

**Mr. Chairman:** — Let's begin. We have three more agencies or departments to have before us: Westank, a small item in the public accounts report, or public auditor's report; Department of Social Services; and Economic Development and Trade in the afternoon.

So Mr. Lutz, do you have anything you want to add on Westank, or should we just go right ahead?

**Mr. Lutz:** — Thank you, Mr. Chairman. On page 178 of the 1986 report, by numbers: 41.02 has been corrected; 41.03 has been corrected; 41.05 has been looked at; cash receipts deficiencies have been corrected; payroll deficiencies have been corrected; revenue deficiencies have been corrected. They have done quite a job on this one since the last report.

We have one outstanding item still on 41.06, possible consequences with . . .

**Mr. Wendel:** — The budgetary control still needs some . . .

**Mr. Chairman:** — I can see why. I've met the new manager and he is sharp. He's a good guy. He knows what he's doing.

**A Member:** — It's kind of gratifying.

**Mr. Chairman:** — He's really got things running all right, and we should tell him so. We will note in the report that this has been repaired.

**Mr. Lutz:** — I should maybe tell you, Mr. Chairman, I don't do this audit.

**Mr. Chairman:** — Pardon?

**Mr. Lutz:** — I don't do this audit.

**Mr. Chairman:** — No, I know that.

**Mr. Lutz:** — I get a report from the other auditor, and these things have been looked at.

#### **Public Hearing: Westank Industries Ltd.**

**Mr. Chairman:** — Let's introduce the staff. I have Doug Price, president and chief executive officer at Sedco — right, Doug?; Leo Larsen, vice-president, finance and administration; Mel Hinds, director of corporate affairs with Sedco. And Westank-Willock, we have Andrew Jackson; and Dave Feasby, vice-president of finance. Welcome, it's good to have you.

We have received an update from the auditor before you came in, and I don't think we're going to keep you very long. A lot has been done to rectify some of the problems that were raised by the auditor, and I think other members may say that as well, but we want to commend you for that. There has been a lot done, and that's always, from the point of view of the Committee of Public Accounts, good to see. That's what we're here for, and whenever we have some positive things like this develop, it's good to

know.

But there will be some questions on some other things. Before we proceed, though, I must inform you, for your information, that evidence provided in this committee puts you in a position of having immunity from any kind of suit by anyone in the public, in the court of law, or any other action. No action can be taken against officials or anyone who presents information in this committee. That's deliberately provided so that conversations are frank and answers are direct. So you have much the same immunity as legislators have in the Legislative Assembly. I don't know whether that's good or bad, but I thought you should know that. Thank you.

Okay, let us begin.

**Mr. Van Mulligen:** — Mr. Chairman, I had a long list of questions before our discussion with the auditor. Like you, I want to congratulate the company on the substantial progress that they've made in meeting the concerns of the auditor.

There's still a question of a concern that he raises with respect to disbursement deficiencies, where he indicates in his report that there were many payment vouchers where there was no evidence that supplier invoices had been matched to purchase orders and receiving reports that the invoices were accurate. I wonder if that's also a problem that you're looking at or have made any progress on.

**Mr. Price:** — What section of the auditor's . . .

**Mr. Chairman:** — 41.17

**Mr. Price:** — 41.17? Thank you. I might say that this has been viewed by the company as a rather isolated situation. We were unable to . . . In the process of reviewing the matter with the auditors, we were unable to be pointed to the specific items that were referred to. And there was an internal review done at the time, or following the report of the auditor, and at that time there were no instances indicated where payment vouchers were not completed properly, and I am given to understand that subsequent meetings have been held with the auditors in this area and that there is a general view that the matter is under sufficient control.

**Mr. Van Mulligen:** — That's good. Pleased to hear it. The only other item I really want to turn to, Mr. Chairman, is the question of financial statements not being tabled. The auditor raises that in current issues of importance and raises it again in paragraph 41.20, namely: " . . . that a copy of the audited financial statements of this Crown agency is not tabled in the Legislative Assembly." And he opines that: "As a result of this the government is not fully accountable to the Members of the Legislative Assembly for the administration of this company."

I wonder if you have any comments on that.

**Mr. Price:** — Well, I think I could perhaps refer to a conversation that was held at the Public Accounts Committee in the same vein, with regard to activities of

the Crown management board, where Mr. Gibson had discussed this matter at some length with this committee, and say that the basic practice of not tabling the financial statements of what I will call commercially competitive organizations that are incorporated under the Canada Business Corporations Act, is one that is related to the fact that the company which is, as the committee is aware, I'm sure, largely owned by Sedco, is in a very competitive commercial market-place, and would be placed in a rather difficult position from a competitive standpoint if details of its financial statements were provided to the public in general.

It is in an industry which is very competitive. Also it is not the intention that this company be held for the long term by the Crown, but rather this ownership position evolved as a result of circumstances from the lending activities of Sedco, and the intent, over time, is to return this Crown, this company, to the private sector as soon as practical.

**Mr. Van Mulligen:** — As I understand it, the only thing that you do prepare are sort of a consolidated statement for the company. Is that correct?

**Mr. Price:** — Well there are full, obviously full, audited financial statements of the company that are prepared by the company's auditor, and they are under arrangements with the Provincial Auditor to provide the necessary information directly to the Provincial Auditor for the preparation of his report.

**Mr. Van Mulligen:** — What would happen if Westank was publicly . . . was a publicly traded corporation?

**Mr. Price:** — Well, obviously, if it were listed on the Toronto Stock Exchange, for example, its financial statements would be available in the public realm under the rules and guide-lines of the Toronto Stock Exchange. But that's a supposition; in this case, this is a privately held corporation and not subject to those guide-lines.

**Mr. Van Mulligen:** — But I guess my point is that on the one hand, if the company's listed on the Toronto Stock Exchange, and I had a share, I get access to the financial statements. Here, I supposedly represent the people of the province who are the owners of this company, and I can't get them. And I think that there's an anomaly here that disturbs me.

I don't think it's the intent of anybody on this committee to say that, you know, information should be widely distributed which is going to put the company at a disadvantage with respect to any competitors, but there is a sense here that we're entitled to, you know, more information than has been provided to us, and we seem at an impasse on this one.

**Mr. Price:** — Well, Mr. Van Mulligen, you're perhaps asking an opinion from me, and I'm not really in a position to express an opinion on that matter.

**Mr. Van Mulligen:** — Are any of your competitors publicly traded companies?

**Mr. Price:** — In the competitive nature of being competitive with Westank-Willock?

**Mr. Van Mulligen:** — Yes.

**Mr. Price:** — I can think of only one that was publicly listed and recently actually has changed status, and that would be a company called Fruehauf Canada who are competitive in certain respects. Their primary business is not the oil tanker business, as is Westank's primary business, but rather the van business — the highway van business — although they do have a tanker division. It was publicly traded up until a few weeks ago when it was acquired by a privately held company in Canada.

And to the best of my knowledge — and I'm not sure whether any of my colleagues would correct me here — but to the best of my knowledge there is not a publicly traded company in this business in Canada.

**Mr. Van Mulligen:** — Can you think of a way that at least the members of this committee could be provided with some sense of what the financial statements are like, without having them tabled in the legislature? I'm just asking for . . . I think you can recognize the dilemma that we're in.

**Mr. Price:** — It is a bit of a catch-22, I recognize that, and I guess again you're looking for an opinion from me. And I think that Mr. Lutz, in previous conversations on this subject, has indicated that in his view it's a problem with the legislation. And I don't think I'd be in a position to be able to express an opinion on that.

**Mr. Rolfes:** — Mr. Chairman, just a couple of questions. First of all, Mr. Chairman, I do want to also congratulate you people for making some of those corrections that were noted by the auditor in his report, and therefore you will probably not undergo the vigorous questioning that some others did in the last few days.

I just want to ask a question, and this is in general terms; I don't want it in any specifics. In 1986 the company, I think, lost several millions of dollars. Has that financial position corrected itself, I mean, or are we in a similar position that we were in 1986, or has the thing improved?

**Mr. Price:** — Perhaps, Mr. Rolfes, I could say in preface to a general comment in that area, that the year that we're reviewing here is '84-85 — the year ended September 30th '85.

**Mr. Rolfes:** — '84-85? I thought we were '85-86.

**Mr. Price:** — No, it's . . . I believe the company fiscal year end is September 30, and I believe the report that we're reviewing pertains to the year ended September 30, 1985.

**Mr. Rolfes:** — Yes, that's so long ago that . . .

**Mr. Price:** — Yes, but I think I could make a general comment to say that the company — and I don't think it's any great secret — that the company is heavily engaged and dependent in part upon activities in the oil patch. And with the substantial decline in the early 1987 of the price of oil to, at that time, \$10 U.S. per barrel, there was obviously an impact on the company, and we've made

no secret of that.

And — we in 1987 — and again I'm way out of sync here on the year under review — but just as a general comment, I might say that my colleague, Mr. Jackson, who is the president and chief executive officer, was brought into that role in the latter part of 1987 and has done some extremely good things with the company and is to be congratulated in that area. And I think time will prove that to be the case, that things will likely show in that direction in the financial statements in due time.

**Mr. Rolfes:** — Thank you, Mr. Price. I appreciate those comments and your frankness in dealing with them. I also noted your comment on turning over Westank eventually to the private sector, and certainly as a member in the opposition I have no objection to Westank being privatized and turned back to the private sector. I do note that the government presently owns, or did in 1986 own, approximately 100 per cent of Westank. Is that still the case?

**Mr. Price:** — Well, the share ownership . . . there are some minority shareholders, but I think the percentage of ownership of Sedco of Westank Industries is, I believe, 99.9 per cent, but there are some five minority shareholders who remain as minority shareholders in this situation.

**Mr. Rolfes:** — Could you tell what the percentage is?

**Mr. Price:** — They would have, collectively, .1 per cent.

**Mr. Rolfes:** — Oh, oh, I see. Well, so it's almost insignificant, really. All right, Mr. Chairman, I don't have any further questions on Westank.

**Mr. Chairman:** — Thank you. Any other members? No? Thank you very much.

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

**Mr. Chairman:** — Being that Westank is located in the constituency of Regina North East, I'm always interested in its progress, and I'm glad it's doing well.

**Mr. Price:** — Well we have a . . . It's a very important industry in this community, as I'm sure you appreciate, and employs a number of people, and there certainly has been a difficult time over the last little while, and hopefully the end result will be in a positive vein, and certainly that's our objective and we're working to that end.

**Mr. Chairman:** — Thank you for coming. We'll let you back out into the cold.

**A Member:** — I was just going to say, Herman, that I can just see the headlines now — Herman Rolfes in favour of privatization.

**Mr. Rolfes:** — Of Westank.

**A Member:** — No, normally they'll leave the Westank off.

**A Member:** — I wouldn't doubt it. This is one you can

privatize . . .

**Mr. Chairman:** — Yes, I'm listening carefully, and I'm seeing that Mr. Rolfes is not taking an ideological approach to this thing.

**Mr. Chairman:** — Let us begin with the Department of Social . . . Oh, with Mr. Van Mulligen.

**Mr. Van Mulligen:** — It may almost be an academic exercise, given stated directions of the government, but it seems to me that if the government continues to enjoy significant ownership of companies, of commercial companies such as Westank, that we need to establish some new ground rules for reporting. I empathize with the kinds of things that Mr. Price was saying, that look, we don't want to disclose all the financial information that we have because it might put us in a bad competitive position. I appreciate that.

By the same token, there are legislative requirements, and I'm wondering if these legislative requirements, which are perhaps more appropriate for non-commercial, Crown-operated agencies, should be reworked to reflect the realities of government ownership of commercial Crowns. And if there's some half-way that that might be achieved, whether it's reporting in camera to the Public Accounts Committee, I don't know. And I throw that out, and perhaps it's something that we should be raising with members of the Legislative Assembly, because it's obvious that the current legislation has resulted in an impasse in this case, and I think there are probably good reasons why this impasse exists. But nevertheless, it's a source of frustration; it's something that I think that the Legislative Assembly should be addressing itself to. You know, perhaps there need to be ground rules if, you know, along the lines of if the commercial Crown corporation involved competes in a field with publicly traded companies, then the same rules should apply that apply to, you know, any shareholder of a publicly traded company. If the main field is not with publicly traded companies, perhaps some reporting in camera to the Public Accounts Committee; I don't know.

**Mr. Chairman:** — Mr. Lutz has reported on this before. Do you have anything you want to say on this?

**Mr. Lutz:** — On the case of tabling the financial statements of these companies that are incorporated under The Business Corporations Act, I think my only comment is, as long as it's taxpayers' money, I will probably never concede that they shouldn't be. I can't believe that the Toronto Stock Exchange should take precedence over the citizens of a province. We own it. That's been my position from the start, and I don't think that's going to change.

**Mr. Chairman:** — I've asked Gwenn to look up the minutes of earlier meetings of this committee, and this is from, I believe, November 3, and we dealt with a Provincial Auditor tabling a special report in the Assembly on September 30, '87, and the committee recommended that the government consider preparing legislation to ensure that the duly audited financial statements for Crown agencies established pursuant to The Business Corporations Act are tabled in the

Legislative Assembly, providing that the competitive position of the Crown corporation is not prejudiced. We dealt with this and passed that motion. And your point is well raised because I think it reflects a concern of the committee earlier, and we have directed this to the legislature already for hopefully government will address it, and if not, there is an opportunity for debate in the Assembly and questions raised in here again.

**Mr. Van Mulligen:** — I'm prepared to leave it at that. It just, you know . . .

**Mr. Chairman:** — Yes. No, I don't want to . . . I think the point is extremely well made. Since the motion passed, I read it from that that all members of the committee were concerned about it, and we will have to keep urging the Executive Council to try to take some action. Okay?

Let's do a little in camera on Social Services. First, if you have anything to add, Mr. Chairman, to reduce our work-load.

**Mr. Lutz:** — We have not finished our 1987 audit of Social Services, so I really have nothing to add which might reduce your work-load.

**Mr. Rolfes:** — Could you repeat that again, Mr. Lutz.

**Mr. Lutz:** — Mr. Chairman, we have not finished our 1987 audit; therefore, I have nothing to add that might reduce your work-load. I think those were the words I used.

**Mr. Chairman:** — Mr. Martin, you do it so well; would you go and check with the officials again?

#### Public Hearing: Department of Social Services

**Mr. Chairman:** — While we're waiting for the work back there, we'll just take some time to have Mr. Sojonky, deputy minister, introduce his officials.

**Mr. Sojonky:** — To my right is Allan Hansen, the assistant deputy minister of the program area; to my immediate left is Henry Kutarna, assistant deputy minister in administration and staff area; and Ray Barnard, who is executive director of administration or support services. We have other colleagues at the back, in the technical areas, who might assist us as needed,

**Mr. Chairman:** — Thank you. Just before we begin, just to remind you people that in the committee of Public Accounts you share the same immunity as members of the legislature do in the Legislative Assembly. So anything that is said by witnesses here, or any information you give, cannot be used or held against you by anyone in a court of law in a libel suit, or whatsoever. You have that privilege, and it's important that you do because it's important that you be frank and direct in responding to questions that are asked of you.

Okay, we shall proceed then. Let me begin with maybe two or three questions here. I'm looking at the auditor's report on page 121. It deals with the question of deficiency in controlling overpayments. In 19.08, second page, there's a comment that some \$8.3 million of

overpayments was due to the fact that officials had not performed procedures to verify information provided by the recipients. Can you report to the committee what corrective action you've taken in this, if any?

**Mr. Sojonky:** — Mr. Chairman, I'll just make a sort of a broad comment. I've asked my officials and my colleagues to feel free to comment on areas that are of a technical nature. And you would be aware that I wasn't involved at the department at that time, but I'll just make a general statement . . .

**Mr. Chairman:** — Before you do, can I just — and I should have mentioned it earlier — anyone can comment that you choose, as long as they're using a mike, so it could be on the . . .

**Mr. Sojonky:** — Okay. I appreciate that. But just a general comment in our review of the auditor's report and the implications of it. In general we've addressed it in a positive manner and have made some considerable progress in all areas. And I would like Henry, if he would, to comment on that because that's an important question that you ask, sir.

**Mr. Kutarna:** — Okay, Mr. Chairman. The department in the last couple of years has taken steps to tackle this area. And what I might do for a couple of minutes is just mention some of the areas, and if you wish to go into them further we could do that.

But for example, the trend . . . first I would comment on the trend in the error rate. The trend in the error rate in the last couple of years has been towards a reduction, and so there has been some positive news on that front. Just as an aside, the current year error rate is sitting at about 7.8 per cent, as opposed to an error rate, I believe mentioned in the auditor's report, of about 13.9 per cent. In order to arrive at that error rate some steps have been taken in the area of automation, first of all, where errors due to calculations that previously were performed manually are now increasingly performed automatically by the system. And so some error rate reduction is due to the simple fact of automation.

There have been some other steps taken. One in particular is in the area of verifying the circumstances of clients. For example, now when a client comes into the department, into the intake process for income security, we will verify the circumstances. And so, for example, we might check with the landlord to verify that the person has indeed rented those premises and is in the circumstances they say they are in.

Secondly, we may from time to time verify in the home their current situation, so living arrangement or marital status which may have been erroneously reported or incorrectly reported can be verified. And so, concerted steps like that have been taken.

Do you want me to go on a little more on that, or is that . . .

**Mr. Chairman:** — I'm fine. I note that you have pointed out that your reduction in the error rate has almost halved, and it's obviously a positive sign. I would hope that . . . and although I'm not discouraging the need and the

attempts being taken to verify circumstances and so on, but I would hope that officials of the department who do these things do them with some degree of sensitivity, because you can also have the opposite effect of what some might define as harassment. And I'm not pointing any fingers or making any statements with that regard, but I think you will understand that that's important.

Do you want to comment on that, on whether you have any kind of training for your staff, or whatever? How do you mitigate against it?

**Mr. Kutarna:** — It's a very delicate situation because there is often a fine line, as you say, between what could be harassment and what could be honest verification of a situation.

The training that goes on in the program, I think, is what we would call continuous. It's training of a type that is an awareness. For example, during the last year the department conducted a series of service seminars that actually were gone through by everybody in the department. And during those service seminars some discussion was made of how it is that you distinguish between that fine line.

The social workers that we tend to have on staff are also professionally trained in this area, and so they come, I think, equipped already with some understanding of it. But it's very difficult. In some areas a client may not believe that the department is in fact being sensitive, and so there is a very one-on-one, individualized situation sometimes.

**Mr. Chairman:** — Thank you. I'm looking at page 124, deficiencies in verification procedures, and it involves the cheque pick-ups procedure that you apply. Do you often have, or do you have at all, situations where the cheques are not picked up, and then later discover that it was because of ill health or some unforeseen or unavoidable circumstances? And when it happens, what's the follow-up?

**Mr. Kutarna:** — I could give an example. For example, this last summer when there was a postal disruption, the cheque pick-up exercise was undertaken by the department. And the practice is that if a person does not come to pick up a cheque, the cheque is held for five working days in the office, and then we attempt to contact the person to see what happened. In some cases people have left the province or have gone to employment or other reasons like that, and where we have known . . . for example, during the postal strike we knew that certain people were ill — they were not categorized as employable; they were ill — and so we would take steps to, say, deliver the cheques to their home through other means. But I think nobody has been cut off because they were too sick to come and pick up the cheque. But it has happened — there have been people who were not able to come.

**Mr. Chairman:** — I'm glad to hear that because I was . . . I have been for some time . . . and I personally have not received a call from anyone who missed out, so I'm not asking for those reasons, but I wondered whether there was a follow-up because there, I'm sure, will be

circumstances where it won't be picked up for good reason.

**Mr. Sojonyk:** — I think that's a good point, and we're quite sensitive to that, and we've instructed our staff to be, because undoubtedly there's some very legitimate cases, and we try to recognize them and give them proper attention.

**Mr. Chairman:** — Thank you. Page 125, annual declarations, the department has procedures in place that should ensure that each recipient of assistance files an annual personal declaration of circumstances. And the auditor reported in 1985 and again in 1986 that a substantial number had not filed this declaration. And how have you handled this?

**Mr. Kutarna:** — What we've done since that is that we have with automation — I'll just key on that for a second — with automation the system is structured in such a way that it requires the social worker to conduct an annual review before the year is finished, and so there's a little more discipline and rigour built into the automatic part of our system.

For the other part of our system, where we train staff and carry out training practices, we've emphasized the need to be current with this because, both for the client's benefit and for the department's benefit, ongoing contact is important. And so there's a generalized understanding now that we have to be current with these.

I believe the latest figure showed that there are still some problems in the area, but we're more current than we were at this time. I think the figure here was 9 per cent. I think we're much more current than that today.

**Mr. Chairman:** — The final question I want to ask you is dealing with the last page, 126, under the title, other audit observations. And apparently in the year under review there were . . . It was conducted 647 cases of fraud involving \$1.9 million. Can you give us a status report on how many of them were verified as in fact being cases of fraud; and what was then the disposition, protecting all the necessary confidentialities, of course?

**Mr. Kutarna:** — I think it's fair to say, Mr. Chairman, that any cases that were taken to the point where a full investigation was completed, followed by transferring the file to the police, at that stage nearly 100 per cent were prosecuted and found to be cases of fraud.

But before that, at the front end, there may be some that are, for example, information may come to light which describes or explains the circumstances, clarifies matters, and the matter is then dropped. And I think the way we have it structured, the majority of cases that are investigated turn out to be fraudulent; in other words, by the time they get to the stage of an investigation, we know that there's enough evidence to be concerned.

But at the front end of it, there, from time to time people make allegations, people phone up a social worker, or they phone the department with circumstances, or they make comments about neighbours or acquaintances, and many times those are unfounded. An exact percentage

would be hard to get to because we don't act on every . . . we don't take everyone to a full investigation and prosecution.

**Mr. Chairman:** — I'm interested in this aspect of it. There were 641 cases which were referred. In the year under review, how many cases would you have had on your case-load?

**Mr. Kutarna:** — Okay, under the year in question, '85-86, the case-load would have been slightly over 30,000 cases — that's 30,000 families on assistance, so that's about a 5 or 3 per cent, 2 to 3 per cent rate.

**Mr. Chairman:** — Another question. I wonder here, out of this number that you had referred, how many of these arose out of the non-pick-up of a cheque under that procedure? Can you tell us that?

**Mr. Kutarna:** — Probably very few because in those cases assistance . . . let's say somebody that leaves the province or their whereabouts are unknown at a cheque pick-up. For example, in the summer time when we had 500 cases of cheques not being picked up, half of those are cases where we have never been able to contact the client. So we are assuming they have left the province, or their circumstances have changed such that they are not in need of assistance. I'm not sure if that gets at your question.

**Mr. Chairman:** — I think it does. You said very few. It's not a substantial number, so that's not a big factor here.

**Mr. Kutarna:** — No. No.

**Mr. Chairman:** — Okay, thank you. I have no questions for now.

**Mr. Martin:** — I want to ask the following question anyway. What's a typical type of fraud — I imagine there's all kinds of them — but is there a standard one for this sort of thing?

**Mr. Kutarna:** — I'll tell you, the two primary areas where a fraud occurs is: one, where the individual does not report income that they have received from other sources. The second would be where they have living arrangements that are not properly reported. For example, separations . . . alleged separations which don't actually occur, or living arrangements where several people are sharing accommodation but are not reporting that. Those would be the two primary types.

**Mr. Martens:** — When you're dealing with these matters on a recovery basis, do you ever get any of that money back, or does that just become a criminal focus then?

**Mr. Kutarna:** — There are two ways that money is recovered. One is through a prosecution, and where a prosecution proceeds to the fullest extent and if a judgement is made, sometimes the person pays. And if there are no assets, then there is no possibility of paying. But there's another mechanism the department uses, and it's called the overpayment mechanism — it's something that does not result in a prosecution — but where the person, in conjunction with our social worker, has an

overpayment that is recovered on a schedule over a certain period of time. So there are two ways to recover payments. But in most prosecutions the funds are recovered.

**Mr. Van Mulligen:** — You said that you had what, roughly 30,000 cases in '85-86? Those cases, I assume, those are household units . . .

**Mr. Kutarna:** — Yes.

**Mr. Van Mulligen:** — . . . of one fashion or another. How many of those would have been headed by a woman? Roughly.

**Mr. Kutarna:** — We'll get that for you in one second.

Mr. Chairman, of the 30,000 cases, recent statistics would show that about 9,000 of them are headed by single persons, and 98 per cent of those would be single women, single mothers.

**Mr. Rolfes:** — What per cent was that?

**Mr. Kutarna:** — About 31 per cent of cases would be headed by women.

**Mr. Van Mulligen:** — The rest then, I guess the household units are headed by male.

**Mr. Kutarna:** — Yes.

**Mr. Van Mulligen:** — This group of people that you have with you today, is this your senior management team?

**A Member:** — I'm sorry.

**Mr. Van Mulligen:** — Is this your senior management team with you today?

**Mr. Sojonky:** — Yes.

**Mr. Van Mulligen:** — How come . . . or maybe I should phrase it in terms of '85-86, in '85-86 would you have had more women in your senior management team than you have today?

**Mr. Sojonky:** — I can't answer that question. I don't literally know.

**Mr. Van Mulligen:** — Just curious. Just intrigued by a department that has such a great deal of contact with women and children would have so few women.

**Mr. Sojonky:** — Two of our senior officials are women who aren't here at the moment because of conflicts — the head of our policy development unit and one other, day care.

**Mr. Van Mulligen:** — Okay. These things aren't apparent to me from what I see here today.

Just out of curiosity, out of the senior management team that's here today, how many would have a background in social work, how many would have a B.S.W. (Bachelor of Social Work) or M.S.W. (Master of Social Work)?

**Mr. Sojonky:** — Dr. Hansen to my right has a doctorate in the social science field from the University of Toronto, and when I look behind me, in terms of the general field and how we'd apply it, there would be at least four of them from that specific field in one manner or another.

**Mr. Van Mulligen:** — I'd like to turn the administration section of the *Public Accounts*, subvote 1, page 502. And with respect to the first line — MLAs, other allowances and support staff, I wonder if you could provide us with a breakdown of all those that were paid in that category, how much they were paid, and what their job title was? I don't need that right now, if that can be provided to the Clerk in written form, that would be very acceptable.

**Mr. Sojonky:** — We can do that.

**Mr. Van Mulligen:** — Also, in terms of honorariums, special services and fees, the same question: what amounts were paid to whom for what purpose?

Advertising and printed related expenses — I notice that this figure of \$198,000 is up significantly over the previous year. I'm wondering what kinds of additional activities were undertaken by your department that required such an increase in that expense?

**Mr. Sojonky:** — Mr. Chairman, we will find that in a moment for you; we have that.

**Mr. Chairman:** — While you're doing that, can I just interrupt for a moment just to remind staff that when you are undertaking to send information because it's not here or it's difficult to get right now, you're required to send 15 copies to the Clerk.

**Mr. Sojonky:** — Yes.

Mr. Chairman, with the information we have, it appears to . . . there seems to be a general increase throughout in terms of the cost, but in our department, just capturing some of the larger items, the increases would be in good measure attributable to forms increase because of new kinds of programs. And we note that there's a significant amount that, without adding it up, there's 60 to 70,000 in the whole systems area, and we were gearing up to do, and in fact we're into the new automation project which will just be completed in the next few months. And those would be the major factors. And we also have about 23,000 in the seniors bureau in that year as well.

**Mr. Van Mulligen:** — That would also explain then that category, computer and word processing related expenses, almost doubled over the previous year.

**Mr. Sojonky:** — Yes, and it triggered a whole host of things. That's correct.

**Mr. Rolfes:** — Just to follow up there, what new programs — you said, forms increase for new kinds of programs what new programs were initiated in that year?

**Mr. Sojonky:** — Well primarily the whole income security program tied in with the automation of the income security program.

**Mr. Rolfes:** — A new way of doing it, not new programs.

**Mr. Sojonky:** — No, there would be some new forms and so on, but primarily that, yes, sir.

**Mr. Rolfes:** — . . . (inaudible) . . . I can recall the new programs. Okay, fair enough.

**Mr. Van Mulligen:** — I wonder if you can also provide us with a breakdown of travel expenses for any out-of-province trips under that category, in administration — who travelled to where — that is to say, destination, purpose of the trip, and a breakdown of the expenses in each case — that is to say, travel mode, accommodation and any other expenses.

**Mr. Sojonky:** — Mr. Chairman, I assume that we could provide that through the Clerk?

**Mr. Van Mulligen:** — Yes. And also I'd like to have a breakdown of the category, provisions and business expenses, and just what was paid for what purpose under that. And I don't need a breakdown on the next one, but I'm just curious — coal, wood and other fuels, expenditure \$14.36. What . . .

**Mr. Sojonky:** — It's an interesting question. I wonder . . .

**Mr. Van Mulligen:** — And if somebody doesn't have it at their fingertips, then . . .

**Mr. Kutarna:** — I think, Mr. Chairman, that one area would be possibly with some of our youth camps. I'm thinking of Prince Albert or the Kenosee youth camp. There might have been some occasion where an alternate fuel was used for a fireplace or something like that.

**Mr. Van Mulligen:** — Okay. I'd like to turn to subvote 5, child care, advertising, and again . . . Or no, I guess it's the next one — travelling expenses of \$603,000. That is also up significantly over the previous year, and I wonder if you can tell us what the reason for that was.

**Mr. Sojonky:** — If you give us a moment, we'll look that one up now. We should have an answer for that. Again, the significant explanation would be that that account embodies all our care for people who are wards of the government. But primarily, speaking to the increase, the exceptional items that would change it from the previous year is that we set up the young offenders program, the federal young offenders program, and it was being set up, and that would result in travelling costs with respect to youth in that category.

And there were a couple of very major ones — we don't have the amount, but they were very major, I'm advised — on a couple of children, separate incidences. One was major heart surgery required by a ward of the government who went to the Toronto Sick Children's Hospital; another one went to Chicago for a kidney problem as well. Those are the extraordinary items, not the regular flow. Those three, young offenders being one.

**Mr. Van Mulligen:** — Contractual services also doubled over the previous year, and I'm wondering what the reason for that is.

**Mr. Sojonky:** — We'll check that out for you.

**Mr. Hansen:** — Mr. Chairman, increased costs for contractual services were the result of several new programs that were introduced: the parent therapist program, parent aide training, and the alternative measures program under the young offenders program. And the contracts were mostly with individuals and NGOs.

**Mr. Van Mulligen:** — Could you provide us with a breakdown of that category?

**Mr. Sojonky:** — Of the contractual services in global terms?

**Mr. Van Mulligen:** — Yes.

**Mr. Sojonky:** — Yes, we could. We'll provide that, Mr. Chairman.

**Mr. Van Mulligen:** — Also, miscellaneous materials and supplies of \$134,000. That's nearly tripled over the previous year, I notice.

**Mr. Kutarna:** — Mr. Chairman, my understanding on that one is that there was a change of coding in the way that the bookkeeping system works and so some items that would normally have been charged to other object codes were brought into this one.

**Mr. Van Mulligen:** — I'd like to turn to page 506. There's a grant for the St. Charles Research & Institute for Policy Studies, and I wonder if I might be given some further information as to what that grant was for.

**Mr. Hansen:** — Mr. Chairman, that particular fee was for the *Our Family*. The St. Charles Research & Institute is at North Battleford and was a fee to hire a consultant on terms of the new Family Services Act.

The principal on that study was Father Lalonde, who is an Oblate priest stationed at North Battleford.

**Mr. Van Mulligen:** — What specifically was the research; what was he to do?

**Mr. Hansen:** — With respect to The Family Services Act.

**Mr. Van Mulligen:** — To review it or to look at certain aspects of the Act?

**Mr. Hansen:** — To look at approaches to the Act.

**Mr. Rolfes:** — Could I just follow up on that. What expertise did Father Lalonde have in this area to follow up on a new Family Services Act?

**Mr. Hansen:** — Certainly, there's an institute, there is a family paper that comes out of there. The specific name of that is *Our Family* magazine.

**Mr. Rolfes:** — Yes, I'm familiar with that magazine, but that still does not tell me what expertise Father Lalonde had in the area of looking at the new Family Services Act.

I'd like to know: what were the objectives of his study?

**Mr. Hansen:** — In any type of legislation, we're certainly not looking . . . or feel that all expertise necessarily is confined to traditional ways of looking at things. We are open to looking at other approaches and other ideas in the studies of legislation, and I think that was the purpose of that.

**Mr. Rolfes:** — Is there any possibility I can get a copy of his report that has been submitted?

**Mr. Sojonky:** — Well we certainly can check it out and see what further detail we have on that.

**Mr. Rolfes:** — Yes. I'd like to know just what his recommendations would have been. I know Father Lalonde. I have nothing against the individual, but I'm just wondering what expertise he would have in that particular area. And so if he has something, maybe I could look at his report and learn from his report. I'm also very familiar with the magazine.

**Mr. Sojonky:** — We'll note that for follow-up for you.

**Mr. Chairman:** — Thank you. This institute that exists, is it an institute of one man, one person. Can you elaborate on the extent of this institute?

**Mr. Hansen:** — We'll have to check that out, Mr. Chairman.

**Mr. Chairman:** — And what will you provide us? That's an unfair question. Will you provide then a complete description of the institute and who is involved in it and how broad it is and what its membership is, plus any other information that will inform the committee about the width and breadth of this institute?

**Mr. Hansen:** — We will certainly provide you with whatever information we can gather on this institute.

**Mr. Chairman:** — In his capacity as the consultant whom you contracted, was Father Lalonde reporting to you on the possible legislation as an individual, or was he reporting on behalf of a particular religious point of view?

**Mr. Hansen:** — We don't know. We'll get back to you on that.

**Mr. Chairman:** — You will report back? Thank you.

**Mr. Lyons:** — In regards to this question, is the report completed?

**Mr. Sojonky:** — We don't have a report at hand, and the colleagues I'm with weren't directly familiar with that, so we'll have to simply check it out, Mr. Chairman.

**Mr. Lyons:** — So you don't know whether or not the department received a report?

**Mr. Sojonky:** — I don't know, no I don't.

**Mr. Lyons:** — None of your officials know, involved with the . . .



**Mr. Sojonky:** — We don't seem to have any more information than we've been able to provide on that question, sir.

**Mr. Rolfes:** — They've cleaned house pretty well over there.

**Mr. Chairman:** — But the money has been paid?

**Mr. Sojonky:** — Yes.

**Mr. Chairman:** — So you know you've paid the money, but you don't have the information on the report at all.

**Mr. Sojonky:** — Well we don't have any more information than we've been able to provide at this point with the colleagues I've got here, so we'll simply have to check it out.

**Mr. Van Mulligen:** . . . (inaudible) . . . ask about a couple of grants. One is under family supports to the Christian Counselling Services for \$10,000. What is the Christian Counselling Services, and what was the purpose of the grant?

**Mr. Hansen:** — Mr. Chairman, this grant to this particular organization is similar to other grants that are made out to other family bureaus across the province to provide counselling services to families on social assistance.

**Mr. Sojonky:** — Or those who are deemed to be unable to pay. It's a consideration.

**Mr. Van Mulligen:** — Where is this service located?

**Mr. Sojonky:** — It's in Saskatoon, or primarily in Saskatoon.

**Mr. Van Mulligen:** — And is this a lump sum payment, or is this payment as the result of invoices by them for work performed?

**Mr. Hansen:** — It's a grant.

**Mr. Van Mulligen:** — Just a straight grant?

**Mr. Hansen:** — Well as most other . . . as in the entire NGO (non-governmental organizations) service system. It's similar to that.

**Mr. Van Mulligen:** — Do these people have an office and all of this kind of thing?

**Mr. Sojonky:** — Yes, they have an office and they have a professional staff.

**Mr. Van Mulligen:** — What about the Maple Creek Community Centre Society Inc., \$47,000?

**Mr. Hansen:** — This, Mr. Chairman, is a local organization. It's a multi-purpose service providing a variety of services to people in the Maple Creek area.

**Mr. Van Mulligen:** — Do you have these types of multi-purpose community centres throughout the

province, funded throughout the province?

**Mr. Hansen:** — There's a variety of approaches that communities have taken to dealing with non-government organizations. There are certain umbrella agencies in some communities. I think the situation in Maple Creek was their particular response to dealing with providing services.

**Mr. Chairman:** — Excuse me, can you give us an example . . . two or three examples of the service that they would provide in this particular case in Maple Creek?

**Mr. Hansen:** — Individual and family counselling, information referral, that kind of thing. The example given is housing, for example, referring someone if they knew of a house or where to rent a place.

**Mr. Van Mulligen:** — Local co-ordination, The Society for the Involvement of Good Neighbours; that's the group in Yorkton.

**Mr. Hansen:** — Yes.

**Mr. Van Mulligen:** — What about Smile Services Inc.?

**Mr. Hansen:** — It's in Estevan.

**Mr. Van Mulligen:** — I'd like to turn to page 509, the transfer of senior citizen services, and there's a grant of \$74,000 to something called Extra Years of Zest Society. I wonder if you could tell us about this grant?

**Mr. Kutarna:** — Mr. Chairman, these are grants provided by the seniors bureau which is now part of the Human Resources, Labour and Employment department, but these would be grants, operating grants to the senior citizens' centres in the province, and I believe there are two to three larger groups that . . . I believe Extra Years of Zest is located in Moose Jaw, and I think it's one of the three large groups in the province that received major grants. Now I don't have information on the other two, but they are provided through the seniors bureau of H.R.L.E. (Human Resources, Labour and Employment) department.

**Mr. Van Mulligen:** — Would one of the other large ones be the Regina Senior Citizen's Centre Inc.?

**Mr. Kutarna:** — Yes, and I'm not familiar with the one in Saskatoon, but there is . . .

**Mr. Rolfes:** — If there is, we don't get as much grants as the others. Of course, we're not in quite as much in need, I suppose.

**Mr. Chairman:** — That does not need a response.

**Mr. Lyons:** — Mr. Sojonky, I notice in your family supports, there is a . . . excuse me, family service bureau there's a Minto Family Life Education Centre Inc. Where's that located, and what are its functions?

**Mr. Sojonky:** — I didn't get the page you're on.

**Mr. Lyons:** — It's on page 505.

**Mr. Hansen:** — This particular service is located in Moose Jaw. They provide three services to teen parents. They provide counselling as other family services around the province. They also have a comprehensive library. They loan resource materials to other people in terms of the family counselling, and what have you.

**Mr. Lyons:** — Is this in any way connected with Planned Parenthood?

**Mr. Sojonky:** — Not directly as far as I'm aware of. It stands on its own feet. What its philosophy is in that regard, I don't know.

**Mr. Hansen:** — it certainly has a good reputation in Moose Jaw, and has been-around for a number of years, this particular organization.

**Mr. Lyons:** — Did Mr. Van Mulligen earlier ask for any information regarding the Christian Counselling Services, the grant? Did I understand you to say it was a start-up grant, the \$10,000 was a start-up grant?

**Mr. Hansen:** — No, this particular grant is the same type of grant that is given to other organizations, family bureaus — there is several of them here — for service for counselling to families on social assistance, family counselling.

**Mr. Lyons:** — Is this the counselling service which recently was awarded the open custody for adoption; is this the same counselling service?

**Mr. Hansen:** — This is the same agency, but it's a totally unrelated service. This has been ... yes, it's the same organization.

**Mr. Van Mulligen:** — I'd like to turn to page 510, family services. The budget in this ... or the expenditures, \$8.5 million, the previous year it was, I believe, 1.6 million. Does this reflect a restructuring or increased resources emphasis?

**Mr. Hansen:** — The result of the ... and again we were starting up the YOA (Young Offenders Act) program at that particular time, there was a large growth from '84-85 right through to '87-88, and this revolves a restructuring of subvotes and grants within the department to accomplish that.

**Mr. Van Mulligen:** — I wonder if I might be provided with a breakdown of contractual services (other), expenditure of \$218,000? And again, that's something that can be provided to the Clerk.

**Mr. Sojonky:** — We'll note that and provide that.

**Mr. Van Mulligen:** — Okay, thank you. And also, provisions and business expenses — \$332,000. I wonder if ... can you just give me an explanation of that?

**Mr. Sojonky:** — We'll check it out right now for you. The bulk of that account for provisions and business expenses, the greatest amount of that, 240,000, would be attributed to provisions for Kilburn Hall in Saskatoon

which is now a youth offender facility, Paul Dojack Centre in Regina, Kenosee Youth Camp, North Battleford Youth Centre, P.A., and Creighton, all similar in nature, and some larger than others. Like Paul Dojack Centre in Regina and Kilburn in Saskatoon would have the lion's share of that.

So two-thirds or greater than that would be attributable to those institutions ... facilities.

**Mr. Van Mulligen:** — And the other third?

**Mr. Sojonky:** — Would be a variety to the institutions of other expenses. These are the main ones.

**Mr. Rolfes:** — Can I just ask a follow-up question on Kilburn Hall? Kilburn Hall used to be a holding unit in Saskatoon. What's happened? When was that turned into a — what do you call it now — a correction centre?

**Mr. Sojonky:** — A youth offenders facility, under the ... or young offenders, I'm sorry. The federal Young Offenders Act was brought in, as you're familiar with, and Kilburn Hall is providing that service for young offenders under the Young Offenders Act for the province — one of several.

**Mr. Rolfes:** — I wonder if the committee would allow me just to ... What has taken Kilburn's place as a holding unit? Now what do you use as a holding unit now?

**Mr. Sojonky:** — We have a facility — well there's a variety of provisions that we provide. Do you mean for young offenders or those who aren't ... or those who are problems who aren't under the Young Offenders Act?

**Mr. Rolfes:** — Yes. Those who are problems, those who may have run away, those who are found on the street, or ...

**Mr. Sojonky:** — Yes, we have other provisions. We have what we call Yarrow Youth Farm, now located outside of Saskatoon, which is a facility for open custody and holding provisions. And also we use part of Kilburn for holding when we have to as well, but Yarrow Youth Farm provides part of the answer, and we have Cottage 22 in Prince Albert as well.

**Mr. Rolfes:** — Yes, but you wouldn't be taking people from Saskatoon to Prince Albert.

**Mr. Sojonky:** — No, but the Yarrow Youth Farm is just a few miles ...

**Mr. Rolfes:** — Where is that located?

**Mr. Sojonky:** — Is it west or north of Saskatoon? What would be the direction? North-west, probably about five miles.

**Mr. Rolfes:** — And how many people could that farm hold at any one time?

**Mr. Sojonky:** — Approximately 15 to 20.

**Mr. Rolfes:** — Okay. I know a few years ago that was a

concern in Saskatoon, because I did some work when I was counselling in a high school in '85-86, and I remember the police having some serious concerns about not having facilities to . . . They had to put them in the police cells; that's where they were putting them.

**Mr. Sojonky:** — The Yarrow Youth Farm is doing a rather remarkable job under the director, Andrew Field, now and providing some new approaches, and we're examining even the further extension of what he's doing. I don't mean only physically, but as a program it seems to be effective because he's concentrating on certain approaches with these kids, like farm produce and chickens and things like that, not from a labour point of view but from a therapy point of view, and it seems to be — we're encouraged by what they're doing there.

**Mr. Rolfes:** — Could you tell me what the individual is getting paid per night for . . . or per day for — is it a global budget? Is it a budget that relates to individuals that may be there any length of time? Is it a contractual agreement, I guess I should ask.

**Mr. Hansen:** — This particular facility is run by the government. It's a government-run facility. You'd have a budget that would be allocated. You'd have your directors, your staff that are paid just like any other government-run institution.

**Mr. Sojonky:** — This would be, perhaps, similar in terms of our own immediate government resources, Dales House, which you would be familiar with, Mr. Rolfes, but of a different nature and approach, but fully funded by the government and our own employees.

**Mr. Rolfes:** — But those employees that are there are government employees.

**Mr. Sojonky:** — That is correct, yes.

**Mr. Rolfes:** — Is that open to MLA supervision? I mean, could we just go and have a look at it, see what it's . . .

**Mr. Sojonky:** — Yes, you could, and if you wanted an appointment . . .

**Mr. Rolfes:** — Who do I contact?

**Mr. Sojonky:** — Well, you could contact either myself, Dr. Hansen, and we'd be happy to set it up, or Lorne Koback, the director of youths offenders for the province. One of us would be happy to make someone available, and we'd be encouraged by that.

**Mr. Rolfes:** — Thank you.

**Mr. Van Mulligen:** — I just have one more question, on page 523, under salaries, services, gratuities, travel, there's an amount of \$5,145.24 paid to one Larry W. Birkbeck, and I wonder if you can tell us about the reason for that payment.

**Mr. Kutarna:** — Mr. Chairman, I think Mr. Birkbeck was the Legislative Secretary to the minister. I believe that represents the remuneration for that.

**Mr. Van Mulligen:** — Remuneration, or is this travel? The amount . . .

**Mr. Kutarna:** — Those categories . . . No, you're right, Mr. Chairman, that's under the travel category.

**Mr. Van Mulligen:** — Okay. I wonder if you know where he travelled to or what he did?

**Mr. Kutarna:** — We don't know, but we could provide that certainly — the list of the . . . the detailed list.

**Mr. Van Mulligen:** — I wonder if . . . do you know that if he travelled somewhere to study something for the department?

**Mr. Sojonky:** — I don't know, Mr. Chairman, at this point in time.

**Mr. Van Mulligen:** — Okay, I wonder then if we could have a break . . . In addition to any other questions we may have asked, and it may be included in that, just if we can get a breakdown of his travel expenses, where he went to — if it was to study something for the department — whether we might be provided with a copy of any report that he may have made to the department?

**Mr. Sojonky:** — We noted the question. We'll provide what we can on that.

**Mr. Hansen:** — Certainly, Mr. Van Mulligen, Mr. Birkbeck went to a lot of official functions on behalf of the minister; certainly a number of them in which I was present as well — workshops, group homes, this kind of thing, and he certainly travelled a lot on behalf of Mr. Dirks.

**Mr. Van Mulligen:** — These are all the questions I have then, Mr. Chairman.

**Mr. Martens:** — I just was interested in this Yarrow Youth Farm on . . . for information, if I may. What kind of young people do you have there? Are they . . . can you describe them for me? Are they different than some of the young offenders? What sort of children are they?

**Mr. Sojonky:** — Well, in simplistic terms, it's what we call open custody as compared to closed or secure custody. Kilburn Hall, for example, in Saskatoon, would be closed or secure, which just is a higher level of security, and the individuals perhaps are of a greater problem security-wise than otherwise, and offence-wise, whereas the Yarrow Youth Farm or the Dales House model in Regina is open custody. The kids would be having problems of a less severe nature and would have greater freedoms, although they would be closely administrated. Some of them go to school outside the facility and that kind of thing.

**Mr. Martens:** — Have you thought of doing more of these, or is this an experimental kind of a process.

**Mr. Sojonky:** — Mr. Chairman, the Yarrow Youth Farm by name is . . . not by program, but by name, is new in the last year. And the concepts we have under study very closely because we feel there's a great deal of value, and

it's based on research beyond our boundaries in terms of correcting behaviour of children.

And for example, it's focused on — and this is just being very brief — on the therapy of the task builds esteem and provides the youth with a value system, rather than the traditional talk therapy. It's not that there isn't talk therapy. And it's done on a co-operative or team basis. They'll get together and they'll say they are going to plant 100 pumpkins, and then they water them, and they'll harvest them and take them to the market. It's not done for commercial reasons.

But yes, we're very encouraged by what we see. I'm personally very encouraged, and I think it should infect some of our administration in other areas with you. And it's based on sound research, I say, beyond our boundaries. But it's new in its application to us, relatively.

**Mr. Martens:** — Okay. I just was going to make a comment that a lot of that stuff is caught and not taught, and it's picked up on the soft side, you might say.

**Mr. Martin:** — Where's the Dales home?

**Mr. Sojonky:** — Dales home is in the north-west residential area of the city on this side of Normanview, in rough approximation. It's right in the middle of a residential area; it's been there for some years.

**Mr. Martens:** — How many young offenders do you deal with through Social Services?

**Mr. Sojonky:** — Well at any given point in time, like if you took a snapshot today, we would have in terms of custody, open and closed, about 300-and-some at any given point in time. Those are youth who come and go, but that would be the snapshot, open and closed. But we deal with many other youth on things like alternative measures and probation that aren't in a facility.

**Mr. Hansen:** — There would be a case load of over 2,000, which probably would be about 2,300 at any one time. It's probation and all the various options that are possible under that particular program.

**Mr. Vice-Chairman:** — Any further questions?

**Mr. Rolfes:** — I just have one question. I notice on the grants to family organizations and family counselling services, there weren't any private ones included in there. Do you not give any grants or any assistance at all to, let's say, private marriage counselling services? Or are they just . . . private versus religious — the Catholic family service I refer to as a church religious service. There are some private counselling services available. Do you give any assistance at all to those people, or just to the individuals that may take the counselling?

**Mr. Hansen:** — There are, I understand . . . Certainly we give the grants to the larger agencies like the family bureaus and the Catholic family bureaus, that kind of organization. There is also, under some of the contractual services, new provisions certainly that have been . . . not new, but provisions under The Family Services Act, we get into preventive kinds of services. We'll enter into

contractual services with particular individuals for particular services.

**Mr. Rolfes:** — Were there any in '85-86, the year under review?

**Mr. Hansen:** — There would have been some. We'd have to look at the lists for specific people.

**Mr. Rolfes:** — Would that be a lot of work to do that or . . . I don't want to put you through a lot of work.

**Mr. Hansen:** — No, we can do that.

**Mr. Rolfes:** — Could you provide that?

**Mr. Hansen:** — Yes.

**Mr. Rolfes:** — And the sum that was paid to each?

**Mr. Hansen:** — Okay.

**Mr. Rolfes:** — Okay, thanks.

**Mr. Lyons:** — Thank you, Mr. Chairman. During the year '85-86 and the several years prior to that, one of the political concerns in terms of expenditures of money by the Department of Social Service was a perception, either created deliberately, or not destroyed deliberately, that a good deal of social service money was being defrauded by recipients of the various family income plans, or SIP (Saskatchewan income plan) or SAP (Saskatchewan assistance plan) or one of the plans.

I wonder if you'd tell us: what steps did you take to determine the extent of fraud, if any; and secondly, what incidence of fraud was reported as a percentage of the total pay-outs to Saskatchewan citizens from Social Services?

**Mr. Sojonky:** — We spoke in part to that earlier, but I'll ask Henry Kutarna if he would mind elaborating on that, if you wish.

**Mr. Lyons:** — I'd just like it as a percentage. Did you do the . . .

**Mr. Kutarna:** — The example that we cited, Mr. Chairman, was that the fraudulent cases that were prosecuted to the full extent, and there were about 5 to 600 of those out of a case-load of 30,000, so you'd be looking at about 2 per cent of the case-load would be prosecuted frauds.

Now there would be other overpayments, as we call it, where because of information not reported by the client they would then be in an overpayment situation. Those were not prosecuted. One doesn't consider those frauds, but they are overpayments, so there's the two categories. But of the actual prosecutions we'd be looking at a percentage of about 2 to 3 per cent of all the cases.

**Mr. Lyons:** — Yes, I understand that was gone through prior to my arrival here this morning. I don't know if somebody had raised the comment, and if they have, fine, you don't have to answer it.

Have you checked and done a check as to that percentage in regards to other social services agencies nationally, and other areas of endeavour such as banking, or in the instance of bank fraud, for example, or defaulting on loans, or income tax, or whatever?

**Mr. Kutarna:** — We do keep in touch with the other provinces to see their patterns of performance in this area. The difficulty is that most other provinces do not measure the so-called error rate or fraud rate in the same way we do. But generally speaking, this is typical for a system in North America — this type of performance, actual frauds as opposed to fully honest participation in the system.

We looked at the U.S. experience, for example, and they have rates that are similar to this too. So Saskatchewan's pattern is really not out of line compared to all North America, you could say.

**Mr. Lyons:** — It's okay to tell my constituents that 98 per cent of the people who receive Social Service payments are honest and due it, and it's just a very few bad apples which give the whole barrel a bad name.

**Mr. Kutarna:** — The difficulty there is that what we've been talking about is just actual prosecutions. Remember that . . . you might also recall that there would be a number of other clients who are in an overpayment situation, and again it's not fraud. It's not correct reporting, but it's being corrected because the overpayment is being returned.

But generally speaking, the system performs. And there's a North American . . . there are some associations in the U.S. that ask this exact question: how much integrity is there in systems of this type? And the Saskatchewan performance is pretty well par with the rest of North America.

**Mr. Martin:** — I noticed that we provided \$785,028 to day-care centre grants. What are the ground rules for a day-care grant? Three-quarters of a million dollars went to day-care grants. How do you get a grant? What do you have to do to get a grant for a day-care centre?

**Mr. Hansen:** — There are a variety of grants, Mr. Chairman, and certainly any kind of service depends on any particular organization coming forward. Or homes, there is a set budget for, for day care. And certainly there are two types of services under day care: there's the day care centres in the homes, and centres are out there. There are a variety of different grants. There's grants for certain specialized services in the North. There are certain for family homes. There's equipment grants for day care centres themselves. There's a grant itself, and getting that grant would depend on the centre receiving approval to open.

**Mr. Martin:** — I was thinking specifically of a start-up grant for a day care centre in the city. Does it have to be a non-profit organization? Can an individual do it for a profit? What are the grounds?

**Mr. Sojonky:** — The grants currently are for non-profit organizations, and there's a one-time grant for those that

are centres and also for those who are considered family home kind of centres. That's the current picture.

**Mr. Martin:** — Okay. So if it's a non-profit organization they would have to have like a board of directors. It couldn't just be a single individual operating a day care out of their house?

**Mr. Sojonky:** — Well they may be, but they wouldn't be eligible for a grant.

**Mr. Vice-Chairman:** — Any further questions?

Well I guess if there's no further questions, we'd like to thank the officials for coming out this morning, and it seemed it went very smoothly.

The committee recessed until 2 p.m.

**Mr. Chairman:** — I will call this meeting to order and we shall deal with the last item we have here — Economic Development and Trade, department of Mr. Lutz, what can you . . .

**Mr. Lutz:** — Mr. Chairman, we have not finished '87 audit yet, so I have really no comments to make on page 60. On page 61, starting in the middle, the market development fund, the systems problems that we delineated have been, in the main, corrected. On page 62, I have nothing further to report there. And on page 63, the best I can tell you is that the Hong Kong trade office was merely fact we were reporting, not in compliance with OC requirements. And that's all I can say on that one.

**Mr. Chairman:** — Thank you.

#### Public Hearing: Economic Development and Trade

**Mr. Chairman:** — Thank you for coming. Gerry Adamson, director of trade promotion, acting on behalf of the acting deputy minister; and Terisa Tarowski — Terry? — director of administration. Good to have you here.

We have the Department of Economic Development, and we will be dealing with the public accounts report, and some members may have questions on the public accounts themselves for '85-86.

I need to inform you first of all that when you appear, when officials appear before the committee in any capacity, you are given immunity from any kind of legal action by people who may want to take you to court, sue you for libel, or something else. So you need not worry about the frankness with which you provide information; in fact, it is required of you to do so. I just want to inform all officials that they do have that immunity, just as we do in the Legislative Assembly.

So with those preliminary remarks, I will open up this meeting to consideration of the Provincial Auditor's report.

**Mr. Van Mulligen:** — I would like to turn to the auditor's report if I may. Three areas of concern: one, departmental appropriation; second, the market development fund;

and thirdly, the Hong Kong trade office.

With respect to the second one, the market development fund, the auditor informs us that there has been substantial improvement towards meeting the concerns that he raised in his report. I'm pleased to note that.

I would like to turn to departmental appropriations, and the auditor has a concern that management controls over the department's expenditures are weak — non-existent, I suppose — that there didn't seem to be any clear policy or any clear system of reviewing the financial reports produced by the central Revenue and Financial Services system to ensure that there's accuracy, proper authorization, completeness, and so on. And I was just wondering, given a department like Economic Development and Trade where you have so many costs — telephone, airline travel, central vehicle agency costs — it would seem to me that those kinds of review procedures would be necessary. I'm just wondering what attempts are being made to ensure that there's a proper monitoring of your appropriations.

**Ms. Tarowski:** — I'll speak on behalf of our accounting. In the year under review, which is the '85-86 fiscal year, it was the year of the introduction of the RES (Revenue and Expenditure System). Since this time we have had sort of study sessions, or informational studies, with all our branch heads to ensure that they know how to read the reports. I can assure you they do use them for both forecasting and for just monitoring of the expenses and control of the appropriation.

**Mr. Van Mulligen:** — The reason that this problem wasn't picked up was because it was the first year of using that particular system?

**Ms. Tarowski:** — That's . . . In part, yes.

**Mr. Adamson:** — Perhaps I can add to that. My understanding of the problem was that the actual . . . It's the question of the documentation or the recording of the fact that the managers were in fact reviewing the documents on a monthly basis, and in fact that there may not have been an actual initialling beside each monthly report. However, in fact, in practice the branch managers were reviewing the reports on a monthly basis; in fact they had to review them in order to prepare their fiscal forecast which was required on a monthly basis.

So my feeling that it was more . . . It's a question of the fact that we did not have a procedure in place for actually initialling the monthly documents, rather than the fact that in fact they were not being monitored on a monthly basis.

**Mr. Van Mulligen:** — But you're in the main satisfied with the kinds of things then that the auditor alluded to, or not going to be a problem in . . .

**Mr. Adamson:** — I don't foresee it as being a problem because the fiscal forecasting requirement is still in there, and the branch managers are required to review the documents on a monthly basis as they come out.

**Mr. Van Mulligen:** — I have no further question on that

one. I'd like to turn to the Hong Kong trade office. The issues are clear. It's a simple matter that approval was not granted for the level of expenditure which was incurred. I wonder if you can tell me how that came about and what kinds of steps have been taken to correct this.

**Mr. Adamson:** — The department was obviously not very explicit in terms of putting the order in council together, and that may have been through some urgency in getting it done at the time. The intent was that on an annual basis that the lease would run for . . . the amounts would be \$150,000 over a three-year period, and in fact the order in council as written up did not reflect that. It was basically an error in putting the order in council together.

Part of that particular problem came about because of the divided administrative control between the Department of Economic Development and Trade and the Department of Supply and Services. Now that the administration for the offices resides fully within one department, we think that will . . . and better planning in terms of putting these documents together, that will avoid further problems.

**Mr. Van Mulligen:** — The auditor notes in paragraph 10.17 that two leases were entered into. Can you tell me why you would have two leases?

**Mr. Adamson:** — Yes. One lease was for the office space, and the other lease was for a resident for the agent. So one was a residential apartment accommodation, and the other is for the actual office space.

**Mr. Van Mulligen:** — So the total amount, the annual rental of 168,000, that takes into account then office space and residential accommodation?

**Mr. Adamson:** — Yes, it does.

**Mr. Van Mulligen:** — What's the breakdown on that? Do you know?

**Mr. Adamson:** — Approximately \$90,000 per year for the office, and 75 for the residence, the apartment.

Prices are quite high in Hong Kong for residential accommodation, not to mention office accommodation.

**Mr. Chairman:** — I could name you some parts of Hong Kong where they wouldn't be quite that high. I'm not recommending you lease there.

**Mr. Van Mulligen:** — How do you work . . . I mean, who suggested that you needed to pay \$90,000 for an office and \$78,000 for an apartment? Is this independent of the person that's there?

**Mr. Adamson:** — Yes. No, the person who is there was not employed by the department at the time that the accommodation, both office and residence, were purchased. They were purchased after visits by officials to Hong Kong who worked with a real estate agency called Jones Lang Wootton out of Hong Kong, and they worked with that particular office to find the accommodation.

**Mr. Van Mulligen:** — Do you have any guide-lines for

this kind of thing? I know you've got a trade office in Vienna as well.

**Mr. Adamson:** — There are no specific guide-lines. We look to find accommodation; that is, I guess we could say, within the average of other provincial government agencies and federal government agencies who are working in that area.

**Mr. Rolfes:** — What's the square footage on each?

**Mr. Adamson:** — I believe it's 1,900 square feet for the office. I don't have any square footage for the residence, I'm sorry.

**Mr. Chairman:** — Can you find that out and send it to the Clerk — 15 copies is required.

**Ms. Tarowski:** — How many copies?

**Mr. Chairman:** — You have to send us 15 copies on any request that you send.

**Mr. Adamson:** — That's fine. We can send that.

**Mr. Chairman:** — And send it to the Clerk. The square footage of both spaces. Thank you.

**Mr. Adamson:** — Yes.

**Mr. Van Mulligen:** — I'm just wondering what the question involved. Are you trying to get some increase for a constituency office?

**Mr. Rolfes:** — I just want to know if most of the business will be done in the residence or in the office.

**Mr. Adamson:** — No, most business is done in the office.

**Mr. Rolfes:** — That was facetious comment.

**Mr. Adamson:** — Although there are some hospitality functions that would take place in the residence.

**Mr. Rolfes:** — Yes. You certainly have to have receptions, I realize that.

Could I follow up on that or are you finished?

**Mr. Van Mulligen:** — Go ahead.

**Mr. Rolfes:** — Could you tell me what were the total costs for 1985-86 for the Hong Kong office? I mean the total costs involved?

**Mr. Adamson:** — Total costs for the year?

**Mr. Rolfes:** — Yes.

**Ms. Tarowski:** — I have to apologize. I didn't take that out of the Committee of Finance book. This is the type of information I had in the Committee of Finance book. Here I have the costs, but not totalled up by project.

**Mr. Rolfes:** — No, I want to have the . . . I notice in the *Public Accounts* there is a Hong Kong Land Co. Ltd.,

received \$48,282.54. Is that related to the . . .

**Ms. Tarowski:** — Well that's the landlord of the business office. Okay, you'll also note an identity in here under the V's, Voyt, Hsu Angela Lorraine, \$63,000. Anyway, that is the landlord for the apartment. Okay, earlier on we said we entered into two leases, and so the Hong Kong Land Co. is the landlord for the offices.

**Mr. Rolfes:** — Okay, so the 48,000 is included in that 168,000.

**Ms. Tarowski:** — Yes, yes.

**Mr. Rolfes:** — Okay, could you give me a breakdown of the total to the committee? I mean, when you do the total?

**Ms. Tarowski:** — Yes.

**Mr. Chairman:** — Let me just make sure that we understand and correct me if I'm wrong. Are you asking that they provide a total of the expenditures for the year under review in operations of the Hong Kong office; all expenditures broken down about who it was paid to and for what purpose; one will be salary, and another will be the rent, and the other would be furniture, and the other one might be food . . .

**Ms. Tarowski:** — Now I can give you that now in piecemeal, but it's not in a nice neat little package.

**Mr. Chairman:** — . . . (inaudible) . . . we'd prefer to have it in a neat package. Okay, will you send that in? Thank you. While we're on that, how many staff were employed at the Hong Kong office in the year under review?

**Mr. Adamson:** — Okay, yes. Four — four staff. We had the agent, who was Mr. George Hazen, and we had three locally engaged people: Ernest Chung, who is the program officer; Mr. Lai Chuk Fai, who is the accountant and does some analysis for us; and Jane Chow who is the secretary-receptionist.

**Mr. Van Mulligen:** — I just assume that there's been authority received now for the furniture which was purchased, and for the fittings.

**Ms. Tarowski:** — There always was authority in the context that our department Act provides that we can make an acquisition of furniture not to exceed \$5,000. In this instance, no one single item exceeded \$5,000; however, I want to assure you that we did follow purchasing policy in that it was the then Saskatchewan Supply and Services who did the purchasing, the tendering, and the whole bit for us. We didn't go out and do this on our own. As I say, it was vehicled through the proper agency with the proper purchasing methods.

**Mr. Van Mulligen:** — I don't have any further questions on the auditor's report, but . . .

**Mr. Chairman:** — I see no one else having any, so go ahead.

**Mr. Van Mulligen:** — I'd like to turn to the *Public Accounts*, page 194, if I might. I wonder if I might get a

breakdown of all the expenditures under the first item, first line, under administration, subvote 1, MLA, other allowances and support staff. Who was paid what, and what was their job description?

**Ms. Tarowski:** — Okay. This covers ministerial staff. In the period under review, you are aware that the Hon. Eric Berntson the was minister of the department from April 1, '85 to December 15, '85, and the Hon. Bob Andrew was the minister from December 16, '85 to March 31, '86.

The first people I refer to were staff with Mr. Berntson. There was Lorie Coburn, who was secretarial staff . . .

**Mr. Van Mulligen:** — I wonder if that information . . . If you could provide that . . . like, I don't need to know that at this moment, but if that can be provided to the Clerk, that would be great.

**Ms. Tarowski:** — Yes.

**Mr. Van Mulligen:** — Also if I could have a breakdown of the professional and technical services. I'm basically interested to know who was paid for what service.

**Ms. Tarowski:** — Again, do you want that read out, or do you want that delivered?

**Mr. Van Mulligen:** — No, that can be provided to the Clerk. All this information can be provided.

Thirdly, travelling expenses: under administration, can you provide a breakdown for any out-of-province trips; who travelled where, destination, purpose of the trip, the breakdown of the expenditures, travel costs themselves, accommodation, other expenses.

**Ms. Tarowski:** — Okay. And that again would just be for the two ministers and for the deputy minister. That is what comes under the . . . (inaudible) . . .

**Mr. Van Mulligen:** — Yes, whoever, out of this category. Also if I could have a breakdown of the contractual services (other) item of \$119,000. And I wonder, can you tell me if you have it here, provisions and business expenses, what was that for?

**Ms. Tarowski:** — Business expense, as you know, is ministerial and deputy minister business entertainment, as well as some supplies for the office — the coffee supplies and whatever for clientele that they meet within the office.

**Mr. Van Mulligen:** — I wonder if you can provide a breakdown on that one then, the business expenses.

I'd like to turn, Mr. Chairman, to the Aid to Trade program on page 196, unless anyone else has questions.

**Mr. Chairman:** — Yes, I do. Could you provide any travel expenses and purposes and amounts and who, that may have involved the ministers or any of the ministerial staff under policy and planning, communications, international operations?

And international operations, I would like it beyond that.

All the information that Mr. Van Mulligen asked for under administration: when, the destination, the purpose, who was there, and what was the cost.

**Ms. Tarowski:** — For out of province only? For international?

**Mr. Chairman:** — For out of province, meaning in Canada and international.

**Ms. Tarowski:** — Right.

**Mr. Chairman:** — Were you going to do that? Okay, I think we would like to see that.

There's an item in international operations entitled: grants and contributions, \$87,000, third or fourth from the bottom. Would you provide the committee with a list of what those grants were for, and to who, and how much — what they were for, to whom they were made, and for how much.

**Mr. Adamson:** — Well we can probably do that right now.

**Ms. Tarowski:** — There were only three grants.

**Mr. Chairman:** — Okay, if you leave it with the Clerk, she'll see to it that we get it.

Now I want to spend a little time on Agricultural Development Corporation of Saskatchewan, to the extent you can answer. Are you able to give me an answer on whether the \$80,000 involved here involved any work or expenditures connected with operations in Mozambique or the Middle East?

**Mr. Adamson:** — The \$80,000 was granted to Agdevco to help cover the costs of operating the Vienna office, okay.

**Mr. Chairman:** — Okay, help cover the costs?

**Mr. Adamson:** — Pardon?

**Mr. Chairman:** — To help cover the costs?

**Mr. Adamson:** — To help cover the costs, yes. My understanding is that the costs of operation of the Vienna office was approximately double that, so it was to cover about 50 per cent of the cost of operation.

**Mr. Chairman:** — Why would half of it be paid out of economic development and half of it from some other source?

**Mr. Adamson:** — Well my understanding is that Agdevco covered the rest themselves, okay. So because Agdevco is involved in trade and development activities, we felt that the operation of the office was important, and so Agdevco asked us, or we were authorized to cover half the costs of the operation of the Vienna office.

**Mr. Chairman:** — I understand that discussion, except you will understand it makes it much more difficult for those who might want to know how much the Vienna office cost to operate, to find it out, because you will ask



in Agdevco, how much it will cost Agdevco; and they'll say, here's what it cost. And unless we get an answer like you just gave, which is a very good, straight answer, most people will have passed that by. Is this still the arrangement where you do half and half?

**Mr. Adamson:** — No, that was essentially, I guess, a two-year commitment.

**Mr. Chairman:** — So this had nothing to do with anything but the Vienna office then.

**Mr. Adamson:** — No.

**Mr. Chairman:** — Okay, then I shall pursue no more questions on that one.

**Mr. Paton:** — Before you continue, the question you asked on the grants and contributions, the details are actually supplied in the *Public Accounts* unless there's more detail you require.

**Mr. Chairman:** — Oh, is there?

**Mr. Paton:** — Just at the bottom of that same page 195.

**Mr. Chairman:** — Oh, those are the grants, 87,341. I'm sorry, I should have been able to catch that. I will cancel my earlier question, okay.

That's all I have.

**Mr. Van Mulligen:** — Let's turn to the Aid to Trade program on the next page, and I wonder if you can just briefly outline for me what the objectives of that program are?

**Mr. Adamson:** — The objectives of the program are to assist Saskatchewan exporters in marketing their products in — well, at this stage anyway — is marketing their products both in Saskatchewan, in other provinces in Canada, and internationally.

**Mr. Van Mulligen:** — Can you tell me what the grant to the Hub Tire Shop was for? What kind of product?

**Mr. Adamson:** — I'm sorry, right off the top I don't know exactly what marketing requirement there was. I'm not sure if we have the specific individual details of each.

**Mr. Van Mulligen:** — Okay. Maybe you can research that and get that.

**Mr. Adamson:** — Yes, we can research that.

**Mr. Van Mulligen:** — I'm also curious about Mercury Graphics Corporation, Pan-Brick Inc., and do you know where this firm is located?

**Mr. Adamson:** — Pan-Brick used to be located in Saskatchewan. It has subsequently moved to Ontario, I believe. So it is no longer a Saskatchewan company.

**Mr. Van Mulligen:** — When did they move to Ontario?

**Mr. Adamson:** — I believe they moved to Ontario, it was

either early last year, early 1987, or late 1986.

**Mr. Van Mulligen:** — And also 5-H Management Ltd., and also the SaskTel-C.M.R., that's the central mail remittance, \$5,000. What . . .

**Ms. Tarowski:** — Well, SaskTel has their own marketing area, and this was on the fibre optics . . .

**Mr. Adamson:** — It would . . . SaskTel International basically is involved in the international marketing of their product, and my assumption is that that related to one of their marketing missions in terms of trying to market the systems, but we can provide the details on that.

**Mr. Rolfes:** — Peter Jack or Jack Peter, it's on the first . . . What was that for, do you know?

**Mr. Adamson:** — Right off the top of my head, no, I don't know, sorry. We will find out.

**Mr. Rolfes:** — And one further, Roman Marble Products Ltd. Do you know that one?

**Mr. Adamson:** — No, sorry.

**Mr. Rolfes:** — It's okay. If you could get it for us.

**Mr. Adamson:** — Right, we will get that.

**Mr. Van Mulligen:** — I'd like to turn to the schedule of payments, page 198. Can you tell me about the expenses of Edie Rittinger? What was her job with the department?

**Mr. Adamson:** — Edie Rittinger was under contract to the department to co-ordinate and organize our participation in the World Business Showcase in Vancouver during Expo '86.

**Mr. Van Mulligen:** — I'd like to turn to other expenses. Angus Reid Associates Inc. for 23,400; can you tell me what that expense was for?

**Mr. Adamson:** — Yes, Angus Reid was contracted to conduct a survey of the relationship between the Government of Saskatchewan, the Department of Economic Development and Trade and the business community to get a feeling for the effectiveness of the department's programs and policies.

**Mr. Van Mulligen:** — What about Bursey International Consultants and Bursey International Consultants?

**Mr. Adamson:** — They were contracted to undertake a study to examine the potential of a wiredrawing industry in Saskatchewan.

**Mr. Van Mulligen:** — A what?

**Mr. Adamson:** — Wiredrawing industry.

**Ms. Tarowski:** — You know, to make wire, that they draw it, extrude it.

**A Member:** — Pull.

**Mr. Van Mulligen:** — Okay, Is there such an industry anywhere?

**Mr. Adamson:** — In Saskatchewan?

**Mr. Van Mulligen:** — Yes.

**Mr. Adamson:** — I don't believe so, no.

**Mr. Van Mulligen:** — We've spent \$47,000 — \$48,000 on that?

**Mr. Adamson:** — Yes, \$48,180.

**Ms. Tarowski:** — I guess it's fair to say that, you know, all the studies that examine potential industries or potential markets don't necessarily result in actually establishing . . . or it may be that, you know, in five years or whatever down the road, depending what the economic climate is.

**Mr. Van Mulligen:** — Where is this company from?

**Mr. Adamson:** — Sorry, we'll get that for you.

**Mr. Van Mulligen:** — The Canadian Foundation for Economic Education; can you enlighten me as to what that grant was for?

**Mr. Adamson:** — Yes. Under the auspices of the Department of External Affairs, the Canadian Foundation for Economic Education undertook to put together a publication for, I believe it was, high school students to ensure that they are aware of the opportunities and challenges in the world economy and to emphasize the importance of trade. Now the cost, the 16,000, was the cost of purchasing copies for distribution in the Saskatchewan school system.

**Mr. Rolfes:** — What was distributed to the schools? I assume it would be high schools.

**Mr. Adamson:** — Yes, it was high schools.

**Mr. Rolfes:** — When were they distributed?

**Mr. Adamson:** — They were distributed over a two-year period. I believe it was the '85-86 school year and the '86-87 school year.

**Mr. Rolfes:** — And what was distributed?

**Mr. Adamson:** — It was a publication which provided background and information on international trade, what it means to Canada. You know, essentially how the world economy . . . the interdependence of the world economy, what trade is all about, and where Canada fits in in the world scene. It was . . . we worked very closely with the Department of Education in terms of ensuring that it met the standards that they normally set.

**Mr. Rolfes:** — The reason I'm asking is because I was in charge of teaching economics in grade 11 and 12 in 1985-86. I can't recall getting anything like that. That's why I asked.

**Mr. Adamson:** — Well, would you like to see a copy of it?

**Mr. Rolfes:** — No, no, no, no longer. I'm not teaching economics any longer, and don't anticipate that I will in the future either. I'll be doing other things.

**Ms. Tarowski:** — Excuse me. When you say you'd like a copy, do you want 17 copies or one copy? Are there 17 available?

**Mr. Adamson:** — I'm not sure. We can pull a few together, I'm sure.

**Mr. Chairman:** — You may not. Whatever you can. If you have enough for each member, fine. If you don't, then we can somehow photocopy something.

**Mr. Van Mulligen:** — What about the Canadian Marketing Group? What was that expense?

**Mr. Adamson:** — Oh yes, that was the . . . the \$10,000 covered the cost of a departmental booth at the Opportunities Canada show that was held in Toronto during that year.

**Mr. Van Mulligen:** — And Michael Cohen, \$28,000?

**Mr. Adamson:** — Michael Cohen is under contract to the department to provide trade and investment services in New York.

**Mr. Van Mulligen:** — Is he a Saskatchewan resident, or . . .

**Mr. Adamson:** — No, he's not.

**Mr. Chairman:** — This is the New York trade office which was announced this year, or in 1987?

**Mr. Adamson:** — It is. He is working in the trade office at this time.

**Mr. Chairman:** — Pardon.

**Mr. Adamson:** — He is working in the trade office at this time, yes.

**Mr. Chairman:** — Yes, but during the legislative session when your estimates were in, the minister, around that period of time, announced the New York trade office. Am I correct?

**Mr. Adamson:** — I believe that was the time, yes.

**Ms. Tarowski:** — That's correct. Mr. Cohen was under contract with the department, although we did not have a store-front or an office during this period under review. That was just set up in the current year.

**Mr. Chairman:** — What was he working out of at that time?

**Mr. Adamson:** — He was working out of his . . . partially out of his home, and he had a room in an office building owned by Gerbers Corporation.

**Mr. Chairman:** — Gerbers Corporation.

**Ms. Tarowski:** — Yes, it's actually J. Gerber & Co. Inc., New York City.

**Mr. Chairman:** — So the 28,000 will not have been the full cost in '85-86.

**Ms. Tarowski:** — The office cost there was very minimal. It was \$2,107.50. As we say, it was just a room that we paid the costs . . . you know, it wasn't, as I say, a store-front or a business office.

**Mr. Chairman:** — Will you provide the committee the full costs of this New York operation under the auspices of one Michael Cohen . . .

**Mr. Adamson:** — During this time?

**Mr. Chairman:** — Well it's got to be under the year under review.

**Mr. Adamson:** — Yes.

**Mr. Chairman:** — And break it down for what the items were. Sorry, Mr. Van Mulligen.

**Mr. Van Mulligen:** — Also Computer Innovations grant . . . or expense of \$13,000-and-some. What was that for?

**Mr. Adamson:** — That was the cost of the development of investors' information data base for the department.

**Mr. Van Mulligen:** — A data base for the department?

**Mr. Adamson:** — Yes, for departmental use in terms of . . .

**Mr. Van Mulligen:** — Okay. And the Conference Board of Canada?

**Mr. Adamson:** — That covers the cost of departmental membership in the International Business Research Centre, plus registration fees for departmental staff attending various conferences. Our membership in the International Business Research Centre is under . . . we have a five-year agreement, after which time I guess we'll review the . . . or evaluate it.

**Mr. Van Mulligen:** — CTI Communications?

**Mr. Adamson:** — That covered the cost of acquisition of supplies and services required for an interactive video system for educational and promotional use.

**Mr. Van Mulligen:** — Where is this company located — CTI?

**Mr. Adamson:** — CTI was located in Saskatoon. My understanding is that at present the company has ceased to function.

**Mr. Van Mulligen:** — Darwall Consultants?

**Mr. Adamson:** — That was a contract to produce a report on the use of nitrogen-based fertilizer in Saskatchewan.

**Mr. Van Mulligen:** — And De Laronde International?

**Mr. Adamson:** — That was a consulting contract to assist in development of provincial objectives and policies for trade initiatives.

**Mr. Van Mulligen:** — Dome Advertising Ltd. and Dome Media Buying — would you say that the majority of those expenditures were within the province or outside the province, in terms of . . .

**Mr. Adamson:** — We don't have that information immediately available. We've recorded it and set it up according to project now.

**Ms. Tarowski:** — Like, I'm not sure. We could get, you know, we could probably go through this and rework the numbers and get you a ballpark figure in or out of province. But the whole accounting system is a project accounting system.

**Mr. Van Mulligen:** — Maybe if you could provide a copy of the expenses then under that item and table them with the Clerk. That would be great. Thomas W. Douglas?

**Mr. Adamson:** — That was a contract to assist the department in identifying and promoting of Saskatchewan manufacturers.

**Mr. Van Mulligen:** — Okay. And where's Mr. Douglas located?

**Mr. Adamson:** — Mr. Douglas no longer works for the department. He was located in Regina.

**Mr. Van Mulligen:** — Okay. Alexander Duffy?

**Mr. Adamson:** — Mr. Duffy was hired under contract as a consultant to identify, advise, and act on trade and investment opportunities for Saskatchewan in Europe. He was located in London.

**Mr. Van Mulligen:** — Is it in addition to the Agent General?

**Mr. Adamson:** — He worked under the . . . within the offices of the Agent General.

**Mr. Van Mulligen:** — And Daniel J. Gagnier?

**Mr. Adamson:** — The costs identified were relocation expenses and the deputy minister and his business expense claims.

**Mr. Van Mulligen:** — How's that again — relocation and business expenses?

**Mr. Adamson:** — And some of his business expenses, yes.

**Mr. Van Mulligen:** — And who's Daniel J. Gagnier.

**Mr. Adamson:** — He is the former deputy minister of the Department of Economic Development and Trade.

**Mr. Rolfes:** — And that was when he was hired?

**Mr. Adamson:** — That's right, yes.

**Mr. Rolfes:** — And where did he come from?

**Mr. Adamson:** — He came from Ottawa.

**Mr. Chairman:** — How long was he deputy?

**Mr. Adamson:** — Until June of last year . . . or June . . . or May . . . let's see, it was . . .

**Ms. Tarowski:** — June 31, I believe . . . June 18.

**Mr. Adamson:** — June 18, 1985, until May 31, 1987, somewhere in that range anyhow.

**Mr. Van Mulligen:** — Infomart — Southam Press Ltd. & Toronto Star Ltd.?

**Mr. Adamson:** — Oh, that's right. That's a contract re the purchase of computer equipment and services to access the Infomart informational data bases.

**Mr. Van Mulligen:** — Okay. Philip Wayne Lorch?

**Mr. Adamson:** — That was a contract to develop economic development strategy for expanding existing facilities in the province and to develop new industrial facilities.

**Mr. Van Mulligen:** — And Ronald K. MacDonald?

**Mr. Adamson:** — It's a contract for services as a project consultant for investment services branch. Projects were assigned by the branch director.

**Mr. Van Mulligen:** — And Melvin G. Clark & Assoc . . . Or can I just back up to MacDonald? Where is he located?

**Ms. Tarowski:** — When he was with the department, he was in Regina.

**Mr. Adamson:** — He is no longer with the department.

**Mr. Van Mulligen:** — And Melvin G. Clark & Assoc. Ltd.?

**Mr. Adamson:** — it was a contract to provide information and analysis of international trade policies to assist in the development of policies and to facilitate the export of Saskatchewan products.

**Mr. Van Mulligen:** — And where is he located?

**Mr. Adamson:** — Ottawa.

**Mr. Van Mulligen:** — And Barbara A. Murphy?

**Mr. Adamson:** — That was a contract to assist in special projects, branch administration. Our functions were to update and monitor project files and to co-ordinate branch projects.

**Mr. Van Mulligen:** — Who were the principals of that company?

**Ms. Tarowski:** — That's an individual.

**Mr. Adamson:** — That's an individual. That's a personal services contract.

**Mr. Van Mulligen:** — And who is that person?

**Mr. Adamson:** — Barbara Murphy.

**Mr. Van Mulligen:** — Where is she located?

**Mr. Adamson:** — When she worked for the department, she was located in Regina. She no longer works for the department, or is no longer under contract to the department.

**Mr. Chairman:** — I don't see any more similar to that, so I want to . . . can I ask this question now? There is a whole list of these people who, your response is: no longer work for the department. Were they hired on a short-term basis, or were they regular employees of the department who have now departed?

**Mr. Adamson:** — No, they were not regular employees. They were people under contract, and they had . . . their contracts had specific terms, and they were hired to do specific functions.

**Ms. Tarowski:** — And when the contracts expired, in many instances, the contracts weren't renewed.

**Mr. Adamson:** — There were some renewals there.

**Mr. Chairman:** — So while they worked, they were in Regina; but the better answer, and maybe it's the same answer is: where was their place of origin? For example, Barbara Murphy, was she . . .

**Ms. Tarowski:** — Barbara Murphy's origin was Regina.

**Mr. Chairman:** — And so was Philip Lorch?

**Ms. Tarowski:** — Yes Mr. Lorch has a business here in Regina.

**Mr. Chairman:** — Okay, that's fine.

**Mr. Van Mulligen:** — N W Management Consultants?

**Mr. Adamson:** — That covered the cost of a study on Redberry Lake Development Corporation re feasibility and regulation and conformity to by-laws.

**Mr. Van Mulligen:** — Is a copy of that report available? Can that be made available to the committee?

**Ms. Tarowski:** — What I'll have to do is search to seek the availability of it.

**Mr. Van Mulligen:** — Who were the principals of N W Management?

**Ms. Tarowski:** — I'll have to provide you that as well.

**Mr. Van Mulligen:** — Okay. Pavlovsky & Zarzeczny?

**Mr. Adamson:** — That covered the cost of research and

developing and copyrighting services for a handbook on *How to Joint Venture for Major Projects*. It's a publication produced by the department.

**Mr. Van Mulligen:** — Prairie Advertising Distributors Ltd.?

**Mr. Adamson:** — I'm sorry, that's not on our list. We will provide you with that information.

**Ms. Tarowski:** — We erred and missed it. We will provide that.

**Mr. Van Mulligen:** — Remai Investment Co. Ltd.?

**Mr. Adamson:** — That is a cost-shared study on the feasibility of a proposed hotel and convention centre in Regina.

**Mr. Van Mulligen:** — I wonder if a copy of that report might also be made available to this committee.

Morris Shumiatcher?

**Mr. Adamson:** — That covered services for consultations with principals re the establishment of a Toyota manufacturing plant in Saskatchewan.

**Mr. Van Mulligen:** — So he was acting as a go-between?

**Mr. Adamson:** — That's correct. He was involved in discussions and worked with us in discussing with the principals of Toyota and their associates.

**Mr. Rolfes:** — How close were you in getting it?

**Mr. Adamson:** — I don't think I'm prepared to comment on that.

**A Member:** — I didn't think you would.

**Mr. Van Mulligen:** — Can I just ask, is Dr. Shumiatcher, is he also not the Japanese consul in Saskatchewan?

**Mr. Adamson:** — The honorary consul, that is my understanding, yes.

**Mr. Van Mulligen:** — It seems to me a curious arrangement — like he has a relationship with the Japanese government?

**Mr. Adamson:** — Well, as an honorary consul, yes, he would have an arrangement with Japanese government, yes.

**Mr. Van Mulligen:** — Strategic Decisions Associates and Strategic Decisions Group?

**Mr. Adamson:** — That covered the cost of a contract to advise the department on policy for industrial development and investment strategy in respect of the departmental mandate, as well as to create an industrial development strategy for the province.

**Mr. Van Mulligen:** — Can you tell me who the principals are of these two companies?

**Ms. Tarowski:** — I don't have all the principals. The person assigned to the department on this company was Lilka Elbaum.

**Mr. Van Mulligen:** — I wonder if you could provide the committee then with a list of the principals of the company.

**Mr. Adamson:** — If we can get it we will provide it.

**Mr. Van Mulligen:** — Where are these people located?

**Mr. Adamson:** — Well Lilka Elbaum was based here in Regina.

**Ms. Tarowski:** — Like Lilka Elbaum, after her contract, she in fact became an employee of the department and then when that contract expired it wasn't renewed again.

**Mr. Chairman:** — Just if the company is registered, then the principals are available, and we would like you to search it out and let us have it.

**Mr. Adamson:** — Yes, we will do that.

**Mr. Van Mulligen:** — Denise Tunnicliffe?

**Mr. Adamson:** — She was under a personal services contract to assist in the development and production of various types of promotional services for the public affairs and communications branch.

**Mr. Van Mulligen:** — This is in addition to the 800,000 or so that was spent for Dome?

**Mr. Adamson:** — Yes, she was under contract to the department.

**Mr. Van Mulligen:** — Is she still with the department?

**Mr. Adamson:** — No, she's not.

**Mr. Van Mulligen:** — She's under personal services. Which branch would she have been reporting to?

**Mr. Adamson:** — Public and Corporate Affairs, public affairs branch.

**Ms. Tarowski:** — In this year under review it was identified as communications branch.

**Mr. Van Mulligen:** — Webb Co.?

**Mr. Adamson:** — That was to cover the cost of production of a selective list of names and addresses of U.S. farmers who received departmental promotional material. Primarily, the *Implement Buyers Guide*.

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

**Mr. Rolfes:** — Could you tell me what the Red Deer Chamber of Commerce . . . what was that for?

**Mr. Adamson:** — That would be to cover the cost of

booth space . . .

**Mr. Rolfes:** — Cover the cost of what?

**Mr. Adamson:** — Cover the cost of booth space at an agricultural equipment show in Red Deer.

**Mr. Rolfes:** — Oh, okay. And Woods Gordon?

**Mr. Adamson:** — That covered the cost of a study to devise and obtain agreement on a set of economic development directives for the government to spur growth beyond current expectations.

**Mr. Rolfes:** — 191,000 — have I got the right one? Say that again. That was for what?

**Mr. Adamson:** — About 120,000 of that was for the study to devise and obtain an understanding on a set of economic development directives for the government; 60,000 of that was for an evaluation of the IIP (industrial incentive program).

**Mr. Rolfes:** — What's the IIP?

**Mr. Adamson:** — That's industrial incentive program.

**Mr. Rolfes:** — Okay. Was that an intensive study? It must have been, for 120,000.

**Mr. Adamson:** — It was fairly extensive, yes. I wasn't directly involved.

**Mr. Rolfes:** — I assume a report was submitted.

**Mr. Adamson:** — That is my understanding, yes.

**Mr. Chairman:** — I find one thing that sort of stares out at you as you go through this, is that there has been a multitude of studies to promote this and to promote that, and to diversify something and to establish a Toyota plant. It's obvious we don't have a Toyota plant. Can you give us some indication about the results of these studies. How many of them have materialized into something concrete? Can you tell us that.

This is a very huge amount of money. Mr. Shumiatcher, \$24,000, because he was honorary agent general, or whatever it is, with Japan to do a study establishing a Toyota plant. A nice little piece of money for Mr. Shumiatcher, but no results. Webb and Co., \$116,000. It may not seem like a lot of money to people dealing with a billion or two, but there's an awful lot of people out there who don't earn that kind of money. Woods Gordon, 191,000 — how many of these have resulted in something concrete?

**Mr. Adamson:** — I don't really think it's my place to comment on that.

**Mr. Chairman:** — I don't know why. Has there been anything that has followed up from them. I mean, that's an expenditure of money.

**Mr. Adamson:** — Well we can attempt to gain that information for you. The studies did take place. In the

normal course of events, the information from the studies, depending on what kind of study they are, if they are a cost-shared study, the information is shared with the company or the corporation that provides it. If it's a general study that's undertaken by the department, we consult very closely with the people in the province, the industry concerned, provide them with the information resulting from the studies so that they can use that material to make their own business decisions as to whether or not they want to proceed.

**Mr. Chairman:** — And I'm not trying to be unfair. I know off the cuff it would be difficult for you to answer that, so I will try to be helpful and give the department some time to prepare this. But I would like, for all of the studies that were done, such as Woods Gordon, and more specifically, like the Toyota example, I would like to go through this list of other expense items we've gone through here, and where such studies were done about the potential of the establishment of a fertilizer plant, a Toyota plant; please provide at some future date, but not too long from now I would hope, an indication of what was the follow-up and what resulted from it, unless we have specifically asked for a study.

I'm not asking for all the studies. I'm just saying, the study was done for this; so-and-so did it; this is what it cost us; what's the result. Do you think we can do that?

**Mr. Adamson:** — We can try and pull that together, yes. May I . . . Now you're looking specifically at studies, because, for example, Mr. Shumiatcher, the . . .

**Mr. Chairman:** — No, it doesn't have to be just the study. The act of . . .

**Mr. Adamson:** — And just referring to the items . . .

**Mr. Chairman:** — I could go down the list and just give you the names, but I think you could do that just as easily as I.

**Mr. Adamson:** — Well that's right. So we're focusing specifically on the names as identified in here. Those that are in here. Okay.

**Mr. Chairman:** — Oh, yes, those that are in here, that's all. Unless you have some that are not in here that you want to tell us about.

**Mr. Adamson:** — The department undertakes a lot of other activities as well, which hopefully leads towards that.

**Mr. Chairman:** — No, no, I want to know this because this is our mandate here. Okay, Mr. Van Mulligen and Mr. Rolfes.

**Mr. Van Mulligen:** — Can I just ask one more, on Access Survey Research, \$23,400.

**Ms. Tarowski:** — That has to tie in with Angus Reid and Associates. It was one contract. The payment to Access Survey for \$23,400 was a progress billing on that contract, on the Saskatchewan business study project, so it's really one and the same thing, but it's just how the

company invoiced the department and how we had to do the payee.

**Mr. Rolfes:** — I just want to . . . I'm not certain; I might have missed it. Did we ask about Norman Andrews, \$ 133,000?

**Mr. Adamson:** — No, you did not.

**Mr. Rolfes:** — Have you got that with you?

**Mr. Adamson:** — Yes. Well Norman Andrews worked under contract to the department to pursue trade activities. He was based in Minot, North Dakota.

**Mr. Rolfes:** — And in one year he got 133,000?

**Mr. Adamson:** — Well that included all his business expenses, travelling expenses, his office costs as well.

**Mr. Chairman:** — That's an example of what I want. I'd like you to take Norman H. Andrews — and I don't care who it is. He had these activities, trade activities, if there were any positive results, itemize them. I mean, if he established a great trade arrangement between Schulte industries and some outfit down there, just say so. That would help.

**Mr. Rolfes:** — I have one further: Harvest Foods, Ltd. Is that anything to do with — what is Harvest Foods Ltd.?

**Mr. Adamson:** — Harvest Foods is a company based in Saskatoon. It's a consulting services company that focuses in the agricultural sector. I believe the owner is Stuart Garvin.

**Mr. Rolfes:** — Okay, what was this 90,000 for?

**Mr. Adamson:** — Okay, there were three separate contracts under that. 47,000 of that, consulting services on the subject of future development of food and beverage industries in the province. 40,000 of that was to conduct a study on the potential for corn milling in Saskatchewan, and 3,800 was the study on the effect of liberalized trade on Saskatchewan food processing sector.

**Mr. Rolfes:** — And who were the principals of Harvest Foods Limited?

**Mr. Adamson:** — I believe it's Stuart Garvin, but we can . . .

**Mr. Rolfes:** — Stuart Garvey?

**Mr. Adamson:** — Garvin — G-A-R-V-I-N.

**Mr. Chairman:** — I see no further questions. Thank you very much.

While the officials are leaving, I guess it's obvious to everyone, by the way you're picking up your papers, that we have completed the work of the committee other than preparing a report, and we've sort of been trying to get Gwenn to keep track of the discussion so she can do a draft report which we can get, and then we will be calling

a meeting either the day before the session sits or the day of or somewhere in there and get the work of the committee completed so we can report to the legislature.

Thank you for your time; safe trip home.

The committee adjourned at 3:05 p.m.