

## STANDING COMMITTEE ON PUBLIC ACCOUNTS

April 20, 1989

### Public Hearing: Department of Education and Department of Advanced Education (continued)

**Mr. Chairman:** — Call the meeting to order. The first item of business is the motion to conclude the hearings on the Department of Education and the Department of Advanced Education. Someone care to move the motion? Mr. Rolfes.

**Mr. Rolfes:** — Guess so.

**Mr. Chairman:** — We don't need a seconder. Any discussion on the motion? Question. All those in favour of the motion.

Agreed

### Public Hearing: Department of Economic Development and Trade

**Mr. Chairman:** — Then the next item on the agenda will be Department of Economic Development and Trade, followed by the Department of Tourism and Small Business. Maybe we'll just see if there's any questions for the auditor on Economic Development and Trade, then we can call in the department.

**Mr. Rolfes:** — Mr. Lutz, just on page 46 and 47 you note a few problems again with the Department of Economic Development and Trade in regards to getting proper authority, I believe. Can you tell me whether or not those problems have been corrected in the next year?

**Mr. Lutz:** — On page 46, Mr. Chairman, the problem we indicate is contained in 9.03, where they did not have a written communication to their people for the control of the charges against their authorization. And I'm advised that this was corrected for the '89 year.

**Mr. Rolfes:** — Okay.

**Mr. Lutz:** — The second item is on 47. There was a requirement by legislation that they get an order in council for the expenditure of the amount of money indicated in this section. The department has advised me that procedures will be reviewed and they anticipate it won't happen again.

**Mr. Chairman:** — Shall we call in the department?

**A Member:** — Yes.

**Mr. Anguish:** — Are the same officials, Mr. Chairman, here for both of the departments, since they're sort of combined, or maybe kind of they're not combined? I don't quite understand. Are there two groups of officials here today, or one?

**Mr. Chairman:** — I admit that it's a very confusing situation.

**Mr. Anguish:** — Well thank you for your concise answer.

**Mr. Lyons:** — Exceedingly concise and probably incorrect.

**Mr. Chairman:** — They've both been called. I think they're both called for 8:30. But in any event, the deputy minister for the one department is expected to be able to provide the answers — and his officials — for the department under review.

Good morning, Mr. Wright. If you could introduce your two officials.

**Mr. Wright:** — Certainly. On my right is Terry Tarowski, my director for administration. And on my left is Gerry Adamson, director of trade promotion.

**Mr. Chairman:** — I want to welcome you here this morning. And I want to make you aware that when you're appearing as a witness before a legislative committee, your testimony is privileged in the sense that it cannot be the subject of any libel action or any criminal proceedings against you. However, what you do say is published in the minutes and verbatim report of this committee and therefore is freely available as a public document.

And you are required to answer questions put to you by the committee, and where a member of the committee, or the committee, requests information of your department, I ask that 20 copies be submitted to the Clerk, who will distribute the document and record it as a tabled document, and I would ask you to address all comments to the chair as we always ask committee members to do as well.

And having said that, I turn it over to Mr. Lyons.

**Mr. Lyons:** — Thank you, Mr. Chairman. Mr. Wright, welcome, and your officials.

I'd like to ask you a few questions about the Hong Kong trade office, particularly in regard to the statements made earlier by the Provincial Auditor that the deficiencies as were earlier recorded have been cleared up, apparently to his satisfaction.

I wonder if you could tell us, in the year under review, first of all what benefit was derived from the maintenance of the Hong Kong trade office in economic terms? How much trade was generated? Do you have any statistics compiled?

**Mr. Wright:** — We don't have the statistics with us. We can undertake to provide a report to you on that. I might just add there that the Hong Kong office is set up not only to service the Hong Kong market, if you will, but also the mainland China markets, so I will undertake to get a report to you on that. We don't have any statistics that would provide the type of comparison you might be looking for right now.

**Mr. Lyons:** — Do the officials in the Hong Kong office keep a record of the contacts or the commercial agreements that were either negotiated by the representatives there or were put together there or mediated by the people there?

**Mr. Wright:** — The representatives in the Hong Kong office provide the deputy minister of the department with a monthly report of their activities and accomplishments.

**Mr. Lyons:** — And how many officials were there during the year under review?

**Mr. Wright:** — During that year in review there was four. There was the agent, who at that time was Mr. Hazen; there was Ernst Cheung, who was an officer; Mr. Lai, as well a secretary.

**Mr. Lyons:** — Okay and what were their functions . . . of the people there, and what was the agent's function? What directions were given to that person in so far as his duties?

**Mr. Wright:** — The functions of the agent were to manage the office and all aspects of the office operation in Hong Kong. His particular mandate was to enhance and expand trade into Hong Kong and mainland China, and also to seek out potential investment opportunities in the Hong Kong area for Saskatchewan. So in a general sense, his overall . . . his mandate was to operate the office and carry out those program functions.

Ernst Cheung was the program officer specifically responsible for trade development. His functions were to undertake initiatives on behalf of the Saskatchewan companies in the Hong Kong area and on mainland China to, you know, try and generate exports of Saskatchewan products.

Mr. Lai was essentially providing an analytical function, looking at obtaining market analysis, information, basic economic information on Hong Kong and China. He also acted as the office manager.

The secretary carried out normal secretary and reception duties.

**Mr. Lyons:** — Okay, do you have any firm guide-lines as to . . . or any kind of guide-lines as to how to evaluate the performance of the officials?

**Mr. Adamson:** — The performance of the officials was evaluated essentially on the same basis that officials here in headquarters are evaluated. At the beginning of each year the office would put forward a work plan, an annual work plan, and they would work through that work plan. From the headquarters' perspective, we evaluated the office and, in particular, the agent. It was the agent's responsibility to evaluate his own staff.

**Mr. Lyons:** — Okay. But the evaluation as part of that work plan, was there a valuation given to the amount of trade generated, or was there a value-for-dollar type of evaluation carried out? What was the underlying basis of it?

**Mr. Adamson:** — Okay. The underlying . . . when we initially established the office, our expectation was that the office had to be . . . it would take at least three years for that office to begin to start generating a good return on the investment. So we were not . . . at that stage we were not expecting that. While we were hoping that there would

be some increase in trade and investment activity, we did not use specific dollar figures in the evaluation process because we thought it was premature.

For an office in a foreign market, it takes a fair amount of time for that office to become operational, for the people in the office to be known in the community. So the first part of the office's operation was to become established and to become known in the market area. So that formed part of the process, but there were no specific targets, in terms of increased dollars of trade generated, as part of the evaluation process.

**Mr. Lyons:** — So there was no . . . there was actually no dollar method of evaluating.

**Mr. Adamson:** — That's right.

**Mr. Lyons:** — As part of that evaluation process then, is there something . . . a percentage given to increase in trade volume or . . . I mean I don't understand how . . . I know that there are always set-up costs involved in any kind of industrial enterprise, and if you're marketing a service or even a product, it takes a while to establish a market share. But in something like this there's got to be . . . we're not marketing a product or a service. I don't suppose that that's the mandate that's seen by the trade office, is it?

**Mr. Adamson:** — We're not marketing; we are providing a service. The service that we are providing is to the Saskatchewan exporter. I guess it becomes a question of how you determine the value of that particular service. If you look at it . . . and it becomes a question of how you evaluate the type of assistance given to a Saskatchewan exporter. If the office in Hong Kong provides a specific service, provides . . . shall we say identifies a contact point for a Saskatchewan exporter on the basis of one phone call, and that exporter is able to generate exports out of that service, there's a direct contact, or I mean you can make a fairly direct linkage there.

On the other hand, the office may work for six or eight months trying to work with another company, in terms of trying to facilitate that company's entering into the market-place, and nothing may come of it ultimately. So it then becomes . . . that doesn't necessarily mean that the time that the office spends on that activity is lost time, because while they are doing that they are making very good contacts which may be of assistance to other companies.

So I guess it boils down to a question of . . . If you're looking at it in a fairly broad sense, having the office there to facilitate the efforts of a number of Saskatchewan companies, it saves those companies a fair amount of money in terms of the costs that they would have to undertake in additional market identification missions. There's a lot of work that the office can do that will facilitate the company activities.

So it's . . . we did not go through the process of trying to develop a model in terms of . . . to determine what kinds of activities facilitated the . . . or what kind of activities should receive so much credit and what, you know, how the other activities should be rated as well.

**Mr. Lyons:** — Okay. I think that provides us with a fairly substantial explanation for it.

In the year under review, was there any thought given to when the evaluation as to the value of the trade office would be, in terms of whether it was providing the kind of economic activity that hopefully would have been provided? Is that year set, or is this a totally open-ended question?

**Mr. Adamson:** — Well each year is looked at sort of on an annual basis, but implicitly it was set up for a three-year period, so after three years of office establishment we expected to be able to sit down and determine whether or not the office was meeting its mandate and was providing a cost-effective service.

**Mr. Lyons:** — Okay. I noticed in some of the background to the establishing of the trade office, one of the . . . Mr. Hazen, whom you quoted earlier on, was saying that:

Hazen believes Hong Kong offers a ready market for Saskatchewan food products, particularly pork.

I'm wondering, has there been an increase, or marked increase, in the export of Saskatchewan pork to that market?

**Mr. Adamson:** — I think there has been. We have undertaken a number of activities specifically to increase the marketing of food products into the Hong Kong area. There have been . . . we know that Intercon has shipped pork products, that it's a new market for them. We know that they have shipped pork products into Hong Kong. We know that we have shipped a fair number of other kinds of food products into Hong Kong that would not have been there without the initiative of the office, because the office has generated the contacts which have resulted in those particular sales.

**Mr. Lyons:** — Okay. Good. I've got no further questions on Hong Kong. Has anybody . . . Mr. Rolfes? Mr. Anguish?

**Mr. Hopfner:** — Just a question. What . . . in the numbers of people versing our offices, our office in Hong Kong, what would be the presence of other provinces? What types of competitiveness are we facing with other provinces in Hong Kong?

**Mr. Adamson:** — Other provincial representatives in Hong Kong include B.C., Alberta, Manitoba, Ontario, and Quebec — essentially all the provinces except Atlantic Canada.

**Mr. Anguish:** — I just have some questions about the expenditures from the *Public Accounts*. There's a grant showed paid out on page 114 of Public Accounts to Asia Pacific Foundation for \$210,000. Do you want to tell me what the Asia Pacific Foundation is and what they do?

**Mr. Wright:** — The Asia Pacific Foundation is a foundation that was established in 1984 by an Act of parliament. Its purpose is to develop closer ties between the peoples and the institutions of Canada and peoples

and institutions of the Asia Pacific region. At the time that it was set up, Saskatchewan, along with other provinces, including B.C., Alberta, and Ontario, committed funds to get the foundation going. The province of Saskatchewan committed \$450,000 over the first three years of the foundation's operations.

**Mr. Anguish:** — Do we have a representative on their board of directors?

**Mr. Wright:** — There are actually several citizens of Saskatchewan that sit on the board.

**Mr. Anguish:** — Could you give us a list of those. I don't imagine you'd have those with you today. Do you?

**Mr. Wright:** — We can certainly get a list of those.

**Mr. Anguish:** — Would you provide that in writing to the committee.

**Mr. Wright:** — Yes.

**Mr. Anguish:** — On the next page, page 115, under the Aid to Trade program, there is a grant to Joytec Ltd. of \$3,380.63. Can you tell us what that's for?

**Mr. Wright:** — The Aid to Trade program was a program that provided financial assistance on a relatively small basis to exporters in Saskatchewan to support things like taking a trip over to a country overseas to explore markets or to bring potential buyers into Saskatchewan for a mission, to go to trade shows, that type of thing.

I don't know specifically what that \$3,000 grant would have been for, but our guess would be that it would have been to defray part of the costs of going to Japan to try to market the product.

**Mr. Anguish:** — Rather than using a guess, could you undertake to research that and provide us with exactly what the expenditures were for.

**Mr. Wright:** — Yes, certainly. Also just to point out, it could have been more than one particular activity that we were supporting there. The guide-lines of the old program were that up to 10,000 a year per company, up to \$5,000 per event, but within that cap you could have several activities.

But we'll certainly undertake to tell you precisely what that \$3,000 was given for.

**Mr. Anguish:** — Could you tell us who represented Joytec?

**Mr. Wright:** — If we have that information available.

**Mr. Anguish:** — You mentioned, sir, that the cap was \$10,000 per year. Could you tell me why then BDM Information Systems Ltd. received \$11,000-plus; Bogan Stitchcraft Manufacturing, \$11,000-plus; Imagination Manufacturing Inc., \$14,000-plus; International Road Dynamics Inc., \$13,000-plus; Univision Industries Ltd., \$16,000-plus?

**Mr. Wright:** — That has been a carry-over from previous years, so that in the previous fiscal year we would have given approval to undertake a particular activity, but it was close to the year end and the bill didn't actually get paid until the next fiscal year.

**Mr. Anguish:** — On page 117 of Public Accounts, there's a Daniel J. Gagnier received a salary of \$81,000 and travel of \$9,980.20. Can you tell me what that individual did for the department?

**Mr. Wright:** — Mr. Gagnier was the deputy minister of the department at the time.

**Mr. Rolfes:** — Mr. Anguish, could I just follow up on that page?

**Mr. Anguish:** — I just have two more questions.

**Mr. Rolfes:** — Okay, go ahead.

**Mr. Anguish:** — George Hazen was the agent-general — is that the proper term? — in the Hong Kong . . .

**Mr. Wright:** — Just agent.

**Mr. Anguish:** — Agent. He received \$20,128.56 for travel. Is that travel back and forth from Hong Kong to Canada? It seems like a large amount for a public employee, or I guess he's a contract employee, is he?

**Mr. Adamson:** — Yes, he was on contract. That would have included travel back and forth between Hong Kong and Canada as well as numerous trips into China.

**Mr. Anguish:** — There is also an expenditure under travel on page 117 to the Royal Bank of Canada for \$2,329.84. Can you explain what that's for?

**Mr. Wright:** — We will undertake to get that information for you. I'm sorry we don't have it available right now.

**Mr. Anguish:** — Cyril P. MacDonald was a contract employee in the year under review with the department, received \$86,170.45 and an additional \$6,272.88 in travel costs. Could you tell me the role of that individual and how long the contract is?

**Mr. Wright:** — Mr. MacDonald was on contract to provide advice to the department on the bilateral and multilateral trade negotiations that were being undertaken at that time. In particular, he was organizing a process whereby public input into the negotiation process could be gathered. For example, there was a committee that toured Saskatchewan, I believe in the summer of '86, gathering input from various interest groups in terms of what Saskatchewan's position should be vis-a-vis the free trade negotiations with the U.S.

**Mr. Anguish:** — There's a Norman H. Andrews who received a contract payment, I assume it was a contract, of \$154,598.64. Can you tell me what services Mr. Andrews provided to the department?

**Mr. Wright:** — Mr. Andrews was a consultant located in North Dakota. His contract fee was \$4,000 per month,

consultant fee as well as \$2,381.43 U.S. per month for his office expenses. Over and above that, he would have travel expenses and so on and so forth. He was contracted to provide assistance to Saskatchewan exporters in the upper mid-west area of the U.S.

**Mr. Anguish:** — Is Mr. Andrews a Canadian citizen, or is he an American citizen?

**Mr. Adamson:** — I'm not sure what the status of his citizenship is right now, but he had lived and worked in Saskatchewan for numerous years prior to moving down to North Dakota.

**Mr. Anguish:** — These people that the department hires on contract, I assume they're hired by order in council?

**Mr. Wright:** — No they're not hired subject to an OC. It is a contract that is worked up in the department, viewed by our lawyers, and then just signed between the particular person and the . . . usually the deputy minister of the department.

**Mr. Anguish:** — Could you provide us with a copy of the contract to Mr. Norman H. Andrews?

**Mr. Wright:** — Before I make a commitment there, I would like to check to see what the policy of the government would be in terms of releasing, you know, personal service . . . the details of personal service contracts. But if the policy is such that it would be acceptable, I will undertake to do that.

**Mr. Anguish:** — Michael Cohen, \$126,462.52. Can you tell me what that was for?

**Mr. Wright:** — Mr. Cohen had a contract with the department, the terms of which included a consultant fee of \$6,250 per month, plus expenses, to represent Saskatchewan in the eastern U.S. He's located in New York City, and in particular is the agent for Saskatchewan in New York.

**Mr. Anguish:** — Is Mr. Cohen a Canadian citizen or an American citizen?

**Mr. Wright:** — Mr. Cohen is a British citizen living in New York.

**Mr. Anguish:** — When the department enters into a contract with these individuals that we pay fairly large sums of money to, would an individual like Mr. Cohen first off have more than the Saskatchewan government as a client? Does he actually represent the department himself, or does he delegate that authority to someone else?

**Mr. Wright:** — No, Mr. Cohen works full time for the Government of Saskatchewan. Saskatchewan has an office in New York. Mr. Cohen is located in that office.

**Mr. Anguish:** — Was there an open competition of some kind? How many people were reviewed for the position that Mr. Andrews held and the position that Mr. Cohen held?

**Mr. Wright:** — You'll forgive me if I'm not fully up to speed on the details of when these gentlemen were hired as I wasn't in the department at the time, nor, I mean, the people who were responsible for hiring aren't in the department any more. There was no competition. What the exact details were in terms of how many people were considered, and so on and so forth, I'm not able to provide you with the details.

**Mr. Anguish:** — Could you provide us with a copy of Mr. Cohen's contract?

**Mr. Wright:** — I'll make the same undertaking that I made with Mr. Andrews.

**Mr. Anguish:** — Can you tell me what Mr. Cohen's qualifications are? What is his area of expertise?

**Mr. Wright:** — Most of Mr. Cohen's career has been spent in international marketing, particularly in the food area. He has had extensive experience in that area both in the Asia market — Hong Kong, Japan — as well as in the eastern U.S. market. It was basically based on that experience, and our feeling that there was good potential for increased processed food exports to the north-eastern U.S. that Mr. Cohen was hired.

**Mr. Anguish:** — Can you tell me who Mr. Cohen worked for prior to receiving this contract with the Saskatchewan government in your department?

**Mr. Wright:** — With the Gerber company — G-e-r-b-e-r.

**Mr. Anguish:** — Coopers & Lybrand Consulting Group, \$192,500. Can you tell me what that payment was for?

**Mr. Wright:** — It was actually for three separate studies. One was a study to assess the market and financial prospects for Ipsco. That was to the tune of \$78,000. Secondly, was to study, to develop strategy for the processing in the food and beverage sectors, for \$74,000. And finally, a survey of the banking industry, for \$40,500.

**Mr. Anguish:** — A survey of the banking industry. Can you tell me more about the survey of the banking industry?

**Mr. Wright:** — I'll undertake to provide a little more in the way of details there. I would presume — and this is just a presumption — that it would have something to do with the level and quality of service that Saskatchewan business was getting from the banking industry. But I'll undertake to provide a little more detail to you on that.

**Mr. Anguish:** — On page 118, the page I've been asking about, there's payments to Dome Advertising Ltd. of \$534,000 plus. There's also a payment to Dome Media Buying Services Ltd. of \$289,000 plus. That's over \$800,000 out of that particular vote item of four million. It seems to me that you do a disproportionately large amount of advertising. And if you don't have them with you today, I'd like to know what the advertising campaigns were and their duration; what the services were that the department actually received for that payment of over \$800,000.

**Mr. Wright:** — I have a list of projects and publications that Dome was involved in, and I will undertake to list these out and send copies to the committee.

**Mr. Anguish:** — Thank you.

**Mr. Wright:** — If you want, I could run down, you know, quickly a representative sample, or if you prefer to wait . . .

**Mr. Anguish:** — No, I think if you just provide them in writing to the committee it would be fine, thank you.

There's a payment to the agent-general in the United Kingdom of \$22,783.54. Can you tell me what that was for?

**Mr. Wright:** — It was for — this is isn't very informative — reimbursement of sundry expenses. Just in general, the agent-general in the U.K. at that time was the responsibility of Executive Council. At the same time it was providing trade promotion, investment promotion types of services, and on that basis the department defrayed some of the expenses. The particulars are, it made salary payments for a Mrs. Frances Ward, who was secretarial support, to the tune of \$3,967.31; travel costs reimbursement to a Mr. A. Duffy, of \$14,934.71; miscellaneous charges for subscriptions, reference material, courier services, etc. \$3,881.43.

**Mr. Anguish:** — Further down the column there's a payment of in excess of \$12,000 to J. Gerber & Co. Inc. Would that be the same company that Mr. Cohen worked for prior to his contract with the department?

**Mr. Wright:** — Yes it is. What happened there is, as I said, at the time that we signed the contract with Mr. Cohen, he was an employee of Gerber. We worked out an arrangement with Gerber that until the Saskatchewan government had its own office space, Mr. Cohen could work out of the office space at Gerber, and we paid them a monthly rental of \$750 per month U.S. to rent that space.

If I could just go back to Michael Cohen's contract — just to make it clear, in case I missed it — the monthly consultant fee was in U.S. dollars. That \$6,250 was in U.S. dollars; I might have neglected to point that out.

**Mr. Anguish:** — There's a Stan Korchinski who received \$30,000 from the department. Could you tell me what Mr. Stan Korchinski did for the department?

**Mr. Wright:** — Yes, Mr. Korchinski worked in a sort of federal/provincial liaison role, advising the department in terms of federal government policy and identifying projects that might be of benefit to Saskatchewan that would be coming out of Ottawa.

**Mr. Anguish:** — Where did Mr. Korchinski reside during the term of his contract?

**Mr. Wright:** — I believe he resided in Ottawa.

**Mr. Anguish:** — Is this the same Stan Korchinski who was previously a member of parliament?

**Mr. Wright:** — I believe that's true, yes.

**Mr. Anguish:** — Does the contract with which he was paid \$30,000 extend over this year? Was the total contract within the year under review?

**Mr. Wright:** — I'm sorry, I don't quite understand the question.

**Mr. Anguish:** — Contracts quite often don't fall in line with the fiscal year.

**Mr. Wright:** — So did you ask me if it was less than 12 months?

**Mr. Anguish:** — Was the contract less than 12 months or greater than 12 months? No, I'm sorry, sir, you put those words into my mouth. I don't want to know if the contract was longer or shorter than 12 months. I want to know if the contract overlapped the fiscal year previous to the one under review, or overlapped into the fiscal year after the year under review.

**Mr. Wright:** — Okay, we will undertake to tell you that. I believe that it did not overlap with the year prior to '86-87, but I wouldn't want to say for certain, and we will get that to you.

**Mr. Anguish:** — Okay. And we certainly wouldn't want to violate any policy of the department, but we'd like his contract as well if it's . . .

**Mr. Wright:** — Same undertaking.

**Mr. Anguish:** — Thank you, sir.

There's a payment to a Strategic Decisions Associates Division of 126033 Canada Ltd. for \$89,826. Can you tell me what that payment was for?

**Mr. Wright:** — That was a payment for the services of a Lilka Elbaum to provide . . .

**Mr. Anguish:** — A what, Elbaum?

**Mr. Wright:** — Lilka Elbaum. E-l-b-a-u-m — I hope I got that right.

**Mr. Anguish:** — And the first name?

**Mr. Wright:** — L-i-l-k-a, it's a Mrs. Lilka Elbaum — to provide advice on industrial development and investment policy and strategy for the department.

**Mr. Anguish:** — Where is that company located?

**Mr. Wright:** — I believe it's in Saskatchewan.

**Mr. Anguish:** — Can you tell us who the principals are of both 126033 Canada Ltd., and as well, the principals of Strategic Decisions Associates.

**Mr. Wright:** — We will see if we can provide that information for you. I would presume that Mrs. Elbaum was one of the principals of that company, but I will see if

we can confirm that.

**Mr. Anguish:** — Ronald MacDonald. Is this an individual that had a contract with the department, or is this the famous Ronald MacDonald that was paid \$56,830.53?

**Mr. Wright:** — Well I think that this Mr. MacDonald might think that he has some fame in his own right, but it's not the one that peddles burgers.

**Mr. Anguish:** — Well what does Ronald MacDonald do? What is the contract?

**Mr. Wright:** — He was a consultant in the investment services branch of the department. In essence he assisted the department in industrial development efforts trying to get more projects going in Saskatchewan.

**Mr. Anguish:** — Did the department conduct any polls in the year under review?

**Mr. Wright:** — No sir, they did not.

**Mr. Anguish:** — Obviously though, the department conducted several studies in the year under review.

**Mr. Wright:** — Yes.

**Mr. Anguish:** — Are those studies confidential, or is it the policy of the department that those studies can be released?

**Mr. Wright:** — Well it depends on the particular policy. A number of those studies were done on a cost-shared basis with particular companies. Our policy in that regard was that the study was the property of the particular company or entrepreneur that we cost-shared it with for his exclusive use for 12 months. Thereafter, if the project did not proceed, or if it proceeded elsewhere, we could release that report.

For internal studies that are done, these are deemed confidential and are not released.

As far as sectoral strategy, sometimes we get studies done about a particular industrial sector. If there's no confidential matter enclosed, then the study may be released at the discretion of the department. That's, in summary, the terms of the policy with respect to release of studies.

**Mr. Anguish:** — Sir, in the year under review, could you tell me the people that were either located in the minister's office or answered directly to the minister, what their names were and what their annual salary — not what they were paid during the year under review, but what their annual salary was.

**Mr. Wright:** — For the year under review, the people in the minister's office that were paid out of Economic Development and Trade's budget included a Debbie Farnel, a Coryna Kulba, and a Diane Tremblay. The total salary paid to those three individuals was \$72,905.48. In terms of what their annual salary was, we don't have that information available to us.

**Mr. Anguish:** — I suppose, to put that another way, do you know if those three individuals worked for the entire fiscal year?

**Mr. Wright:** — I believe they did, and I will confirm that. Ms. Farnel and Tremblay are secretaries; Ms. Kulba is an MA(ministerial assistant), and I believe that they were there for the full fiscal year, but I will confirm that.

**Mr. Anguish:** — And each of those three worked in the office of the Hon. Bob Andrew?

**Mr. Wright:** — Yes, that's right.

**Mr. Anguish:** — I have no further questions, Mr. Chairman.

**Mr. Rolfes:** — Mr. Chairman, I just have a few questions. Could you tell me what the total salary was for Arthur Wakabayashi? I know it says 90,001 here, but I don't think that is the total for what he received, is it? And can you tell me what was his job, what was his position?

**Mr. Wright:** — That, in fact, was his total salary.

**Mr. Rolfes:** — What was his position?

**Mr. Wright:** — He was a senior trade negotiator. He was hired to head up the government's position in terms of dealing with the federal government on the free trade negotiations.

**Mr. Rolfes:** — Would he answer to the deputy minister in the department? What's the line of authority there?

**Mr. Wright:** — You'll excuse my smile. The answer I just got from my director of administration was that he reported to the minister, but he had a dotted line to the deputy minister. Essentially he answered to the minister.

**Mr. Rolfes:** — All right. Let me go back to Mr. Cyril MacDonald.

**Mr. Wright:** — Yes.

**Mr. Rolfes:** — I believe more commonly known as Cy MacDonald, correct? Can you tell me . . . (inaudible interjection) . . . Yes, Cy, the famous Cy, former contender for the leadership of the Liberal Party. Turncoats get paid very well.

But, Mr. Wright, can you tell me, did Cy MacDonald, did Mr. MacDonald answer directly to the deputy minister? What was the line of authority there?

**Mr. Wright:** — I believe he answered directly to the minister.

**Mr. Rolfes:** — Directly to the minister.

**Mr. Wright:** — Yes. He worked with people throughout the department. He worked with Mr. Wakabayashi in his capacity, he worked with the deputy, he worked with people in our public and corporate affairs branch, but I think essentially his reporting relationship was to the minister.

**Mr. Rolfes:** — And the deputy was a Daniel Gagnier?

**Mr. Wright:** — Yes, that's right.

**Mr. Rolfes:** — He's no longer with the department?

**Mr. Wright:** — No, he's not.

**Mr. Rolfes:** — Do you know if he's with the government?

**Mr. Wright:** — No, he's with the Ontario government now.

**Mr. Rolfes:** — Yes, I would have left too if I was him. You know, seeing as how all the other people got paid more than he did and he's supposed to be the deputy, I'd have gone too. But anyway, no line of authority there, all dotted lines.

**A Member:** — You wouldn't have been hired in the first place.

**Mr. Rolfes:** — No, I wouldn't be hired by you guys. I know that. I'd be too darned smart to work for you guys.

**Mr. Chairman:** — Mr. Rolfes, I would certainly encourage you to just stick to the questioning and keep your comments for another time and place.

**Mr. Rolfes:** — I want to ask another question. That Alexander Duffy, was that the person you referred to as working in Great Britain?

**Mr. Wright:** — Yes, that's right.

**Mr. Rolfes:** — What was his position?

**Mr. Wright:** — He was on contract. Essentially he was a trade investment officer in the London office, so he was attempting to assist Saskatchewan exporters, as well as trying to find investment projects that might be brought into Saskatchewan from the European market.

**Mr. Rolfes:** — Okay. Can you tell me, the agent-general, which department was directly responsible for the agent-general? Is that the Executive Council?

**Mr. Wright:** — In '86-87 it was Executive Council, yes.

**Mr. Rolfes:** — The reason I'm asking is because there are several departments now that have paid moneys to the agent-general. Every time I think I've got the total, another one crops up. You would have no idea, I suppose, from your department, what the total costs were for the agent-general.

**Mr. Wright:** — No, we wouldn't.

**Mr. Rolfes:** — I should have asked that under Executive Council, I guess. They would have probably referred me to you, but anyway, I don't have any further questions, thank you.

**Mr. Lyons:** — Yes, I just got a very few number of questions. I'd like to know, the Frank Maine Consulting

Ltd., for what reason he was paid \$47,500. That's on page 118.

**Mr. Wright:** — He performed a feasibility study to develop . . . or to identify industrial development gaps in opportunities and constraints to growth of industry in the province's thermoplastics and reinforced plastics industry.

**Mr. Lyons:** — And where is Mr. Maine located?

**Mr. Wright:** — We'll undertake to get that information.

**Mr. Lyons:** — Okay, if you would, please. Government Research Corporation, 29,667.87.

**Mr. Wright:** — That represented the department's share of a contract, plus expenses, to this company. I believe that you've discussed this in previous departments' estimates. GRC (Government Research Corporation) is a consultant located in Washington, D.C. It was hired to provide us with information in terms of the policy environment in Washington, particularly in our context with respect to trade negotiations and trade disputes.

**Mr. Lyons:** — And for what length was that contract, or at least the department's share of the contract?

**Mr. Wright:** — What we'll undertake to do there is get the date in the fiscal year '86-87 in which the contract begun. It carried through the end of the year. What I don't know is at what point in the year it begun.

**Mr. Lyons:** — Okay. Hanscomb Consultants Inc.?

**Mr. Wright:** — That was for a feasibility study to examine competitive construction costs in major Canadian centres.

**Mr. Lyons:** — Why would you be doing that, as opposed to Sask Housing?

**Mr. Wright:** — Well this would be construction costs for larger industrial types of buildings, and it would be an attempt to see how we compared on a competitive basis with other jurisdictions in terms of attracting employment. So, for example, if we could demonstrate the construction costs of setting up a plant of a certain size in Regina were significantly lower than setting up the same plant in Calgary, that would be one piece of competitive advantage for Saskatchewan in trying to attract business.

**Mr. Lyons:** — What was the results of that?

**Mr. Wright:** — I have not seen that study.

**Mr. Lyons:** — Was one produced?

**Mr. Wright:** — I presume so.

**Mr. Lyons:** — Okay, could you provide us with that study, if you're able to.

**Mr. Wright:** — If we're able to; I mean, depending on whether there's confidential information in it or not. I

suppose there's always the possibility that we didn't come out very well, that our costs were higher, and therefore we didn't want it widely known.

**Mr. Lyons:** — Yes, I can imagine that that may be one of the results.

Trans-Canada Social(i) Policy Research Ltd. I presume that's Social Policy Research Limited, as opposed to "sociali."

**Mr. Wright:** — What my notes say is that it's Social Policy, yes.

**Mr. Lyons:** — Okay. I thought maybe they left the "st" off.

**Mr. Wright:** — This organization publishes the Canadian Trend Report, and in that particular year the department cost shared, their share being two-thirds of a \$25,000 subscription per year to that. This trend report analyses what is being reported in the media, and from that tries to establish trends that are developing in Canadian society and economic policy fronts.

**Mr. Lyons:** — Who pays the other portion of the contract?

**Mr. Wright:** — I believe the Department of Finance, but I will confirm that.

**Mr. Lyons:** — And do you know where that particular report is collated and put out?

**Mr. Wright:** — I believe it's in Montreal.

**Mr. Lyons:** — Okay. And do you know the principals of the . . .

**Mr. Wright:** — I believe . . . I'd better check.

**Mr. Lyons:** — Would you provide us with the details of who the principals were for this particular institution.

**Mr. Wright:** — Yes.

**Mr. Lyons:** — Just going back to the Strategic Decisions Associates for that particular contract, for what was it . . . what work did Miss Elbaum do?

**Mr. Wright:** — I could repeat what I said before, but essentially she had expertise in the industrial development area, and was providing advice to the department in terms of particular projects and areas there.

**Mr. Lyons:** — What expertise does she have? What's her background?

**Mr. Wright:** — I'm advised that . . . well first of all, prior to her contract arrangement, as spoken to here, she was the assistant deputy minister for industrial development in the department, and prior to that she worked with a major chemical company down in Ontario, I believe. I don't have a complete CV for her, so I can't tell you any more than that.

**Mr. Lyons:** — And is she still on contract, or is that contract extended?



**Mr. Wright:** — No, she's not.

**Mr. Lyons:** — Okay. And you said that she had . . . I think we'll leave that one for now. I've got no further questions.

**Mr. Rolfes:** — I just have one. I'd like to just ask, Michael Crosthwaite received a salary of 74,000. Did he answer directly to the deputy, and what was his job?

**Mr. Wright:** — He answered directly to the deputy. He was the assistant deputy minister for trade and development — is that the correct title?

**Mr. Rolfes:** — How long has he been with the department? Was he originally from Ontario?

**Mr. Wright:** — Well, he's been from a lot of places. I think he was born in Ontario. He was, prior to joining the federal government, was with industry, trade and commerce, or whatever its renamed title was; had worked in Saskatchewan; had also seen service overseas, in Argentina, and so on and so forth, as a trade development officer type of position.

**Mr. Rolfes:** — Okay.

**Mr. Chairman:** — Mr. Wright, I wonder if I might just turn your attention to page 116 and a grant to the market development fund committee, under payments pursuant to The Agricultural Products Market Development Fund Act. What is the market development fund committee?

**Mr. Wright:** — It's a committee of officials that come from various departments in the government. I believe the membership includes, at that time, the Department of Economic Development and Trade, as well as the Department of Finance and the Department of Agriculture. That committee sort of oversaw the administration of the market development fund in terms of what applications would be granted, and then following up in terms of repayment and success of the projects, and so on and so forth.

**Mr. Chairman:** — What would the money have gone for? Like would they then take this money and in turn make grants with these funds?

**Mr. Wright:** — Well there was a variety of sort of vehicles used, I guess, if I can use that word. The basic operating theory was that if a company thought there were opportunities to develop a market for a particular product in a particular part of the world, they would bring a proposal forward to this committee. The committee would take a look at it. If the committee judged that it was a good proposal that promised the potential of increasing exports from Saskatchewan, they would provide either a grant or a repayable loan.

The terms in the context of repayable loans tended to be that if the project were successful, it was to be repaid. If the project, however, didn't result in any increase in sales to the company or organization involved, it wouldn't be repayable.

**Mr. Chairman:** — So these funds here, this grant would

then represent the total amount of any grants, and the shortfall from any loans that may not have been repaid during the course of that fiscal year, is that . . .

**Mr. Wright:** — Yes, I believe that's correct. Yes.

**Mr. Chairman:** — Then I have a question. Are we then representing fairly an expenditure of the government if you're paying to selected government officials some \$294,000 and then those officials then pay out funds, without there being any accounting or . . . well perhaps there's an accounting, but certainly there's no indication as to who received those funds.

**Mr. Wright:** — Yes, the market development fund produces an annual report that is tabled in the legislature, and that provides a fairly detailed listing of the companies, organizations, individuals that the grants or loans are paid to.

**Mr. Chairman:** — Would any of those payments be in excess of \$10,000? Any one?

**Mr. Wright:** — I'm sorry, before I answer, before I answer that question could I just make a clarification in terms of operation? I've just been informed that the committee actually makes recommendations; it's actually the minister that has the ultimate authority to make a grant or a loan.

And I'm sorry, I didn't catch your question.

**Mr. Chairman:** — Okay. What I wanted to know, would any of those grants or any of the liabilities they incurred that year be in excess of \$10,000?

**Mr. Wright:** — Yes.

**Mr. Chairman:** — And would those show up then anywhere in the *Public Accounts*?

**Mr. Wright:** — You mean a liability or a payment to a specific individual, company, or organization?

**Mr. Chairman:** — Yes.

**Mr. Wright:** — No, they wouldn't show up in the *Public Accounts*. They would show up in the report of the market development fund which is tabled in the legislature.

**Mr. Chairman:** — Okay. My question is for Mr. Kraus and Mr. Lutz, whether, in their opinion, those expenditures should be showing up in the *Public Accounts*.

**Mr. Kraus:** — Well I believe, Mr. Chairman, that payments are being made to this fund which I suspect the market development fund has existed for some time. I don't think we have shown the individual expenditures from the fund in this volume 3. I believe, as Mr. Wright is saying, that in the case of a fund like this, that the detailed expenditures would be provided in the annual report which is tabled in the legislature. That's the way it's handled, in any event.

**Mr. Wright:** — If I could just add here. You know, the market development fund has its own legislation, and it

was established, I believe, in the 70s. Is that correct?

**Mr. Kraus:** — I think it does go back to the 1970s, and I'm not sure about other funds of this nature, if in fact there are any. But I think yes, I think it does go back to the 1970s. And I'm sure that, rather than reporting the individual expenditures in volume 3, they've appeared in the annual report as tabled.

**Mr. Lutz:** — I don't think so, Mr. Chairman. We do the audit of the market development fund. That's done. The annual report is tabled in the House. I don't know right now what detail of expenditures that fund will show, at what level. I don't have that with me.

**Mr. Chairman:** — Could I just ask about a couple of items on page 118 — Deutscher, Kunaman & Scott.

**Mr. Wright:** — That was a contract to conduct an audit of the industrial incentive program; in particular, audit IIP grant recipients to certify eligibility for grant payment.

**Mr. Chairman:** — And Leon-Ram Enterprises Inc.

**Mr. Wright:** — That was for a study to develop a strategic plan for future manufacturing opportunities for Leon-Ram. The study was actually carried out by Deloitte Haskins & Sells in conjunction with Leon-Ram Enterprises.

**Mr. Chairman:** — And who are the principals of Leon-Ram Enterprise.

**Mr. Wright:** — I believe it's the Malinowski family of Yorkton.

**Mr. Chairman:** — And can you tell us . . . Maybe you can provide the information in writing just what this study was for and also what the outcome of the study might have been.

**Mr. Wright:** — I'll make the same undertaking that I've made before. I will get what details I can, given government policy. Given that, you know, this was a study done in conjunction with a private company and that there may be confidential material, I may be limited in terms of what I can provide to you.

**Mr. Chairman:** — Woods Gordon Management Consultants — what was their job for the Department of Economic Development and Trade that year?

**Mr. Wright:** — This was fees for three separate studies. One was for a review of Supercart International for \$13,000; one was for a review of the industrial incentive program for \$44,000; and one was for a feasibility study of a compact disc plant for \$500.

**Mr. Chairman:** — I have no further questions, and I'm reluctant to touch this \$500 item for a compact disc plant . . . (inaudible) . . . Anyone else have any questions? No?

I'd like to thank you very much, Mr. Wright, and your officials, for being with us here today.

**Mr. Anguish:** — I ask for some clarification. Are the

witnesses here today the same individuals who'll be answering questions on Tourism and Small Business?

**Mr. Wright:** — No, they're not; separate department.

**Mr. Chairman:** — Thank you very much for attending.

**Mr. Wright:** — Our pleasure.

**Mr. Chairman:** — There may be a possibility that we call you back. It's not very likely, but certainly we'll give you notice when we do. Thank you.

**Mr. Wright:** — Thank you.

**Mr. Chairman:** — Motion, would someone move the motion? Moved by Mr. Hopfner. Any discussion on the motion?

Agreed

**Mr. Chairman:** — Now the next department is . . . No wonder that deputy left, eh? Everybody getting paid more than him and none of them reported to him.

**Mr. Neudorf:** — . . . inaudible . . . compliment you guys on the kinds of questions. You're being specific and right to the point and asking questions that did . . .

**Mr. Chairman:** — All except Herman. It didn't lend itself to the serious atmosphere in which this committee conducts its business.

#### **Public Hearing: Department of Tourism and Small Business**

**Mr. Chairman:** — Are there any questions of Mr. Lutz?

**Mr. Lyons:** — Mr. Lutz, do you have any comments that you'd make in regard to this department?

**Mr. Lutz:** — Mr. Chairman, my observation is that the matters which we have reported here regarding tourism have been corrected. The matters we addressed in this report have been corrected.

**Mr. Lyons:** — Okay. Thank you.

**Mr. Chairman:** — Call in the officials. Good morning, Mr. Volk.

**Mr. Volk:** — Good morning.

**Mr. Chairman:** — I wonder if you might introduce your officials to the committee.

**Mr. Volk:** — I'd be pleased to. Mr. Chairman, on my far right is Linda Martin; she's manager of financial services. On my immediate right is Harvey Murchison, director of administration. I'm Bob Volk, an assistant deputy minister in the Department of Economic Development and Tourism. I have brought with me some additional personnel: Leona Gorr, director of corporate affairs; Tom Young, director of tourism development; Roy Hynd is the director of program management; and Jim Zatulsky is our director with small-business investment programs.

**Mr. Chairman:** — Thank you very much. I want to welcome you here today. I want to make you aware that when you are appearing as a witness before a legislative committee, your testimony is privileged in the sense that it cannot be the subject of a libel action or any criminal proceedings against you.

However, what you do say is published in the minutes and verbatim report of this committee, and therefore is freely available as a public document. And you are required to answer questions put to you by the committee. Where a member or the committee requests written information of your department, I ask that 20 copies be submitted to the committee Clerk who will distribute the document and report it as a tabled document. And I would ask you to address all your comments to the chair.

Are there any questions of the officials?

**Mr. Lyons:** — Yes, thank you. First question, Mr. Volk, is there a deputy minister of the department now?

**Mr. Volk:** — Yes. Mr. Chairman, I apologize for . . . I am an assistant deputy minister. The deputy of the department is Dr. David Rothwell who is in fact out of town on business today, so I will be handling the proceedings the best I can.

**Mr. Lyons:** — Good. Well, welcome to the Public Accounts Committee. I know the other members of the committee will have some questions. I'd like to zero in on a number of items in the year under review.

On page 458, there is a subvote no. 20 to provide for a net expenditure recovery from the northern Saskatchewan economic development revolving fund. Could you tell us what precisely occurred to give us a net recovery of \$365,597.81?

**Mr. Volk:** — My understanding is that the \$365,000 is the difference between the revenues on interest that would be earned and the operational expenses that would be expended in operating fund. So it's a net gain of 365,000.

**Mr. Lyons:** — Okay. I notice that there's a breakdown in receipts versus disbursements. Are you saying the receipts from the interest in the fund would be \$916,928?

**Mr. Volk:** — In round numbers, the \$916,000 would be a combination of \$125,000 paid from the department to the fund plus the receipts from collectables on the loans.

**Mr. Lyons:** — Okay. Now disbursements of roughly half a million dollars, where would I find the breakdown of the disbursements in that fund? I've looked. I see, for example, grants for northern economic development just above it under the subvote 18, and that's \$209,479. Where else were the expenditures or the disbursements of roughly another 300,000 . . . 340,000 made?

**Mr. Volk:** — Just a point of clarification. The 209 that you've referenced have no impact on the fund itself. They're two separate items. The 209 is an operating budget for a branch. The fund itself is a self-contained

fund. So there's no relationship between those figures at all.

**Mr. Lyons:** — Okay.

**Mr. Volk:** — It's a matter of finding the paper trail here. Volume 2 of the '86-87 *Public Accounts*, page 62, will give you the basis of the calculations. So the figures there minus the provision for uncollectable loans of note 9, the difference will give you the calculation on disbursements that you're referencing in 551.

**Mr. Lyons:** — Okay, the five . . .

**Mr. Volk:** — It won't be exactly because there's some . . .

**Mr. Kraus:** — The reason you're going to have difficulty tying the financial statements to the information in the *Public Accounts* is because the financial statements for the revolving fund are done on an accrual basis of accounting, accounting like a business would where it's not purely cash. By any means public accounts is strictly on a cash basis. These financial statements are done on an accrual accounting which is a different basis of accounting, so it's difficult to tie the numbers in financial statements to the *Public Accounts*.

The *Public Accounts* show all the money, all the cash that was received by the fund. Whether or not it would be considered to be revenue on an accrual basis, and likewise the disbursements and so on would be all the cash that was paid out of the fund, whether or not again it would be considered to be an expenditure when you're determining the profit or loss for the year on an accrual basis of accounting . . . I see the auditor's looking at me, but that . . .

So without getting into an accounting, you know, some technical business, it is going to be different. For example, just correct me if I'm not correct here, but they make loans. When they receive the moneys back, that isn't necessarily revenue to the revolving fund when you're determining whether you had a profit or loss. Yet as far as the *Public Accounts* goes, it was still cash received and is going to show as receipts. So in any event, you will have some difficulty tying the numbers together.

**Mr. Lyons:** — Yes, I've been trying to go through this to tie a few of those numbers together, and my friend here advises me not to, so I won't go any farther other than to say that, and I looked at the northern Saskatchewan economic development fund. Is there any detailed breakdown as to where the investments and the asset base, what they are, and what constitutes the fund itself?

**Mr. Chairman:** — Page 463.

**Mr. Volk:** — Mr. Chairman, in discussing that there is obviously a list of who the loans have been made to, there is clearly the issue here of commercial confidentiality in terms of who those businesses are, as any sort of banking loan as SEDCO would do in terms of releasing amounts and who the businesses are.

**Mr. Chairman:** — So you're saying that payments from this revolving fund, loans to businesses or . . . and I

assume there's no grants, but that these are . . . you would hold that these are confidential.

**Mr. Volk:** — Most of the loans, of course, are made on a commercial basis. The disclosure of that information of course is confidential in the interest of the individual businesses for, I guess, reasons that are obvious around who the competitors are and what the operations of that business are. It's a commercial confidentiality situation that we have to face as any bank or any other lending institute would have to do.

**Mr. Chairman:** — But you're not a bank or a lending institution. You're dealing with taxpayers' dollars.

You were then . . . can I just ask you on that — you take the position, like in the year under review when you loan out money to enterprises, that you would take exactly the same position as a bank or any other lending institution, notwithstanding the fact that it's taxpayers' dollars?

**Mr. Volk:** — The revolving fund acts and functions as a revolving fund making loans to a business on a commercial basis. They are loans with repayable terms and conditions, securities, and performs as a lending institution would in that jurisdiction, in the North.

**Mr. Chairman:** — And you're not even prepared to disclose who the loans are made to?

**Mr. Martens:** — Mr. Chairman, if I may, we have come across this in other areas like ag credit corporation and other areas, and SEDCO. I believe that under the response that the deputy, the assistant deputy has given — I didn't want to promote him yet — but that the assistant deputy has made, that those considerations are real, and that they have to be respected by this committee. And we've gone through that a number of other occasions, and I just bring that to your attention.

**Mr. Lyons:** — On a point of order. The other institutions that the member from Morse mentions are looked upon as Crown corporations, and it's true that we did go into that and that there was an accountability that was done through another way, based on the fact that they were perceived to be organizations with Crown status.

On the other hand, this is a statutory appropriation from the Consolidated Fund. It's in the *Public Accounts*. I look and I see that in the northern economic development fund there was \$422,000 paid out for salaries to people, and I want to know what businesses were provided with funding from the fund for the year under review.

I'm not asking for the details of the loan or the repayment schedules or anything like that. I just want to know what businesses were paid out. And it seems to me that's an appropriate question, given the placement of the fund within the *Public Accounts*.

**Mr. Hopfner:** — Well being a point of order has been raised, Mr. Chairman, I'll speak to that. And in respecting the point of order, I would suggest that if the officials aren't clear as to whether they have a direct policy in releasing that particular type of information, that they should get the clarification and the direction from their . . .

before they submit it to this committee, before we get into a whole bunch of precedent setting here again and get back into the same old arguments we've had in this committee before.

**Mr. Volk:** — Mr. Chairman, with all due respect, I clearly have no intentions of trying to extract what this committee would want to do, but we do have terms and conditions on these loans that do deal with the commercial confidentiality of that business. So I concur that what I will do is to pursue this around, providing if possible . . . what information I can provide in terms of the names around the conditions and terms that the loans have been given, without getting into the details of some of that, the terms and conditions.

**Mr. Chairman:** — As I understand it, Mr. Lyons's question — I stand to be corrected — was that he simply asked for the names of the companies or individuals that were provided with the loans. Is that correct, Mr. Lyons?

**Mr. Lyons:** — That's correct. That's the information I required.

**Mr. Chairman:** — He's not asking for any further detail than that.

**Mr. Hopfner:** — And I think there should be clarification before we put the officials in a bad light. I think this committee can wait for that.

**Mr. Chairman:** — Yes, I agree. And certainly I'm in no hurry to make a ruling on this. If the officials want to pursue this and come back to us, that's legitimate.

**Mr. Martens:** — I'm going to again go back to the fact of even identifying these as names. I don't believe that it is necessary for that to be done. It's, in my opinion, a breach of trust that the individual places with the lender, and I don't believe that it enhances the operation of this committee to review those names or not to review those names. But my perception and my observation would be that the department is not likely . . . or should not provide them to this committee because of the opportunity to become public, and I don't think that that's the mandate of this committee to do that.

**Mr. Anguish:** — Mr. Chairman, just on the point of order. I can understand details of a contract or a loan or an arrangement between a private sector firm and government department not being released. And we, in the past, even through question period in the legislature, have tried to receive information on things such as the situation with Peter Pocklington and the Gainers plant in North Battleford, and we've been unable to get that.

And I wouldn't expect officials from the department here to provide that kind of information. But the government, Mr. Chairman, doesn't have any hesitation, if they think it's to their advantage, to release the names of people who have received large sums of money from the provincial government, from the taxpayers. And now if they think that it may be not to their advantage, they're telling officials in the department that the names can't be released. There's no reason whatsoever that the names can't be released as to who is going to benefit.

And I don't know if we pursue this any longer. I don't think we have to go into a lot of detail. I think the department has given us their undertaking that they will look into it and possibly, or possibly not, provide us with names of those that received money. And if they do that, fine, and if they don't, then we can deal with that on another occasion.

**Mr. Neudorf:** — Mr. Chairman, I would agree with that. It sounds reasonable to me.

**Mr. Hopfner:** — Well the only thing is on this point that the member from North Battleford brought forward is that it's not whether it's the government's intention of advantage or not advantage. It's a professional question that we're . . . that's been asked here and I think the department officials have given that answer. And I think we should get on with the line of questioning.

**Mr. Chairman:** — Well I want to leave it at that, that Mr. Volk will come back to this committee, and I assume that at the next meeting of the committee will come meet with us and . . .

**Mr. Anguish:** — Well, Mr. Chairman, if I just might interject once more. I think that we would be happy, if that information can be provided, that it could be provided in writing to us rather than having the officials come back.

**Mr. Chairman:** — Yes.

**Mr. Anguish:** — But subject to recall at some other time if those names are not able to be divulged to the committee, or if we have further questions when the names are released.

**Mr. Chairman:** — We'll leave it at that, that . . . and I will defer any ruling on a point of order, and we'll wait for you, Mr. Volk, to provide the information in writing. Either you can provide the information or your reasons in writing as to why you can't provide the information, and we can always call you back at that time if necessary, and we can make a ruling at that time in this regard.

Are there further questions of the department?

**Mr. Lyons:** — Under the subvote 18, grants for northern economic development, I'm wondering if the officials here would tell us the grant for Eco-Tech Laboratories and the purpose of the grant?

**Mr. Volk:** — You are referencing . . . Mr. Chairman, I'm assuming you're referencing \$39,420 — was an expenditure to, as you say, Eco-Tech Laboratories for a mineral testing lab in Creighton.

**Mr. Lyons:** — For the establishment of it?

**Mr. Volk:** — A testing lab in Creighton.

**Mr. Lyons:** — Yes. And was the lab built?

**Mr. Volk:** — Yes.

**Mr. Lyons:** — And how many people does it employ?

**Mr. Volk:** — Mr. Chairman, I'm informed that there was approximately 36 in that year.

**Mr. Lyons:** — Okay. And can you tell me, was it established in that year?

**Mr. Volk:** — I'm led to believe it would have been established in '86, possibly in '85, so that the pay-out . . . It's a discussion as to whether the pay-out would have been made in '86, with establishment in '85.

**Mr. Lyons:** — Okay. But basically the \$39,420 was the sole government expenditure for Eco-Tech, or granting from Eco-Tech?

**Mr. Volk:** — These funds are flown under the NEDSA program, the Northern Economic Development Subsidiary Agreement. The funds were used for grinding equipment, core racks for the core rock samples, for that part of the lab area.

**Mr. Lyons:** — I'm sorry, Mr. Volk. Can you . . . what was that part of the funding for?

**Mr. Volk:** — Mr. Chairman, I'm led to believe that, and the information I have with me here indicates that it went towards grinding equipment in the lab, plant equipment.

**Mr. Lyons:** — Okay. And the core racks? You said core racks.

**Mr. Volk:** — I referenced that the grinding equipment is used in the core rock samples, I'm assuming in the lab environment for however they analyse it.

**Mr. Lyons:** — Okay. And going back to my original question, the roughly \$39,420, was that all the money that was paid to Eco-Tech?

**Mr. Volk:** — That would have been all the moneys that this department would have contributed.

**Mr. Lyons:** — Okay. And to your knowledge, was there any other department contributed?

**Mr. Volk:** — I am unaware of.

**Mr. Lyons:** — Okay. Don Holmes, for \$40,000?

**Mr. Volk:** — The Don Holmes amount, Mr. Chairman, is for establishment of a heavy equipment repair and tire shop. It's the truck stop in Creighton.

**Mr. Lyons:** — How many people were employed in the year under review?

**Mr. Volk:** — Mr. Chairman, we believe initially there was four employees.

**Mr. Lyons:** — Okay. The 5,000 to Jean Poirier Construction?

**Mr. Volk:** — Mr. Chairman, again, these are all NEDSA-flowed funds. This is for a payment for

preparation of architectural drawings for the La Ronge golf course.

**Mr. Lyons:** — Okay. The 19,000 for the La Ronge Bus Lines Ltd.?

**Mr. Volk:** — The funds again were NEDSA funds, Mr. Chairman, that were applied against an expansion to the business into a different line of business, from the bus company into a residential service, cleaning and commercial operation.

**Mr. Lyons:** — Okay. Who's the principals in La Ronge Bus Lines Ltd.?

**Mr. Volk:** — I can get that information . . .

**Mr. Lyons:** — Could you provide it to the committee, please?

**Mr. Volk:** — . . . to ensure I'm accurate when I reference it.

**Mr. Lyons:** — Okay. La Ronge Wild Life Corporation? Is that another NEDSA (Northern Economic Development Subsidiary Agreement)?

**Mr. Volk:** — This is another NEDSA loan, Mr. Chairman, for capital equipment required in the upgrading of the wild rice in the processing plant for quality control purpose.

**Mr. Lyons:** — How many people were employed in that?

**Mr. Volk:** — Mr. Chairman, our estimates are that — taking into consideration the seasonal thing — that between September and December there are in the neighbourhood of about 30 employees that get affected in that plant.

**Mr. Lyons:** — Okay. Nature Berry?

**Mr. Volk:** — This again, Mr. Chairman, is a NEDSA pay-out. It was to determine the viability and feasibility of a wild berry picking for commercial distribution. It was focusing on the commercial viability of what that operation had been doing as it expanded.

**Mr. Lyons:** — Good. Was Nature Berry . . . was there any kind of facilities established during the year under review?

**Mr. Volk:** — The answer is no, Mr. Chairman.

**Mr. Lyons:** — The Northerner-Publications & Photo Ltd.

**Mr. Volk:** — The funds here, Mr. Chairman, were used for an expansion into photofinishing laboratory operations.

**Mr. Lyons:** — Okay. And were there, to your knowledge, any employees . . . result in the increase of the number of employees?

**Mr. Volk:** — It's our estimate that there was probably one or two employees.

**Mr. Lyons:** — I missed one at the first — G. Lloyd Bartlett for \$6,000.

**Mr. Volk:** — Mr. Chairman, these funds were expended to work with the individual on determining the feasibility of extracting a growth enzyme from sawdust for agriculture purposes.

**Mr. Lyons:** — A growth enzyme. What type of growth enzyme?

**Mr. Volk:** — Mr. Chairman, I'm not technically capable of speaking to it, but if I can try in layman's terms . . .

**Mr. Lyons:** — Please do.

**Mr. Volk:** — Relying on memory, I do believe that this is the efforts to extract — from whatever part of a tree you extract — things that make a tree determine to go through a cycle in a 12-month period that can either speed that up or not. I apologize for not being able to explain what these enzymes might do.

**Mr. Lyons:** — In other words, they're trying to create a "supertree" in terms of development for rapid growth?

**Mr. Volk:** — Mr. Chairman, I'm led to believe — and again, this is certainly not a technically qualified answer, but I don't think the enzymes that are taken from the tree are actually used to grow a tree. I think they're used in another process, another chemical process of some sort to do something else.

**Mr. Lyons:** — Okay. And where is Mr. Bartlett located?

**Mr. Volk:** — Mr. Chairman, at Christopher Lake.

**Mr. Lyons:** — Okay. I've got just several more questions on page 460 under the subvote 24 — grants for tourism marketing assistance. My colleague, Mr. Rolfes, wanted me to ask this question.

Regina Convention and Visitors Bureau received 87,679.21, and Mr. Rolfes . . . I don't know, like probably in a fit of jealousy or envy or something, said that Saskatoon only gets 23,431.50. Why the difference in the size of the grant between the cities? Not that I'm complaining.

**Mr. Volk:** — I'm sorry, Mr. Chairman, could I have the question again?

**Mr. Lyons:** — What it was is basically why is the difference in the size of the grant for the Saskatoon Visitor and Convention Bureau versus the Regina Convention and Visitors Bureau?

**Mr. Volk:** — Mr. Chairman, we can check to see if there is precise reasons for the differences of applications. My assumption would be that it is based on what each of those bureaus has, in discussions and applications for assistance, determined what services they would be providing for. My guess is that each bureau may have a different program that they are then operating, which would lead to differences in amounts of money.

**Mr. Lyons:** — Okay. And the last one in this particular subvote is the TISASK (Tourism Industry Association of Saskatchewan) grant of 110,909. What was that expenditure made for?

**Mr. Volk:** — Mr. Chairman, the \$110,909 was funds that did go to the TISASK association to deliver the Saskatchewan host program, which is a program that they deliver around our tourism promotion activities.

**Mr. Lyons:** — That is advertising? Is it hiring people? A little more detail, please.

**Mr. Volk:** — Mr. Chairman, the main component is the hospitality training part of people in the tourism industry. Basically that's the program.

**Mr. Lyons:** — And where's that hospitality part carried out, the training carried out?

**Mr. Volk:** — Mr. Chairman, the actual provision of training was in several different locations in the province that TISASK had contracted people to deliver that, working through the hospitality industry in different parts of the province; training for employees in the hospitality industry in different locations.

**Mr. Lyons:** — Were they done through hotels — existing hotels or existing restaurants, or precisely where?

**Mr. Volk:** — In a rough way, the components of the program were that the training manuals were developed by TISASK; instructors were contracted by TISASK, then individual operators would work with TISASK in the combination of this package, and they would come into the establishments to put the program on for employees in the establishments.

**Mr. Lyons:** — Okay. Do you have a list of the seven establishments where they were? And could you provide it please to the committee; you don't have to do it now if you can just provide it in writing.

**Mr. Volk:** — We'll undertake to do that, Mr. Chairman.

**Mr. Lyons:** — Okay. One final question, under subvote 26, Grants to Tax Exempt Bodies Under The Venture Capital Tax Credit Program, could you explain what the nature of that grant . . . particular program is?

**Mr. Volk:** — Mr. Chairman, the venture capital program, where in fact it is a superannuation fund, a grant payment is made to the fund because the tax credit does not apply. So the individual investor gets a tax credit, a fund, in fact, gets a grant pay-out through the department in the equivalent amount.

**Mr. Lyons:** — Okay. Now, I just want to get this straight . . .

**Mr. Volk:** — Mr. Chairman, it represents 30 per cent of their investment in a venture capital organization — the list that you have.

**Mr. Lyons:** — Of whose investment?

**Mr. Volk:** — The pension funds.

**Mr. Lyons:** — Okay, and that's run through the department?

**Mr. Volk:** — Venture capital corporations that are established may have investments in them by a fund. That fund, because they can't secure the tax credit, does in fact get a grant for the equivalent of the 30 per cent. So the listing of funds here would be those funds that have made investments in it.

**Mr. Lyons:** — Made some investments in it. Right, okay, fine. Thank you. No more questions.

**Mr. Neudorf:** — Well, Mr. Chairman, I complimented the members opposite before on the quality of their questions, and now Mr. Lyons has usurped my questions twice in a row. I was going to ask exactly the same question on wild rice industries in La Ronge in terms of the principals there, and I, on behalf of Mr. Rolfes and myself, I was going to ask the questions on this that just finished asking. So I appreciate that question.

**Mr. Lyons:** — You're welcome.

**Mr. Chairman:** — I might say, before you get carried away, as a Regina representative that there are good defensible reasons for that additional money.

**Mr. Anguish:** — Mr. Chairman, there's just a couple things and we can wrap up before 10:30, I think.

**Mr. Chairman:** — Yes, Mr. Anguish.

**Mr. Anguish:** — I have, I think, four questions. One is that, can you tell us if anyone was paid severance pay in the year under review for termination of their employment?

**Mr. Volk:** — Mr. Chairman, we are not aware of any, but we can check to ensure that my answer is accurate.

**Mr. Anguish:** — I'd like you to also provide to us — you can do this in writing back to the committee — the people from the department who were on the ministerial staff and what their salaries were . . . the names and what their salaries were.

**Mr. Volk:** — Mr. Chairman, we can undertake to do that.

**Mr. Anguish:** — And can you tell me if there were any polls conducted during the year under review by the Department of Tourism and Small Business?

**Mr. Volk:** — Yes, Mr. Chairman, there were surveys conducted in that year.

**Mr. Anguish:** — Can you provide us in writing with a list of those and when they were conducted and, if it's not confidential, what the results of the polling provided to the department?

**Mr. Volk:** — Mr. Chairman, I can, in fact, give you a quick run-down.

**Mr. Anguish:** — I would rather you wouldn't give a quick run-down; I'd rather you provide that information in writing, sir, if you could.

**Mr. Volk:** — Thank you. We can undertake to do that.

**Mr. Anguish:** — The final question that I have concerns page 455 of the *Public Accounts*, "compensation payments" under Administration, subvote 1, \$200,000. It seems to me that this an unusually large amount for compensation payments. Can you tell me what the \$200,000 was paid for in compensation payments?

**Mr. Volk:** — Mr. Chairman, the \$200,000 is, in fact, payment to Northern Pines Enterprises for an out-of-court settlement.

**Mr. Anguish:** — Northern Pines?

**Mr. Volk:** — Enterprises Ltd.

**Mr. Anguish:** — Where are they located?

**Mr. Volk:** — A Saskatoon company, Mr. Chairman.

**Mr. Anguish:** — Who were the principals of that company, sir?

**Mr. Volk:** — Mr. Chairman, we would have to consult with the Department of Justice on what is public information on this file.

**Mr. Anguish:** — Sir, any action that goes through a court, the details are not always disclosed, but the name of the plaintiff and the defendant are always public record information. I'm asking you who the principals are of this particular company.

**Mr. Volk:** — My understanding that the principal of the company is William J. Patrick, Mr. Chairman.

**Mr. Anguish:** — William J. Patrick is the plaintiff.

**Mr. Volk:** — That's correct, Mr. Chairman.

**Mr. Anguish:** — Are there other names as plaintiff associated with Northern Pines Enterprises?

**Mr. Volk:** — Not that I'm aware of.

**Mr. Anguish:** — When did the . . . Was there a statement of claim filed in a judicial centre in Saskatchewan?

**Mr. Volk:** — Yes, Mr. Chairman, in the Regina court-house.

**Mr. Anguish:** — Could you tell me the date of that statement of claim, please.

**Mr. Volk:** — Mr. Chairman, my information would lead me to believe it is in May of 1984.

**Mr. Anguish:** — Are you familiar with the nature of the action? Can you tell us what happened to the plaintiff that the plaintiff felt necessary to file a statement of claim against the Department of Tourism and Small Business?

**Mr. Hopfner:** — If I could just interject. Is this in the courts yet, or is it not in the courts? It's finished?

**Mr. Chairman:** — Out-of-court settlement.

**Mr. Hopfner:** — Okay.

**Mr. Volk:** — Mr. Chairman, I do not have personal information and knowledge of it in terms of the detail.

**Mr. Anguish:** — Mr. Volk, can you tell us . . . If we look at page 462 of the *Public Accounts* under Other Expenses, Northern Pines Enterprises Ltd. received a payment of \$200,751.20. Can you explain to us if this amount is money received in addition to the . . .

**Mr. Volk:** — I'm led to believe it is the same amount. It is the same amount.

**Mr. Anguish:** — Well accounting, it seems to me to be a more exact science than that. Why does it show up here as \$200,751.20 and over here it shows up as 200,000 even? Where does the other \$751.20 show up?

**Mr. Volk:** — Mr. Chairman, there is 200,000 compensation payments, \$751 legal fee payments.

**Mr. Anguish:** — The \$751 legal fee would be to the Department of Justice, Mr. Volk?

**Mr. Volk:** — I'm sorry. Question?

**Mr. Anguish:** — This \$751.20 would be . . . you said were legal fees that would paid from the Department of Tourism and Small Business to the Department of Justice?

**Mr. Volk:** — No. Paid to the plaintiff, Mr. Chairman.

**Mr. Anguish:** — I assume the Department of Justice represented the Department of Tourism and Small Business?

**Mr. Volk:** — Yes.

**Mr. Anguish:** — Do you have knowledge yourself, today, as to what the nature of the action was?

**Mr. Volk:** — Mr. Chairman, I do not have personal knowledge, and the individuals that were involved in the department are no longer with the department.

**Mr. Anguish:** — There's a file somewhere in your department, I'm sure. You don't just throw up your hand and say we'll pay 200 grand. We're wondering if any people here with you today have knowledge of the file in which you would pay \$200,000 . . .

**Mr. Chairman:** — Point of order.

**Mr. Hopfner:** — Mr. Chairman, I don't believe that we should be backing any of the officials into a corner as to whether they can answer as to be releasing files in regards to an out-of-court settlement, in that it may not be for public knowledge. And therefore I'd like to recess and let the officials gather their information and we come back



with them.

**Mr. Anguish:** — Mr. Chairman, I have a question I'd like to direct to the auditor, if I could. This is the second time that we have come across an out-of-court settlement in the last two meetings of Public Accounts Committee, one of them in excess of \$200,000, one of them \$200,000 bang on the nose — almost half a million dollars in out-of-court settlements we uncover within the past two meetings of the Public Accounts Committee.

I ask the auditor: in your role, sir, is there authority for departments to just up and pay out-of-court settlements? I'd like to know what the authority is for departments within government to be able to not go through the judicial process and just outright pay huge sums of money — hundreds of thousands of dollars — for plaintiffs, and we cannot determine the information. What authority, and why isn't there a notation made of this in the auditor's report, sir?

**Mr. Hopfner:** — That hasn't got anything to do with the point of order, Mr. Chairman.

**Mr. Chairman:** — Well, the point of order, I just might say, is not well taken. Your suggesting that it's 10:30 is appropriate. And I would just say we're going to . . .

**Mr. Anguish:** — . . . (inaudible) . . . from the auditor, Mr. Chairman, before we recess? I want to know what the authority is.

**Mr. Chairman:** — Yes, sure, if the auditor feels . . .

**Mr. Lutz:** — Mr. Chairman, I do not have an answer today. I will endeavour to pursue your question and come back with an answer for Tuesday, if we're meeting on Tuesday. Specifically, I've never addressed my mind to that subject in the course of our audits.

**Mr. Anguish:** — Well, I can appreciate that, but it seems to keep recurring. If we look deep enough, we always find out-of-court settlements, it seems. If this trend continues . . .

**A Member:** — You're asking for a legal opinion.

**Mr. Anguish:** — No, no. I'm asking him where the authority is for a department . . .

**Mr. Chairman:** — Gentlemen, I call it 10:30. The meeting stands adjourned, and we'll have you back next Tuesday at 8:30 a.m. Thank you.

The committee adjourned at 10:37 a.m.