doing that for you. I don't . . . I'm not sure in what form it is, but every detail that we have I don't have any problem providing for you.

**Mr. Chairman:** — Okay, and when it's available, please send it in. Thank you.

**Mr. Rolfes:** — I have one quick question.

**Mr. Chairman:** — Go ahead.

**Mr. Rolfes:** — Okay. Michael McCafferty — my understanding is Michael McCafferty was hired in 1986. I would like to know who hired him, who assigned his duties, and what were his duties, and how long did he work for the Department of Health?

**Mr. Podiluk:** — He was hired by the Department of Health and . . .

**Mr. Rolfes:** — Specifically.

**Mr. Podiluk:** — Specifically, I suppose that it would be the person responsible for communications, and Health education and communications particularly. And his duties were as a communications officer with our communications unit, and he has been associated with the department over this period of time.

**Mr. Rolfes:** — How long did he work for the Department of Health?

**Mr. Podiluk:** — In reality he still is an employee of the Department of Health. He is presently on loan for other purposes, but he presently is an employee of ours.

**Mr. Chairman:** — To whom is he on loan? Which other agency is he . . .

**Mr. Podiluk:** — I can't be specific in that regard.

**Mr. Chairman:** — Is there anyone in your officials who is responsible for the communications unit here with you today?

**Mr. Podiluk:** — I am responsible for the communications here.

**Mr. Chairman:** — I see. You're responsible, but you don't know to whom he's loaned right at the present time.

**Mr. Podiluk:** — Well, it was a loan to a communications outside of the Department of Health.

**Mr. Chairman:** — Which other department?

**Mr. Podiluk:** — I think it could be Executive Council, but please do not quote me because I'd have to confirm this.

**Mr. Chairman:** — Okay. If you can't, we'll accept that. But once again then, I will request that you provide for the committee — it doesn't have to wait for the committee meeting; you can send to the Clerks to be distributed — to whom is Mr., McCafferty on loan? Is the pay still the same, and what is it? What is his function, and where is he located? Thank you.

**Mr. Rolfes:** — I'd like one further question, and I would like to have in writing: who originally hired him? I would

like to know the specific person who hired him in the Department of Health.

**Mr. Podiluk:** — I don't know if I can give you a specific person that hired him, but I want assure you that he was hired with my knowledge and my approval.

**Mr. Rolfes:** — That's fair enough. No further questions for me.

**Mr. Chairman:** — Can I have . . . these you don't have to answer now, for the sake of time, but provide the information for the committee. I'm looking at the *Public Accounts*, page 283, MLA and Other Allowances and Support Staff, \$201 000, Can you give us a breakdown on those expenditures, on whom they are spent? Professional and technical services — I'm still under general administration — same thing, a breakdown, people involved. And then there's an item that interested me — provisions and business expense, if you will provide what those were for.

**Mr. Podiluk:** — Sure. We have it there, we'll . . .

**Mr. Chairman:** — If you have it here, you can forward it then.

**Mr. Podiluk:** — No, but we'll send it. We could give it to you verbally.

**Mr. Chairman:** — Yes, I would prefer to see it, because if you tell me verbally, I'm going to lose track of half of it.

Personnel and training, page 284 . . . or were you going to do some of this?

**A Member:** — No, no, I'm finished.

**Mr. Chairman:** — Grants and contributions, second last item there, give me the itemized list of these grants and contributions, the amount for each, and for what purpose, for the committee's edification.

**Mr. Podiluk:** — That goes down from dental residency grants, but we'll provide you with that, yes.

**Mr. Chairman:** — Page 287, provincial laboratories. Maybe you can report it here. Were there any . . . (inaudible interjection) . . . In the year under review, were there any provincial lab services that were phased out or contracted out during that period of time?

**Mr. Podiluk:** — I'm not aware of it. I don't think so. I'm not aware of any, no.

**Mr. Chairman:** — Will you check again and confirm?

**Mr. Podiluk:** — Yes, but I don't think so.

**Mr. Chairman:** — I've not . . . I have no thought that there is, but I am just curious, I would like to know. That's all I have.

Oh, one more. Page 291, Saskatchewan Aids to Independent Living. I would like to know whether, in the year under review, any of those services were contracted

out, and if so, to whom and for what purpose. This is the Saskatchewan Aids to independent Living.

**Mr. Podiluk:** — I'm sorry, but we'll get the . . . (inaudible) . . .

**Mr. Chairman:** — I'll just wait for the confirmation.

Page 315, and once again, I can be quite happy if you sent this to the committee later. There is an item near the bottom of the first column, Buffalo Narrows Pharmacy Ltd. — \$30,007.87. Can you provide for the committee's information what that expenditure was for? Because I understand that this pharmacy is no longer functioning and some people are travelling 300 kilometres to get prescription drugs.

**Mr. Podiluk:** — No, there's a new pharmacy that was established a few days ago.

**Mr. Chairman:** — Well, anyway, get me this information.

Also, on page 316, Nipawin Medical Group, it's about 15 down — \$26,000, what that was for. Page 317, second column about 10 down, Tanka Research — \$20,000; what was the purpose of the research? And if there was a report provided, see if you can provide it to the committee. If it's . . . make a judgement.

Now I'm under the Department of Highways; I guess I can't ask that.

Any other questions from the members of the committee? None?

**Mr. Neudorf:** — Well, Mr. Chairman, I'd just like to make just a closing comment here, and that is the fact that . . .

**Mr. Chairman:** — Be polite.

**Mr. Neudorf:** — I intend to, I intend to. I couldn't help but noticing that out of the 185 pages or so of the auditor's report, we have 10 pages devoted to the Department of Health concerns. And that just seems to me that one-eighteenth of the auditor's report dealing with the department that controls about one-third of our budget indicates to me that the department must have been working in a very efficient manner, and I would like to compliment them on that. And I would also like to compliment the deputy minister in his forward and forthright and open manner in which he has co-operated. It's not very often that this committee complains about a deputy minister speaking too much, and from that point of view I would just like to compliment you on your forwardness to us.

**Mr. Chairman:** — Thank you. On behalf of the committee, thanks to the officials for being here.

Just to help our Clerk, I sort of tried to follow the discussion here, and I'm going to throw out some ideas about what we might mention in the report so that the Clerk can draft something for us to consider.

As I listened, I noted that we did spend a lot of time on the problem of interpretation, particularly with regard to the

university appropriation and in interpretation of the Act, and I also heard the officials of the department indicate that they recognize the discrepancy in the interpretation and the need to be able to resolve it, and I think we should note that. I think the committee can be reporting that there was some concern about the misinterpretation, or whatever is the correct word, and that the committee on the University Hospital appropriation . . . or that the committee noted the misinterpretation, and that it urged that some action be taken, and that the deputy did agree that some action was necessary.

**Mr. Neudorf:** — The committee noted the misinterpretation, or how did you word that?

**Mr. Chairman:** — Noted, yes, the misinterpretation. I assume we noted it.

**Mr. Neudorf:** — The misinterpretation by whom?

**Mr. Chairman:** — Well just all around, the differences of interpretation. I'm not saying him, him, or him, but I'm just saying all around.

**Mr. Neudorf:** — I thought maybe you were suggesting that there was a misinterpretation from . . .

**Mr. Chairman:** — No. And I think we should note that the deputy also indicated that that was a concern of his, and that the committee urged that some resolve be made, and that they agreed that some resolve should be made, and that the appropriate agencies and officials will be involved in the resolve. Okay. I'm trying to make a recommendation here which everybody can live with, as you can see.

**Mr. Paton:** — Mr. Chairman, if I might make a comment. I understand that this identical comment on interpretation has been a problem in the 1984-85 reports, and I think . . .

**Mr. Chairman:** — Yes.

**Mr. Paton:** — . . . and I think there was three instances in 1984-85. And I believe at that time the committee made a suggestion that legislative changes should probably be addressed to change the wording of this section so that there is no interpretation.

**Mr. Chairman:** — Well then let's direct the Clerk to look at that recommendation, and we may want to make note that it was made then, and we make it again. Is that fair enough — '84-85?

**Mr. Martens:** — An observation was made by the committee — I believe Herman made that observation — and I was just going to check with Mr. Lutz on that. You made the observation that the money could go back into the Consolidated Fund, and then it could be . . . Is that warranted out, or with a virement, or how would that work? Now the process maybe needs to be identified as to what they need to do, rather than just saying that they need to change the legislation and deal with the process. Could you give us an explanation of that?

**Mr. Lutz:** — You shall pay this to . . . or you could probably lapse the money and special warrant it later;

yes, certainly, I think. Our problem is as long as we have a section of an Act which says "you shall", I don't envision any other dealing with the thing. You could either pay it over, shall, or lapse it. But even then you're kind of contravening the Act because according to "shall" you can't lapse it. It's troublesome, it's very troublesome. There's not too many of these around any more in the legislation where they've maintained, retained that word, "shall." This was one of them.

**Mr. Chairman:** — I appreciate what you're trying to get at, but let's leave it to the officials to work it out and make a recommendation so we can make a decision on it.

**Mr. Martens:** — Just for my own personal information.

**Mr. Lutz:** — I have to live with those, if they say "shall", we shall always live with it and we'll address the subject. We may not like it but it's there. We don't write the legislation; we're not asked to write the legislation or propose legislation, so we just live with "shall". And I don't think you can even lapse that thing. I believe with "shall" you pay it over, and the University Hospital happens to have a half a million dollars on its hands for the next step of the project.

Now I think I would probably object to that too, because that's money that Finance could certainly invest. But shall, we shall, we shall, and I can't get around "shall".

**Mr. Chairman:** — Okay, thank you. The other point I think we should make is that the Provincial Auditor did report our request that some of the concerns he had expressed were rectified, and I think we should note that. It may encourage the department to take some quick action, and by the time the committee gets to sit, they may have resolved the problems.

And the other one is, there was a problem of overdraft. And I think that's worth noting, because when you're dealing with this kind of money, we owe it to the public. And we should note that the committee addressed the problem that was mentioned by the auditor's report and that the comptroller had reported to the committee, that in the comptroller's opinion there had been some resolve of that. And there is some wording in your report that the Clerk can look at, is that fair enough?

**Mr. Lutz:** — The one thing you should know, Mr. Chairman, is that in the case of the overdrafts interest was paid to the bank over several months. It just wasn't a one-day shot or a one-week shot; it happened over five or six months in that year. And you know, I agree that they have a lot of money they have to deal with, they have a lot of bills they have to pay, and they can't always bring them in on a cyclical basis. But still if the rules say: thou shalt get approval before you can incur debt, then get approval, or I will always go after it. That's the way it is.

**Mr. Chairman:** — But I think if the committee is acting responsibly when it involves this kind of a situation, we have to speak to it, and we have spoken to it, and that there was a report, and we will be looking forward to see whether it works. But I think we would not be speaking well on behalf of our constituents if we didn't note that there had been a fairly serious problem here as reported

by the auditor. So we'll see what we can put together.

Okay now, also the committee addressed the question reported on security of data and that we have a report — we received a report, verbal, from the deputy that that had been addressed and that the Provincial Auditor will be checking, because he always does check his, and the committee will then look again on whether the report of the auditor in the next fiscal year following this one shows that in fact the new system is working.

Now shall we report anything on the debate between Mr. Saxinger and Mr. Rolfes? No, I don't think we will.

Let us take a short, five-minute break.

**Mr. Chairman:** — And therefore look at the Department of Justice and we've got the two years that we're looking at here, '84-85 and '85-86. And I will ask Mr. Lutz if he can start with '84-85 and see if there's anything he can update us on, and then do the same with '85-86.

**Mr. Lutz:** — Thank you, Mr. Chairman. With respect to the '84-5, I am referring to page 38 in the '85 report and on page 18 the last paragraph of section b) where we had had a problem with the costs of the RCMP contract. That has been corrected in that we now get from the Auditor General of Canada a certificate stating that the Auditor General — is that correct now, Brian? — or Minister of Justice perhaps, that the costs we are paying are in fact in accordance with the contract we have with them. I believe we're the only province in Canada getting that stuff from Ottawa. Others are asking me now how we did it.

**Mr. Van Mulligen:** — That's from the Auditor General?

**Mr. Lutz:** — Well we dealt through the Auditor General originally to find out what are we paying for. Nobody seemed to know. And now we're getting assurance from . . . Brian?

**Mr. Atkinson:** — Actually it's the minister responsible for the RCMP of Canada who's providing to our Minister of Justice a statement that has been certified by the Auditor General of Canada saying that these expenditures are in accordance with the provincial policing agreement, and they have in fact been received. So that our Minister of Justice now knows that when he pays this money over to the federal people that he has received that which he contracted for.

**A Member:** — So there's some checks and balance there that the federal government . . .

**Mr. Lutz:** — Yes. Now it took us three or four years to make that happen, but if you stay with it and persist, there are ways. That's the only change from the '85 report that I can report to you.

In the '80 report, because this Justice department has segments and many segments, we have not finished all of our audits of the segments for '86. But reflecting upon page 92, items 15.14 and 15, changes have been made in this particular area, and we think corrective action has been taken. And that is the only change there that I can

talk about.

So in '85 we had the one on the RCMP costs, and in the '86 report they have taken corrective action on items 15.14 and 15.15.

**Mr. Chairman:** — Any more questions of Mr. Lutz? Okay, let's have the officials come in. Do you want to get them Harold? . . . (inaudible interjection) . . . Yes, Justice officials.

### Public Hearing; Department of Justice

**Mr. Chairman:** — The officials from the Department of Justice, and deputy minister, Mr. Brian Barrington-Foote. Is that the correct pronunciation? And can you introduce the rest of your staff please.

**Mr. Barrington-Foote:** — On my left, Jim Benning, assistant deputy minister; on my immediate right, Kathy Langlois, director of administrative services; on the far right, Twyla Meredith, controller; and sitting in the back, Dick Till, executive director of corrections.

**Mr. Chairman:** — Thank you. Before we begin, the procedure of the committee, I think, probably is known to the officials. Mr. Barrington-Foote, you are recently appointed, or have you been to a committee meeting before?

**Mr. Barrington-Foote:** — This is the first one I've been to. January '87 I was appointed.

**Mr. Chairman:** — The procedure is such that in the committee of Public Accounts all things reported by officials, they are immune from any kind of suit, libel suit or otherwise, or whatever you may put on there. It's like a court of law. So you're protected by that. I want you to know that. You have this immunity; officials do. But along with that comes the responsibility to answer all questions as asked by committee members. And I just wanted to underline that before we proceed with the deliberations of the committee. Okay? Shall we begin? 1984-85 Public Accounts.

**Mr. Van Mulligen:** — . . . (inaudible) . . . the auditor makes note of what he perceives to be a problem, and that is the question of the revenues that are collected through the land titles', local registrars', and sheriffs' offices, and in '84-85 there was some revenue in the amount of 18.5 million, in '85-86 some 14.6 million. The auditor is of the opinion that management had not established a system to monitor compliance with prescribed procedures for collection, recording and deposit of moneys. And he is of the view that this lack of compliance can potentially lead to problems, especially given the large sums that are involved, And this is something now two years running, and I'm wondering what steps your department has taken as a result of the auditor's notes to, in fact, put into place this system to monitor compliance.

**Mr. Barrington-Foote:** — There is a general and a specific answer to that, The first point is that the department agrees that we could do better on audit, that it's an area that we should develop. It's a matter of allocation of resources. The possibility of an internal audit function

was initially studied by the department. That conclusion was reached. We have identified some resources in the next fiscal year to use to make the audit function start. We don't think it will be entirely in place, but it'll be partly in place by the end of the year.

The second answer is that in each of the individual cases that are identified by the auditor, management controls were either tightened or confirmed in order to respond to the specific problems. There were in none of the cases identified, and as far we know in no cases, any actual losses suffered as a result of the lack of an internal audit function. We consider it more a . . . It's a gradual change in management philosophy in the way public moneys are dealt with, and we agree that it's the correct trend.

**Mr. Van Mulligen:** — I'm just disturbed that two years in a row that, especially given the magnitudes of the dollars involved, that the auditor would be pointing this out, and that there isn't a tighter system for control on these things. Have you sought the assistance of any other departments — Department of Finance, Provincial Comptroller — to look at this to see if anything might be done on an interim basis?

**Mr. Barrington-Foote:** — We have had discussions. The conclusion that they reach is the same as the conclusion that we reach, that is that we agree with you.

The initial step that we want to take, apart from having looked at why it's needed and where it's needed most and we would concentrate probably first on the court services area because it's the largest amount of money and there are a lot of decentralized offices collecting that money. We will initially allocate a person to develop that function, and that's the place we think it ought to be done first.

There's other parts of the system that are identified here, such as the prisoners' trust accounts where it may not be necessary because of . . . initially, because of internal systems that are there. The prisoners, for example, know what amount of money is in their own trust account, and they sign off on the money that's there and that sort of thing.

**Mr. Van Mulligen:** — But no, you don't see any resolution of this taking place, until this coming fiscal year, that the kinds of problems that are alluded to in here, or potential problems, will in fact be recorded again by the auditor then in the coming year.

**Mr. Barrington-Foote:** — Generally speaking, that is the development of an internal audit function for the department — the answer is no.

Specifically, there's two ways to address the problem. Part of it is the audit function; part of it's the management system. Each of the specific problems have been dealt with in one way or another, whether changing procedures, making sure that there's more people there when cheques are signed, ensuring that the same person doesn't handle money all the way through the system. So there have been specific steps taken in response to those specific problems. But no, there has not yet been an internal audit function developed for the department as a

whole.

**Mr. Van Mulligen:** — One item which the auditor commented on in the '84-85 report, but did not do so subsequently, and I wonder if it's been resolved, and that's the question of the public trustee and the matter of ensuring that assets entrusted to the trustee were always in safe custody. And he raises the question of adequate insurance and mentions a case of where certain jewellery was taken out to be appraised; that jewellery store was robbed; the jewellery was lost, but the jewellery was not insured by the public trustee, and apparently the store's insurance policy did not cover that loss either. I wonder if there's been any resolution of this kind of thing to make sure that that does not occur again?

**Mr. Barrington-Foote:** — On the issue of how we deal with these assets, to ensure that proper insurance is in place on all estates, several steps were taken. The first was, we looked into whether or not we could get general coverage to cover assets coming in regardless of value. The cost of that coverage is prohibitive, so we didn't get it. We did get additional coverage up to \$10,000. That'll help a little bit, and in fact, in relation to virtually all estates, it's going to cover the problem.

The practice in the department before this occurred was to, essentially I guess, depend on the fact that if you went to an apparently reputable firm with an appraiser, that they would have that kind of coverage. This taught the lesson that it wasn't so.

Before jewellery goes out for appraisal now, the insurance coverage is reviewed to see whether or not it does extend to the amount that might be lost. That, I think, takes care of the issue generally.

On the specific case, there is a \$2,000 recovery out of a tenant's pack, I think it was — an insurance policy that was in place. The rest of the loss, there was litigation commenced by the government against the jeweller to try and recover. In July of 1987 our client died. The executor takes over from that stage, and I'm advised that as of this week the executor has not yet done anything. I would assume that the executor will choose to both pursue the action against the jeweller, and, in the event that that's unsuccessful, they may look to the office of the public trustee.

**Mr. Van Mulligen:** — To take action against that?

**Mr. Barrington-Foote:** — It's a possibility. We haven't had any notice of action. I'm speculating that they might do that.

**Mr. Van Mulligen:** — You haven't been successful then, in the courts, against the jeweller in question?

**Mr. Barrington-Foote:** — No.

**Mr. Van Mulligen:** — Has that matter been settled in the courts, and you weren't successful, or is it still pending?

**Mr. Barrington-Foote:** — It's ongoing. It was pending at the time when the woman died.

**Mr. Van Mulligen:** — Okay. I think those are all the questions I had for '84-85. The auditor commented that some other concerns that he had about the public trustee and the same employee being involved in many of the steps, in the financial arrangements, that some changes had been made and therefore the risk of unauthorized payments would accordingly be reduced.

One question that I would like to ask, that he raises, is the question of a surplus with the Saskatchewan Association of Friendship Centres for reimbursement of cost incurred in the operation of the native court worker program. He indicates that there was a surplus, during the year '85-86, of some \$55,000, and that that surplus had not been recovered as of the end of the year as required by the agreement, and I'm just wondering if you've made any progress on that?

**Mr. Barrington-Foote:** — There was a surplus of almost \$56,000 in that year. In order to minimize the impact on the friendship centres of readjusting it, it was collected back over two years. In '80-87 \$35,000 was recovered as a reduction in grant payments effectively. The remaining \$20,698 was recovered in the same way in the last fiscal year, '87-88, so those accounts are now cleaned up.

**Mr. Van Mulligen:** — The auditor — just moving on to another thing here — he has some concerns about grants being made without the approval of the Minister of Justice, and he mentions the Canadian Association of Chiefs of Police, the PLEA (Public Legal Education Association), and some others, and I'm just wondering, is that a problem that's been rectified? Do you now obtain minister's approval before making those grants?

**Mr. Barrington-Foote:** — The reason it was done that way at that time was that it was our opinion that approval was already in place, that the signature of the Minister of Justice and approval by treasury board was adequate in that case. After it was identified by the auditor, the practice was changed, and we now obtain a second approval for grants under \$10,000 specifically signed by the minister.

**Mr. Van Mulligen:** — Okay. Just one other item, and I assume from your comments that, again, this is something that's been rectified, and that was the question of trust accounts being maintained by local registrars, in this case Regina Court of Queen's Bench, and the fact that there is no procedure in place to recover any disbursements in excess of what the court ordered, that is to say, overpayments. And he indicates that at the end of the fiscal year some \$3,200 in overpayments were still not recovered. And I just wondered if you've taken any further steps to recover those funds, and also what steps more specifically in this case to ensure that these kinds of overpayments do not occur again?

**Mr. Barrington-Foote:** — There is an improper pay out of approximately \$6,800; \$3,600 was collected before the person moved to Greece, leaving an outstanding balance of about 3,200. There was an attempt to collect the remainder out of the assets that remained in the jurisdiction; \$800 worth of property was seized. The department discontinued the collection effort because there was nothing further to get. The remaining \$2,400

was obtained through a treasury board order in July of 1987.

**Mr. Van Mulligen:** — For \$2,400 it's hardly worth your while to make a trip to Greece to see what arrangements can be made.

**Mr. Barrington-Foote:** — We fought like tigers to go.

**Mr. Van Mulligen:** — Mr. Chairman, those are all the questions I have on the auditor's report, unless other members of the committee have . . .

**Mr. Rolfes:** — Yes, Mr. Chairman. Just one question: does the department, or did the department, in 1984-85 rent property at 230-20th Street East in Saskatoon?

**Mr. Benning:** — Can you describe it, Mr. Rolfes?

**Mr. Rolfes:** — The Phoenix Building, I believe that's the . . .

**Mr. Benning:** — Oh yes, that's a provincial court building.

**Mr. Rolfes:** — That's the provincial court. Is that . . . does the government own that?

**Mr. Benning:** — No, it's rented.

**Mr. Rolfes:** — Could you tell me what the rent was in 1984-85?

**Mr. Benning:** — We'd have to get that from . . .

**Mr. Rolfes:** — And I will ask the same for '85-86. And can you tell me who the principal owners are of that building?

**Mr. Benning:** — We'll have to get it.

**Mr. Rolfes:** — We'll get that from you? Can you tell me what the terms of the rent are? I also want to know what the terms are, the years of the lease.

**Mr. Barrington-Foote:** — Unless the lease is already filed publicly, there's a potential problem in identifying exactly what rent is paid in respect of any property. We're advised by Saskatchewan Property Management Corporation that the publication of that kind of information can affect market rates and that they are accordingly concerned about it being given.

**Mr. Rolfes:** — Did they not just publish . . . did they not, however, just publish the rents of the Remai . . . or the Renaissance? Was that not just published . . . (inaudible interjection) . . . Okay. Well okay, fine. I mean whatever the policy is. I just . . . If you can't, the policy says no, I understand that. I want to know what the . . . But you can tell me, I'm sure, the length of the lease?

**Mr. Barrington-Foote:** — I don't think there would be any problem with that. And on the other question, we'll be happy to ask them, and if there is no difficulty in this case, to provide the information. As far as the owners go, that will be . . . we can get that from Land Titles and provide it.

**Mr. Rolfes:** — Yes, I would like to know all the principals involved in the ownership of that building.

**Mr. Chairman:** — I'm speaking now as one member of the committee, and if I heard correctly, Mr. Rolfes has asked for the costs of the lease, the principal owners, and the terms of the lease for the years '84-85 and '85-86, the Public Accounts for which we are considering here.

As one legislator, I would be extremely concerned, and you can pass this on to whoever, if the Public Accounts Committee, which is mandated to consider the expenditures of taxpayers' dollars by officials in any department, was not able to get that information. I mean, somebody will determine the policy, but I want to put it clearly on the record that if that information cannot be made available to the Public Accounts Committee, it can be made available to no one because this is the paramount committee, which can meet *in camera* if necessary. This is not an *in camera* meeting, and press can be here if they wish — it's a public meeting-but it can meet *in camera*.

And I would urge the officials of the Department of Justice to make every effort to provide this information because we are here to protect the public interest, and we intend to do that. And I speak for all the members of the committee because I'm sure they all . . . all members feel that way, and I simply just want to emphasize that, and I have no questions, of course.

Any other questions? That's '84-85. '85-86?

**Mr. Van Mulligen:** — I don't have any further questions in so far as the auditor's report, but I would like to move on to the *Public Accounts*.

**Mr. Chairman:** — Anyone else on auditor's report? Carry on.

**Mr. Van Mulligen:** — The *Public Accounts*, there is some questions that I have that I would like the information for both '84-85 and '85-86, In particular, I'd like a breakdown of . . . under administrative services, subvote 1, a breakdown of the payments made to elected representatives, ministers of the Crown and sessional staff, and I assumed that the similar notation in '85-86 is M.L.A. other allowances and support staff, the particulars of those.

**Mr. Barrington-Foote:** — We have that here if you would like it now.

**Mr. Van Mulligen:** — Okay. Can that be handed out then?

The second one was a breakdown of the advertising and printed related expenses, including any payments to Dome, and Roberts & Poole, and the nature of the work that they provided. I'd like a breakdown of the travelling expenses in each year for the minister, any members of his staff, and any legislative assistants, and other members of the legislature, indicating the destination, the purpose of the trip, and a breakdown of the expenditures in each case; that is to say, for out-of-province travel, and indicating air fare, accommodation, other expenses — those breakdowns.

**Mr. Barrington-Foote:** — We have with us the information requested on advertising, not the printing, On the travel information, we have the information broken out for the minister, and we have a separate set of information for the department which would include all of the staff, other than legislative assistants, I think you requested as well.

**Mr. Van Mulligen:** — Yes, if there was any travel that was paid, you know, travel costs that were incurred by legislative assistants and/or the minister's staff that Department of Justice paid for, I'd like to have those breakdowns.

**Mr. Barrington-Foote:** — We do have the minister's staff.

**Mr. Van Mulligen:** — Okay.

**Mr. Barrington-Foote:** — I'm sorry, I was talking about legislative secretaries.

**Mr. Van Mulligen:** — But you have legislative secretaries as well? You don't?

**Mr. Barrington-Foote:** — I don't think there were any.

**Mr. Van Mulligen:** — There weren't any; okay, Also a breakdown, if you have it, for provisions and business expenses — what those expenditures were for.

**Mr. Barrington-Foote:** — Either schedules relating to travel and business expenses.

**Mr. Van Mulligen:** — There's one further item in terms of administrative services and that's the expenditures for computer and word processing related expenses. This is a very major expenditure by the department, and I note that in '84-85 this was some \$1.1 million, but that in '85-86 this had increased to \$1.68 million. I'm wondering if you can tell us what the nature of the increase was, and also explain a bit about what these expenditures are made for.

**Mr. Benning:** — During that fiscal year we were undertaking major development of the justice automated information network, so there's major expenditures on development and on equipment purchases during that year. The other factor involved is, within the department we have a substantial computer operation, including both equipment and staff, and it is centralized within the administrative budget — it's not decentralized; it's controlled in that fashion.

**Mr. Van Mulligen:** — . . . (inaudible) . . . Would any set of court reporting costs be included in this category?

**Mr. Benning:** — No, that's the development of the automated network for the courts.

**Mr. Van Mulligen:** — Do you have any kind of breakdown on this item that could be provided. It doesn't necessarily have to be provided today but . . .

**Mr. Benning:** — In terms of the breakdown for the JAIN (justice automated information network) system, we'll have to get it for you, sir.

**Mr. Barrington-Foote:** — Would you like a breakdown on the entire amount spent?

**Mr. Van Mulligen:** — Yes, I would, yes.

I'd like to move to, I guess it would be Other Expenditures, '84-85, and some of these same ones will come up again in '85-86. And I'm curious to know, under Other Expenses, which is page 329 of the '84-85 *Public Accounts*, and would be page three . . . I'm not sure which page number it is but — page 407 of the '85-86 *Public Accounts*, and I'm wondering in each case whether or not you can tell me about the nature of an expense for Abdoulah Enterprises.

**Mr. Barrington-Foote:** — Corrections operates a community training residence in Regina. It's a reduced custody facility for people who are in the community and have a good deal of freedom. That's the person from whom it's rented.

**Mr. Van Mulligen:** — So you rent facilities from Abdoulah. Okay. In '84-85 there's an expenditure to something called B & I General Communications Inc., and the amount is some \$11,860, and I'm wondering if you . . . then again, in '85-86 it was \$17,000. Can you tell me what that expenditure is all about.

**Mr. Barrington-Foote:** — Both years' expenditure is the communication system used within the institution; corrections workers in different places in Saskatoon communicating with each other in the facility.

**Mr. Van Mulligen:** — . . . (inaudible) . . . units and that type of thing. Okay.

There's a number of expenditures to food producers — Bun King Bakery, Butcher Boy, and I assume those are for the institutions and not for the lunches . . .

**Mr. Barrington-Foote:** — For correctional institutions.

**Mr. Van Mulligen:** — Okay. There's another expenditure here, in both years, to a Bob Ober and Dan Ober. Do you have any specifics on that?

**Mr. Barrington-Foote:** — That's rental on the other community training residence in Regina. There's two of them here.

**Mr. Van Mulligen:** — In '84-85 it's an expenditure of \$20,000 and some to the Ramada Renaissance Hotel. I assume that's not a community training residence.

**Mr. Barrington-Foote:** — Those were expenses for staff and witnesses in the Thatcher trial.

**Mr. Van Mulligen:** — Oh, I see. Okay. And moving to '85-86, I have one question on something called Tip Top Lunch for \$12,000. Where's Tip Top Lunch and . . .

**A Member:** — You're making me hungry.

**Mr. Barrington-Foote:** — It's meals for prisoners in the Saskatoon correctional centre . . . or pardon me,

provincial court house and the detention centre there.

**Mr. Van Mulligen:** — Mr. Chairman, those are all the questions that I have; unless you or any other members of the committee, I just want to say that I appreciate the fact that the department was well prepared and anticipated questions and were able to give us the information.

**Mr. Chairman:** — Thank you. I'm glad you noted that, Mr. Van Mulligen, because I was . . . In this position I don't usually hand out plaudits, but I think I have to in this case. I commend the department for having obviously done research on what kind of questions were asked, because you were ready. This is not something I can say for a lot of departments, unfortunately. There are some routine questions that are asked, and I wish all departments would be prepared for them. There are some things which we wish we had and hope we get, property lease costs and so on. But I want to reinforce what Mr. Van Mulligen has just said and ask a question.

Saskatchewan Securities Commission, 395, '85-86. Can you report to the committee, in the year under review, '85-86, whether the Saskatchewan Securities Commission had done any investigation into the — what are they called — the First Investors and Associated Investors and Principal Trust? Page 395.

**Mr. Barrington-Foote:** — We're just checking the dates.

The commission only came to the department in January of 1986, so for most of that period we were not responsible for it. The other concern I've got in that area is that there is no litigation ongoing in Saskatchewan in relation to . . . (inaudible) . . . Saskatchewan in relation to anything done. There are, however, claimants out there who have retained counsel, and I'm concerned that information might be given that might prejudice the government. Perhaps the best answer I can give on that is that we will go to the securities commission and see what information they have and compare it to that test because of the possibility of litigation being launched.

**Mr. Chairman:** — I'm not . . . I may have followed up with some more detailed questions, and I'm wondering whether you can answer this. The simple question is: was there in the securities commission during this fiscal year any investigation into that group of companies? And I mean only you can tell me whether that is going to prejudice any pending litigation. I'm not sure that's . . . and a simple answer to that question would . . . I mean that would be a role and responsibility of the department which everybody would know. Can you tell me that, or do you have to ask?

**Mr. Barrington-Foote:** — I'll have to ask.

**Mr. Chairman:** — We'd like to know that. I think, in light of what has been happening in recent months, that is certainly a very pertinent and very important question that we need to address. We will be pursuing it further when the Department of Consumer and Corporate Affairs is before the committee, obviously.

And I would add to that, if the answer is yes, to the extent possible, even if we have to meet in camera, at which

time we can then make sure that things are only in the committee's jurisdiction, what the results of those investigations were, and any recommendations that your investigators may have made to the securities commission decision makers.

I ask that for the year under review because obviously it would have undertaken an expenditure of money to do that, okay? And you will report that back to the committee.

**Mr. Barrington-Foote:** — I understand the question, Mr. Chairman. I leave the caveat on the record because of my concern about litigation.

**Mr. Chairman:** — Okay. And obviously, depending on your answer, the committee will then decide whether we want to pursue it further. Any other questions?

Thank you very much. We'll let you get away in time for dinner. And since the staff prepared the answers so well, the deputy is buying, I assume.

Oh, sorry about that.

We should leave Consumer and Corporate Affairs till after dinner at 2 o'clock, and we have already told that, to leave, so they wouldn't be sitting around.

I just want to comment on one thing here: one of the areas that we considered was that the audit problem earlier in the report; I noted it's been reported in '84-85 and again in '86, and I suggest to the committee that we should direct our Clerk to write up some report on our consideration of it. And I'm not trying to put the words onto it, but in the general way the committee noted, obviously, that there was an audit problem.

It had been raised by the auditor in three consecutive years, and the department reported that resources were being proposed for the coming fiscal year, and I assume that was '88-89, to deal with it. And I think it would be quite appropriate for the committee to — having noted that — and urge the department to make it a high priority in its resource allocation because we all know that in the treasury board process, having sat there as a chairman for a couple or three years, sometimes people decide it is not a very important priority. So I think we should, since it is the fourth or third year, we should urge the department to keep it a high priority. And that's all I basically had out of this other than the normal comment.

**Mr. Van Mulligen:** — I might suggest that Mr. Neudorf and I go to Greece to see if we can get some reciprocal arrangement there.

**Mr. Chairman:** — We'll see what comes in the written report. Let us adjourn for lunch.

The committee recessed until 2 p.m.

**Public Hearing: Department of Consumer and Commercial Affairs**

**Mr. Chairman:** — Consumer and Commercial Affairs 1985-86. We have the auditor's report and we have the

*Public Accounts*, and I will ask Mr. Lutz again if there's any update he can give us.

**Mr. Lutz:** — Update, Mr. Chairman, subsequent to this report they have filed their 1986 financials.

**Mr. Chairman:** — 1986 financials.

**Mr. Lutz:** — Yes.

**Mr. Chairman:** — So that that is now on time.

**Mr. Lutz:** — Yes, I think so. They've taken steps there, yes.

**Mr. Chairman:** — And that's the main thing referred to here. Questions?

**Mr. Van Mulligen:** — They never . . . (inaudible) . . . for '84-85?

**Mr. Lutz:** — I don't know. We didn't go back to find out.

**Mr. Hunt:** — I believe the '86 had '84-85 unaudited figures.

**Mr. Lutz:** — So they put some numbers in there.

**Mr. Hunt:** — I believe they commenced with the financial statement routine in '85-86.

**Mr. Lutz:** — Hopefully it will be habit-forming and they'll keep it up.

**Mr. Chairman:** — You're saying the 84-85 was provided, unaudited?

**Mr. Hunt:** — The comparative numbers were unaudited, yes, that's right.

**Mr. Chairman:** — Okay, if there are no other comments we can . . .

**Public Hearings: Consumer and Commercial Affairs  
1985-86**

**Mr. Chairman:** — I will bring us back to order again. We have the Department of Consumer and Commercial Affairs with us this afternoon and deputy minister, Ron Kessler, and I'd like you to take the opportunity to introduce your staff.

**Mr. Kessler:** — This is Al Dwyer, director of administration and human resources, Mac MacGillivray, superintendent of insurance, and John Page, deputy superintendent of insurance.

**Mr. Chairman:** — Thank you. Just a reminder that in the Public Accounts Committee officials should feel free to speak frankly, and in fact, are required to. You have immunity from any kind of legal action for any comments you may make. That's one of the immunity provisions that is provided to people who testify in this committee, so you need not have any concern for that and therefore be frank and direct with your answers. This is an important scrutiny of expenditures of the public money, and therefore we need to have the information that members

may be asking for.

I have no initial questions or comments. Mr. Van Mulligen, I think, had some.

**Mr. Van Mulligen:** — First, on the auditor's report where he observes that financial statements and annual reports of the Office of the Rentalsman and the residential tenancies review board were not provided for 1984-85, he advises us that such reports were provided for the years '85-86, and, I gather, at least in terms of the financial statements, provided some comparison with unaudited figures for '84-85. I wonder if you can tell us what the problem was, why you were not able to provide audited or reports as required to the minister.

**Mr. Kessler:** — There was no problem. It was a misunderstanding. We did not realize that they required separate reports. When the Rentalsman was brought into the department, the budget and expenditures were consolidated with the department; therefore, it was just an oversight on our part.

**Mr. Van Mulligen:** — When was that brought into the department?

**Mr. Kessler:** — 1981.

**Mr. Van Mulligen:** — You mean that since '81 you had not been submitting these annual reports and the financial statements?

**Mr. Dwyer:** — We had been consolidating them into the report of the department. There was a change in reporting relationship. The Rentalsman PMB (Provincial Mediation Board) used to report directly to the minister, and when they merged within our department, the reporting relationship changed through to the deputy minister, and so we just consolidated the reporting mechanism through with the departments.

**Mr. Van Mulligen:** — I understand this matter is in hand now.

I'd like to move to the *Public Accounts*. First I have requests for certain information. I wonder if you can provide us with the names and the salaries under administrative services for all those employed under the category M.L.A. — other allowances — support staff.

**Mr. Kessler:** — What year are we dealing in?

**Mr. Van Mulligen:** — This is '85-86.

**Mr. Kessler:** — That's under subvote 1, M.L.A. — other allowances — support staff?

**Mr. Van Mulligen:** — Yes.

**Mr. Kessler:** — Okay. Don . . .

**Mr. Van Mulligen:** — Can you give us that in writing after the meeting? Is that possible?

**Mr. Chairman:** — It's not necessary, if you're going to read it, to give it to us now, but if you will undertake to

provide it *tout de suite* in written form, all committee members will then get it, and I think it will save us time.

**Mr. Van Mulligen:** — The next item is travelling expenses. I wonder if you can give us a breakdown for any and all out-of-town travel expenses incurred by the minister, the minister's staff, or any legislative assistants, and giving in each case the destination and purpose of the trip and a breakdown of expenditures, that is to say, accommodation, travel, other.

**Mr. Martin:** — And legislative secretaries.

**Mr. Kessler:** — Did you say out-of-town or out-of-province?

**Mr. Van Mulligen:** — Out-of-province.

**Mr. Kessler:** — Out-of-province, okay.

**Mr. Van Mulligen:** — And the third one is a category called contractual services (other). I wonder if you can give us a breakdown of those expenditures, who was paid what, under that.

I note that licensing and investigations, subvote 3, the estimates for the year suggest an expenditure of \$1.182 million, and it showed up as 1.294, increase of nearly 10 per cent. I'm just wondering if you have any comment on that, how that occurred.

**Mr. Dwyer:** — I'm sorry. Could you repeat just the front end of that?

**Mr. Van Mulligen:** — Okay. The initial estimates as discussed in the legislature suggested an expenditure of 1.182 million. The revised estimate is 1.3. The actual expenditure was 1.294. Although the expenditure is less than the revised estimates, it's significantly more than what was indicated in the estimates in the legislature. I wonder if you can account for this increase.

**Mr. Dwyer:** — Did you want that now, or would you like us to provide you the breakdown?

**Mr. Chairman:** — If you have it there, just when I think . . .

**Mr. Van Mulligen:** — Just a verbal indication.

**Mr. Kessler:** — Now just let me get the question straight. You want the reason for the increase over the original estimates, the 1.1 to the 1.294? Well, part of the reason was that the Agricultural Implements Board was transferred from Agriculture to the department that particular year.

**Mr. Van Mulligen:** — And that would have implications for subvote 3, licensing and investigation?

**Mr. Kessler:** — Yes, that's what it was consolidated with.

**Mr. Van Mulligen:** — Makes sense to me, I guess. Okay, what about planning and policy? The original estimates for the year suggesting an expenditure of \$177,460; the revised estimate is \$280,000. The actual expenditure is \$274,000. Although the actual expenditure is less than

the revised estimate, it's 54 per cent higher than the original estimate.

**Mr. Kessler:** — The main reason was there was \$104,000 spent on the bingo inquiry.

**Mr. Van Mulligen:** — And all that would have gone to subvote 7 for the . . .

**Mr. Kessler:** — Yes.

**Mr. Van Mulligen:** — And the timing of that, it was not announced at the time of estimates then, it was announced subsequent to that?

**Mr. Kessler:** — Oh yes, it was indeed subsequent to that, yes.

**Mr. Van Mulligen:** — Okay. And the film classification, the original estimate was some \$35,000, and the actual expenditure was \$93,000, How did that come about?

**Mr. Kessler:** — The main reason for the change would have been that with the introduction of the new film and video classification Bill, the board was involved in classification of video, and that the chairman who had been a per diem was made a full-time chairman at that time, as well as with the increased activity there were larger honorariums paid to the per diem board members.

**Mr. Chairman:** — Who was the chairman at that time?

**Mr. Kessler:** — Lawrence Hartt. As well, there was a computer installed for \$15,000 to keep track of the classifications.

**Mr. Van Mulligen:** — I'd like to turn to the Saskatchewan Securities Commission, which in '85-86 was listed as a subvote, I gather at least for a part of the year, under Consumer and Commercial Affairs. And in particular I am interested in your impression of any activities that the department may have undertaken in the course of this fiscal year to examine the financial health of two companies in particular — Associated, and First Investors — with a view to determining whether their financial health was sound and whether or not the interests of Saskatchewan people would be protected by again renewing their licence. I'd just like to get your opinion on what activities your department may have undertaken at that time on those questions.

**Mr. Kessler:** — Are we talking about the securities commission or the department now?

**Mr. Van Mulligen:** — We're talking about the securities commission which, at that time, was indicated as a subvote of your department.

**Mr. Kessler:** — Yes. The chairman of the securities commission, however, reported directly to the minister as far as the operation of the securities commission went.

**Mr. Van Mulligen:** — So you would have no involvement in that whatsoever then?

**Mr. Kessler:** — Other than we provided the support

services in the administration/personnel area. That was the extent of it.

**Mr. Van Mulligen:** — So there is just no relationship whatsoever then, other than just to provide them with what they requested in terms of support services?

**Mr. Kessler:** — That's right.

**Mr. Chairman:** — Did the department do the accounting for the securities commission, since it's in a subvote of the department?

**Mr. Kessler:** — That's right.

**Mr. Chairman:** — Okay, I can ask the question then: were there any expenditures made which would be in the knowledge of the department — of course it would have to be — by the securities commission dealing with any inquiries, assessments or investigations of the Principal Group of companies?

**Mr. Kessler:** — There was none.

**Mr. Chairman:** — There were no expenditures made with regard to that?

**Mr. Kessler:** — Not direct expenditures from contracts or anything like that, no.

**Mr. Chairman:** — I'm not sure. What do you mean by no direct expenditures?

**Mr. Kessler:** — If they perused material in the course of their normal activities, I don't know if they did that, but there were no contracts with any outside firms to do any investigation or audits of those firms.

**Mr. Chairman:** — And you, even though securities commission was part of your department in the year under review, you have no officials here from the securities commission today?

**Mr. Kessler:** — No, we don't have. They are now in the Justice Department, as you understand.

**Mr. Chairman:** — I know that. But we were looking at the year under review, which I think is where the securities commission was at the time, and I think part way through the year was transferred, so we would have hoped that you might be able to answer some of these questions or have the appropriate officials here to answer them, But since you don't, I guess you can't. Go ahead, Harry.

**Mr. Van Mulligen:** — I don't have any further questions on that. Do we have it under "Other Travel"? And the schedule of payments indicates payments to Henry Engelberts, Alan Huber, Thomas Light, Anne Matthews, and Norman McConnachie. Were those members of the bingo inquiry?

**Mr. Kessler:** — I think they're . . . most of them were, except one was, I believe, an investigator under licensing and investigation, Mr. Engelberts. Which were the specific names you were asking again, Mr. Van Mulligen?

**Mr. Van Mulligen:** — On page 178, at the bottom of the page under "Other Travel," there is a number of individuals listed.

**Mr. Kessler:** — Engelberts is an investigator, and had come with the Agricultural Implements Board that was under the licensing investigation. Mr. Huber worked with the Film Classification Board in going around and working with the video retailers. And Matthews was with the bingo inquiry, as was Norm McConnachie.

**Mr. Van Mulligen:** — Okay, And Thomas Light?

**Mr. Kessler:** — Thomas Light worked for the Provincial Mediation Board, rentalsman area.

**Mr. Van Mulligen:** — Can you tell me, under other expenses on the next page there, a payment of \$13,569 to a Don Wincherauk. Can you tell us what that payment was for?

**Mr. Kessler:** — He was secretary to the bingo inquiry.

**Mr. Van Mulligen:** — Okay. I don't have any further questions.

**Mr. Chairman:** — Can I refer back to licensing and investigation, page 174? Is this the branch in which investment companies such as Principal Trust and others would be licensed?

**Mr. Kessler:** — That's correct.

**Mr. Chairman:** — Can I ask you, in the year under review of '85-86, was the department, through its licensing and investigation branch, cognizant of the difficulties that Principal Trust and the other two subsidiaries were having?

**Mr. Kessler:** — No, we were not.

**Mr. Chairman:** — Can you explain why, in light of the fact that there were some serious problems?

**Mr. Kessler:** — The regulation of financial institutions has for decades been carried out by the jurisdiction under which the particular financial institution is headquartered, the prime jurisdiction so to speak. And the Principal Trust, while it was licensed in Saskatchewan, was headquartered in Alberta, and was a company that was also registered nationally. Therefore the federal government was involved in regulating as well as auditing and inspecting them. The two investment companies were headquartered in Alberta, and for that reason we, as past practice had it, followed what the Alberta regulators were doing. And up to that point in time they had not indicated to us that there were any problems with those two companies.

**Mr. Chairman:** — So even though in 1985 Pioneer Trust had collapsed and there was obviously some signals around the piece, you still relied on the primary licensing agency? It was not, in the opinion of the department, necessary to go beyond that?

**Mr. Kessler:** — There are 500 trust, loan, and insurance

companies, and financial institutions, excluding credit unions, licensed in the province of Saskatchewan. And it was beyond our capabilities to go across Canada and investigate each one of these financial institutions. The ones that were headquartered in Saskatchewan, the four trust companies and the 13 or 14 insurance companies, we did intensify our audit and investigation of those particular companies that we were responsible for.

**Mr. Chairman:** — Five hundred or five, I guess my only comment would be that it seems to me that the taxpayers who pay a budget of — what's the bottom line here which includes salaries and other things of \$5.4 million in the department, should expect some protection. And I'm wondering, since we have had Pioneer Trust collapse, since we've had Principal Trust with all its problems which aren't over yet, has the department changed its policy of supervising or investigating, even at least on a random basis, the various security companies and other kinds of such operations in the province?

**Mr. Kessler:** — Since 1984 there have been a series of ongoing conferences and meetings between all the regulators in Canada regarding the tremendous change in the make-up, the structure, and the problems of various financial institutions across Canada, and the need to exchange information, to establish standards of reporting, standards of performance and the like. And there's been, as I say, joint federal-provincial meetings continuously on that subject. As a result, there's been a number of changes such as standard reporting for trust and loan companies, standard reporting for insurance, life, and general companies, so that we are all receiving the same type of information with which we can make a judgement on.

So there has been a number of activities that have gone on, and continue to go on, and a number of provinces are amending their regulations and Acts to give the regulators more power to issue cease and desist orders, to go in and do further investigations, to require external auditors to do more, and to put more onus on the boards of directors of those corporations.

So those things are all taking place and continue to take place at this time. So that, yes, the regulators have been concerned and have been working to try and enhance the regulation of financial institutions.

**Mr. Chairman:** — I seem to recollect that in this year under review in Ontario — you can correct me if I have the year wrong — in Ontario they had refused to license either Principal Trust or some of its subsidiaries. Were you aware of that — I shouldn't say you — was the department aware of that?

**Mr. Kessler:** — Not until it came out in the subsequent court proceedings in Alberta.

**Mr. Chairman:** — So even though there was not licensing, and therefore the Alberta, which is prime jurisdiction, would have had to know that, you were not informed?

**Mr. Kessler:** — No, we were not informed. As I understand it, they applied for a licence in Ontario.

Ontario said these are the conditions, and they subsequently withdrew their licence, as I understand, or their application for a licence.

**Mr. Chairman:** — I'm not surprised. If I were them I would have too, I think. You can keep the wolf away from the door just a little longer. I have no other questions. This is an ongoing inquiry and, needless to say, there is good reason to be concerned, and I hope that what you're saying about the exchange of information will be effective.

I can speak for myself only, and I think others can speak for themselves, but I don't think that that's adequate. In my opinion the department has a role and a function, and it may be heavy, but we're asking people out there who are struggling to put aside a few savings for their retirement to trust operations that are asking them to do it, and actually promoting very aggressively, and I think the public has some responsibility to protect them. And I'm just not sure that the present approach is going to be effective. I have no other comments or questions. Anybody else?

**Mr. Muller:** — I have one comment, Mr. Chairman. You used the figure \$5,418,268 used of public money to look into the investigation of trust companies . . .

**Mr. Chairman:** — No, no. I didn't say . . . I said that was the budget of the department.

**Mr. Muller:** — Yes. But actually the licensing and investigation portion of that is \$1,294,167.44. I just wanted to clarify that.

**Mr. Chairman:** — I'm quite aware of that, Mr. Muller, and I'm not arguing. But I'm just simply saying that this is an appropriation that the legislators voted for the department to do its function. I wasn't talking about only the investigation side.

**Mr. Muller:** — It could have been misconstrued in the verbatim that the total was going for licensing, and instead of just checking the five we should check the 500, and it could have been looked upon as having enough money to do that.

**Mr. Chairman:** — Well we wouldn't want that to be confused.

**Mr. Muller:** — No, I know. That's why I wanted to clarify it.

**Mr. Chairman:** — Any other questions?

**Mr. Rolfes:** — I'm sure that if I checked here that Mr. Muller did not include in his particular estimate the salary of the deputy minister or the associate deputy minister or other staff who . . . so, I think, in both cases if I wanted to check it more closely, we would have to add on a few more dollars, but I think it's neither here nor there.

**Mr. Chairman:** — Okay, any other questions? Let me just check some notes here.

**Mr. Van Mulligen:** — Under Saskatchewan Securities

Commission there is a category MLA, other allowances and support staff. Were there, in fact, any payments to MLAs under that category?

**Mr. Kessler:** — No, there was nothing to any MLAs.

**Mr. Chairman:** — It must be a catch-phrase used as part of the bookkeeping. That's what it is. Comptroller's people, can you explain that?

**Mr. Bayda:** — It's just the classification that they use.

**Mr. Chairman:** — Yes, okay. Thank you. No other questions? Thank you. You will provide the information that was requested earlier.

#### Public Hearing: Department of Agriculture

**Mr. Chairman:** — Let's move on to the Department of Agriculture, and that's the other one we've got scheduled today, because agriculture credit corporation and Saskatchewan crop insurance have to travel, so we decided we'd put them on tomorrow so they're here first thing in the morning. They don't have to wait and then maybe not get called. So that's why the arrangement was made this way. So all we have today, we will deal specifically with the area of the Department of Agriculture.

Mr. Lutz, do you want to give us a little debriefing here?

**Mr. Lutz:** — Mr. Chairman, we have two . . . (inaudible interjection) . . . oh, they want to deal with page 44, okay. This is in the 1986 report. The matter of the various items that we've reported on agriculture . . . In the 1986 report — I am on page 44 — I report to you that we haven't done the audit for the current year yet, therefore I cannot give you any information as to how these things have progressed, the relevant items we've reported.

**Mr. Chairman:** — So it stands as is written?

**Mr. Lutz:** — Yes. I have no further information.

**Mr. Rolfes:** — I had hoped that that wouldn't be the case because a lot of it is internal control, it seems.

**Mr. Chairman:** — But he's saying he hasn't done this year's work on it yet.

**Mr. Rolfes:** — Yes, I know, then I wouldn't have had to ask the questions.

**Mr. Chairman:** — We have the Department of Agriculture before us. Mr. Drew, deputy minister, and rather than my going through the list which was provided to us of staff who are here, would you introduce your staff, Mr. Drew?

**Mr. Drew:** — Thank you, Mr. Chairman. On my left Stuart Kramer, assistant deputy minister; on my right Wes Mazer, director of admin. services; behind me Ken Petruic in our admin. services branch; Jim Stalwick with the Beef Stabilization Board; Les Bowd, assistant deputy minister; and behind me, Jim Walters from the Saskatchewan crop insurance.

**Mr. Chairman:** — Thank you. Just a reminder that in this committee all the evidence and information you provide, you are immune from any kind of court action, so you do not need to be concerned about liable suits or anything like that. That's one of the privileges of providing evidence in the committee; it's like a court of law. And I want you to know that so that it's clear, and therefore no staff should need to be concerned about that. Just as MLAs have certain immunities when they are in the Chamber of the legislature, you have those when you're in this committee.

**A Member:** — Very reassuring.

**Mr. Chairman:** — Okay. Let us proceed.

**Mr. Rolfes:** — Mr. Chairman, my understanding is that we are . . . the agricultural credit corporation and crop insurance is going to be on tomorrow, but some of this overlaps a bit, so my questioning at the beginning may seem like I'm asking crop insurance; however, I'm asking it on internal controls. I notice the auditor's report, page after page, notes that lack of internal control on inventory and also on transactions that have occurred.

I want to turn to page 44 of the auditor's report and ask you whether the department has now corrected the observation made by the auditor that there is no assurance that grants under the programs are authorized, or that they are accurate, or that they are complete, that is with the Saskatchewan Crop Insurance Corporation. Could you just give me an explanation? Has that been corrected?

**Mr. Drew:** — To my understanding, Mr. Chairman, the concerns relative to the drought assistance program in terms of the year, in which payments were made has been resolved to the auditor's satisfaction. We don't apologize, I don't think, for the fact that we did administer the program and issue the cheques and hold them until such time as we were able to confirm residency as a criterion for being eligible for the payment. So that was what raised the concern, I think, in the auditor's mind.

**Mr. Rolfes:** — On 7.03 it says:

It was observed that cheques for grant payments totalling approximately \$2 million were written in the 1985/86 fiscal year and the 1985/86 appropriation was charged.

However, the cheques were not released until April 30, which is after the fiscal year 1986. And the auditor, I think, correctly makes the observation that they were improperly charged. Why was it done that way, releasing them after the fiscal year and yet charging them to the previous fiscal year?

**Mr. Drew:** — Well the reason, Mr. Chairman, was that in fact they were issued and were held, not mailed, awaiting confirmation from the respective recipients that they were in fact Saskatchewan residents. And until we got that confirmation, we did not mail the cheques.

**Mr. Rolfes:** — Would you not have that confirmation on

your computer beforehand? I mean, why issue the cheques . . . I mean, why even write the cheques if you're not certain as to whether or not they are Saskatchewan residents?

**Mr. Drew:** — Mr. Chairman, the explanation as best I could give it would be that under regular crop insurance, residency is not a requirement. We have reciprocal arrangements, as I understand it, between Manitoba and Alberta and ourselves, that on this particular drought assistance program, residence was a requirement for eligibility. That's why we did not have "residence" on the normal crop insurance program as a requirement. Therefore, we did not have hospitalization numbers or any other positive identification of residency.

**Mr. Rolfes:** — Would it not be very simple to cross-check the names with the hospitalization and therefore you would know immediately who was a resident and who was not? Could that not have been done before the cheques were written?

**Mr. Drew:** — Surely, Mr. Chairman, that could have been done. Whether it was easy or not, I'm not sure. But it could have been done.

**Mr. Rolfes:** — I don't know, I'm just asking why one wouldn't do that to establish the names and then write the cheques.

**Mr. Drew:** — I'm advised that we do not have access to hospitalization numbers, and unless we include that on an application form, we really have to go back and have them identified to us somewhere.

**Mr. Rolfes:** — How did you finally check? I mean, if you didn't use the hospitalization numbers, how did you finally check if they were residents?

**Mr. Drew:** — Mr. Chairman, we got a hold of the individuals and asked them to provide us with hospitalization numbers so that we could confirm residence.

**Mr. Rolfes:** — That would be a very costly way of doing it, would it not? Very expensive and time-consuming, I would assume. Is there no other way that we can do . . . all I want to know is: isn't there a more efficient way of doing this than what we have seemed to have done here? That's all I'm trying to establish.

**Mr. Drew:** — No, there's no question it was awkward, and subsequently, as far as I know, any program I have administered at least, we have requested hospitalization numbers on application forms. Hopefully in the future we won't have to go through that exercise.

**Mr. Rolfes:** — Okay, I have no further questions on that particular point. There may be one or two other members who have.

**Mr. Lyons:** — Just on the . . . Mr. Chairman, just on the point that the auditor raised, and that is that the cheques weren't released after April 30. Were they dated prior to April 30, or what was the issuing date on that?

**Mr. Drew:** — Yes they were, Mr. Chairman.

**Mr. Lyons:** — But the dates on them would put them into the '85-86 fiscal year?

**Mr. Drew:** — That's right.

**Mr. Lyons:** — And that's, I suppose, the reasoning for the appropriation or the charging to that year for appropriation.

**Mr. Drew:** — That's correct.

**Mr. Chairman:** — When did this program begin?

**Mr. Drew:** — Well the drought decision, I believe, was made about mid-August of '85. I stand to be corrected.

**Mr. Chairman:** — And you will have started receiving the applications within the month after that, or . . . If it's easier to have one of your officials address it, that's perfectly okay.

**Mr. Drew:** — Okay. I'll try this one, Mr. Chairman. The process basically was to first of all establish the areas of severe and moderate drought to determine harvested crops under the regular crop insurance program, then request application from prospective eligible individuals. Consequently it was a fairly lengthy process, yes.

**Mr. Chairman:** — When were the applications coming in? That was my question.

**Mr. Kramer:** — Mr. Chairman, the program operated in effect as a top-up to the regular crop insurance program, so the time that was taken from regular harvest and then the adjusting and the processing of regular crop insurance — that would have been completed well after Christmas. And the calculations here for what was payable under the drought program top-up would have not been able to be done until the regular crop insurance pay-in, pay-outs had been adjusted and calculated. So that's why this happens late in the fiscal year, slipping over into part of the next fiscal year, because it couldn't be done until the regular crop insurance adjustments and pay-outs had been completed.

**Mr. Chairman:** — Thank you. That answers my question. What was the total amount expended? The 2 million was the total amount, or was there more and this was just part of it?

**Mr. Drew:** — The total payment was approximately 51.6 million.

**Mr. Chairman:** — Okay, that's fine. Were, in your opinion, all of the applicants checked and confirmed to be residents? You went through this with all of the applicants?

**Mr. Drew:** — Yes we did.

**Mr. Chairman:** — And you were satisfied that there was no slippage?

**Mr. Drew:** — I believe it would be more correct to say we

were satisfied that they were all members of the Saskatchewan hospitalization plan, yes.

**Mr. Chairman:** — Well that's . . . other than around Lloydminster, I think we're safe with that. Okay, thank you.

**Mr. Rolfes:** — Mr. Chairman, again the auditor makes a note of internal controls. Agricultural lands and Heritage Fund shows that there are approximately 159 million invested in agricultural land. But there was a concern by the auditor of control exactly to know whether or not these physical assets really exist to that extent. What seems to be the problem there that we can't seem to satisfy the auditor that our statement of 159 million is accurate, and can that be corrected?

**Mr. Drew:** — I believe we're satisfied, Mr. Chairman, that it is reconciled now. That may not answer the question satisfactorily, but it was a matter . . .

**Mr. Rolfes:** — Has it been discussed with the Provincial Auditor's staff or with him personally? I mean, I guess the point that I'm making is, is his department and his staff satisfied now that we have accurate controls and precise controls as to what the investment really is?

**Mr. Paton:** — Mr. Chairman, the Provincial Comptroller's office has reviewed their procedures and their reconciliations, and we're satisfied that they have accomplished this.

**Mr. Rolfes:** — Fair enough, okay. Under the farm purchase program, here again, in 7.12 or 7.11 I guess, and it goes on to 7.12, it says:

Officials of the Department authorize payments under this program based upon information obtained by a personal declaration from the individual . . .

And goes on to .12. However, it is observed that the department had no system in place to check the information provided by the individuals enrolling in the program after March 31, '85. My question simply is: has this been rectified?

**Mr. Drew:** — Yes, Mr. Chairman, we have devised, with the comptroller's office, a joint audit procedure that to my knowledge is satisfactory to all concerned,

**Mr. Rolfes:** — All right. Let's go on to conservation and development . . . Okay, go ahead.

**Mr. Chairman:** — Can I ask, just on that farm purchase program, in your checking did you find any problems? Did you find any applications that were not valid and therefore had to deal with them?

**Mr. Drew:** — The best indication, Mr. Chairman, is that out of 47.5 files examined, three had some discrepancies, the total amount of which would be something less than \$600.

**Mr. Chairman:** — And you've obviously done appropriate follow-up on that?

**Mr. Drew:** — Yes.

**Mr. Chairman:** — What kind of follow-up?

**Mr. Drew:** — It was deducted from subsequent rebates that they would have been eligible for, yes,

**Mr. Chairman:** — Okay.

**Mr. Rolfes:** — Mr. Chairman, in regards to the next question, it involves the revolving fund, and as it pertains to, I believe, the four farms. And the auditor makes a number of observations here, and I was wondering whether or not these internal controls have been sharpened; whether or not we have — and I forget now the term that they use — but whether or not there is a double check that one person isn't in charge of the revenues and also of the expenditures or the receivables and so on.

Has this . . . I don't want to go through all the details of it because it goes through the next three or four pages on some of this. Have those observations made by the auditor's department, have those been corrected, and how were they corrected? And thirdly, did you find any discrepancies in the accounts that were put forward by the managers of the farms?

**Mr. Drew:** — To back off a little bit, no, we didn't find any unexplainable discrepancies, as I understand it. But in terms of the process, I would ask Wes Mazer to see if he's satisfied.

**Mr. Mazer:** — Yes, Mr. Chairman, there are a number of items here we could address individually, I guess; for example, the revenue collection. Previously the revenue was going directly to the farms and then sent down to the head office in Regina; now all revenue is in fact directed directly to Regina, so that has been fixed.

The inventory problems, I think we've corrected. We're making sure that we do inventory counts at yearend at all the farms. In the year under review, we had a problem, in fact, physically getting to one farm to do a count, but now we've been able to do the inventory counts at year end. That was one of the major items. I figure really just better communication between the farm managers and head office — there's, I think, in fact our managers in Regina, I think, are spending more time on the farms to supervise some of the activities. Some of the reports that are sent in from the farm managers are followed up in detail rather than just accepted. So I think we have that control strengthened.

**Mr. Rolfes:** — Did you find any discrepancies? I notice here there was . . . the auditor did indicate that there was overstatement of the inventory, I believe by about 50,000. What was the shortage? I mean, in what area did the shortage occur? Was it livestock? Why did it occur?

**Mr. Mazer:** — There was really a disagreement between our staff and the auditor in terms of the valuation of cattle, but we worked with the auditor to come up with a figure that we could agree with. In fact, as noted in the report, the financial statements were adjusted. There was just . . .

**Mr. Rolfes:** — Was it the evaluation or was it the total . . . What's the word I want?

**Mr. Mazer:** — The numbers or the value.

**Mr. Rolfes:** — Right. Was it the numbers or was it the . . .

**Mr. Mazer:** — There was both.

**Mr. Rolfes:** — There was both.

**Mr. Mazer:** — Yes. In the valuation, as I said, we agreed on a valuation process. On the numbers, we basically said that . . . or realized that there was a mistake in the reports that were sent in by the managers, and we agreed, and we changed that also.

**Mr. Rolfes:** — It's rather strange — I'm not being critical now, but I find it rather strange that someone couldn't go out there and count the cattle and say, well on December 31 we have 1,013 cattle, or whatever, how there could be a discrepancy there. Or maybe it's not that important. As long as it's corrected, I think that's the important thing.

I could understand the total value, you know, that there may be a discrepancy, but the number of cattle that are out there? That should be rather close, I would think.

**Mr. Drew:** — We have introduced identification methods and ear tags now that give us a better identification at least, of the animals, as to who they belong to, yes.

**Mr. Rolfes:** — Can you tell me where those four farms are located.

**Mr. Drew:** — Cumberland House, two around Green Lake, and Ile-a-la-Crosse. Is that specific enough?

**Mr. Rolfes:** — Yes, that's close enough.

**Mr. Martens:** — Herman, someday I'll . . . Come down to my place, and I'll give you a school on checking the numbers of cattle.

**Mr. Rolfes:** — Well, if you have a big spread like you have, I can understand, but . . .

Okay, I want to . . . If nobody else had any further questions on this, I want to turn to the Saskatchewan Sheep and Wool Marketing Commission. Can you tell me, there was again some problems with the check-off fees, as noted by the auditor. Again, would you tell me whether that has been corrected? Did you find any discrepancies, and if you did, what was the amount? It's my understanding that the commission is authorized and has the obligation to collect the check-off fees, and in some instances my understanding is that they did not do this.

**Mr. Mazer:** — Yes, this is handled basically with co-operation with the lands branch. What's happening is that the lands branch brand inspectors are sending the commission manifests that they prepare, and the commission is then able to determine what livestock

dealers are, in fact, submitting the levies, and if there's no levies submitted, then they bill that particular dealer.

**Mr. Rolfes:** — So what you're saying to me, that has been corrected?

**Mr. Mazer:** — Well I guess there's some disagreement about how adequate that is. That's not 100 per cent accurate, but it's the best we can do with the staff resources we have, I guess.

**Mr. Rolfes:** — I think it should be noted on 7.45 that this matter was reported in previous annual reports, and that the Standing Committee on Public Accounts considered this matter during a public hearing on March 15, 1985, when an official from the commission appeared before the committee as a witness. The committee recommended no further action at that time.

Now I assume . . . I wasn't here, but I assume that the committee felt that it would be corrected in subsequent years. But what you're saying to me, that we haven't fully resolved that particular issue. Is that what you're saying to me?

**Mr. Mazer:** — That is the approach that we've taken, yes, in both of those years, the same approach.

**Mr. Rolfes:** — Any further internal controls? Are you saying that they're too expensive for the results that you may be getting?

**Mr. Mazer:** — I guess it's thought that the staff required to do 100 per cent check or this item would be pretty extensive and expensive.

**Mr. Rolfes:** — But you feel fairly certain that if there's any discrepancy, it's not very large?

**Mr. Mazer:** — I think the commission is comfortable within that procedure.

**Mr. Rolfes:** — Okay. I have no further questions on that, unless somebody else does.

**Mr. Chairman:** — None?

**Mr. Lyons:** — Just a slight one. Has there ever been an instance recorded, to your knowledge, where either a dealer or a processor or one of the associations hasn't paid the check-off as required?

**Mr. Mazer:** — I don't have information on that here, but the information we get from the commission says that if there's a discrepancy, that the stockyard or whatever is billed, so I assume that they have been doing that. I don't have specific examples.

**Mr. Lyons:** — Okay. So as far as you know, though, the commission itself has detected discrepancies in the past?

**Mr. Mazer:** — It would appear so.

**Mr. Lyons:** — Just in terms of helping to promote the sheep industry in the province, isn't it to the advantage of all producers to ensure that that register would exist?

**Mr. Drew:** — Surely it is, Mr. Chairman. The funds are basically to improve the industry, so there is some self-policing amongst the respective sheep producers to make sure that they all help pay for the promotion and development work that the funds are used for, yes.

**Mr. Chairman:** — Anyone else?

**Mr. Rolfes:** — Mr. Chairman, again I guess it's a matter of interpretation. I'm referring to page 54, 7.59, and it's a cow calf to finish operation or market insurance plan. I don't know why we have to have different interpretations on some of these things. The English seems very clear, and yet we seem to get different interpretations. It says:

A participant may withdraw from the plan, with the board's permission, if he pays to the board all of the payments that he has received under the plan with interest less any levies deducted.

It seems fairly clear, and yet the board had a different interpretation. Now the amount of the funds refunded in this particular year under review, '86, was only \$3,645. But in '85 it was \$57,051. Now legal counsel to the auditor, I believe, states that the board misinterpreted this regulation,

Has this been resolved between the department and the auditor's staff, or where are we at that particular?

**Mr. Drew:** — I'm advised, Mr. Chairman, that it was corrected as of March 31, 1986.

**Mr. Rolfes:** — Okay. That should be so noted that it was corrected. I just have one further question on this, and then I want to shift to something else — 7.69, it says:

At March 31, 1987, I have not completed my examination of the accounts of the Board for the year ended March 31, 1986, as officials of the Board have not as yet provided me with financial statements.

That's the auditor. Why are we so late in making those financial statements available to the board so at least they can remain somewhat current, to the members of the legislature?

**Mr. Drew:** — I'm advised, Mr. Chairman, that the operating fund, the information was available on time. It was in what they call the stabilization fund that they were awaiting some indication of historic patterns, I suppose, on receivables, before they could adequately provide the information required. That's the best I can provide you

**Mr. Rolfes:** — Pardon me, but I don't quite follow that. I don't want to be tough, but I just don't follow why that should be delayed. I mean, how long are we going to delay it before the report is brought forward? There's got to be some reasonable time.

**Mr. Mazer:** — The board makes billings for animals marketed outside the board — there's a note in the report about that — to determine allowance for doubtful accounts on those billings. The board felt that they should

look at some historical information to get a good allowance for doubtful accounts on that particular receivable. So that they delayed the report, I guess, that length of time in order to get that information.

So now that we have historical information, these statements should be prepared much sooner than that particular year. So now that we have that background information from the computer system that they have developed, there should be no other delays in those statements.

**Mr. Rolfes:** — That report now has been submitted to the auditor?

**Mr. Mazer:** — Yes. It was submitted April 15, or it was ready April 15.

**Mr. Rolfes:** — Okay. Thank you. I have no further questions on that area, unless somebody else has.

I would like to turn to the annual report 1985-86, and turn just to one particular item that is of concern to me, and that is the Saskatchewan matching grants in aid of program, which in 1985-86 had a budget of 900,000. That I believe today we are matching about 15 cents on the dollar, whereas at one time it was dollar for dollar. Why did the department — how can I ask that question without getting into policy? — did the department recommend a low priority for this in their budget in 1985-86? I guess that's the question I have to ask.

**Mr. Drew:** — I think, Mr. Chairman, my answer to that query would be that basically when the Department of Agriculture took over administration of the SCIC (Saskatchewan Council for International Co-operation) program, we did attempt to try to fund projects that would be a food-related nature. And we have, to my knowledge, not reduced the percentage of leverage that the money attracts. I didn't quite follow the implication that the percentage is reduced.

As I recall, the organizations raise a dollar, we match it, and they subsequently go to the federal government for matching, so our dollars are matched by the locals and that total amount is matched by the federal government. So a dollar of ours translates into four total dollars; that's my understanding.

**Mr. Rolfes:** — I don't want to contradict you, sir, but I don't think that that's quite the way it works now. That's the way it used to work. I think you have put some very strict limitations on as to what would qualify or what you would match. For those things that you accept, you match dollar for dollar, but many are rejected, and therefore it works out to about 15 or 20 cents on the dollar for all the requests that are coming in. I believe that that is correct.

**Mr. Drew:** — That may well be so. I wouldn't even know really what some of the churches might raise, and what projects they might be engaged in. I'm sorry, I don't know the total dollars.

**Mr. Rolfes:** — Yes, okay. Maybe I could just ask: was this change in priority initiated inside the department, or did it come from outside the department?

**Mr. Drew:** — No, I don't think there's been any change in priorities, Mr. Chairman. The administration of the SCIC program was transferred to Agriculture, I believe, from Justice — I could stand to be corrected — some years ago, and it surely hasn't changed any priority.

**Mr. Rolfes:** — Now maybe we're not . . . I don't think we're on the same wavelength here. If I may, at one time when the program was initiated, every dollar that was raised by churches or other groups . . . when it was initiated, every dollar that was . . . (inaudible interjection) . . . Well, I'd like to have Mr. Martens explain the policy to me then, or the program to me. But every dollar that was initiated at one time was matched by the provincial government and then the federal government kicked in their contribution. My understanding is that now the way the program works — and if I'm wrong, I wish somebody would explain it to me — my understanding now is that we're very restrictive where we make moneys . . . or to what programs we make moneys available, and consequently many of the dollars that are raised do not qualify under the provincial program. And therefore, there are no matching dollars, or am I wrong?

**Mr. Drew:** — No, I think, Mr. Chairman, that's fair enough. We do favour, in the Department of Agriculture, we favour projects that would help improve the availability of food and water, usually, in these projects. So projects that are not related to food and water tend not to be as high in our priority list in terms of funding as those that do impact on food and water. I would just remind the chairman that the actuals in the year under review were \$5.2 million that we spent. So despite the fact that I think the budget shows 900,000, we actually spent 5.2 million.

**Mr. Rolfes:** — Under this year under review for matching aid?

**Mr. Drew:** — That's correct.

**Mr. Rolfes:** — Then why does it say 900-and-some thousand? Why would the auditor's report — I have to go back now — why would it show only \$900-and-some thousand?

**Mr. Drew:** — The added money was the Ethiopian program that may not have been matched by the local church groups. I'm sorry; it may not have been a matching fund. It was an expenditure under that item, but not matched by the local churches.

**Mr. Rolfes:** — I realize that. I just want to make certain that I am clear on this. On the matching funds, the SCIC funds, the year under review we expended approximately \$900,000; that is my understanding.

**Mr. Chairman:** — I have it here just to help Mr. Drew, matching grants for international aid, Saskatchewan Council for International Co-operation actual expenditures, 900,000. And the point that I think needs to be made clear is that 4.293 million went to the Agricultural Development Corporation of Saskatchewan, which I think is where we see a distinct difference between the matching grant and a direct grant to a Crown of the Government of Saskatchewan.

**Mr. Drew:** — That's just a matter of what we spent in the Department of Agriculture was some 5.2 million, and that's all I was referring to. Whether it went directly or through Agdevco (agricultural development corporation), I wasn't particularly worried about. It was a matter of how much we in the Department of Agriculture spent on international aid.

**Mr. Lyons:** — Thank you, Mr. Chairman. In the year under review, dealing with the question of eligibility for matching grant program with SCIC, was there any change in criteria initiated by the department, or initiated politically from the political level. that would in fact change the funding levels or the percentage of the funding levels to SCIC?

**Mr. Drew:** — Well as I mentioned, Mr. Chairman, surely there was under the administration of the Department of Agriculture a desire to assist in projects that were food related, and we have considered ourselves, I suppose, interested in food and related issues and do so on the international front. So surely we have favoured projects that would enhance the availability of food, and water has been . . . quite a heavy demand I think on water development for towns in underdeveloped countries and for irrigation projects. So we have prioritized those sorts of projects.

**Mr. Lyons:** — So basically if I get what you're saying in a roundabout way is basically that there was a change. And did that change result in any decline in funding levels, other absolute or as a percentage of the moneys raised, which formerly went to SCIC?

**Mr. Drew:** — Well I don't know what the historic amounts of money raised by charitable organizations would be, but all I can say is we have matched funds up to \$900,000 in this year under review to fund projects primarily of an agricultural nature.

**Mr. Lyons:** — Okay, primarily of an agricultural nature. How did that shift take place? Where did the shift come from? If it went, as you insist, to food and agricultural related projects, what other projects were de-funded, if I can use that word?

**Mr. Drew:** — Well I don't recall the specific projects that we may have declined. We made it apparent to the charitable organizations that were raising funds and seeking matching funds that we were primarily interested in food and agriculturally related projects, and that's what we got.

**Mr. Lyons:** — Okay the money that, if I could switch for a second just because you've mentioned it earlier, and that was the question of the funds sent to Ethiopia. Who handled that from the department in terms of its delivery? Was it handled through CIDA (Canadian International Development Agency), or was it handled through any of the international relief organizations? Was there a direct contribution made to any of the . . . either the Government of Ethiopia or local governments of the areas affected, or exactly how did that take place?

**Mr. Drew:** — Mr. Chairman, we funded Agdevco for their efforts in trying to feed the hungry in Ethiopia at that time.

Now I don't have the details in terms of what specific bills they paid. Frankly, no I don't.

**Mr. Lyons:** — Well in your conversations with Agdevco was there any content to what the requests were? I assume Agdevco came to you or you went to Agdevco and said, what can we do to help? And was there any discussions as to where the money was spent at all, or did you just hand the money over to Agdevco?

**Mr. Drew:** — No, we had a very good idea of what was going to happen, that there was going to be western wheat made available to hungry Ethiopians.

**Mr. Lyons:** — And was there any follow-up done as to make sure that the wheat in fact did get to Ethiopia, or did the department do any follow-up?

**Mr. Drew:** — Well I believe Agdevco, as a Crown corporation, I would trust their responsive nature and would make sure that their expenditures were in fact justifiable.

**Mr. Lyons:** — Okay. So basically though, there was no accounting as to where that money ended up? You slipped it into Agelevco and it went . . . It went out out there, and hopefully to the Ethiopians?

**Mr. Drew:** — I wouldn't use the words, slipped it in, no. I would say we provided Agdevco with the funding to enable them to get on with feeding the Ethiopian hungry.

**Mr. Lyons:** — Okay, I won't quibble about the verbs. I'm just a little bit concerned that in terms of the problems that we're facing, that from what you've said, the only initiative regarding feeding the hungry in the Third World was an undertaking by the department, was in fact undertaken by Agdevco. And this is in conjunction with a decline in the percentage of moneys going to those other international aid organizations through SCIC (Saskatchewan Council for International Co-operation).

And I'm just trying to fathom the reasoning behind your initial statements that you had decided to focus on agricultural and food. And can you tell us, what projects are you focusing on agriculture and food, not through Agdevco, but through the department and SCIC?

**Mr. Drew:** — I could provide you, Mr. Chairman, with a list of all the projects we've funded in the year under review, if that was your pleasure.

**Mr. Lyons:** — Yes, if you could do that, that would be fine. And if you could also make available to us those projects specifically related to, as you stated, food and water development projects. Maybe also, Mr. Chairman, if I could request it, if the department could provide us with a list of the projects which were requested, and which were turned down for funding.

**Mr. Drew:** — We could so provide, Mr. Chairman.

**Mr. Chairman:** — Okay, thank you. Can I just follow up on the 4.2 million on agricultural development corporation. I assume that when the department provided the funding, they must have had some request from

Agdevco, otherwise you wouldn't just present a blanket figure. So therefore there must be . . . since you, knowing the department has to justify the bottom line to the Treasury Board, I would assume therefore you would want a report from Agdevco on how the money which you provided was expended. Is that a process that you do?

**Mr. Drew:** — Well yes, the Agdevco, the corporation was chosen as the delivery vehicle by government to deliver food to hungry Ethiopians. We were asked to fund it.

**Mr. Chairman:** — Right. So you would have an interest in how they expended the money?

**Mr. Drew:** — Certainly.

**Mr. Chairman:** — So can you also, while you are providing this SCIC information, do likewise for the money spent, the \$4.2 million spent? I don't have the right shortened version of it, but Agdevco, I guess. Can you do that as well?

**Mr. Drew:** — I would need a little clarification, Mr. Chairman, as to . . .

**Mr. Chairman:** — Well you say that you provided international aid through Agdevco, or Agdevco did after you provided the funding. We would like to know where it was provided. Give us an itemized expenditure, I mean so much for Ethiopia . . . If it was all for Ethiopia, fine, but give us the list with the amounts.

**Mr. Drew:** — We will provide you with any information we have as to the criteria upon which we advanced the funds, yes.

**Mr. Chairman:** — Thank you. I appreciate it.

Okay. Can I carry on one move? I want to go back to the Provincial Auditor's report. I'm sorry about that; we sort of had done with it, but on page 55 we missed something. You know, I'm sorry, Mr. Rolfes, you missed something. Are we ready? Okay 7.67, did you deal with it?

**Mr. Rolfes:** — No.

**Mr. Chairman:** — No, you didn't? It mentions here . . . there are two conflicting regulations concerning the number of animals to be enrolled in the plan, regulation 8(5) and 12(1). And the board has resolved this because it follows regulation 12(1), which is fine, but it was suggested by the auditor that this conflict should be removed so that there is no doubt and it's clear. Officials come and go, and there is room for difficulty. Can you tell me if this has happened, or if steps are being taken?

**Mr. Drew:** — The regulations have been reviewed, Mr. Chairman, and to my understanding are acceptable at the moment.

**Mr. Chairman:** — So you have rectified the discrepancy then? You now have only one that you refer to?

**A Member:** — That's right.

**Mr. Chairman:** — Okay, thank you, that was quick. Next,

which one . . . that's a good question, which one is gone? That means 8(5) has now been deleted?

**Mr. Drew:** — Regulation 8(5) is clarified. Does that help you?

**Mr. Chairman:** — Not really.

**Mr. Drew:** — I'm sorry, it's in the process, Mr. Chairman, of being clarified, so it will be primarily 8(5).

**Mr. Chairman:** — It will now be 8(5)?

**Mr. Drew:** — A modified 8(5), I gather, is in the process.

**Mr. Chairman:** — Okay, so it's not done yet, but it's in the process. And how long do you anticipate this will take, keeping in mind this is the report for 1985-1986.

**Mr. Drew:** — Yes. By March 31, 1988, Mr. Chairman.

**Mr. Chairman:** — By March 31. Then I assume that the auditor will be notified, so that that's not reported again. It's what I'm trying to do is clean off the books here.

**Mr. Drew:** — We'll do our utmost, Mr. Chairman.

**Mr. Chairman:** — Okay, thank you.

**Mr. Rolfes:** — Mr. Chairman, I'd like to just refer to a couple of other programs that you have: one is the livestock investment tax credit program, and the other one is the livestock facilities tax credit program. Under the year under review, can you tell by that 1985-86, can you tell me how much moneys were received by individuals under the livestock investment tax credit program and, if you know, whether they were mostly farmers or non-farmers? I would like to have that for both programs if you could. Now if that is . . . If it's going to take too much time, then you could supply the committee with that information.

**Mr. Drew:** — Mr. Chairman, I don't believe in the year under review there would have been any utilized as of that date that might cause us some problems. In other words, a tax credit is only utilized when an individual files a tax return, which would normally have been after April 1 of '86. To my knowledge there wouldn't be, but there might have been some year ends that weren't recorded.

**Mr. Rolfes:** — Okay.

**Mr. Chairman:** — Just double-check that in the report.

**Mr. Rolfes:** — You may be correct on that because, yes, it would come in next . . . (inaudible) . . . Would you be able to tell me how many applications were made under each program, and how many of them were farmers, and how many were non-farmers, and the occupation of the non-farmers, if you have that — occupation, profession, or whatever.

**Mr. Drew:** — Surely, we will provide that, Mr. Chairman.

**Mr. Rolfes:** — Okay, I have one further question, and I'm

not sure if this was done, the Peat Marwick study on farm equity. Did that originate in '85-86?

**Mr. Drew:** — That study, Mr. Chairman, was engaged in, in about October of '87.

**Mr. Rolfes:** — Okay, then I can't . . . may I ask a question, Bill?

**A Member:** — No.

**Mr. Rolfes:** — No, okay. I could have snuck it in. Bill was almost asleep over there; I could have snuck it in.

Okay, I would like to now turn, if I may, to your annual report again and have a few questions on . . . okay, go ahead . . .

**Mr. Lyons:** — Mr. Chairman, I wonder if I could, because I just didn't understand the answer in regards to the livestock tax credit. It's my understanding that if a facility was constructed in 1986 that the credit would apply for that year; is that correct?

**Mr. Drew:** — That's correct.

**Mr. Lyons:** — And so if it was constructed prior to the end of the fiscal year '85-86, it would apply as well?

**Mr. Drew:** — That's correct.

**Mr. Lyons:** — So when you check, you will check back to see that the . . .

**Mr. Drew:** — We will provide you with the number of tax credits applied for prior to March 31, 1986.

**Mr. Lyons:** — Okay.

**Mr. Rolfes:** — Yes, but if it applied for the tax year '86, you would then also have the information, would you not, as to what the amounts were? So I would like to have the amounts of each individual application and then the total amount for each. Okay?

**Mr. Drew:** — Just for starters, I do have some information here now: \$14 million was spent on new livestock facilities in 1986, and over 1,000 applications were received for tax credits, amounting to 2.27 million.

**Mr. Lyons:** — Do you have information by occupation of the people who have applied?

**Mr. Drew:** — No, I don't, Mr. Chairman.

**Mr. Lyons:** — In other words, between farm and non-farm?

**Mr. Drew:** — No, I don't. I did promise, though, to provide that as best we can.

**Mr. Rolfes:** — Mr. Chairman, I'd like to just turn to lands branch, and I hope the committee will indulge or permit me to ask a general question about lands branch. If not, I'll make it specific under the year under review.

In your tendering system of land sales, who has access to the particulars of the sale? Let's say you sell a piece of land to individual A. Who, then, would have access to the particulars of that sale?

**Mr. Drew:** — The tender . . . (inaudible) . . . by a lawyer, accompanied by some of our lands branch staff.

**Mr. Rolfes:** — So that's public information?

**Mr. Drew:** — I wouldn't know as it's "public." It's opened in a lawyer's presence so that he records the tenders so that there is no chance of any slippage or personal interest by any of our staff to be involved, yes.

**Mr. Rolfes:** — Who would have access to that information, other than those that would be present at the opening of the . . . or who would be allowed to be at that opening? Anybody?

**Mr. Drew:** — No, I don't think we allow anybody to be present at the opening of the tenders.

**Mr. Rolfes:** — All right. If I, as an MLA, wanted to know what the price for a piece of land was that an individual received, would that information be available to me?

**Mr. Drew:** — Once a land sale has been determined to have been sold, yes, the information would be available. The information on who bid and what they bid would not.

**Mr. Rolfes:** — But the actual price that it was sold? Okay, I want to be very clear on this, because I phoned in some time ago and I got the opposite information, and I wasn't very happy with it, so I said, all right, I'll wait till Public Accounts, because I thought that that information probably would be public information.

So if I want to know if individual A bought quarter section, you know, in any particular township, and had been sold by the government, by lands branch, or any other, I can simply ask and it will be given to me, as an MLA.

**Mr. Drew:** — We record them with land titles office.

**Mr. Rolfes:** — So you just go to land titles office, and they will give it to you.

**Mr. Drew:** — Yes.

**Mr. Chairman:** — But the department, because you record it, would also have it on file. So a member of the legislature shouldn't have to go to land titles; you should be able to provide it. And you say, yes, it's possible.

**Mr. Drew:** — I don't think that's policy, but it would be possible if that was the desire to do so.

**Mr. Chairman:** — Okay.

**Mr. Muller:** — A land sale isn't finalized just because tenders are opened. You know, there's so much lag time before the deal can be taken up; sometimes it's dropped off, so I mean . . .

**Mr. Chairman:** — I heard the conversation — talk about

it's all done, it's all finished.

**Mr. Rolfes:** — I want to know what the individual paid for his land. I want to know what you paid for your land.

**Mr. Muller:** — You can go to Prince Albert and check what I paid for my land at any time when I ever purchase. It'll cost you a dollar. I mean, that's all public. I can find out what you paid for your house. I mean, I can go to land titles.

**Mr. Rolfes:** — Okay. Fair enough. Okay, that's good enough. That's all I want to know.

**Mr. Chairman:** — I'm looking at Public Accounts, '85 — 86, subvote 1, the usual questions, and if you have it here, pass it on and we'll distribute it to all members. If you don't, just provide it. First item, MLA and other allowances and support staff — \$239,000, we'd like you to provide a breakdown, to whom, and how much.

**Mr. Drew:** — Yes, what would you like, Mr. Chairman?

**Mr. Chairman:** — I would like to know how the 239,000 was spent.

**Mr. Drew:** — Okay, the 239, Mr. Chairman, I could read it in if you like.

**Mr. Chairman:** — No, just give it to us.

**Mr. Drew:** — No? We can give it to you, okay.

**Mr. Chairman:** — The other one is travelling expenses, half-way through that subvote. Can you tell us — not in the committee here because it would take a lot of time, but give it to us in paper. Either pass it on today if you have it, or send it to us, an itemized breakdown of the travelling expenses. Who travelled, how much was spent on that, and what was the purpose of the trip, and destination. You will send that?

**Mr. Drew:** — We would have to send that to you, Mr. Chairman.

**Mr. Chairman:** — Thank you; that's much appreciated.

I'm looking on page 71 now, information services, item, temporary positions, salaries — \$31,000. I would like you to provide us later, a paper which shows to whom . . . who the people were and how much each was paid of the 31,000.

**Mr. Drew:** — Yes, we will provide that, Mr. Chairman.

**Mr. Chairman:** — Okay, let me just leaf through here. I made some notes, and it will take a little while to find them all. Page 168, once again you could provide that later, a matter of second column, three-quarters of the way down, Tanka Research did \$76,000 worth of work for the department. We'd like to know, and you can send it to us, what was the research, what was the purpose of it, and any report that was provided.

**Mr. Drew:** — We will provide that, Mr. Chairman.

**Mr. Chairman:** — Okay, I'm on page . . . next page, 369, and there's a miscellaneous list of conservation development revolving fund payments, and I would like . . . are these regular staff of the department I see listed here whose salaries are identified?

**Mr. Drew:** — Those are primarily the people that work in the northern farms, Mr. Chairman.

**Mr. Chairman:** — So this is mainly northern farms. Are there any in here who are not connected with the northern farms?

**Mr. Drew:** — Not to my knowledge, Mr. Chairman.

**Mr. Chairman:** — None?

**Mr. Kramer:** — That would be the only activity now which is funded through the C&D revolving fund.

**Mr. Chairman:** — Okay, '85-86, because I'm talking about '85-86. So all these people here, you are confirming who are connected with the northern farm operation?

**Mr. Kramer:** — If that's not the case, we will indicate otherwise in our response.

**Mr. Chairman:** — You anticipated my next question. Thank you, we appreciate that.

**Mr. Rolfes:** — Yes, Mr. Chairman, could you tell me, under lands branch, almost a million dollars . . . (inaudible interjection) . . . oh, page 75, almost a million dollars was spent on contractual services under lands branch. What were they basically for?

**Mr. Drew:** — This would be primarily grants rejuvenation and land improvement, possibly some fence installation on community pastures, but basically associated with land reclamation and rejuvenation.

**Mr. Rolfes:** — Would you be able to tell me, in the year 1985-86, how much money was spent on the rejuvenation of community pastures? Improvements, I assume, would be included. Rejuvenation, improvements . . . (inaudible interjection) . . . No, this is not there. I don't know if that's included in that section or not. I wanted to . . . my question was a follow-up simply under the community pastures; what was spent on rejuvenation and improvement of community pastures in the year '85-86?

**Mr. Drew:** — Yes, we don't have a breakdown, Mr. Chairman, but it does include another major item, and that would be maintenance or custom operation on allocated land where we didn't have a lessee and contracted the area to be summer-fallowed, or maybe even seeded and harvested, rather than lease as such.

**Mr. Rolfes:** — Will you provide the committee with the money spent on community pastures, and what for?

**Mr. Drew:** — Surely.

**Mr. Rolfes:** — The purpose for them?

I have one further question on lands branch. Labour service, casual and part-time employment — again, almost a million dollars — page 75.

**Mr. Drew:** — Yes, that's basically pasture riders for the community pastures.

**Mr. Rolfes:** — That's community pastures?

**Mr. Drew:** — Yes.

**Mr. Rolfes:** — Okay, well that would be then included in the report that we'd be getting? I mean . . .

**Mr. Drew:** — If we could.

**Mr. Rolfes:** — Part of it would be in there.

Mr. Chairman, I missed one section that I wanted to ask just a couple of questions on, unless somebody wants to have questions on these.

Farm Land Security Board, could you tell me when was the farm . . . that's not in the report here, I don't believe . . . Farm Land Security Board, when was that established?

**Mr. Drew:** — The legislation was passed in December of 1985.

**Mr. Rolfes:** — Okay, so it would be a year under review then. Can you tell me, in '85-86 how many cases were handled by the Farm Land Security Board? How many were favourable to the . . . how many went to court? How many were favourable to the farmers?

**Mr. Drew:** — I have some figures as of March 25, 1986. Would that suffice?

**Mr. Rolfes:** — Yes, that's the fiscal year.

**Mr. Drew:** — As of that time, Mr. Chairman, some 579 notices had been received involving some 488 farmers. Two hundred eighty-nine cases had been complete at that time, 99 of which were successfully mediated, and 175 had court reports prepared. And out of those, about half of them favoured the farmer, and half of them favoured the creditor.

**Mr. Rolfes:** — Could you tell me: the creditors, I believe, are required to give notice of foreclosure. How many notices were given by creditors, in 1985-86, of foreclosures?

**Mr. Drew:** — That would be the 579 notices.

**Mr. Rolfes:** — That would be the total?

**Mr. Drew:** — Right.

**Mr. Rolfes:** — Oh, I see. Okay.

**Mr. Drew:** — Involving 488 farmers. There's more notices than farmers because there are sometimes two or three creditors involved.

**Mr. Rolfes:** — Right.

**Mr. Drew:** — So 488 farmers.

**Mr. Rolfes:** — Okay, could you tell me what the cost was for running the Farm Land Security Board in 1985-86? What was the total cost to the treasury board?

Mr. Chairman, I'd just like to ask: am I correct on my numbers, that about 270 farmers were successful out of the number — that total number?

**Mr. Drew:** — No, Mr. Chairman, the process wasn't complete at any one time, so I'm saying that of half of the farmers that were finally through the program at that stage, about half of them the reports had favoured the farmers, and half of them hadn't. But there was a lot that were still . . . there was only 175 reports prepared at that time out of the 488. But assuming that the normal relative . . .

**Mr. Rolfes:** — Would you give me those numbers in writing?

**Mr. Drew:** — Sure.

**Mr. Rolfes:** — I guess I could get them from the transcript. I just want to do some calculations as to what percentage were successful of the farmers that were . . . had applied and so on.

**Mr. Drew:** — Out of the 175 that had finally gone through the process as of that date, 79 had reports favouring the creditor, so that's roughly half. The other half were mediated or settled.

On your other question, the cost expenditure was \$701,000.

**Mr. Rolfes:** — And how many farmers were successful?

**Mr. Drew:** — Ninety-nine had been successfully mediated; in other words, had settled without a court appearance. Of those requiring a court appearance, 175 court reports were prepared, and 79 of those favoured the creditor.

**Mr. Rolfes:** — Okay. No further questions.

**Mr. Chairman:** — Any other questions?

Being that there are no other questions, I declare oh, no, thank you very much. I think that completes the Department of Agriculture, except for tomorrow which we will . . . when we will be considering agricultural credit corporation and Saskatchewan Crop Insurance Corporation right off in the morning.

Thank you. Have a good day.

Gentlemen, can we adjourn?

**Mr. Martens:** — Permit me an observation at how well things have been going today. It maybe is . . . It probably isn't the Christmas attitude, but it's reflecting, I think, the work of the committee and the questions asked, and I

think it's maybe something that we should reflect on for the future as an opportunity to do this sort of thing.

**Mr. Chairman:** — For the benefit of Mr. Muller, I really think that these intersessional meetings are a good idea.

We adjourn.

The committee adjourned at 3:45 p.m.