

STANDING COMMITTEE ON PUBLIC ACCOUNTS

May 16, 1989

Public Hearing: Department of Agriculture

Mr. Chairman: — Good morning, one and all. I believe the agenda for today is Agriculture, and ag credit corporation — I talked to the ag credit corporation people yesterday, and they won't be here till 9 o'clock, but I assumed that was a safe bet — and then Health and Social Services.

And maybe while we're just reviewing, I handed out a list of departments that we'll call in the coming days. And there's one that should be added to that if you're not familiar, and that's for Tuesday . . . or Thursday, May 25, we should also add consideration of the Provincial Auditor's department. There is a motion made by Mr. Muller, and the committee agreed to, back in March, early March, to the effect that the Provincial Auditor's department be added as a department for consideration at the tail end of the agenda.

We can at this point move to consideration of Department of Agriculture and any questions that you may have of the auditor, respecting comments in his report before we move to the department itself.

Mr. Rolfes: — Mr. Chairman, if I may, on the . . . Yes, 7.09, in regards to Farmers' Oil Royalty Refund Act, you say:

I am unable to determine that the rules and procedures applied by the Department were sufficient to ensure that the refund payments were lawful, proper and accurate.

What led you to making that statement? Why weren't you able to determine whether those refund payments were made lawfully, properly, and accurately?

Mr. Lutz: — Mr. Chairman, the problem we had with this particular one was that the appropriation for payment of refunds pursuant to the oil royalty refund were provided in the agriculture division of Heritage Fund. The program is administered by the Department of Revenue and Financial Services, and yet the Agriculture department is presumably administering this fund.

It's difficult to tell who is responsible for the administration of that program when it's handled in this manner. Is Agriculture responsible? If so, they should check. Is Revenue and Financial Services responsible? If so, then they should move the program over there and have it run in one place. I think that's the point we're trying to make here.

Mr. Rolfes: — Okay. All right. Let me go to non-compliance with authority. Can you tell the committee whether or not this has been corrected in regard to the livestock investment tax credit regulations?

Mr. Lutz: — The regulations were changed December of '88.

Mr. Rolfes: — So that's been taken care of. Okay. Mr. Chairman, those were the only two questions, I believe, that I had on Agriculture.

Mr. Chairman: — I wonder if we can just maybe run through the comments that you have. The crop drought assistance program, you state a number of concerns. Do you know if these matters are cleared up?

Mr. Lutz: — Item 7.01, I believe this program has now been wound up. So whatever shortcomings might have been there, I think they go with it.

Mr. Chairman: — And The (Farmers') Oil Royalty Refund Act?

Mr. Lutz: — That's the one that Mr. Rolfes was just discussing.

Mr. Chairman: — Okay. That's cleared up. Conservation and development revolving fund?

Mr. Lutz: — Item 7.13 to 7.18 covers one item. I'm advised these have been corrected.

Mr. Chairman: — Okay. Saskatchewan Beef Stabilization Board.

Mr. Lutz: — This situation still prevails, and I don't know whether it will be changed or not. The problem here is that there are cases where, without authority, they can duplicate quota in advance if the livestock are ready for sale.

Mr. Chairman: — Saskatchewan Sheep and Wool Marketing Commission.

Mr. Lutz: — This is a repeater I believe, Mr. Chairman. It's actually non-compliance — it's a case of non-compliance with the law.

Mr. Chairman: — Saskatchewan Vegetable Marketing Commission.

Mr. Lutz: — This was a non-compliance with the tabling of documents.

Mr. Chairman: — Okay. Any other questions for the auditor? If not, then let's call in the officials.

Good morning, Mr. Drew. I want to welcome you here this morning. Perhaps you could introduce your officials.

Mr. Drew: — Thank you, Mr. Chairman. On my right, the assistant deputy, Stuart Kramer; on my left, Ken Petruic, chief accountant with the Department of Agriculture.

Mr. Chairman: — Again I want to welcome you all here this morning. 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.

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 record it as a tabled document. And I would ask you to address all comments to the chair.

We're ready with questioning. Do the members have any questions?

Mr. Rolfes: — Mr. Chairman, I have a few questions I would like to ask the officials. Mr. Drew, can you tell me, were there any pollings done in your department in the year under review? Just answer yes or no and then I want to ask . . .

Mr. Drew: — I'm not aware of any.

Mr. Rolfes: — If there are, could you provide the name of the company who conducted the poll, the cost of the poll, and the purpose of the poll, and give me a copy of the survey instrument administered and a print-out of the final results. These are sort of standard questions that I ask pretty well of every department.

Mr. Drew: — We will endeavour to provide, Mr. Chairman. I'm not aware of any, but if there was, we could provide that.

Mr. Rolfes: — I maybe should make a further explanation here. You may not have conducted any polling on your own, but you may have tagged along with some other department, and if you have, I would appreciate that be considered as a polling. Okay?

Mr. Drew: — Okay, that's understood. Yes.

Mr. Rolfes: — Okay. Could you provide us with a listing of all of the province travel done by the Minister of Agriculture, which — I don't want the in-province travel, only out-of-province travel — who accompanied the minister on the trip, the total cost of the trip, the destination of the trip, the number of days the trip took, and a brief explanation of the purpose of the trip? You don't have to provide that this morning. You may not have it. If you have, that would be fine.

Mr. Drew: — Yes, Mr. Chairman, there was only one out-of-province trip recorded. That was to Lincoln, Nebraska — Nebraska Young Farmers/Ranchers Educational Association that the minister went to, accompanied by Henry Zilm, assistant deputy, and John Weir, for a total cost of \$3,853.

Mr. Rolfes: — Who was the minister at the time?

Mr. Drew: — Hon. Grant Devine was Minister of Agriculture at the time.

Mr. Rolfes: — Okay. Now also under the heading of contractual services in the *Public Accounts*, could you provide the committee with a listing of all contracts that were undertaken, including who the contract was with, the dollar amount of the contract, and a brief description of the services provided. I would also like to know whether in the past these services had been provided in house rather than by contract.

Mr. Drew: — We have them here, Mr. Chairman. It's a lengthy list, particularly as it relates to lands branch, land improvement contracts.

Mr. Rolfes: — Could you just table that for us?

Mr. Drew: — It's not very descriptive, Mr. Chairman, but I will table what I have. If it suits you, then . . .

Mr. Rolfes: — Well we'll . . . if it's not suitable, maybe on the next year under review we can ask a further explanation of it. But for this year, fine, if you can make copies available to the committee on that.

Mr. Drew: — We will do that.

Mr. Rolfes: — Okay. Could you give me a breakdown of all the advertising that was done by the department, indicating the amount of each advertising contract signed, the purpose of the advertising, and who the contract was with? You may not have that with you. Again, you can just provide that to the committee if you wish.

Mr. Drew: — We have it by branch, Mr. Chairman, but the consolidated figures we would have to get for you. So we will try to consolidate them and provide that to the committee.

Mr. Rolfes: — Okay. Would you have the names and job titles, job descriptions of the people and the salaries of the people who worked in the minister's office?

Mr. Drew: — Yes, we have that information with us, Mr. Chairman. If you'd like, we'll table that now.

Mr. Rolfes: — If you could. The year under review, Mr. Drew, did you pay any money to the Saskatchewan Property Management Corporation?

Mr. Drew: — The answer is yes we did, Mr. Chairman. I don't have the figures right handy but we'll get them.

Mr. Rolfes: — Could you provide that to us, and would you also provide us, the amounts that you may have paid in the year under review to Supply and Services?

Mr. Drew: — Yes we would. Yes we will, Mr. Chairman.

Mr. Rolfes: — Okay. Mr. Chairman, the next series of questions I have are related to the production loan program and the livestock cash advance program. And I'm not certain, Mr. Chairman, whether these questions should be directed to the Department of Agriculture or to ACCS (Agricultural Credit Corporation of Saskatchewan), but in order that I make sure that I don't miss up on it, I want to direct some questions to you, and if they don't pertain to you, you can tell me that I ask the ACCS people.

My understanding is that the production loan program and the . . . well the production loan program, at least, was announced in December of 1985, and most of the money was advanced in, I believe, in January, February of 1986, and some of it in April, March, and June of '86. I am told that in some cases the production loan program was

paid out to both the tenant and the owner of a same parcel of land. First question therefore is, is that correct?

Mr. Drew: — No, that's not correct. Each acre was qualified for an advance of up to \$25, and one or the other would qualify. We did not determine who in fact should get it or what the lease arrangement was or anything else. We normally provided it to the operator. That would be the tenant in most cases.

Mr. Rolfes: — Maybe just for some clarification here. It's my understanding that in some cases the lessee applied for the production loan program, received it, gave up the lease, the owner later on applied, also received the \$25, and then the department, or ACCS, whoever, tried to recover the money from the lessee, or the owner, as the case may be. Am I correct in that?

Mr. Drew: — Mr. Chairman, I think that administrative question would have to be addressed to ag credit corporation. I'm not aware of the administrative . . .

Mr. Rolfes: — That's fair enough. I just wanted to make sure that I cover that because if . . . I want to ask that question of ACCS then.

So anything that pertains to the recovery of that money where there may have been double payment, I have to go to ACCS for that answer. Is that correct?

Mr. Drew: — It is pointed out to me, Mr. Chairman, that the application time period was during the spring season, and there may have been cases where land changed operators that there was some confusion on, but again they'd have to ask ag credit corporation for the details.

Mr. Rolfes: — They are responsible for the administration of the program.

Mr. Drew: — That's correct.

Mr. Rolfes: — Does the money come directly to ACCS from the Department of Finance or through the Department of Agriculture?

Mr. Drew: — Through the Department of Agriculture, Mr. Chairman.

Mr. Rolfes: — But you have no responsibility for the administration of that money.

Mr. Drew: — Well surely we, you know, have to have extreme confidence that they are in fact administering it in a prudent way, and we have that confidence.

Mr. Rolfes: — I guess my question, my question is: who would answer for — let's say there were duplications, and I don't know how many there were — but who is ultimately responsible? Who would answer to whom for that?

Mr. Drew: — Yes, the board is responsible to the minister. At that time, Mr. Chairman, I was chairman of the board of ACS (Agricultural Credit Corporation of Saskatchewan), so I am ultimately responsible on both sides.

Mr. Rolfes: — So you were the chairman at that time.

Mr. Drew: — That's correct. Yes.

Mr. Rolfes: — Could you tell me, Mr. Trew, then as chairman of ACCS . . .

A Member: — It's Drew, not Trew.

Mr. Rolfes: — Oh, I'm sorry. Drew. I knew it was Drew. No, I knew it was Drew. Can you tell me, Mr. Drew, as chairman of ACCS, were you aware of double payment in 1986 to the lessee and the owner of the same parcel of land?

Mr. Drew: — No, I don't recall, Mr. Chairman, of any double payments. I know there was some instances where advances were made and the lease no longer was available to that particular applicant.

Mr. Rolfes: — Maybe I'm miss . . . Maybe I'm not asking my question clearly enough. What I want to know is, if I rented a quarter section of land, okay, I could apply and receive the \$25. Then I gave up the lease; the owner a month or two later has not yet applied for the production loan program, he applies for it and receives it also.

Mr. Drew: — I wasn't aware, Mr. Chairman, that the second person would have received it. I think that there was some applications and they were disappointed when they could not receive it because it had already been advanced to the previous tenant.

Mr. Rolfes: — All right. My understanding was that there were over a hundred cases and that the department or ACCS, whoever, tried to then recover, from one or the other, the amount of money.

Mr. Drew: — Well again, Mr. Chairman, I would just have to say, we'll have to defer that question, if you could, to the ACS administration. They can probably clarify it.

Mr. Rolfes: — Okay. All right. Well all right, I'd better leave the rest then and ask ACCS then about the administration of that program.

What about the livestock cash advance? Is that also . . . the administration of that program goes to ACCS?

Mr. Drew: — That is correct, Mr. Chairman.

Mr. Rolfes: — Okay. Now let me then turn to Department of Agriculture. Under the farmers' oil royalty refund program, what was the largest annual amount that was paid in the year under review to any individual?

Mr. Drew: — Mr. Chairman, the Department of Finance actually advances the fuel oil royalty rebate program, so I'm not sure we have the information on who might have got the largest amount. I'm assured though, Mr. Chairman, that we could get it.

Mr. Rolfes: — Could you provide that to the committee? I want the largest amount that was paid in one year to an individual. I believe it's paid out on a quarterly basis, but

that's not what I want. I want to know the total amount that was paid to any individual in one year.

Mr. Drew: — We will attempt to get that, Mr. Chairman.

Mr. Rolfes: — Okay. Could you tell me how many farmers applied for financial assistance under the farm purchase program in the year under review?

Mr. Drew: — Okay, during the year under review, Mr. Chairman, some 1,181 new applicants were enrolled, for a total value of loans of \$105 million.

Mr. Rolfes: — One thousand . . . what was that?

Mr. Drew: — One thousand, one hundred and eighty-one.

Mr. Rolfes: — For 105 million?

Mr. Drew: — Correct.

Mr. Rolfes: — All right. Let's turn to the livestock investment tax credit program. Can you tell me how many Saskatchewan taxpayers received tax credits under that program?

Mr. Drew: — Mr. Chairman, under the livestock investment tax credit, some 4,720 applicants were processed in the year under review; total credits issued were \$6.8 million worth. There was another credit investment, the livestock facilities tax credit. There were 875 applicants processed under that program, for total credits of \$2.4 million.

Mr. Rolfes: — Mr. Drew, of those 5,500, I believe, or so, how many of them were bona fide farmers?

Mr. Drew: — Principal occupation, Mr. Chairman, of the recipients of the investment tax credit, 4,390 were farmers; under the facilities tax credit 814 were farmers.

Mr. Rolfes: — So the vast majority were farmers.

Mr. Drew: — That's correct. The other occupations were . . . relevant figures are 330 and 61 relatively.

Mr. Rolfes: — Was the money that went out proportionately the same . . . I mean, was the same proportion to farmers as the numbers increased or as the numbers indicate, or was more money paid out to non-farmers on a per person basis?

Mr. Drew: — First of all, Mr. Chairman, they're tax credits. We don't know money paid out . . . (inaudible) . . .

Mr. Rolfes: — Tax credit issued, was that proportionately speaking the same, or were there more tax credits to non-farmers proportionately?

Mr. Drew: — Well, there's no question with those numbers that most of the credits would go to the farmers, but in terms of actual individual amounts we don't have that information available. We can get an average.

Mr. Rolfes: — I would like to get the average, if you

could, of tax credits that were issued, okay.

Mr. Drew, can you tell me what the cost was of the counselling and assistance for farmers known as CAFF, and how many farmers applied for help under that program?

Mr. Drew: — Okay, the . . . Mr. Chairman, during the year under review, some 1,095 applied for counselling and assistance; 750 were approved for loan guaranteed' a total of \$43 million.

Mr. Rolfes: — Those were loans, Mr. Drew?

Mr. Drew: — Loan guarantees, Mr. Chairman.

Mr. Rolfes: — Loan guarantees. Could you tell me how many of those . . . were those loan guarantees through private lenders, or were they all done by the government . . . or through the government?

Mr. Drew: — No, none of them were made through any Crown agency, either federal or provincial. They were all credit union and bank loan guarantees.

Mr. Rolfes: — All through private?

Mr. Drew: — Right.

Mr. Rolfes: — Okay. Would you know how many of those farmers were not accepted by the lenders?

Mr. Drew: — Okay. Of the 750 that were approved, 608 had their loans authorized by the lender.

Mr. Rolfes: — Okay. Can you tell me what the pay-out was to the panel members in total, and what the largest pay-out was to any individual on the panel?

Mr. Drew: — Okay, Mr. Chairman, the total honorariums paid for counsellors was \$405,260. You asked for the largest single amount — would be the chairman, Barry Andrews, at \$55,575.

Mr. Rolfes: — Mr. Drew, could you table for the members here the list of all those people who were used as counsellors, and also the names of the members on the panel?

Mr. Drew: — Yes, we have that information, Mr. Chairman. We'd be pleased to table it.

Mr. Rolfes: — Okay. Thank you.

Let's turn to the Farm Land Security Board. How many farmers applied for protection to the Farm Land Security Board in the year under review? And while you're looking that up, maybe you could also find out for me what number there were that had favourable reports to the courts written by the board.

Mr. Drew: — Mr. Chairman, the Farm Land Security Board operated on a calendar year, so I can give you the 1986 calendar if that's satisfactory.

Mr. Rolfes: — Sure.

Mr. Drew: — Some 358 notices were received involving some 337 farmers in that year. I don't have information on how many favoured the farmer, which is, I gather, what the question was asked. We will get that information for you.

Mr. Rolfes: — Could you also provide for us the cost of the board in its operations? If you don't have it here, I wouldn't mind getting the names of the people on the board and the cost of the board.

Mr. Drew: — Yes, Mr. Chairman, I believe we have the required information with us, and we will be pleased to table it right now.

Mr. Rolfes: — Okay. One last question. I want to turn quickly to lands branch. Can you tell me how many leases were cancelled in the year under review, and what amount was written off in lease arrears in the lands branch?

If you don't have that with you, you can provide that to the committee.

Mr. Drew: — Mr. Chairman, no we don't have information on the leases cancelled, nor do I appear to have information on the arrears, so we will provide both of those.

Mr. Anguish: — Mr. Drew, you mentioned to Mr. Rolfes that you didn't think there was any polling done in the year under review. I'm wondering, on page 94 of the volume 3 of *Public Accounts*, there's a payment to Tanka Research for \$46,750. Could you tell us what that payment was for, please.

Page 94, volume 3, under other expenses, there's a payment to Tanka Research for \$46,750. It's my understanding that Tanka Research are a polling firm, and if there were no polls done, I'm wondering why the expenditure was made to Tanka Research in that amount.

Mr. Drew: — Tanka Research, Mr. Chairman, did a study on farm employment needs for us for \$11,200. Mr. Chairman, they also did a hog producers survey for us to determine the attitudes and intentions with respect to present and potential hog production in the province.

Mr. Anguish: — Could you provide the committee with a list of the questions that were asked in both those studies?

Mr. Drew: — I'm sure we can, Mr. Chairman.

Mr. Anguish: — On page 89 of the same volume of *Public Accounts* there was a payment made to Roberts & Poole Communications for \$462,941.96. Can you tell us what those payments . . . or that amount was for?

Mr. Drew: — Mr. Chairman, that expenditure was our routine extension publications and advertising programs by branch. I can give you a breakdown.

Mr. Anguish: — I'm asking, would there be anything out of the ordinary? Was there any special advertising campaign that Roberts & Poole put on for you during that

year?

Mr. Drew: — No, I'm not aware of any particular uniqueness. There would be, you know, considerable emphasis on drought programs during that period, but other than that it would be basically routine extension-type materials, basically.

Mr. Anguish: — On page 88 of *Public Accounts* there's a payment made to a Richard J. Swenson for \$2,141.95. Is that the same Richard Swenson who's a member of the Legislative Assembly; and if so, what was the purpose of the payment? Was it because he was a Legislative Secretary? What is the reason for the payment? The payment was for travel.

Mr. Drew: — Mr. Chairman, Rick Swenson at that time, MLA, was Legislative Secretary to the Minister of Agriculture. The expenses are for 21 events within the province that he attended, so they were . . .

Mr. Anguish: — All travel within the province representing the minister?

Mr. Drew: — That's correct.

Mr. Anguish: — On page 87, *Public Accounts*, there is a payment made for travel to a Douglas Neil of \$2,874.22. And I'm wondering what the purpose of the travel was and whether or not that's the same Douglas Neil who is a member of parliament for the Moose Jaw constituency.

Mr. Drew: — That, Mr. Chairman, would have been for his services to the Farm Land Security Board at that time.

Mr. Anguish: — What services did he provide to the Farm Land Security Board?

Mr. Drew: — He served as a board member of the provincial Farm Land Security Board prior to assuming chairmanship of the federal (Farm) Debt Review Board, and I'm not sure exactly the time there.

Mr. Anguish: — Where would other payments show up to Douglas Neil then? Would they show up under the Farm Land Security Board per diems that were paid, or is there a separate line item for Douglas Neil somewhere else in the *Public Accounts*.
?

Mr. Drew: — Mr. Chairman, we just tabled a document that I believe would include the expenses associated with one Douglas Neil, and I am advised, Mr. Chairman, there is a typo on the list that we provided you. His name is spelled N-e-i-l, not N-e-i-t, as will appear on your list.

Mr. Anguish: — So his name is on the list, Mr. Drew, that you've just tabled with the Clerk?

Mr. Drew: — Yes, it is.

Mr. Anguish: — Could you tell me, does the provincial Department of Agriculture have any input into appointments, or is there any consultation for appointments to the Farm Debt Review Board, federal Farm Debt Review Board?

Mr. Drew: — Surely, Mr. Chairman, the officials wouldn't have any input, I don't think, on the national Farm Debt Review Board.

Mr. Anguish: — On page 75 of the same volume, volume 3 of *Public Accounts*, under the lands branch, there's compensation payments in the amount of \$213,149.61. Can you tell us the nature of that compensation payment or payments?

Mr. Drew: — Mr. Chairman, that compensation payment was for cattle losses during the year under review. It's my understanding that losses of cattle housed on community pastures or pastures administered by lands branch are compensated for. And, Mr. Chairman, we collect premiums for that purpose.

Mr. Anguish: — You collect premiums from the pasture patrons?

Mr. Drew: — That's correct.

Mr. Anguish: — And it's put into a pool and then there's compensation paid out?

Mr. Drew: — That's correct.

Mr. Anguish: — Where does the revenue show up for those payments — or, sorry, those premiums? If you don't have that with you, could you tell me the difference between the premiums you collected and the compensation payments you actually paid out?

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

Mr. Anguish: — On page 73 of *Public Accounts* there's a title, grants for control of pollution from intensive livestock operations. The revised estimate was \$ 160,000, and the pay-out seems to go predominantly to one individual, Nickolas Sloboshan, for \$156,167.50. Was there an original estimate, original budget estimate, for that year under grants for the control of pollution from intensive livestock operations?

Mr. Drew: — Mr. Chairman, I believe we were . . . 30,000.

Mr. Anguish: — Was the original estimate?

Mr. Drew: — I think 30,000 was in the budget, but we were faced with a particularly significant poultry operation in North Battleford that . . . or Battleford, I guess.

Mr. Anguish: — In the town of Battleford.

Mr. Drew: — In the town of Battleford, that had to be relocated.

Mr. Anguish: — So what was the urgency, can you tell us, in the year under review, that all of a sudden you had to go and find another \$130,000 from the Department of Finance to spend on this item? Can you tell me how that kind of works? Did the town of Battleford come to you, or did the local cabinet minister at the time come to you and say, this has to be removed; and you'd say, well, we only

have \$30,000; how much does the guy want to be relocated? How did you end up spending almost \$160,000 when you only had \$30,000 in your budget?

Mr. Drew: — I think, Mr. Chairman, there was no particular change of our rules and regulations regarding when and if we decide that we can help a livestock operation relocate because of pollution problems. That particular operation just happened to be significantly larger and more costly to relocate than most livestock operations.

Mr. Anguish: — But why the urgency in that year? Like that operation — I live in the town of Battleford — that operation had been there for years. And all of a sudden, what was the urgency? If you saw that as a particular problem within the Department of Agriculture, why did you not budget \$160,000 at the beginning of the year, instead of budgeting 30,000 and having to go and find another \$130,000?

Mr. Drew: — I think, Mr. Chairman, the significant impact was the town of Battleford offering a fairly generous, I suppose in some people's mind, offer to the individual to relocate at that particular time, and it was prudent to take advantage of it.

Mr. Anguish: — Who made representation to the Department of Agriculture? Was there representation made to you, sir, as deputy minister?

Mr. Drew: — No. No. The department merely administers the program upon request of the individual, so it would have been the individual requested assistance from us and would have said, here is the deal; it looks to me like a good time. And we were aware of the necessity of probably addressing that issue for several years.

Mr. Anguish: — Well if you knew the necessity, why wouldn't you have budgeted more than \$30,000 when it took almost \$160,000 to relocate this individual?

Mr. Drew: — Well the cost is, you know, very difficult to estimate in terms of relocating and when, and we were just allowing for a normal operation of that program on a year to year basis and could not anticipate six or eight or 12 months ahead that a particular individual might be in a position where he had a chance to move in a hurry. So it's difficult to plan.

Mr. Anguish: — I was wondering if there was special representation made to you, sir, or to some individual in the department, because two weeks before October 20, 1986, which happened to be election day, there was a big announcement that this pollutant would be removed from the town of Battleford. So I just find it a little strange that all of a sudden you'd have \$30,000 budgeted, and then two weeks before an election day you'd find almost \$160,000 to relocate this pollutant in The Battlefords.

Mr. Drew: — Now, Mr. Chairman, no. We were . . . we have been working on that problem for, in fact, several years, and . . .

Mr. Anguish: — If you've been working on that problem, sir, for several years, why would you have only budgeted

\$30,000 when one item . . . There must be other intensive livestock operations in the province of Saskatchewan. There must be other intensive livestock operations in The Battlefords.

You're telling me now, sir, that you were aware of this and had been working on the problem for years. You budget \$30,000 for the entire province for grants for control of pollution from intensive livestock operations — only \$30,000 for the entire province. You say you're aware of this problem for years and the department had been working on it for years and that one operation cost \$160,000 to move.

Mr. Drew: — That's correct, Mr. Chairman. But, you know, it is difficult for us to know ahead of time what it might cost to relocate a particular operation. That program had been ongoing for years and had been satisfactorily budgeted. I guess I can apologize for not budgeting adequate amounts of money, but it's hard to predict.

Mr. Anguish: — I certainly wasn't asking for you to apologize. I was just trying to make a point that it seems strange that the department would find an extra \$130,000 in their budget two weeks before an election campaign for such an item.

On page 69, under administrative services, again there's compensation payments, and the amount is \$85,000. Can you tell us, sir, what the \$85,000 was for — whether it was one compensation payment or a number of compensation payments, and the nature of those payments.

Mr. Drew: — Mr. Chairman, that particular expenditure resulted from the irrigation leases granted in the Outlook area, whereby it was stipulated that all hay and alfalfa produced thereon had to be delivered to the Outlook Alfalfa Products Ltd. for processing.

There was problems with litigation, and the Outlook Alfalfa Products Ltd. filed for bankruptcy in January of '83, and it took us until the year under review to fully reimburse the producers that were so affected.

Mr. Anguish: — There are a number of producers that were affected by this?

Mr. Drew: — Yes there were, Mr. Chairman, but I don't have the numbers.

Mr. Anguish: — Was there a statement of claim at some point, whether it's back in '83 or in the year under review, was there a statement of claim filed at a court-house in some judicial centre in Saskatchewan?

Mr. Drew: — Yes there was, Mr. Chairman. It went through official bankruptcy.

Mr. Anguish: — Does this represent an out-of-court settlement, the \$85,000?

Mr. Drew: — I believe it was, Mr. Chairman, an agreed-upon figure.

Mr. Anguish: — Could you tell us what judicial centre the statement of claim was filed in?

Mr. Drew: — Yes, we believe it was in Saskatoon, Mr. Chairman.

Mr. Rolfes: — Mr. Chairman, just to follow up on that one, could you tell us, Mr. Drew, how many out-of-court settlements there were in the year under review in the Department of Agriculture?

Mr. Drew: — Mr. Chairman, we would not have that information with us. We will endeavour to develop it and provide it to the committee.

Mr. Rolfes: — What I'd like to have is the number of out-of-court settlements there were, and the amounts in each case that it was settled for.

Mr. Drew: — That will be provided, Mr. Chairman.

Mr. Rolfes: — And the individuals involved.

Mr. Anguish: — Mr. Drew, you said that Douglas Neil's name appeared on the list that you had tabled, and I don't see his name on this particular list. There's another list?

Mr. Drew: — I'm sorry. Yes, there's two lists. One is the counselling and assistance program; another list on the Farm Land Security Board.

Mr. Anguish: — Yes, that's the one I have. I haven't got the other list as of yet.

The ministerial assistants that you tabled in the year under review, can you tell us the date that employment commenced for each of those individuals? Do you have that with you? Because I see some people on the list; there's remuneration for \$9,000, and I'm sure that no one works as a ministerial assistant for \$9,000, so I have to assume that they start at some point in the fiscal year, not at the beginning of the fiscal year. They didn't spend a full year in the employment of the department.

Mr. Drew: — I don't have that information with me, Mr. Chairman, but we will provide it to the committee, the dates of commencement and termination.

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

Mr. Rolfes: — Yes, I have one further question: on the counsellors for the counselling assistance for farmers program, can you tell me what qualifications you are looking for in those counsellors? Was there any specific qualifications that was required by these counsellors? Because I recognize some of the names on here and I'm trying to figure out what their qualifications were for being counsellors.

Mr. Drew: — Well, Mr. Chairman, the purpose of the program was really . . . was peer counselling, and the attempt was to get people to serve on those committees who had some experience in farming, preferably fairly successful experience, but at least had some empathy for people that weren't doing particularly well, and had the

time to serve. So if there is a bias, it probably tended to be toward elderly producers who had family at home that could in fact continue to do the chores while they were serving on this committee. That was the principal criteria. They had to desire to help people and have had some background so they understood some of the difficulties the farmers were up against.

Mr. Rolfes: — Yes, okay. These are headed as honorariums. Usually when I think of honorariums, it's not . . . I mean it's not a large amount. You know, you look at maybe 2, 5, maybe \$10,000. Note somebody here getting \$55,000 honorarium. That's getting pretty high for an honorarium. Why wasn't that person put on permanent employment? I assume that he — I think it's a he — worked full time. Yes, Barry Andrew — \$55,575.

Mr. Drew: — Barry Andrew was chairman of the counselling assistance program and was in fact, yes, engaged virtually every day, all year round. The honorariums, I believe, for those committees were \$ 100 a day. The chairman, I believe, was \$150.

Mr. Rolfes: — Okay, that's fair enough. Lloyd Young, also a member of the board then?

Mr. Drew: — Lloyd Young was a 2 i/c, I'm not sure as a working title, but was second in command under Barry Andrew, yes.

Mr. Rolfes: — There's one . . . I'm sure this is a spelling mistake: Carol, it says Leichrob; I'm sure that's Teichrob.

Mr. Drew: — I'm sure, Mr. Chairman, that should be spelled with a "T".

Mr. Rolfes: — T-E-I-C-H-R-O-B, rather than L-E-I?

Mr. Drew: — I just went to agriculture school, Mr. Chairman; I don't know how to spell that one.

Mr. Rolfes: — All right, I have no further questions.

Mr. Anguish: — I have one question. Mr. Drew, if the honorarium for the chairman was \$150 a day, Barry Andrew, assuming he was the chairman, he must have worked some double days because 365 days times 150 only comes to \$54,750, and 365 days counts all Saturdays and Sundays, Mondays, Tuesdays, Wednesdays, Thursdays and Fridays. And he got more than what it works out to the \$150 a day; in fact, he got \$55,575.

Mr. Drew: — Mr. Chairman, I said I believe he got \$150 a day. I may have not been correct in that figure. I will get to the committee the exact honorarium that was provided to the chairman.

Mr. Chairman: — Are there any further questions of the deputy minister? If not, I'd like to thank you very much for coming out today.

Does someone want to move the motion? Moved by Mr. Hopfner. Any discussion on the motion? Questions? All agreed?

Agreed

Mr. Chairman: — Also while we're waiting we have a motion here by Mr. Neudorf, seconded by Mr. Rolfes:

That this committee authorize, under sections 53(k) and 54 of The Legislative Assembly and Executive Council Act, the attendance of two members of the committee and the committee Clerk at the 11th annual meeting of the Canadian Council of Public Accounts Committee to be held in Edmonton, Alberta, July 9 through 12, 1989.

Any discussion on the motion? Ready for the question? All agreed?

Agreed

Public Hearing: Agricultural Credit Corporation of Saskatchewan

Mr. Chairman: — Okay, next we're into agricultural credit corporation. Are there any questions of the auditor?

Mr. Rolfes: — Yes, I have. Mr. Lutz, I would like you to, rather than me going through each section on the agricultural credit corporation, you have addressed a number of issues or concerns. Could you tell me which ones of those have been corrected, rather than me going through each one? Could you tell me which ones have been corrected, so we don't have to take up the time of the committee on those.

Mr. Lutz: — Mr. Chairman, I am looking at page 16 and 17 to 19 of my report. Is that right, Mr. Rolfes?

Mr. Rolfes: — Those are right.

Mr. Lutz: — Thank you. This audit is now done by a private sector firm and we're not really in a position to tell you yet how many of these particular problems have been addressed by the corporation, nor can we tell you how many have been corrected. We have a report from the other auditor, but we haven't assessed what he has found yet, so I cannot answer your question. I'm sorry.

Mr. Rolfes: — Okay. Mr. Chairman, does that mean that for the '87-88 year they will not come before the committee? They still come before the committee?

Mr. Lutz: — I'm still the auditor of all public money. I will be here, or some representative will be here, and I presume the committee can call any organization you wish to call.

Mr. Rolfes: — All right, then under '87-88, once that is . . . when we examine that, then we will know whether or not some of these have been corrected or not, hopefully.

Well I don't have any other questions then to ask. I'll have to ask those of the officials when they come.

Mr. Chairman: — Are there any other questions of the auditor? If not then, can we call the officials in?

Good morning, Mr. Ballagh. I wonder if you might

introduce your officials to the committee.

Mr. Ballagh: — To my left, Morley Machin, vice-president of administration; and to my right is Barry Miller, director of finance.

Mr. Chairman: — Thank you. I'd like to welcome you here this morning.

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 the committee and therefore is freely available as a public document.

You are required to answer questions put to you by the committee. Where a committee requests written information of your department, I ask that 20 copies be submitted to the committee 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.

I might say I appreciate your being with us here this morning, and I wish I had a better prescience in terms of being able to tell you when you might be heard or exactly what time, but we tried our best.

Are there any questions of the officials?

Mr. Rolfes: — Now, Mr. Chairman, I have a few questions that I would like to address to the officials. Mine, I guess, pertain mainly to the production loan program and the livestock cash advance program. The auditor notes, on page 16, that the security system that was in place when the program was initiated left a lot to be desired and questions really whether there was sufficient security for the loans that were issued.

My question to you, sir, is simply this: the statements made by the auditor, were they borne out in the year under review? In other words, was there sufficient security? Was there sufficient checking done before loans were issued or advances were made, cash advances were made, or was the auditor not quite correct in his suggestions that he made on page 16?

Mr. Ballagh: — Mr. Chairman, I'm not exactly sure if I know how to answer your question. Certainly in terms of subsequent herd verifications or audits that were conducted, we found some producers who were short of animals in subsequent years. In terms of the production loan program I think, as we've told this committee previously, we did do checks against the producer's permit book at the time the loan was taken out. We also compared that information against a tape from the Canadian Wheat Board to match acreage. The only security that was taken was a promissory note. I don't think we've noticed anything in the year under review that particularly indicated that the auditor's comments were particularly valid, I guess.

Mr. Rolfes: — All right. Let me . . . You say that the only thing required for a farmer to receive the production loan program was a permit book. Is that correct? If someone

had a permit book, he or she would be eligible for the production loan program?

Mr. Ballagh: — Essentially that is correct, yes.

Mr. Rolfes: — Okay, you say essentially. Now what do you mean? Was that correct or was that not correct?

Mr. Ballagh: — There were a few situations of individual farmers, a dairy farmer, for example, who had all of his land seeded down to forage and did not have a permit book. Those individuals we made allowances for, and they were made eligible without necessarily having a 1985-86 permit book.

Mr. Rolfes: — But it is correct to say that if an individual A has land and has a permit book, but leases out the land for cash but still maintains a permit book, that he would be eligible for the production loan program.

Mr. Ballagh: — Yes.

Mr. Rolfes: — Even though he or she did absolutely no farming of their own?

Mr. Ballagh: — Mr. Chairman, essentially, if an individual had a permit book, he was eligible for a production loan. We did not want to concern ourselves or jeopardize that individual's situation with the Canadian Wheat Board as far as the status that he had declared to them in terms of being an active producer. So in terms of obtaining a permit book, the individual has to make a declaration that he is an active producer, and that was the definition that we had used, and we simply followed what the wheat board was using. We recognized that there may be some people that may not be as actively involved in the farm as what we would have liked, but we did not at the same time want to jeopardize, as I said, their relationship with the board.

Mr. Rolfes: — Even though . . . Well, I think we all are aware that there are a number of people who own land who very seldom get on the tractor or on the combine or do any work of their own; they simply hire someone to do their work for them. They do retain a permit book. I know that from personal experience, until the criteria were changed by the federal government as to what was an active farmer. And I refuse to lie about whether I was active or not, but I know there are a number of people who are . . . farming is not their profession and simply hire someone to do it, and yet do have a permit book and took advantage of the production loan program.

And to me that's a . . . well, in my opinion, is a misappropriation of public funds, not by the officials but by the individual involved. I don't want to blame any individual; I mean, that's not the point here. But a lot of money, there was a lot of money involved — \$ 1.2 billion, I believe, in the production loan program, the cash advance program. And that money, I think, was meant to help farmers who were in dire financial straits, not to help those people who really made farming a hobby or simply a tax evasion industry.

So let me ask one further question then on the production loan program. In 1986, or 1987 . . . At the end of 1986-87

year, what was your debt loss for the production loan program, and then also for the cash advance program?

Mr. Ballagh: — Mr. Chairman, in 1986-87 there was no write-offs on the production loan.

Mr. Rolfes: — Okay. So that would have to wait till '87-88.

Mr. Ballagh: — That's correct.

Mr. Rolfes: — Okay. On either of the programs?

Mr. Ballagh: — The same to the LCA (local community authority) as well.

Mr. Rolfes: — During the year under review, were there any inspections done on the cash advance program? As to inspections, I mean were any specific counts being done on the livestock that were there?

Mr. Ballagh: — Yes, Mr. Chairman. During the winter of 1986-87 we conducted a random audit on approximately 25 per cent of the livestock herds. If you want the exact number we audited, I can get you that number.

Mr. Rolfes: — Under the year under review, who paid for those audits, or those inspections?

Mr. Ballagh: — ACS did.

Mr. Rolfes: — Is that still the policy?

Mr. Ballagh: — No, it isn't.

Mr. Rolfes: — Are those inspections or audits done at the request of the individual involved, or are they done by the corporation at random, or . . .

Mr. Ballagh: — They were done at the request of ACS on a random basis.

Mr. Rolfes: — Okay. Under the year under review, what did you find? What were the results of those audits? And if you could tell me — you said 25 per cent were done — what was the cost of the audit?

Mr. Ballagh: — During the winter of '86-87 we audited 4,560-odd cash advance claims, which was approximately 25 per cent. We found that 37.4 per cent of those had a deficiency in terms of the number of livestock.

It's important probably to note, Mr. Chairman, that we are doing those audits during the low point in the cattle inventory. Obviously calves generally are sold in the fall and . . . not reborn in the spring, but born in the spring, so during the time in which we're auditing, there tends to be a period in which producers may be low on livestock, so that I don't think we want to necessarily draw the inference that people had defrauded us in terms of the application process, but perhaps at the time we were doing the actual audit, the numbers were not there.

Mr. Rolfes: — What was the cost of those audits?

Mr. Ballagh: — 145,000.

Mr. Rolfes: — That's all now transferred to the farmer, that cost.

Mr. Neudorf: — That's out of order.

Mr. Rolfes: — No, it isn't. Year under review. No longer . . . So another cost to the farmers.

Mr. Ballagh, could you tell me the legislation that pertains to the livestock cash advance program? What does it say in regards to the livestock that a farmer must retain? What was the agreement that was signed?

Mr. Ballagh: — I'm sorry, what was . . .

Mr. Rolfes: — What was the agreement that was signed between the farmer and the ACS in regards to the maintaining of livestock herds?

Mr. Ballagh: — Well in general terms . . . I don't have it in front of me, but the producer is required to maintain the number of livestock on which his cash advance is based, and if the livestock are sold or otherwise disposed of, he has 30 days in which to either repay the proportionate amount of funds or we have, I guess, interpreted that to also allow him to replace the livestock.

Mr. Rolfes: — You say, to pay the proportional part of the loan. I have here before me, it says, "If the number of herd has been reduced," the legislation says, "the entire principal sum shall immediately become due and payable without notice." Why have we not changed the legislation or asked for legislation to be changed? Why have you not asked for legislation to be changed if that is the case?

Mr. Ballagh: — Mr. Chairman, that particular wording is not in the legislation, it's in the promissory note. The corporation has to have the power to be able to demand full repayment if necessary, and that is the reason for the wording being stated the way in which it is. By the same token, the corporation has the flexibility to use discretion in terms of what funds . . . or what demands it may make on the client.

Mr. Rolfes: — Well I don't know just how you can have that discretion when the promissory note that you have signed with the individual said that the entire principal sum shall — it doesn't say may — shall immediately become due and payable without notice.

I'm not saying I agree with that. But if that is not your intention, then why don't we change the wording of the promissory note so that you can have that flexibility?

Mr. Ballagh: — Simply, Mr. Chairman, that if the promissory note is not worded in that manner, then the corporation doesn't have the ability to demand full repayment of the loan. But we don't have to exercise the full powers that are at our discretion. Our solicitor's view does not correspond to the Provincial Auditor's on that point.

Mr. Rolfes: — Well I don't know what the English

language means any more when they write one thing and it can mean something else. The words "shall" and "may" . . .

Mr. Ballagh: — Well, Mr. Chairman . . .

Mr. Rolfes: — When the words "shall" and "may" . . . There is a difference . . .

Mr. Ballagh: — Well, to do as you're suggesting . . . or the auditor has suggested, and demand full repayment of the loan when the individual is short a few head of livestock, would be totally insensitive.

Mr. Rolfes: — I did not say that, sir. I said if you did not want to carry out what you had written in your promissory note, then why don't you change the wording in the promissory note?

Mr. Neudorf: — He just answered that.

Mr. Rolfes: — No. No, he did not. It says here, ". . . the entire principal sum shall immediately become due and payable without notice." And when it says, shall become, if you're short of herds, that means it shall become due.

Mr. Neudorf: — Listen to his answer. He just finished saying that his solicitors are telling them, if they don't have that in there then they will never be able to do it. But if it is in there, they don't still have to use that . . . (inaudible) . . .

Mr. Rolfes: — I didn't ask you for an explanation, sir. I asked the official. I'm not asking you.

A Member: — That's what he said. You weren't listening.

Mr. Chairman: — Mr. Rolfes and Mr. Neudorf, we're engaging in debate. We have these officials here who've driven here for a long distance to answer questions, and they'll come back for your debate another . . .

Mr. Rolfes: — Mr. Chairman, I appreciate . . . (inaudible) . . . I want to ask the official again, and obviously he is getting different advice from his solicitor, and the auditor is giving us another. I happen to agree with the auditor on this because to me that reads, ". . . shall immediately become due." There is no flexibility, and I would rather that you had some flexibility.

And therefore I think the wording should be changed. And I don't like to leave discretion up to individuals as to who will get that flexibility and who won't. I mean, that to me gives maybe too much authority.

Well now let me go to the production loan program again. I want to ask a question on the production loan program. Am I correct in saying that it paid out \$25 per acre to every individual without any explanations being given as to what his or her financial position was? As long as they had a permit book they were eligible, and if they applied, they received the loan. Is that correct?

Mr. Ballagh: — In a general sense, yes. The exceptions to that were that individuals who were before the Farm Land Security Board at that time, or counselling and assistance,

had their applications held in abeyance until those two boards had completed the review, and determined whether or not the farm was viable.

The other category was individuals who owed the corporation money from a previous loan program, had defaulted, if you will, on loan payments from a previous loan program. Those individuals' loan application was rejected. They were advised that if they paid the funds that were outstanding to ACS from a previous liability, that they would be eligible.

Mr. Rolfes: — What per cent of the applications that you received were approved?

Mr. Ballagh: — Mr. Chairman, I think the best information we have here is that it would have been less than 1 per cent applications that were rejected.

Mr. Rolfes: — Okay. Were all the cheques mailed to addresses in Saskatchewan?

Mr. Ballagh: — No.

Mr. Rolfes: — Where were some of them mailed to? Okay, were there some sent outside the country, and if the answer is yes, where were they sent to?

Mr. Ballagh: — We don't believe there was any that were mailed outside the province . . . or sorry, outside the country.

Mr. Rolfes: — Okay, were there any outside the province?

Mr. Ballagh: — Yes.

Mr. Rolfes: — Where to?

Mr. Ballagh: — Neighbouring provinces, particularly Alberta and Manitoba. There may have been a handful to B.C.

Mr. Rolfes: — What were the reasons for that?

Mr. Ballagh: — Those were individuals that farmed land in Saskatchewan for whatever reason. Well, particularly in the case of Alberta and Manitoba, it may have been they lived on the other side of the border, if you will.

I can't actually recall the specifics of the handful from B.C., but they were operating land in Saskatchewan.

Mr. Rolfes: — Were there any cheques cashed outside of Canada?

Mr. Ballagh: — We did not bother checking the cheques when they came back, to determine that.

Mr. Rolfes: — Okay. Could you tell me how many staff you had, ACS had, before you moved to Swift Current and how many of the staff at that time moved to Swift Current with you?

Mr. Ballagh: — Mr. Chairman, that was not the year under review.

Mr. Rolfes: — It's not? How many staff do you presently have?

A Member: — That's not the year under review.

Mr. Rolfes: — Oh no, pardon, that's not what I wanted to ask. Thanks very much, Jack. How many staff did you have in the year under review, because they'll be coming up very shortly; I'll get that.

Mr. Ballagh: — Mr. Chairman, in our head office there was 24 permanent positions.

Mr. Rolfes: — The year under review?

Mr. Ballagh: — Yes.

Mr. Rolfes: — Okay. You said permanent positions. How many part-time positions? A few? I mean if it's insignificant, I won't worry about it.

Mr. Ballagh: — Mr. Chairman, there was no part-time positions; we had some temporaries. If you want that number we can try and get it for you.

Mr. Rolfes: — Was it a large number?

Mr. Ballagh: — Something in the range of eight to 10.

Mr. Rolfes: — Okay, good enough, good enough. How many legal actions were initiated by ACS against farmers in the year under review, and how many judgements did you obtain?

Mr. Ballagh: — If I can answer this somewhat piecemeal as I find the information, Mr. Chairman . . . I'm sorry, I thought I had one piece here and I don't.

In the year under review, there were approximately 50 capital loan clients who were facing legal action. In addition, legal action was being taken against 60 production loan clients and 29 livestock cash advance clients, for a total of 139.

And it does not appear that we have that broken down any further in terms of judgements that we would have obtained. I would expect that in the year under review we probably had not proceeded to judgement on these.

Mr. Rolfes: — Could you find that out for the committee, if there were any judgements obtained? Could you also tell me how many farmers had their assets seized by ACS in the year under review. And were there any foreclosures launched by ACS, and were any finalized? I assume you wouldn't have that information with you. If you don't, you can provide that to the committee.

Will you tell me what the legal bill was for ACS in the year under review? How much did you pay out in legal fees, and was it all paid to MacPherson Leslie & Tyerman?

Mr. Ballagh: — No, there would not be; I'll dig that information out for you.

Mr. Rolfes: — If you don't have the answers, you can also

provide that to the committee. It's not necessary I have it today.

Mr. Ballagh: — Fair enough.

Mr. Rolfes: — Can you tell me if there were any out-of-court settlements done by ACS in the year under review? Do you know if there were any?

Mr. Ballagh: — I'm certain there were, but I can't give you a number.

Mr. Rolfes: — All right. If there were, I'd like to know how many there were, the individuals involved, and what the final payment was to each. And just a short . . .

Mr. Ballagh: — Sorry, just clarification. Payments to each?

Mr. Rolfes: — Yes, to each plaintiff. How much did you pay? What was the out-of-court settlement?

Mr. Ballagh: — Oh no, I'm sorry. I misinterpreted your question. No, there was no out-of-court settlements.

Mr. Rolfes: — Okay. Good enough. No further questions then.

Mr. Chairman: — Are there any further questions of the officials? If not, I'd like to thank you very much for being here today.

Mr. Ballagh: — Thank you, Mr. Chairman.

Mr. Chairman: — All these hearings are subject to recall, but I hope it won't be necessary in your case, Mr. Ballagh. Thank you very much.

Ready for the motion?

Mr. Martin: — I have a question, Mr. Chairman. I just want to wait till the officials leave.

Mr. Chairman: — Okay.

Mr. Martin: — My question is to Mr. Rolfes. During the discussion with this last group, you implied — I think I actually stated it — that the production loan program, \$25 an acre, could be used for purposes of tax evasion, and I'm just wondering how a farmer would have done that.

Mr. Rolfes: — Not farmer. A doctor or lawyer.

Mr. Martin: — Okay, would you like to explain that to me, please?

Mr. Rolfes: — No, I don't think I have to. I know how it can be done.

Mr. Martin: — Well you made the accusation, and it's on the record as being used for purposes of tax evasion. I'd just like to know . . . I think we deserve an explanation as to how . . .

Mr. Rolfes: — No, you don't deserve any explanation.

Thank you.

Mr. Martin: — All right.

Mr. Chairman: — Are you ready for the motion? Someone want to move the motion? Mr. Martens.

Are you ready for the question? Agreed?

Agreed

Mr. Chairman: — I just want to draw to your attention that we have two departments remaining. What is your sense — that we'll be able to get through Social Services and Health today, or should we . . .

Mr. Anguish: — My sense is that I have a list of questions. I'll ask just a very few questions. And if it's agreeable to committee, I'd like to provide the committee with the list of questions to the Department of Social Services, and the Department of Social Services can table their responses with the Clerk of the committee, if that's acceptable to the committee and to you, Mr. Chairman.

Mr. Chairman: — Well why don't you just, when we get to the department, read them out rapidly?

Mr. Anguish: — Well call the department and I'll read through the questions.

A Member: — Well would Health be first then?

Mr. Chairman: — No, Social Services and then Health.

A Member: — Okay. Fine.

Mr. Anguish: — I can't read that fast.

Mr. Chairman: — And if there's any objection on any of the questions, raise them and . . .

Public Hearing: Department of Social Services

Mr. Chairman: — Good morning, Mr. Kutarna. I wonder if you might introduce your officials to the committee.

Mr. Kutarna: — Certainly, Mr. Chairman. On my right is Dr. Allan Hansen, the assistant deputy minister responsible for community living, young offenders, child care. And on my left is Mr. Ray Barnard, the assistant deputy minister responsible for income security, employment, and the financial area. I have some officials with me in the back row. I have Gerry Glasser from our revenue and financial services area; Donna Young, who is the director of our day care branch; Larry Moffatt, who is executive director of our community living division; and Dan Perrins, who is executive director of the family services division.

Mr. Chairman: — Thank you very much. I want to welcome you all here this morning. 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, and where a member of 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 record it as a tabled document. And I would ask you to address all comments to the chair.

Are there any questions of the officials?

Mr. Anguish: — I have some questions, Mr. Chairman. Since we're still dealing with the '86-87 *Public Accounts*, and it's now over two years old, I don't want to unduly delay the proceedings here today, so I have a list of some 14, 16, 19 questions that have been provided to me by our Social Services critic that he wanted me to ask on his behalf in this committee.

And what I'd like to do is read through the questions because the government members of the committee would like to know what those questions are so they may object or may not object to them.

And I'd ask, Mr. Kutarna, your undertaking that you would provide us in writing the answers to these questions to the Clerk of the committee. Would that be acceptable to the committee, Mr. Chairman, and to the witnesses?

Mr. Chairman: — I think that if you ask a question, if no one objects — that's including Mr. Kutarna — if no one objects, we will assume that he will provide the answers in writing in good time.

Mr. Anguish: — The first question is, for each of the major areas of expenditure, could you please provide a breakdown of what portion of the funding was provided through the Canada assistance plan on both a percentage basis and total figure basis? What is the total number of the 1986-87 Social Services budget that the Canada assistance plan funded?

And I'll provide you, Mr. Kutarna, with a written copy at the conclusion.

Mr. Kutarna: — Okay. Thank you.

Mr. Anguish: — Number two: which of the following items are subject to Canada assistance plan funding, and what percentage of Canada assistance plan funding was provided in each case? Start-up grants and equipment grants for day-care centres; funding for the family income plan; grants to non-governmental organizations from Social Services budget; grants to the early childhood intervention program; funding for transition houses and for safe shelters?

Three: did the Canada assistance plan set limits on the amount of income support that can be offered to a low income family through the family income plan with the federal government matching, in the year under review? If so, what were these limits?

Four: in the year under review, how many family day-care home spaces were available to children — I'm sorry, there's part of the question that's not in the year under review and I know what the response will be to that, so I'll stroke it out of this question. I'll repeat number four. In the year under review, how many family day-care home spaces were available to children in Regina, in Saskatoon, in Prince Albert, and finally, on a province-wide basis?

Number five: in the year under review, how many day-care co-op spaces were available to children?

Six: what percentage of day-care spaces in Saskatchewan were occupied by children whose parents received subsidy in the year under review? Please provide this breakdown as follows: percentage of day-care co-op spaces that were subsidized and the number of families that received subsidy; percentage of family day-care home spaces that were subsidized and the number of families that received subsidy; average amount of subsidy paid to parents whose children were using either a day-care co-op or a family day-care home in the year under review.

Seven: what was the maximum income under which a family could still receive full day-care subsidy from the provincial government in the year under review? What was the maximum income under which the federal government was prepared to provide 50 per cent of subsidy costs to parents through DSS (Department of Social Services) in the year under review?

Number eight: how many persons were cut off social assistance by the Department of Social Services during the year under review? Could you provide this information by Social Services regions? How many of these persons were cut off for refusing to attend a work-for-welfare interview, or for refusing to take a work-for-welfare job? Could you provide this information by the Social Services regions?

Nine: could you provide a breakdown by number of the other reasons why persons were cut off social assistance during the year under review?

Ten: in the year under review, was any correspondence received from the Government of Canada objecting to the operation of work for welfare in Saskatchewan?

Eleven: in the year under review, were you provided with any legal advice on the legality of your work-for-welfare program, and what was the specific advice given, and from whom?

Twelve: how many social assistance recipients had to pay overtime at some point during the '86-87 fiscal year? What percentage of the total case-load does this constitute? Of these overpayments, how many were the fault of the department in the fiscal year under review? In other words, how many were caused by departmental errors? How many were the fault of the recipient? Of the overpayments that were the fault of the recipient, how many actually constituted fraud for which charges were laid?

Thirteen: what was the amount of the average overpayment owed in the year under review, and what was the amount of the average monthly payment being deducted from the cheques?

Fourteen: could you provide me with a list of group homes for young people that the Department of Social Services provided funding to in the fiscal year under review? Could you also provide me with a list of life number of spaces in each group home and the geographical location of the group home? Could you indicate which of these group homes were available to young people: (a) after their 16th birthday; (b) after their 17th birthday? How many group home spaces were provided to young people after their 16th birthday funded by the Department of Social Services in the fiscal year under review? How many does this compare to the total number of group spaces funded by the department in the fiscal year under review?

Fifteen: what was the budget of the young offenders' program in the year under review? Under what budget item does it appear in *Public Accounts*? How many young persons were housed under young offenders' program in the year under review? And what was the average cost of care, schooling, etc., to the Department of Social Services for each young person in the program?

Sixteen: how many appeals were made by social assistance recipients before local appeal boards in the year under review, by region? What was the cost of conducting these appeals in the year under review, by region? How many provincial appeals were made by social assistance recipients to the provincial appeal board during the year under review, by region? What was the total cost of conducting these provincial appeals, break down by region? In each case I would like factored into the cost, travel for officials involved, staff time for officials involved, honorarium to appeal boards, etc. What was the honorarium/salary paid to members of the local appeal boards in the year under review? What was the total honorarium/salary paid to members of local appeal boards in all of Saskatchewan in the year under review? Could I have a similar provincial total for members of the provincial appeal board?

Seventeen: how many local appeal cases went in favour of the recipient; how many went in favour of the Department of Social Services?

Eighteen: of the cases appealed to the provincial appeal board, could you tell me how many of those appeals were initiated by the Department of Social Services; how many of those cases were subsequently won by the department?

Nineteen: could I receive a breakdown of how the revenue sources to the department are applied to departmental expenses, i.e., which revenues applied to which programs of the department?

And that's the list of the written questions. If there's no objection, I'll give these to Mr. Kutarna and he can give us his undertaking that he'll provide the answers in writing to the Clerk of the committee.

Mr. Wolfe: — Mr. Chairman, I have a question regarding

the request for the correspondent between the federal and provincial governments. I don't know if that has anything to do with public accounts.

Mr. Anguish: — Well it has something to do with public accounts, I think, Mr. Chairman. In defence of the request, the Department of Social Services budget lies on a substantial amount to the Canadian assistance plan. And the Canadian assistance plan, for one at least, provides funding to the provincial government, to the Department of Social Services, and they thereby administer those funds and distribute them to recipients of programs and services of the Department of Social Services in the province of Saskatchewan.

I would think that the Public Accounts Committee would want to be aware, and has every right to be aware, of communications between the federal government concerning the Canada assistance plan and the Department of Social Services.

Mr. Wolfe: — Could you read the question again?

Mr. Anguish: — Number 10 reads that in the year under review, was any correspondence received from the Government of Canada objecting to the operation of work for welfare in Saskatchewan? We think likely there was. There's always an ongoing concern between provincial governments and federal governments by jockeying people from the social service rolls to the unemployment insurance rolls.

The unemployment insurance rolls, of course, are totally a federal responsibility, where programs in the Department of Social Services, such as the Saskatchewan assistance plan, for example, are funded by the Canada assistance plan as well as the provincial treasury.

Mr. Wolfe: — Mr. Chairman, I just wonder if that wouldn't be a more appropriate question to ask in the House. I don't think it's really in the realm.

Mr. Chairman: — Are you asking for copies of the correspondence itself, or just asking for confirmation that the correspondence was received?

Mr. Anguish: — Just confirmation whether or not there was correspondence. We aren't asking for the actual correspondence. And I think that questions in the legislature are to be more of an urgent and pressing nature. That's the whole purpose of question period, that the questions are timely. I don't think that the Speaker would look on us very favourably by asking a question about some correspondence which is not urgent and pressing but is pertinent to public accounts, which is now over two years old at least.

Mr. Neudorf: — I have a little bit of a concern, I guess, of what we're doing here right now. It amazes me that the members opposite are right now the same people that held the legislature hostage for two weeks, and particularly the member opposite who has for the last three days occupied the position of . . .

Mr. Chairman: — Mr. Neudorf, Mr. Neudorf, we should try and restrict our comments to points of order or to

questions . . .

Mr. Neudorf: — Am I not allowed to speak without having a point of order? I did not raise a point of order here, Mr. Chairman.

Mr. Chairman: — Well . . .

Mr. Neudorf: — I'm making an observation very relevant to the position that members opposite have just taken, and I'm responding to that.

Mr. Chairman: — Can I have order please? We've always taken the position, or we have in the last few months, that we would try and keep partisan comments out of the time set aside for questioning of the witnesses so we don't disadvantage them.

Mr. Neudorf: — My concern, Mr. Chairman, is that the member opposite, in a rapid-fire, staccato fashion has tendered about 20 questions.

Mr. Chairman: — Yes.

Mr. Neudorf: — We have had no opportunity to digest. The department has had no opportunity to have an explanation of what the intent of the questions are, and now we're expecting the department to answer each and every one of those questions, and I object to that. I suggest to the department, if this is the route that we're going to take, that the department very seriously consider each and every question and only make a commitment to answer those questions that they deem suitable to be answered. And we're not going to hold the department accountable for each and every one of those questions that has been asked.

Mr. Chairman: — Mr. Anguish, then Mr. Rolfes.

Mr. Anguish: — I ask . . .

Mr. Neudorf: — Just a second, I'm not finished yet.

What my concern is is this sudden attempt at efficiency, when the members opposite assume the cloak of efficiency in the spirit of getting things done quickly is not being consistent either. And this is the concern that I have all of a sudden by the members opposite.

Mr. Anguish: — Well, Mr. Chairman, I think I still have the floor. I asked if it was all right, and obviously it's not all right that we deal with these questions in a written form, so you'll be back for a number of days answering questions in the Department of Social Services.

Mr. Chairman: — I wonder if at this point then if, Mr. Anguish, you might provide the questions to the officials, and that we excuse them then at this point and ask them to come back at a subsequent day, and we can at that point receive answers and you can provide reasons why some can't be answered and . . . you know, is that agreeable?

Mr. Rolfes: — Well, Mr. Chairman, I think we should strike from the record what was done with Department of Social Services and we'll lay the full blame on Mr. Neudorf for taking up the time of the officials for the next

two or three weeks of answering individual questions. We felt that because the 1987-88 accounts had been tabled, we would like to get on to more relevant things, but Mr. Neudorf wants to go back to 1986-87. We will accommodate him and have you people back for two or three hours, and that shall be done then. We can easily do that, if that's what he wants, and obviously that's what he wants.

We thought we'd accommodate you people; we know you're busy people, and you could go on with your work. But obviously they don't want to do that, so . . .

Mr. Chairman: — Is that agreed then that at this point we'll excuse . . .

Mr. Anguish: — I have some questions. We have some time left and I have some questions I'd like to ask the Department of Social Services. I assume that the Department of Social Services will be coming back on Thursday of this week. Tomorrow the verbatim transcript will be ready, and I'd suggest, Mr. Kutarna, that you look through the verbatim transcript, because some of those questions will be asked by members on this side of the committee.

In addition to that, I have a few brief questions that I would like to ask, and they deal with volume 3 of the *Public Accounts*. In volume 3 of the *Public Accounts* under child care, Mr. Kutarna, there is a payment listed as a line item under compensation payments.

Mr. Chairman: — Order, please.

Mr. Anguish: — And the amount is \$10,925.24. I wonder if you could tell me what that payment or payments are for. Page 404 of volume 3 of the *Public Accounts*.

Mr. Chairman: — Mr. Martin and Mr. Rolfes, the officials are having difficulty hearing Mr. Anguish who is putting questions to them, so I would ask you to carry on your conversation outside the room at an appropriate time. Thank you.

A Member: — Well, Mr. Rolfes . . . (inaudible) . . .

Mr. Chairman: — If you have a point of order, then raise it, Mr. Martin.

Mr. Kutarna: — Mr. Chairman, that amount is representing reimbursements to foster-parents who have suffered losses or damages to parts of their homes or to furnishings or things like that. For example, minor repairs, damages to furniture, household repairs, repairs to machinery, repairs to damaged furniture, things like that. And so the sum for that year would be 10,925.

Mr. Anguish: — How many claims were there submitted to the department?

Mr. Kutarna: — It would be approximately two dozen, about 24 claims.

Mr. Anguish: — On page 408 there's, under rehabilitation services, compensation payments, \$1,315.46. Can you tell me the nature of those

compensation payments or payment?

Mr. Kutarna: — Mr. Chairman, it appears that that's the same type of situation as under the child care. I am advised there was one incident in '86-87 where a young fellow did some damage with a car to a garage, and so this would represent compensation to that family.

Mr. Anguish: — Were there any out-of-court settlements, whether as a statement of claim filed in a judicial centre in the province of Saskatchewan, or the compensation payments that are listed throughout Social Services, Public Accounts, are all of that nature that you have described to me?

Mr. Chairman: — It's now 10:30. The meeting is concluded and we will resume questioning at 8:30 on Thursday morning. You can answer at that point, Mr. Kutarna.

Mr. Kutarna: — Mr. Chairman, the compensation payment sections that you are reading from would be similar throughout the department.

Mr. Anguish: — So there were no statement of claims filed against the department for which there was an out-of-court settlement?

Mr. Kutarna: — None that I'm aware of, Mr. Chairman.

Mr. Chairman: — This meeting stands adjourned.

The committee adjourned at 10:37 a.m.