

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**  
**August 15, 1989**

**Public Hearing: Department of Agriculture (continued)**

**Mr. Chairman:** — Good morning, Mr. Drew. I see that you have Mr. Barry Andrew, program chairman, the counselling and assistance for farmers program. Good morning, Mr. Andrew.

Mr. Neudorf, do you have any follow-up questions on this?

**Mr. Neudorf:** — I haven't had any chance to . . .

**Mr. Chairman:** — Okay.

**Mr. Neudorf:** — . . . so we'll get it perhaps later.

**Mr. Chairman:** — Mr. Rolfes, and then if you want to bring that up again later, Mr. Neudorf, just let us know.

**Mr. Rolfes:** — Mr. Drew, last day I asked you a number of questions to which you were to provide me with . . . or the committee with some answers today. I was wondering whether you have some of that information for me.

**Mr. Drew:** — I have, Mr. Chairman, in a written form. If it's your pleasure, I would just distribute them, or would you rather me read them?

**Mr. Rolfes:** — No, usually we just distribute them. I believe that's the procedure.

Mr. Drew, while we are examining that, I would just like to ask a couple of questions. Under the year under review, were there any additional moneys made available under the production loan program, or did that come to an end the year before?

**Mr. Drew:** — I believe, Mr. Chairman, the deadline was July 1 or 31 of '86.

**Mr. Rolfes:** — Yes, I think that is correct. I just wanted to know whether there were any extensions made or any exceptional cases, or . . .

**Mr. Drew:** — Again, Mr. Chairman, it was administered by the Ag Credit Corporation of Saskatchewan . . .

**Mr. Rolfes:** — Oh, okay.

**Mr. Drew:** — . . . but I'm sure that the rules were that there was a deadline and we were firm.

**Mr. Rolfes:** — Well I can ask the agriculture credit corporation. The livestock cash advance is also administered by the agriculture credit corporation?

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

**Mr. Rolfes:** — Okay, I'll wait till they come before us then.

Mr. Drew, question number one, why do you not feel that that's important to know what the principal occupation of the people are in so far as the livestock investment tax credit is concerned?

**Mr. Drew:** — I really don't see, Mr. Chairman, any reason why we should have to know. We do ask if their principal occupation is farming or not, that's all, because we want to make sure we are serving the interests of farmers. But in terms of the livestock investment tax credit, whether the individual is employed as a welder or what he is, it really is of no particular concern to us.

**Mr. Rolfes:** — Okay, my question, how many of those individuals may have been corporations as opposed to individuals?

**Mr. Drew:** — Again, Mr. Chairman, it would be of no particular interest to the Department of Agriculture whether they were a corporate business or an individual.

**Mr. Rolfes:** — The purpose of the program is simply to increase the number of livestock. We're not concerned as to who the money goes to, or whether they are farmers or non-farmers, individuals or corporations, is that correct?

**Mr. Drew:** — Well surely the principal purpose is to make livestock feeding and raising an attractive business. Yes, we want to diversify the economy and encourage that sort of activity. On the other hand, you know, they are principally engaged in farming. I think there was only, what, 61 recipients that were non-farmers?

**Mr. Rolfes:** — Yes, that could be misleading — 61. We don't know how many livestock were involved, or do we? Of those 61, how many livestock would be involved?

**Mr. Drew:** — We could find that out, Mr. Chairman, in terms of the credits issue to non-farmers.

**Mr. Rolfes:** — Well I would appreciate that if you could, the number, as opposed to bona fide farmers, I wouldn't mind knowing that.

The next question, and here's where I want to do a follow-up on it. On the livestock investment tax credit, you say that they can combine that with the venture capital programs. Can you tell me first of all how many operators there were that did combine the two, and how much money was involved?

**Mr. Drew:** — No, Mr. Chairman, we could not provide that on the livestock tax credit; we don't require that they indicate whether or not they are a venture capital corporation. On the facilities tax credit, we require that they give us that indication and understand that they can't have both.

**Mr. Rolfes:** — Yes, your answer indicates that. So that we have no idea just how much tax credit was given on the livestock investment . . . how much tax credit people receive. Because we combine both tax credits and the venture capital, we have no idea then how much money was forgone by the province.

**Mr. Drew:** — Well it would be very minimal. I don't administer the venture capital corporations but . . .

**Mr. Rolfes:** — Who does that?

**Mr. Drew:** — . . . we did not fund the purchase of cattle. So that really they might have been a venture capital corporation and might have been able to get the venture capital tax credit, but that's primarily for bricks and mortar, not for operating. So there shouldn't be any . . .

**Mr. Rolfes:** — Who does the administering of that program? Finance?

**Mr. Drew:** — Economic development and trade I'm advised.

**Mr. Rolfes:** — Okay. Were those all the questions that we had asked which you were to supply information, or were there some that you could not supply? We don't have the verbatim here yet; they're a little bit behind.

**Mr. Drew:** — To my knowledge, Mr. Chairman, that was the only unanswered question that was asked.

**Mr. Rolfes:** — Thanks, Mr. Drew. I'd like to turn to the counselling and assistance program for farmers. My first question is how many farmers applied for assistance under the counselling and assistance program in the year under review; and then secondly, how many were given loan guarantees?

**Mr. Drew:** — Mr. Chairman, 1,050 individuals applied; 640 guarantees were offered.

**Mr. Rolfes:** — 640.

**Mr. Drew:** — Correct.

**Mr. Rolfes:** — How many loan guarantees . . . Okay, then the difference there would be the number that were . . . How many loan guarantees were not accepted by the lenders?

**Mr. Drew:** — Sorry, Mr. Chairman, 640 were accepted; about another 65 were offered that weren't accepted by the lenders.

**Mr. Rolfes:** — So 65 were not accepted by the lenders. What happened to those 65? Did you do any follow-up at all?

**Mr. Andrew:** — We haven't done a lot of work on follow-ups. We suspect most of them continued to farm out of their back pocket type of thing because they certainly wouldn't have an operating loan.

**Mr. Rolfes:** — This mike does not amplify, it's just for recording purposes. No, you know, it's just for recording purposes so . . . I didn't get the last statement.

**Mr. Andrew:** — We suspect most of them continued to farm, but it would have to be what we call out of their back pocket because they certainly wouldn't have a line of credit available to them.

**Mr. Rolfes:** — Are you planning on doing any follow-up on those to see what actually happens to those farmers, or . . .

**Mr. Andrew:** — Yes, actually we are.

**Mr. Rolfes:** — In what way? Could you tell me, do you write to these people, do you have people going out, or do you know who the individuals are?

**Mr. Andrew:** — Right. It would be a combination of written . . . asking for written information and some on-farm visits.

**Mr. Rolfes:** — Okay. How many farmers defaulted on their loan payments requiring the government to make the payments for them?

**Mr. Andrew:** — At this point in time in this year, we have had 177 claims.

**Mr. Rolfes:** — And how much money was involved?

**Mr. Andrew:** — It would be somewhere around \$5 million, 5 to \$6 million.

**Mr. Rolfes:** — And will this just be a one-year payment, or do you feel that this will be a payment next year and the year after, or is it just a one-year payment?

**Mr. Andrew:** — On this particular year?

**Mr. Rolfes:** — Yes, on the farmers, the 177. You obviously must have thought that they were viable, but had some immediate difficulties.

**Mr. Andrew:** — It will be mixed. Some of them will reapply again . . . or have reapplied in subsequent years, and some will not have.

**Mr. Rolfes:** — So it will probably depend on the crop this year.

Can you tell me how many of the farmers took the guarantee and then turned it into a loan, or have you not got . . . or is it all loan?

**Mr. Drew:** — I believe the 640 would have all got a loan, yes.

**Mr. Rolfes:** — They would have all got a loan. Okay. I haven't got the exact . . . Maybe you can tell me, what's the total cost of the CAFF (counselling and assistance for farmers program) program, the year under review.

**Mr. Andrew:** — Administration wise?

**Mr. Rolfes:** — No, the total cost of the loans. Administration, I assume, isn't that costly, or is it?

**Mr. Drew:** — No it isn't, Mr. Chairman, it's very well run.

**Mr. Rolfes:** — I'm not interested in the administration; I'm interested in the total loans.

**Mr. Andrew:** — The total pay-outs on paper are \$9.9 million. I would like to qualify that a little bit. It is a cost, but that's not all 1987 claims. We have other claims for other years that were processed in that 12 months.

**Mr. Rolfes:** — Total loans are 9.9 million?

**Mr. Andrew:** — That was the pay-out.

**Mr. Rolfes:** — Does that include the 5 to 6 million that the government paid?

**Mr. Andrew:** — It is all the money that the government was paid, but it was not all on the year that we're reviewing. There was some previous years claims that were paid in that 12 months.

**Mr. Rolfes:** — Yes, I understand that. What I want to differentiate is, what was the total amount of the program, which you say is 9.9 million. Of that the government had to pay for 177 farmers between 5 and 6 million. Am I correct in that?

**Mr. Andrew:** — Yes.

**Mr. Rolfes:** — That's a fairly high percentage. That's over half. That's between 60 and 70 . . . well, about 60 per cent.

**Mr. Drew:** — Mr. Chairman, the total pay-out by government under the guarantees was 9.9 million in that 12-month period. I think the comment that the chairman is making is that they didn't all reflect those 750 farmers that were offered guarantees.

**Mr. Andrew:** — You question what the total amount was guaranteed in that year?

**Mr. Rolfes:** — Well, my first question, 177, was how many farmers defaulted and the government had to pay. And you said that was between 5 and \$6 million. Now I wanted to know what was the total overall cost of the CAFF program. You said it was 9.9 million. So a quick calculation means the number of farmers who defaulted and the government paid the loan was about 60 per cent of the total cost of the program, if you paid between 5 and \$6 million.

**Mr. Drew:** — Mr. Chairman, the confusion may be that we don't put money out. We guarantee loans from credit unions and banks and they put out some \$42 million in the year under review under that program. The government reimbursed lenders to the extent of 9.9 million, some of which was for '86 and even '85 claims, 1985 claims. So the total cost under the guarantees — that is not administration but just under the guarantees — for the year under review is 9.9 million. The total money guaranteed was 42 million plus.

**Mr. Muirhead:** — Was it one year or two years?

**Mr. Drew:** — For the year under review, for the 1987 crop year.

**Mr. Rolfes:** — Mr. Chairman, one further question. I'm looking at the *Public Accounts* on page 49. Could you tell me, is that the total in administration, that \$729,000? That was the total of administration through the . . . is that the panel members?

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

**Mr. Rolfes:** — Could you tell me what the largest amount was that was paid to any individual panel member.

**Mr. Drew:** — I'm sure it would be \$34,413 to the chairman.

**Mr. Rolfes:** — Okay, that's the chairman. And who's the chairman again?

**Mr. Drew:** — Mr. Barry Andrew on my right.

**Mr. Rolfes:** — Let me turn to another area now. How many farmers applied for protection to the Farm Land Security Board in the year under review?

**Mr. Drew:** — The Farm Land Security Board, Mr. Chairman, reports to the Department of Justice, so I wouldn't have that information.

**Mr. Rolfes:** — Okay. We haven't had Justice yet have we?

Let's turn to the lands branch. That's still under Agriculture, right?

**Mr. Drew:** — It was in the year under review, Mr. Chairman, yes.

**Mr. Rolfes:** — It isn't today, eh? Muddle, muddle. But that's one way of keeping the public in the dark I guess.

Can you tell me in the year under review how many leases were cancelled by the lands branch?

**Mr. Drew:** — Mr. Chairman, in the year under review some 26 leases were cancelled for tax arrears and other causes. Excluding lease arrears, about 102 were cancelled because of failure to pay lease fees.

**Mr. Rolfes:** — Were they equally distributed across the province, or were they concentrated in a particular area? Or would you not have that information?

**Mr. Drew:** — No, I don't have that information, Mr. Chairman. I think our experience is that difficulties are generally spread throughout the province fairly equally. It could well be though that there'd be a concentration in the drought area under the year . . .

**Mr. Rolfes:** — No, that's why I asked if they were concentrated in any one particular area due to the drought situation.

**Mr. Drew:** — I can't answer that specifically.

**Mr. Rolfes:** — Okay. It's not that important. I thought if you had it . . . Can you tell me what amount was written off on these leases?

**Mr. Drew:** — Mr. Chairman, \$880.51.

**Mr. Rolfes:** — That's all that was written off on all of those arrears?

**Mr. Drew:** — That's my information from a very thorough accountant. Okay, that's what the board of revenues have

approved for write-off. There may be some pending.

**Mr. Rolfes:** — That's a lot of leases to cancel for that small amount.

**Mr. Drew:** — That's correct, Mr. Chairman. I am sure there was much more than that owing under the 102 leases that were cancelled for failure to pay, but if we hadn't actually written off . . .

**Mr. Rolfes:** — On the year under review?

**Mr. Drew:** — In the year under review. So that could well be next . . . I mean, in next year's *Public Accounts*, could well be a much larger sum than what we have.

**Mr. Rolfes:** — Okay, maybe I should ask the question differently. My question was directed under those 128. Were there any other arrears written off, any other amount that was written off excluding these 128? Or was that the total amount that was written off in the year under review?

**Mr. Drew:** — It would be the total amount, Mr. Chairman.

**Mr. Rolfes:** — Okay, good enough. Sounds good to me. I want to turn now to *Public Accounts*, unless somebody else has some other questions on . . . I want to turn to *Public Accounts*.

**Mr. Chairman:** — Maybe let's . . . Mr. Neudorf, do you have any follow-up on the item that was tabled this morning?

**Mr. Neudorf:** — I guess the auditor answered my question why he did one and not the other, but perhaps I could just turn my attention to the department officials and just find out whether these, to ensure the accountability process, whether new programs have been put in place for the livestock facilities tax credit as well.

The auditor had a concern here that the one did have proper controls, but the livestock facilities tax credit did not have proper control, you know, proper documentation. This was a concern that the auditor had and I'm just wondering now whether the livestock associate tax credit is going to be handled in the same way as the livestock investment.

**Mr. Drew:** — I wasn't aware, Mr. Chairman, of the auditor's concern on the facilities tax credit.

**Mr. Neudorf:** — This report, I questioned the auditor about this last day and he did not at that time . . . could not fully appreciate whether or not the livestock facilities tax credit was in the same ballpark as the livestock investment tax credit as far as ensuring proper documentation. And I'm just wondering now whether any steps have been taken to rectify the facilities tax credit documentation part of it.

**Mr. Drew:** — Mr. Chairman, I'm unaware of any auditor's concern about documentation on the facilities tax credit. Now he may have raised it here, but . . .

**Mr. Lutz:** — Mr. Chairman . . .

**Mr. Neudorf:** — I think, Mr. Lutz, that it came up the last day that the livestock investment tax credit. You had a concern about the livestock investment tax credit as there was not proper documentation to ensure that they had it coming. Then I queried you why do you only say this about the livestock investment tax credit as opposed to omitting the facilities tax credit.

**Mr. Lutz:** — Mr. Chairman, I think since they are more or less parallel programs, Mr. Neudorf's question was: why do you speak of one and not the other? And my response was: we did not have a concern with the other because the documentation was there and adequate documentation on the facilities tax credit thing. We didn't have the concern there. Mr. Neudorf just wanted to know why, if these programs were more or less parallel, one would have a concern and one wouldn't, and this was my response, Mr. Drew.

**Mr. Neudorf:** — I guess my follow-up question simply to the officials was: has that other program now reached the same status as the one that the auditor was content with?

**Mr. Lutz:** — Mr. Chairman, Mr. Neudorf, I think the response we gave at the last meeting was that the need for this particular forms and documentation has been eliminated, but I think there will still be a process in the department to make sure that only eligible people receive this tax credit, and this is something the department would have to describe. I think by order in council they eliminated the need for the documentation we described in my report. Now what they have put in its place, we don't know yet but we will be looking at it.

**Mr. Drew:** — Well if I can add, I think that what we have done is accepted the beef board and the hog board's documentation as proof of sale rather than have the applicant send it in at the time of applying for the livestock tax credit. But on the facilities tax credit, we always did require the documents. The regulations require that they submit documents even though the board had provided them with us, that we've eliminated that requirement now.

**Mr. Lutz:** — And I would presume that where the seller does not sell through the beef board or the hog marketing board, but goes to the other wholesaler if they're processed, so that there will be some processing place in your department to make sure that the documentation is there.

**Mr. Drew:** — That's correct.

**Mr. Rolfes:** — Mr. Drew, I'd like to turn to page 55 of the *Public Accounts*, volume 3. First one I'd like to ask about, C.D. Howe Institute, 10,000-and-some dollars. Could you tell us briefly what that was for?

**Mr. Drew:** — Mr. Chairman, that particular expenditure was an assistance for a symposium on U.S.-Canadian agricultural trade challenges. The costs were shared by Alberta, Saskatchewan, and Manitoba. I understand that was our portion, was \$10,400.

**Mr. Rolfes:** — Was that a conference or a study, or . . .

**Mr. Drew:** — It was a symposium.

**Mr. Rolfes:** — What was the purpose of that symposium and where was it held?

**Mr. Drew:** — It was held, I believe, in Minneapolis, Mr. Chairman.

**Mr. Rolfes:** — What was the purpose of the symposium?

**Mr. Drew:** — The purpose would be to learn about how we could improve our ability to access international markets for agricultural products.

**Mr. Rolfes:** — Okay. Nothing to do with free trade?

**Mr. Drew:** — Free trade is part of the process of trying to access markets for agricultural products.

**Mr. Rolfes:** — All right. Centax, 17,000. Is that computer?

**Mr. Drew:** — That would be printing, Mr. Chairman.

**Mr. Rolfes:** — That's just printing for documents and so on. Okay, good enough. B.R. Gaffney & Associates Ltd., a little bit further up on page 55, 64,783.35.

**Mr. Drew:** — Those, Mr. Chairman, were land appraisal fees.

**Mr. Rolfes:** — Land appraisals that were being done?

**Mr. Drew:** — Land appraisals that we were having done, yes.

**Mr. Rolfes:** — Are they located in Regina, or . . .

**Mr. Drew:** — I can't tell you, Mr. Chairman, where they're located.

**Mr. Rolfes:** — Computerland, 23,000-and-some?

**Mr. Drew:** — That was computing consulting services for the department, Mr. Chairman.

**Mr. Rolfes:** — All right. Next one. Could you detail a bit about these two, Dome Advertising Ltd. and Dome Media Buying Services Ltd., about 250,000? What were those two mainly for?

**Mr. Drew:** — Okay, Mr. Chairman. The first item, 14,891, was composed of a Japanese newsletter, a tape production for poultry, and rent of audio-visual equipment. The Dome Media Buying Services Ltd. for \$232,189 was advertising done for the department, job advertising, and program advertising.

**Mr. Rolfes:** — Okay. That Japanese one, was that to go out . . . I assume that you had a particular program in mind that you wanted to sell in Japan, or particular product, was it, or just an overall?

**Mr. Drew:** — No, Mr. Chairman, it was a general

promotion with Trade and Investment to promote Saskatchewan products in Japan, primarily in our case, food.

**Mr. Rolfes:** — Okay. Mercury Graphics Corporation, 19,000?

**Mr. Drew:** — General miscellaneous printing, Mr. Chairman, for things like time certificates, receipts that the lands branch issue, annual participation farm status forms, brand renewal notices — just general paper that we use in the department.

**Mr. Rolfes:** — Okay. Let me . . . I wanted to then go back to Lawson Business Forms, 71,000. Now I assume that that was for . . . well maybe tell me what it was for.

**Mr. Drew:** — Very similar answer, Mr. Chairman. Miscellaneous forms used in the department.

**Mr. Rolfes:** — Okay.

**Mr. Neudorf:** — Along the same vein of questioning, I'd like to draw your attention to Federated Co-operatives and Feed-Rite Ltd. Those are both feed companies, and since I'm intricately involved in the feeding industry and so on, it piqued my curiosity as to what payments you would be making to Federated Co-op for 23 and for Feed-Rite for 10.

**Mr. Drew:** — Mr. Chairman, the Federated Co-op Ltd. bills were primarily community pasture supplies, ear tags and equipment, etc. Feed-Rite bills were primarily feed, salt, for community pastures.

**Mr. Rolfes:** — Mr. Drew, I'm not sure how to pronounce the next name. I know the first name, Merle, but the last name is L-e-c-u-y-e-r— it's French I believe, and I don't know any French — & Sons. No French people around here?

**A Member:** — Where were you looking?

**Mr. Rolfes:** — Well it's right after Mercury Graphics, Merle somebody.

**Mr. Drew:** — Mr. Chairman, that expenditure was for work done, seeding on a community pasture.

**Mr. Rolfes:** — Okay. Could I turn now to the next column on page 56, Saskatchewan Computer Utility Corporation, \$768,946.57. Could you tell me what that was for?

**Mr. Drew:** — General computer services provided to the department, Mr. Chairman.

**Mr. Rolfes:** — Okay. Let me then skip down to the bottom. I want to also . . . now WESTBRIDGE Computer Corporation, \$98,536. What was that for?

**Mr. Drew:** — Mr. Chairman, once again, general computer services for the department.

**Mr. Rolfes:** — Okay. Now just an observation here. WESTBRIDGE and SaskCOMP and Mercury Graphics are all one company. It seems to me that's a lot of money to

one company, about 860 or \$870,000 just from the Department of Agriculture. I'm just wondering how much business WESTBRIDGE will be getting from government . . . we tally up all the departments, which I want to do. It will be certainly in the millions. It's no wonder it's such a success, if you have a monopoly.

All right, next I want to turn to Saskatchewan Property Management Corporation, almost \$4 million paid there. Can you tell me how much . . . compare that to the previous year. What was the increase, or did it go to supply and services the previous year? Or you wouldn't have that with you? It's all right. I can find that myself. It's no particular problem.

**Mr. Drew:** — No, I cannot compare it to last year. I'm advised that it wouldn't be very comparable because the company wasn't up and running very long in the previous year so we didn't pay very much.

**Mr. Rolfes:** — No, but if you add on supply and services . . . you have to add on what supply and services were the previous year and combine the two, and then you could find out what the increase would be. But it's not that important. I can figure that out for myself when I get to look it up in the previous years. But what was that basically for, the 3.8 million?

**Mr. Drew:** — It would be primarily space — space rental for field offices.

**Mr. Rolfes:** — Just space throughout the province.

**Mr. Drew:** — That's correct.

**Mr. Rolfes:** — Okay. Would you know what . . . you wouldn't know on average what you paid per square metre? You wouldn't have that with you, or would you?

**Mr. Drew:** — Yes, I am advised that the average cost per square metre is \$113 per year, Mr. Chairman.

**Mr. Rolfes:** — \$113 per year. Okay.

Let's go down to Southam Paragon Graphics, 50,000. Can you tell me what that was for, and where they are located.

**Mr. Drew:** — The purpose was printing forms for registration certificates for livestock branch. Where they are located? I can only assume they are in Saskatchewan because we try to deal with Saskatchewan firms.

**Mr. Rolfes:** — Could you make that available maybe to the committee. Next one, Sparrow Farms.

**Mr. Drew:** — Mr. Chairman, that was the purchase of some bulls for the community pastures.

**Mr. Rolfes:** — And Sparrow Farms, are they located near North Battleford?

**Mr. Drew:** — Vanscoy, Canada, I believe, Mr. Chairman.

**Mr. Rolfes:** — Okay, next one, Spetz, Garfield Scott, almost 22,000.

**Mr. Drew:** — That was consulting services for the ag development and diversification secretariat.

**Mr. Rolfes:** — Are they located in Regina?

**Mr. Drew:** — Yes, they are.

**Mr. Rolfes:** — Spetz sounds so familiar. .

**Mr. Drew:** — Very good employee.

**Mr. Rolfes:** — Still is? Was or is?

**Mr. Drew:** — Is.

**Mr. Rolfes:** — And they provide consulting . . . did you say provide consultations for the government?

**Mr. Drew:** — For the Department of Agriculture, agriculture development and diversification secretariat.

**Mr. Rolfes:** — Okay. Strategy West Public Relations Ltd., could you tell me who the owners are and also what that was for?

**Mr. Drew:** — We'd have to provide the chairman with the owners; I'm not familiar with who the owners are. The other question was, what was it for?

**Mr. Rolfes:** — Yes, I also want to know what it was for.

**Mr. Drew:** — That was assistance, Mr. Chairman, to put on our farm financing symposium held in Regina.

**Mr. Rolfes:** — \$77,000?

**Mr. Drew:** — That was a very successful, well-attended symposium, Mr. Chairman. I suspect yes, that's a very reasonable cost for the number of delegates and the session we had at that time.

**Mr. Rolfes:** — When was that held?

**Mr. Drew:** — It was in the fall of '87, I believe late October, but I could stand to be corrected. We can get that for you, if you like.

**Mr. Rolfes:** — And can you tell me how many delegates attended, and were they just from Saskatchewan or was it people from right across Canada?

**Mr. Drew:** — There were people from all across Canada, and some American visitors, as I recall, speakers. Total attendance, I haven't got those figures with me, but I could provide them.

**Mr. Rolfes:** — Number of delegates?

**Mr. Drew:** — No, we don't have that with us, Mr. Chairman. We could provide it.

**Mr. Rolfes:** — If you wouldn't mind. Strategy West, isn't the main owner of that Cy MacDonald, former MLA and now an employee of the government?

**Mr. Drew:** — I am not aware of who owns Strategy West.

**Mr. Rolfes:** — What is he, Gerry?

**Mr. Muirhead:** — He's a Liberal.

**Mr. Rolfes:** — That's why he can get those big contracts. Okay. Tanka Research, can you tell me what that was for?

**Mr. Drew:** — Mr. Chairman, that was a hog producers' study to determine the future and desires of our hog producers.

**Mr. Rolfes:** — Yes, okay. The next one, this one really kind of . . . vendor's name not found, vendor's name not found for \$333,394. Are they . . . Well I wouldn't have asked a question if it hadn't been \$333,000, but that's . . . vendor's name not found for \$333,000, that's a fair amount of money.

**A Member:** — Maybe that's a Liberal.

**Mr. Rolfes:** — Yes, probably.

**A Member:** — Where is that?

**Mr. Rolfes:** — Way at the bottom of the page, 56, right before WESTBRIDGE. Yes, I want to know who the principals are. Yes, we have some . . .

**Mr. Paton:** — Mr. Chairman, it appears that there's some coding error here, and I'll try and get an answer for that for the next meeting. I already noted that myself, so I'll try and have an answer for next Thursday.

**A Member:** — Let me tell you what it isn't. It's not Romanow . . .

**Mr. Rolfes:** — Well I can guarantee you it isn't that. I just want to know what connection it might have to Mr. Wolfe.

**Mr. Chairman:** — Mr. Drew, do you have any further comment on this one.

**Mr. Drew:** — No, I'm sorry, Mr. Chairman. I didn't notice that myself, but it must be a typo, I hope.

**Mr. Rolfes:** — I just thought maybe that was the name of the company — vendor's name not found. Nowadays that's not so humorous because you try and track some of these people down. Western Canada Wheat Growers Association.

**Mr. Drew:** — Mr. Chairman, that was a study that they did for us on the opportunities for durum wheat development and production in Saskatchewan.

**Mr. Rolfes:** — Okay. I've got one . . . two more. Saskatoon Auction Mart Ltd., 48,925. That's the one north of town, I'm sure.

**Mr. Drew:** — Mr. Chairman, that also was bulls for the community pastures.

**Mr. Rolfes:** — Okay. And one more, Little Joe's

Enterprises — that's on the next page, 57, Little Joe's Enterprises for 53,000.

**Mr. Muirhead:** — That's Ben Cartwright's son.

**Mr. Drew:** — That, Mr. Chairman, was corral cleaning for northern farms, I would imagine; yes, for northern farms.

**Mr. Rolfes:** — Where . . . you wouldn't know where they're located, eh?

**Mr. Drew:** — The farms are at Cumberland . . .

**Mr. Rolfes:** — No, no, I mean Little Joe's Enterprises.

**Mr. Drew:** — No. No doubt a Saskatchewan firm though, because we like to hire Saskatchewan firms.

**Mr. Lyons:** — Who are the principals?

**Mr. Drew:** — I don't know who the principals are, Mr. Chairman . . . (inaudible interjection) . . . We can do that.

**Mr. Rolfes:** — Okay, I have no further questions.

**Mr. Anguish:** — I have one question, Mr. Chairman. On page 46 of *Public Accounts* there's compensation payments totalling 199,427.20. Can you tell us what those compensation payments are for, under the lands branch?

**Mr. Drew:** — That, Mr. Chairman, would be compensation for cattle losses at community pastures.

**Mr. Anguish:** — The total amount would be for that?

**Mr. Drew:** — That's correct.

**Mr. Neudorf:** — Do you have insurance carried on that . . . (inaudible) . . .

**Mr. Drew:** — No, we don't carry insurance.

**Mr. Chairman:** — Can I just ask you one question, Mr. Drew? Page 54, under other travel there's a payment of \$5,091.76 to a Kevin Daniels. What job did Mr. Daniels do for the Department of Agriculture? What can you tell me about this expenditure?

**Mr. Drew:** — Mr. Chairman, he served as temporary agricultural representative at Rosthern.

**Mr. Chairman:** — Where would his pay be noted? Like, I don't see his . . . All I see is travel, but I don't see his salary listed anywhere . . . or would that beat pay under 20,000? The next question is that . . .

**Mr. Drew:** — Yes, I guess it would be under 20,000.

**Mr. Chairman:** — As a payee under 20,000, \$5,000 strikes me as a lot of travel, you know, roughly comparing it to others. What was the nature of his job while he was a temporary ag rep, you say, in the Rosthern area?

**Mr. Drew:** — I think that is quite normal. I think

agricultural representatives normally would travel to the extent of over \$5,000 a year. In fact I hope they would. I mean, I hope they're out visiting the farms.

**Mr. Chairman:** — Yes. No, and I don't disagree with you. Like when I look at the ordinary expenditure payments, I see a lot of people are, you know, are 3, 5, 6, \$7,000 and I assume that's for a full year. This Mr. Daniels, if he was being paid less than \$20,000, it would probably be less than a full year but his travel is right up there with \$5,000.

**Mr. Drew:** — I've no answer except that he must have been out visiting a lot of farms.

**Mr. Chairman:** — Can you provide me with some brief background on Mr. Daniels, just who he was and what his job was, how long he worked for the department . . .

**Mr. Drew:** — Surely will, Mr. Chairman.

**Mr. Chairman:** — . . . and any explanation you might have for what appears to me to be an unusually high amount of travel expense relative to others who are working for the full year.

**Mr. Drew:** — Yes, we will.

**Mr. Chairman:** — Any further questions on Agriculture? If not, thank you very much, Mr. Drew.

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

**Mr. Chairman:** — Before we take a break does someone want to move the motion. Moved by Mr. Hopfner. Is there any discussion on the motion itself? All those in favour of the motion; none opposed. It's carried.

So let's take a five-minute break and then we'll come back with Energy and Mines.

The committee recessed for five minutes.

### **Public Hearing: Department of Energy and Mines**

**Mr. Chairman:** — I think we're ready to go.

**Mr. Anguish:** — Mr. Chairman, could I ask the Provincial Auditor if there are any issues outstanding from the report that warrant attention to the department?

**Mr. Lutz:** — Mr. Chairman, thank you. On page 48 of my report, Department of Energy and Mines, there is only one matter we have reported here, namely, the payment of \$14,241,000 in dealing with incentive programs and grants, etc., but because of the way they've handled this thing, this is not shown anywhere. And 9.08 paragraph is the item we're talking about.

**Mr. Anguish:** — It wouldn't be shown in another department such as Finance?

**Mr. Lutz:** — No, no. It's shown in Energy and Mines, but because of the way they've accounted for this thing, it ends up as a nil balance in this year. When they issued the cheques to the producers, they charged it against a revenue account and that just washes for the 14 million.

It's called net budgeting, I think, on other days and other discussions. That's how we refer to it to get the quick message across. You net it against something else and the whole transaction disappears. And we say they should have had an appropriation to pay this out, and the revenue they get in on royalties should be revenue. Or they do a statement of remissions, which has been done in the past. I'm advised by the department that next year they will be doing a statement of remissions and this will show, at least I hope it will show.

**Mr. Hopfner:** — So they admitted to you then that . . . (inaudible) . . .

**Mr. Lutz:** — Well they have acknowledged that next year they will do it differently. Perhaps the comptroller's people can tell you whether or not it's happening in this year; I don't know. We haven't done the subsequent audit yet.

**Mr. Paton:** — My understanding of the statement is that of Mr. Lutz, that the department has advised us it'll be shown as a statement of remissions in the current year. And it's a matter of disclosure in the previous year where their revenues and expenditures were disclosed on a net basis. It was in accordance with the regulations, so the department did have the authority. But Mr. Lutz cited that he did not believe it's appropriate, and I think the department's changed to . . .

**Mr. Lutz:** — Which regulation would that be then, please?

**Mr. Paton:** — I don't have the regulation reference myself, but I believe the regulations did provide for this heading.

**Mr. Lutz:** — Okay. It's the philosophical problem of how do we disclose things in the *Public Accounts* that we're talking about here. And the department has advised me they will be showing a statement of remissions next year, which is good.

**Mr. Anguish:** — That expenditure, Mr. Lutz, can you tell us . . . I understand it's from the oil and gas incentives regulations, the pay-out?

**Mr. Lutz:** — Item 9.03 on page 47, Mr. Chairman:

. . . for petroleum and natural gas exploration, conservation and development under Section 208 of The Oil and Gas Incentive Regulations, 1978 . . .

It's the oil and gas, yes.

**Mr. Chairman:** — Any more questions? Call in the officials.

Introduce the officials that are here with you.

**Mr. Clayton:** — Yes, Mr. Chairman. On my left is Steve Zurawski, the director of the mineral revenue branch; on my immediate right is Doug Koepke, our supervisor of accounts; and on my further right is Janis Rathwell, who is the director of our personnel and administration branch.



**Mr. Chairman:** — Thank you very much. I want to welcome you all here on behalf of the Public Accounts Committee. 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 a libel action or any criminal proceedings against you. However, what you do say is published in a 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, and where 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.

**Mr. Anguish:** — Thank you, Mr. Chairman. Mr. Clayton, in the auditor's report he makes note of not disclosing some \$14,241,689 under the oil and gas incentives regulations. Could you tell us why that wasn't disclosed, and what your plans are for remedying the situation next year or this year if you see a problem?

**Mr. Clayton:** — Perhaps, Mr. Chairman, a bit of background on this particular program might assist the members in understanding what took place here. This program was a program that had operated under the administration previous to the one that came into office in '82 that provided certain incentives for the drilling of oil and gas wells. And over the years, approximately \$300 million in amounts owing were accumulated by the government; in other words, amounts owing to the industry for work they had undertaken.

Now there were negotiations that took place in 1983 to reduce that amount, upon agreement with the industry, to something just over \$100 million. And in a year subsequent to that, the legislature did not vote funds at all for the purpose of discharging the amounts owing. The intent had been to discharge these amounts over a period of years.

In the year in question that was referred to by the Provincial Auditor, an arrangement had been entered into whereby instead of receiving payments from the provincial government to discharge these liabilities, the companies would receive instead credits against amounts they otherwise would owe for royalties, bonus bids, and other payments relating to resource taxation.

Now the department had characterized these particular credits as current revenue refunds, and with that particular designation the amounts do not happen to be disclosed. They're simply credited against the amounts otherwise owing and the net amount appears in the accounts as the amount received.

Upon receiving the comments of the Provincial Auditor we made a response indicating that from this time forward we would characterize those amounts as remissions, in which case under the accounting conventions they would be shown in the *Public Accounts*. And so we've undertaken, Mr. Chairman, to do that with regard to any subsequent credits to the industry.

**Mr. Anguish:** — So then, Mr. Clayton, it will show up in the '88-89 *Public Accounts*?

**Mr. Clayton:** — That's correct.

**Mr. Anguish:** — I'd like to turn to the *Public Accounts* themselves, to volume 3.

**Mr. Chairman:** — Do you have any further questions on this?

**Mr. Martens:** — How much of that hundred million is left?

**Mr. Clayton:** — I believe that it's pretty well all discharged. I think there may be a million and a half, something in that neighbourhood, that may still be left.

**Mr. Martens:** — You said that they negotiated the 300 million down to a hundred. Can you tell me what that was about?

**Mr. Clayton:** — You mean why it was done, Mr. Chairman?

**Mr. Martens:** — Why and how?

**Mr. Clayton:** — Or how. My understanding, Mr. Chairman, is that the department engaged in discussions with the industry and expressed some concern over the amount, and given the fiscal circumstances of the government, they wanted to prevail upon the industry to see if there wasn't some other mechanism that could be utilized to discharge this amount.

I am not aware, Mr. Chairman, of the details of those particular discussions and how it was they came to that gentleman's agreement. But they did so agree, and I understand that in general it was in the context of some understandings that there would be new programs to provide incentives to replace the old one, and that this was at least part of the basis upon which the industry made that agreement.

**Mr. Martens:** — Mr. Lutz, how did that come out as a credit to the government or a credit to the industry in your accounting procedures? Now we've looked at 14 million as a net figure. How did you account for the others in that difference from that \$200 million? Were you never asked to do that, or how did that show itself in relation to that?

**Mr. Lutz:** — Mr. Chairman, my person who does this particular audit is on vacation, but we'll have a shot at it now. In '87, I believe, in the *Public Accounts* there was a contingent liability note shown either '86 or 7. But for the year '88 I think it has come down to a small enough amount that it was deemed not necessary to show the residue, and I think between myself and Mr. Paton, we can probably confirm that that is what has happened. It's come down to such a small amount, it was no longer material.

**Mr. Paton:** — That is the case.

**Mr. Lutz:** — But it was once shown by note as a contingent liability.

**Mr. Martens:** — What was the difference between the 300 and the 100 million?

**Mr. Lutz:** — I am going to either have to let the Finance people respond or get back to you with this one. I don't have the '87 Public Account, with me.

**Mr. Martens:** — Okay, can you just . . .

**Mr. Lutz:** — On page 48, at March 31, '87, it was 26 million. This is item 905 on page 48 of my report, Mr. Martens, Mr. Chairman.

**Mr. Martens:** — I don't think you're understanding my question yet.

**Mr. Lutz:** — Sorry.

**Mr. Martens:** — It's not to do with the 100 million; it has to do with the 200 million — the difference between what the Department of Energy and Mines negotiated with the industry and what was left to pay out. Do you have any record of where that . . . you see, you're talking about a net out of this and it was incorrectly done. And I agree with how the process — it should have been a plus and a minus and then shown that way. But do you have any record at all of the \$200 million that was negotiated?

**Mr. Chairman:** — The question is how would it be accounted for then.

**Mr. Lutz:** — Mr. Chairman, would it be acceptable to get back to you with this? We're going to have to sit down and talk to the department people, I think, and probably the comptrollers people, I think, and we'll go back to whatever year that was and start there, unless . . . Okay.

**Mr. Paton:** — Mr. Chairman, if I might make a comment. The 300 million that was subsequently reduced to the 100 million, there would be no accounting required for it. There were no cash payments and no disbursements. It was an agreement, I believe, between the department and the various oil companies that reduced the liability from 300 to 100 and so there are no cash payments that were made so there is no disclosure of that amount. There is no liability; it's just been reduced.

**Mr. Martens:** — What I'm talking about here is that the way it appears here, that there was a cash-in and a cash-out. But the economic impact had cash-in and cash-out in relation to the 300 million down to the 100 million too because that was a debt owed to the oil companies on money that should have been paid out.

**Mr. Lutz:** — Mr. Chairman, I think what we will have to do is go back and find the year this commenced, and we'll perhaps get you a response.

**Mr. Martens:** — If it would be not disclosing any confidential material, I wouldn't mind knowing the names of the companies who it was owed to, if that was possible.

**Mr. Lutz:** — I think perhaps . . .

**Mr. Martens:** — But I don't want to disclose anything here that has confidentiality.

**Mr. Lutz:** — Excuse me, Mr. Chairman. If the names of the companies are disclosed, they will probably be provided by the department who also should be aware of any confidentiality. We will deal with the accounting issue if we may, and any other information that comes out would come from the department.

**Mr. Martens:** — Thank you.

**Mr. Lutz:** — We'll try to get you that.

**Mr. Hopfner:** — If I could follow up on Mr. Martens, can I get the companies that are out-of-province companies, if they're available?

**Mr. Chairman:** — As I understand it then, Mr. Paton, you'll be getting together with the departmental officials and Mr. Lutz to come back with some explanation on what kind of notations might have been made over the years of this contingent liability, and providing, if at all possible, a list of the liabilities for the various companies and noting where they're out of province, if their headquarters are out of province, if that information is available.

**Mr. Paton:** — Yes, I believe we can work with the department and find this information.

**Mr. Chairman:** — Any further questions on this area? If not, then Mr. Anguish.

**Mr. Anguish:** — Thank you, Mr. Chairman. Mr. Clayton, I'd like to go to page 112, volume 3 of the *Public Accounts*, under the title, other expenditures. I'm wondering if you can tell me, to Armco Holdings Co. Ltd. there's a payment for 18,270.25. Can you tell us what that payment was for? What services were provided?

**Mr. Clayton:** — Yes, Mr. Chairman. This was for the purchase of core racks for our laboratory.

**Mr. Anguish:** — Next line, Cheryl A. Berkan, \$17,330.

**Mr. Clayton:** — This was a service she undertook to provide to do a study on production marketing and to design and develop a model in that regard. It's having to do with our oil and gas production and disposition system, I believe.

**Mr. Anguish:** — Design what type of model?

**Mr. Clayton:** — This would be a computer model, yes.

**Mr. Anguish:** — British Sulphur Corp. Ltd., \$21,101.72.

**Mr. Clayton:** — They provided services in regard to a mission to China in regard to potash market development. And that accounted for approximately 14,000 of the amount. The remaining amount had to do with a study on potash markets that they undertook for the department.

**Mr. Anguish:** — Who actually from that corporation did

the work for Energy and Mines?

**Mr. Clayton:** — I'm not familiar with the precise individual, Mr. Chairman.

**Mr. Anguish:** — Could you find that out for us, and also we'd like to know who the principals are, the directors and shareholders of British Sulphur Corp. Ltd., please.

The Canadian Energy Research Institute, a payment \$25,293.

**Mr. Clayton:** — This institute conducts research and publishes reports on major energy issues. And this is a payment to that institute that obtains for the department a directorship on the board and entitlement to the receipt of the reports and studies that comes from that institute.

**Mr. Anguish:** — This is a Canadian institute, Canada-wide, I would take it?

**Mr. Clayton:** — Yes, Mr. Chairman.

**Mr. Anguish:** — Is AECL (Atomic Energy of Canada Ltd.) a member of that organization?

**Mr. Clayton:** — Pardon me, Mr. Chairman.

**Mr. Anguish:** — AECL?

**Mr. Clayton:** — I'm not sure of that, Mr. Chairman. You mean Atomic Energy?

**Mr. Anguish:** — Yes.

**Mr. Clayton:** — I'm not sure, Mr. Chairman.

**Mr. Anguish:** — A payment to James Christopher for \$15,080. Can you tell us what that was for, please?

**Mr. Clayton:** — Mr. Christopher undertook a geological study referred to as the Mansville group subsurface study having to do with oil and gas potential of a particular geographic strata.

**Mr. Anguish:** — I would take it that James Christopher is a geologist?

**Mr. Clayton:** — Yes, that's correct.

**Mr. Anguish:** — Dome Advertising Ltd., \$10,626.51. That's likely the lowest payment to Dome Advertising of any department in government and I'm wondering why you paid such a small amount to Dome Advertising?

**Mr. Clayton:** — I gather it met our needs, Mr. Chairman.

**Mr. Anguish:** — Can you tell us what service they performed for that. Was it an ad campaign of some kind within the department?

**Mr. Clayton:** — Mr. Chairman, that particular amount was for development costs for the placement of certain advertisements.

**Mr. Anguish:** — Emsley & Associates, Inc., \$12,000.

**Mr. Clayton:** — This was a contract under which Emsley & Associates provided professional consulting services to the office of the minister in regard to potash policy.

**Mr. Anguish:** — Is it a \$12,000 contract then to provide that information directly to the minister's office?

**Mr. Clayton:** — That's correct.

**Mr. Anguish:** — Can you tell us who actually performed the project — who created the study, or who provided the advice?

**Mr. Clayton:** — I'm not familiar with the details since those were provided directly to the office of the minister.

**Mr. Anguish:** — Well could you tell us then, since the payment comes from your department, who the principals, directors, shareholders possible are?

**Mr. Clayton:** — Yes, Mr. Chairman.

**Mr. Anguish:** — And if you would also tell us what the location of their office is. Is it a Saskatchewan office; is it located in the city of Regina?

**Mr. Clayton:** — Yes, I can advise the committee, Mr. Chairman, that it is a Saskatchewan firm located in Regina.

**Mr. Anguish:** — Thank you. General Graphic Services Ltd., \$30,703.29.

**Mr. Clayton:** — This was the preparation of various services related to the preparation of geological maps.

**Mr. Anguish:** — Is that a Regina firm, a Saskatchewan firm?

**Mr. Clayton:** — I'm informed it's a Saskatoon firm, Mr. Chairman.

**Mr. Anguish:** — Government Research Corp., \$14,912.96.

**Mr. Clayton:** — This is a U.S.-based firm that provides ongoing monitoring and assessment and analysis of key developments of interest to our department such as trade and energy and national resource policies in the United States. That contract with that corporation is actually with Executive Council, and our department pays 20 per cent of that contract under the arrangements we have with Executive Council.

**Mr. Anguish:** — Executive Council pays the other 80 per cent?

**Mr. Clayton:** — There may be other departments involved. I'm not absolutely certain of that. I expect there are, but I'm not aware of what shares those other amounts may be.

**Mr. Anguish:** — Grey, Clark, Shih & Associates Ltd., 31,736.89.

**Mr. Clayton:** — This is an Ottawa law firm that does a service for us in monitoring U.S. trade and regulatory policy that may have impact on our exports to the United States, the major commodities of potash, uranium, oil and natural gas. They provide advice to us on mechanisms that we may utilize to be not only informed of these developments, but to work with the appropriate officials at the federal level to exercise whatever information exchange with the policy makers or the undertaking of representations in regard to our particular interests.

**Mr. Anguish:** — Well what you didn't spend with Dome you almost made up for with Management Systems Ltd., \$100,951.11. Can you tell us what MSL (Management Systems Ltd.) received that for?

**Mr. Clayton:** — Yes. We have fairly extensive computer systems in the department and this payment is in regard to the provision of computer analyst services to the department.

**Mr. Anguish:** — Well the computer analyst, is that an ongoing thing or did they set up a system — they've brought in new programs into the department?

**Mr. Clayton:** — The vast bulk of this would be simply maintenance of existing systems. From time to time, adjustments in programs are required and it seems that computer programs once written unfortunately don't seem to be able to function entirely without adjustment from time to time. So this is essentially a maintenance type of contract that we had with them.

**Mr. Anguish:** — Do you have an ongoing contract with MSL?

**Mr. Clayton:** — Ongoing in the sense that we've utilized them over a number of years and we arrange each year the amount of service that we will receive from them.

**Mr. Anguish:** — But currently, do you still have a contract? Like, do you go and enter into a five-year contract with them, a one-year contract that's reviewed annually?

**Mr. Clayton:** — These are annual arrangements that are made, Mr. Chairman.

**Mr. Anguish:** — Mason's Duplicating Services Ltd., \$10,071.37.

**Mr. Clayton:** — This is the provision of printing and duplicating services, Mr. Chairman.

**Mr. Anguish:** — Why wouldn't property management do that for you?

**Mr. Clayton:** — There are certain items that have been done in the past through SPMC (Saskatchewan Property Management Corporation) or their forerunners, but under current arrangements we have the ability to go to other firms for these services.

**Mr. Anguish:** — Mohawk Data Sciences Canada Ltd., \$10,039.82.

**Mr. Clayton:** — We have some computer equipment that's of the Mohawk make, and this is a maintenance contract on those computers.

**Mr. Anguish:** — Nuclear Assurance Corp., \$12,625.

**Mr. Clayton:** — This amount is in regard to reports we received from that corporation in regard to uranium markets and trade throughout the world.

**Mr. Anguish:** — Is that a Canadian firm, Nuclear Assurance Corp.?

**Mr. Clayton:** — No, sir. It's a United States firm, Mr. Chairman.

**Mr. Anguish:** — Regina Fast Print, \$16,836.87. I take it that would be about the same as Mason's Duplicating Services Ltd.?

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

**Mr. Anguish:** — Can you tell me, the payment to Sask Computer Utility Corp., SaskCOMP, \$696,124.23 — was that a long-term contract with SaskCOMP, or did you have an annual contract that was reviewed annually, or did you have a five-year commitment to SaskCOMP?

**Mr. Clayton:** — Mr. Chairman, the amounts involved here are for the actual operation of the computer systems as opposed to the programming or maintenance of the systems. And the amount of utilization is basically determined by the department each year. There is a review periodically of the rates that we are charged, but apart from that it's more on the basis of an understanding that we continue to utilize their services given the fact there really isn't much option in terms of facilities with the kind of computer power that we require for our programs.

**Mr. Anguish:** — I'm going down to almost the bottom of the page, WESTBRIDGE Computer Corp., \$59,651.24.

I would have to assume that had SaskCOMP not been turned over to WESTBRIDGE, that the total amount beside SaskCOMP and WESTBRIDGE would have been one instead of the two expenditures.

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

**Mr. Anguish:** — At the current time, how long is your contract with WESTBRIDGE Computer Corp?

**Mr. Clayton:** — Mr. Chairman, I'm not familiar with the nature of whatever contract we have. I can undertake to provide that to the committee if that's suitable.

**Mr. Martin:** — As long as it's in the year under review.

**Mr. Anguish:** — I'm interested in knowing, in the year under review, how long you're locked into WESTBRIDGE . . . (inaudible interjection) . . . Well I'll rephrase that question, Mr. Clayton. Mr. Martin is absolutely right. I'd like to know in the year under review how long you got locked into dealing with WESTBRIDGE Computer.

Savin Canada Inc., \$15,301.78. Can you tell us what that

was for, please?

**Mr. Clayton:** — Oh, this was the rental of photocopier machines.

**Mr. Anguish:** — A photocopy machine?

**Mr. Clayton:** — I beg your pardon?

**Mr. Anguish:** — A photocopy machine?

**Mr. Clayton:** — No, numerous photocopy machines.

**Mr. Anguish:** — Oh, I thought it must have been a very special machine.

Southam Paragon Graphics, \$10,056.96.

**Mr. Clayton:** — This was for various printing and duplicating jobs.

**Mr. Anguish:** — I'm sorry, someone else was talking to me at the same time here.

**Mr. Clayton:** — This was for other printing and duplicating services for the department.

**Mr. Anguish:** — Are they a Regina firm?

**Mr. Clayton:** — My understanding is they are, Mr. Chairman.

**Mr. Anguish:** — Stevenson, Kellogg, Ernst & Whinney, \$58,897.85.

**Mr. Clayton:** — This amount was for two separate purposes. An amount of \$20,000 was in regard to out-placement counselling services provided to employees who were released from the department during a down-sizing exercise. And the remaining amount was for the development of a strategic plan, having to do with our departmental computer services.

**Mr. Anguish:** — A strategic plan to do with your departmental computer services?

**Mr. Clayton:** — Yes. Basically, Mr. Chairman, the strategic plan is intended to provide a look into the future in terms of what the department's needs will be, and then the critical steps or stages that the department would have to go through to in fact be in a position to meet the needs as they relate to computer services in the future.

**Mr. Anguish:** — How many employees did you have counselled for the \$20,000 on out-placement, as you referred to?

**Mr. Clayton:** — There were three employees, Mr. Chairman.

**Mr. Anguish:** — Three employees were given counselling?

**Mr. Clayton:** — Counselling and out-placement services, Mr. Chairman.

**Mr. Anguish:** — What do you mean by out-placement services?

**Mr. Clayton:** — Well that would be assistance in terms of the measures that they would take to find new employment after their release from the department.

**Mr. Anguish:** — Would there not have been a firm in Saskatchewan that could have done that? Or could that not have been done internally in government somewhere?

**Mr. Clayton:** — I would only be expressing a personal opinion on that, Mr. Chairman. My understanding was that given the fact that there were substantial number of employees throughout the service who were affected at this time, not only in our department but in other departments, that the overall requirements, I expect, were larger than what it was anticipated could be handled locally. But I think perhaps that question might better be directed to the Public Service Commission. I think they would have better information on that. It was through them that these arrangements were actually made.

**Mr. Anguish:** — So the contract with this firm would have been with the Public Service Commission and you were just told this is how much money is going to be charged against your department for the out-placement counselling services?

**Mr. Clayton:** — That's essentially correct, Mr. Chairman.

**Mr. Anguish:** — Strieker's Office Supplies Ltd., \$10,918.02.

**Mr. Clayton:** — That was for office supplies.

**Mr. Anguish:** — Is that a Regina firm?

**Mr. Clayton:** — Yes.

**Mr. Anguish:** — Kelly Strueby, \$13,998.

**Mr. Clayton:** — This was a contract to provide professional consulting services or economic analysis for our policy area in the department.

**Mr. Anguish:** — What expertise does Kelly Strueby have in that area?

**Mr. Clayton:** — She has a master's degree in economics, Mr. Chairman.

**Mr. Anguish:** — Success Office Systems, \$12,828.47.

**Mr. Clayton:** — Was for the rental of Xerox machines.

**Mr. Anguish:** — How many of these Xerox machines do you rent within the Department of Energy and Mines, and why don't they come from property management?

That might be a bit of an unfair question, Mr. Clayton. I don't need to know, I suppose, the exact number. But that's the second company under the payments that you lease or rent photocopy machines from. Why wouldn't they be supplied by property management?

**Mr. Clayton:** — These arrangements are worked out through property management corporation.

**Mr. Anguish:** — But why are you charged separately for them? I would think that you would want to be making that payment to property management. You already paid SPMC a million point seven plus, and then in addition they make these arrangements for you that you have no control over and you pay them separately?

**Mr. Clayton:** — Well they provide the mechanism that we need to follow in terms of reaching these arrangements. But the financial responsibility for those particular services is left with the individual department.

**Mr. Anguish:** — Touche Ross & Co., \$15,000. Can you tell us what that contract was for?

**Mr. Clayton:** — This particular amount arises from a dispute that the department had with a potash company in regard to amounts they owed to the government under the potash resource payment agreements. And under that particular agreement, when there is a dispute, there is a mechanism that's set out in the agreement for the resolution of that dispute. And one of the components of that resolution process is that each of the parties will obtain the services of a firm of chartered accountants who will in turn endeavour to resolve the matter between them. Am I correct on that, Mr. Zurawski?

So this amount is the amount we paid to the company that we appointed under that dispute resolution process.

**Mr. Anguish:** — Which potash company did you have the dispute with?

**Mr. Clayton:** — Mr. Chairman, I'm somewhat hesitant to answer that. I'm not certain that that should be made public. I'm not certain. I would like . . .

**Mr. Anguish:** — Were you successful in forwarding the government's position through Touche Ross in this settlement mechanism that's been set up in terms of recovering money for the Government of Saskatchewan?

**Mr. Clayton:** — This particular dispute has not yet been finalized, Mr. Chairman.

**Mr. Anguish:** — Can we expect to pay Touche Ross more in their role in settling this dispute?

**Mr. Clayton:** — I expect so, Mr. Chairman.

**Mr. Anguish:** — How long has the dispute been outstanding, Mr. Clayton?

**Mr. Clayton:** — The dispute had been going on prior to this particular fiscal year, and the department had been endeavouring to resolve the conflict directly with the firm in question and were not successful in doing so. It was during the particular fiscal year under review that we triggered the dispute resolution process and engaged Touche Ross.

**Mr. Anguish:** Well this dispute settlement mechanism

obviously isn't working very well because there's still a dispute, and it's taken some course of time to try and resolve it, and it's still not yet resolved. Can you tell us what the amount is that we're talking about in terms of taxes under royalties, or whatever, that this certain potash company is supposed to pay? What's the government's position, what's the department's position, what they owe the province?

**Mr. Clayton:** — Mr. Chairman, the amount in dispute is approximately \$1 million.

**Mr. Anguish:** — And why can't you tell us which potash company it is?

**Mr. Clayton:** — Maybe I can, Mr. Chairman, but frankly I'm just a little uncertain as to whether it would be expected of us to release that or not. I'm quite happy to co-operate with the committee. I'm wondering what the rules of the committee are as . . .

**Mr. Neudorf:** — I suggest, Mr. Clayton, that you check it out, and since it's almost closing time, you can come back with a decision next day.

**Mr. Clayton:** — Okay, we'll undertake to check this out further, Mr. Chairman.

**Mr. Anguish:** — Vercom Systems Ltd., \$175,365.

**Mr. Clayton:** — This is another contract to provide system analyst services for the department.

**Mr. Anguish:** — How long a contract have you got with Vercom?

**Mr. Clayton:** — These are annual contracts that we do with Vercom.

**Mr. Anguish:** — Is this a Saskatchewan company?

**Mr. Clayton:** — Yes, it is.

**Mr. Anguish:** — Can you tell us who the principals, directors, and shareholders are of Vercom Systems Ltd..

**Mr. Clayton:** — We can provide that, Mr. Chairman.

**Mr. Anguish:** — Hon. Pat Smith, \$12,235.81 on travel. Can you give us a list of in-province and out-of-province travel that the minister took during the year to expend that \$12,000-plus, and who accompanied heron those trips?

**Mr. Clayton:** — Mr. Chairman, I believe we provided that information in a return. Has it been the practice of the committee to . . .

**Mr. Anguish:** — Well you may have provided it, but I do not recall getting it in the House. Maybe the House Leader of the government may have it, but we certainly don't have access to information. So I'd like the information . . .

**Mr. Chairman:** — If that information has been provided in some other way, if you could note how that has been provided, that would certainly . . .

**Mr. Clayton:** — It was my understanding that there was a return actually tabled on that. This sessional paper 52 was ordered May 17, '88, covering the period September 8, 87, to May 17, '88. And that had the number of out-of-province trips made by the minister, the destination, cost of air fare. I believe, that's what was covered in that return, Mr. Chairman.

**Mr. Anguish:** — When was the return presented in the legislature?

**Mr. Clayton:** — I don't know what the date would be that corresponds to that return number, Mr. Chairman.

**Mr. Chairman:** — Can we ask you, then, to let Mr. Anguish know when that information was tabled in the legislature. And if it hasn't been, provide the information, if it hasn't been tabled in the legislature.

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

**Mr. Chairman:** — Okay. Before we wrap it up here, Mr. Anguish, do you have any further questions?

**Mr. Anguish:** — Just a couple. I think Mr. Lyons has some questions, though. Well, I don't know that.

**A Member:** — Yes.

**Mr. Chairman:** — Okay then, it's 10:31 then. Before the members leave, we're going to have a problem with clerking on Thursday. Is it acceptable that we not meet again until next Tuesday. And we'll ask you to come back next Tuesday morning and also ask Crown investments corporation . . . Crown Management Board to also be here at that time so we can continue on with them. I expect that they're all back in town now. We stand adjourned then until next Tuesday. Thank you.

**Mr. Clayton:** — 8:30, Mr. Chairman?

**Mr. Chairman:** — 8:30.

The committee adjourned at 10:33 a.m.