

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**  
**June 13, 1991**

**Mr. Chairman:** — I want to briefly with respect to Bill 53, which yesterday the Legislative Assembly moved to be referred to this committee, I propose that we deal with the Bill next Tuesday. The Minister of Finance indicates that Tuesday would be his preference in terms of being able to meet with the committee. He has some other engagements on Thursday. I don't want to leave it much beyond that, so I propose that we deal with it on Tuesday.

I want to get your opinion as to whether or not we should be inviting any other witnesses. For example, there are professional associations. As you know, one of the aspects of the Bill is to increase or is to expand the types of professional associations or professional qualifications that an auditor might bring to the job.

Is it your wish that we contact the heads of these professional associations with a view to obtaining their input, should they want to make any on that aspect of the Bill or any other aspect of the Bill? There are others as well, and I believe the auditor has a report on people that he feels that if it's your wish, we might invite them to attend should they want to attend.

That once we've dealt with any and all witnesses to the Bill, recognizing that the auditor always has the right to make his comments — and as always, I think that Mr. Kraus will want to make his comments known — that once we've done that, at that point then we deal with it clause by clause.

So the outstanding question then is the matter of professional association and other witnesses. And if you want to distribute or if you have any comments at this time, Mr. Strelieff, on that point . . .

**Mr. Strelieff:** — Mr. Chairman, if you do wish to hear outside witnesses, I do, I can recommend a few people that know or are familiar with what's happening across Canada.

**Mr. Baker:** — Well that's a bit unusual. You know, I mean this would be breaking some new turf, I suppose. Normally we're really working as doing clause by clause, like what's normally done in the House. It would be a new bold whole step I guess, if we're going to bring folks in like that. To be quite honest with you, I haven't gone through the Act so I don't know how complicated it is.

**Mr. Chairman:** — One of the advantages of moving it to a committee such as this is that we can hear witnesses other than just the minister. That's one of the advantages of doing that.

**Mr. Swan:** — Well, Mr. Chairman, I think that one of the things we have to keep in the back of our minds is how much time we want to take on this particular Bill. You know, if we drag it too much you may miss the opportunity of having the Bill go through in this session, and I don't think that was intended.

The other thing that I think we must keep in mind, that the Provincial Auditor has had the opportunity to be with the auditors all the way across this nation, so he brings that side of the information to the table. I believe our

comptroller has also had an opportunity to meet with his counterparts across Canada.

So we're not sitting here without that information; I think we have it. And I think indeed then, to bring outside witnesses is not quite as strong as it would have been had we not had these two sources of information here.

Why don't we move into committee, deal with the Minister of Finance and with these two, and then see whether there's more information that's needed after that.

**Mr. Chairman:** — Is that agreed?

**Mr. Rolfes:** — Mr. Chairman, I was just going to suggest, over the years the former provincial auditor certainly had a number of suggestions that he had in order to expand and improve the role of the Provincial Auditor. The individual had 20 or 30 years experience with this province. I was wondering whether we want to call him before the committee and ask for his views on the amendments to the Bill. I think he'd certainly have a lot to offer.

We might not agree with him. We don't have to accept all of the suggestions, and we will probably not accept all the suggestions made by other groups either, or other individuals. But I for one would think that Mr. Lutz would have a lot to offer if we wanted to invite him, from his experience.

**Mr. Swan:** — I believe that Mr. Wendel was sitting here at the table all the way through pretty much the same period of time as Mr. Lutz, likely is aware of any proposals that Mr. Lutz would have made, and can likely put them forward to the Provincial Auditor that we have today.

**Mr. Rolfes:** — Why not get it directly from the horse's mouth?

**A Member:** — This committee wasn't meant for horses.

**Mr. Rolfes:** — Well let's get it right though. Since the member opposite needs to have it in concrete terms, why don't we get it directly from Mr. Lutz? You know, the man obviously had a lot to offer and if you check his suggestions over the years, you know he did make a number of suggestions over the years. I think his input into this Bill would be valuable to this committee. If we don't agree with it, we don't have to accept them. It's in committee.

**Mr. Baker:** — Why don't we take Herb's suggestion, that if in fact we see the need we can then bring some folks in. Let's take a run at the group. And I don't think that Mr. Lutz is far away, is he?

**Mr. Rolfes:** — I have no idea. I don't know where the guy is.

**Mr. Hopfner:** — I agree with that.

**Mr. Chairman:** — What I'm picking up is that the members do not particularly want to invite any other outside witnesses in.

**A Member:** — Some members.

**Mr. Chairman:** — Some members — most members.

**Mr. Lyons:** — The suggestion was to leave the option open.

**Mr. Chairman:** — And that the option is there should we so desire to do it.

**Mr. Anguish:** — That's good.

**Mr. Chairman:** — So for next Tuesday then, be prepared to deal with Bill 53. I would commend your reading of the Bill. It's actually a good piece of legislation. Although it's missing a few cylinders, it's still good, and be prepared to discuss it at that time. We'll have the Minister of Finance with us next Tuesday.

**A Member:** — Did you say Bill 53?

**Mr. Chairman:** — Bill 53, I believe that's the Bill number.

**Mr. Hopfner:** — Mr. Chairman, next week, as we all know, Agribition is coming into Regina.

**Mr. Chairman:** — No, it's not. The Farm Progress Show.

**Mr. Hopfner:** — The Farm Progress Show, I'm sorry. And I was wondering is what the members felt. Some of ours would like to have next Thursday morning off to go down and view the Farm Progress Show and we'd like to see if it'd be okay with the committee to give us the morning off so that we could go down and take part in the activities down there.

**Mr. Chairman:** — That's the wish of the committee. Is that . . . (inaudible) . . . agreed that . . .

**Mr. Baker:** — I think probably we should look at whether we're going to complete our work on the Public Accounts Bill.

**Mr. Hopfner:** — Well two hours isn't going to make a bunch of difference. It's just that we're freeing up to take part in the . . .

**Mr. Anguish:** — We don't have any opposition to that.

**Mr. Hopfner:** — Okay.

**Mr. Chairman:** — So it's agreed then we won't meet next week Thursday.

Are there any other matters you want to discuss before we turn to Department of Agriculture and the Beef Stabilization Board? And I agreed to having Beef Stabilization come before us at this time as well because their officials are in the main the same officials as those from Agriculture. Beef Stabilization occurs somewhat further down the list but it's the same officials as Agriculture so it just seemed sensible to have them here.

Before we bring Agriculture and the Beef Stabilization Board in, are there any questions for the auditor? Does the

auditor have any comments as to matters in the report that he feels have now been cleared up to his satisfaction and we need not concern ourselves with?

**Mr. Strelieff:** — Mr. Chairman, no, we don't have any further comment.

**Mr. Chairman:** — On either Agriculture or Beef Stabilization?

**Mr. Strelieff:** — Both ones, no.

**Mr. Chairman:** — Okay. Any questions for the auditor? If not . . .

**Mr. Rolfes:** — If his comment implies that these have not been resolved, then I have no further questions. I'll direct them at the officials. And you make some spending controls, you make some statements here as to the lack of control. Obviously that's not the result there.

**Mr. Strelieff:** — That's right.

**Mr. Kraus:** — Mr. Chairman, that can't be resolved because it happens in a particular year, and once the year goes by there's nothing you can do about it.

**Mr. Rolfes:** — No, but that's not . . . if it happened in '89-90 does it reoccur in '90-91? Have they dealt with the problem?

**Mr. Kraus:** — Well this was an isolated case where they made an error.

**Mr. Rolfes:** — If I might just interrupt. That's not the question. Have they accepted that they should abide by the financial administration manual or have they not?

**Mr. Kraus:** — Yes, they've admitted their error and said they should not do it and they wouldn't do it again.

**Mr. Rolfes:** — Yes, that's the question I was going to ask.

**Mr. Strelieff:** — Mr. Chairman, Mr. Rolfes, which issue are we discussing right now?

**Mr. Rolfes:** — Department of Agriculture.

**Mr. Strelieff:** — All of them or just the first four paragraphs.

**Mr. Rolfes:** — What we have usually done in the past is . . .

**Mr. Strelieff:** — Is dealt with all of it?

**Mr. Rolfes:** — No, if there are specific ones that have been corrected, then the Provincial Auditor would suggest to us, all right paragraph .03 has now been corrected and then we can check it off, and we don't worry ourselves about it.

**Mr. Strelieff:** — With that in mind I don't have any paragraphs to check off. All have to be asked of the department officials.

**Mr. Rolfes:** — Good enough.

**Mr. Chairman:** — Let's call the department officials in then.

### **Public Hearing: Department of Agriculture and Food**

**Mr. Chairman:** — Good morning, Mr. Kramer. I wonder, can you introduce the officials that are here with you today.

**Mr. Kramer:** — Thank you, Mr. Chairman. To my left, Henry Zilm, who's assistant deputy minister for the Department of Agriculture and Food; to my right, Harvey Murchison, who is the director of our administrative services branch; to his right, Ken Petruic, who's the manager of financial services for that branch; and at the back of the room is Ross Johnson, who's the manager of budget and support services for our administrative services branch.

**Mr. Chairman:** — Thank you very much. On behalf of the committee I want to welcome you here today. 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 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 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 please address all comments to the Chair. I know that members of the committee already understand that and in fact do that.

I'd like to deal in the first instance with the auditor's report for both your department and for the Beef Stabilization Board, and turning to page 34 of the auditor's report, the question of spending controls.

It's stated under the year under review, that you recorded a refund of prior year's expenditures of some \$756,000 and then use that as a reduction of the current year's expenditures, contrary to the financial administration manual. The question that we have is that recognizing that happened, is that normally the way you operate? Have you discontinued operating that way? Any comments on that?

**Mr. Kramer:** — Mr. Chairman, the occurrence was a one-time occurrence. It was an error that was made on the basis of understanding the type of refund that was being made and no, it's not an ongoing practice. It's something that was a one-time occurrence and was an error in terms of understanding the type of revenue that was coming to the department in that case.

**Mr. Chairman:** — Mr. Strelieff or Mr. Kraus, are there any comments on that?

**Mr. Kraus:** — Basically our understanding, it's a one-time

occurrence and it shouldn't happen again.

**Mr. Chairman:** — Okay. On this section, Mr. Rolfes?

**Mr. Rolfes:** — Mr. Chairman, I have just a very quick question. Can you tell me the source of the \$756,990?

**Mr. Kramer:** — Yes, Mr. Chairman, with the transition from the provincial beef plan to the tripartite beef plan, there were premiums that were paid under the provincial plan that were refundable to the department when the tripartite plan was put in place. So it was that refund of premiums that came back to the department.

The funding was provided to the beef board on the basis that the funds may be used. When they weren't used for the provincial plan they were then refunded to the provincial department. So it had to do with the transition from the provincial beef stabilization plan to the tripartite plan.

**Mr. Chairman:** — On this section, Mr. Anguish?

**Mr. Anguish:** — Not on this section. I have some other questions, but if you want to stick to it in order, I don't have questions in that respect.

**Mr. Chairman:** — Yes, I prefer to just get through the auditor's report before we . . .

**Mr. Anguish:** — No, my questions are not on the auditor's report.

**Mr. Rolfes:** — Mr. Chairman, on paragraph 1.03. Where are you? I'd like to know . . .

**Mr. Chairman:** — I'd like to move to the next section.

**Mr. Rolfes:** — Okay, go ahead.

I'd like to just direct a question to the Provincial Auditor. You say, in my opinion management did not have adequate controls to permit the preparation of adequate financial statements. Could you be a little more precise on that and suggest what were the problems, the exact problems that the department have.

I'm not sure whether they are regulations under the financial administration manual or whether they are guide-lines. Are they not narrow enough in directing the department? Or is the department not adhering to those guide-lines? Or just what seems to be the problem that they are not able to prepare accurate financial statements, in your opinion?

**Mr. Strelieff:** — Mr. Chairman, Mr. Rolfes, the problem that we're pointing out I think relates to . . . or is best said in paragraph 11 and 12 where we state that the department did not ensure that the information provided to it by the comptroller was the right information, and therefore the potential for errors is there.

**Mr. Rolfes:** — You say information provided by the comptroller?

**Mr. Strelieff:** — Paragraph 10. The provincial

comptroller makes payments for the department and charges these payments to the fund's appropriation and then provides the advice to the department. But the department doesn't check if those payments are the ones that were actually made.

**Mr. Chairman:** — So there's no verification.

**Mr. Strelloff:** — They're just not checking to make sure that what is being recorded is what actually happened.

**Mr. Rolfes:** — I'd just like to ask Mr. Kramer then, why is that not done? Why aren't we verifying whether those payments are actually made?

**Mr. Kramer:** — Mr. Chairman, if I follow through on the Provincial Auditor's report, my understanding of the issue is one that flows specifically for the conservation and development revolving fund. I just check that I'm correct on that account, that it's specific to that account. And that particular revolving fund in the year in question dealt with the administration of four northern farms.

So when we look at the department, it's that particular function that has those comments from the Provincial Auditor. If I'm correct, then I'd make comments in that regard. Is that the correct understanding?

**Mr. Strelloff:** — That's correct.

**Mr. Kramer:** — Okay. In that revolving fund, we had made commitments during the year in question to remove from department administration the four northern farms. So a normal budget — that's one of the points raised as well — a normal budget was not prepared on the expectation that we would not see the farms through to the end of the fiscal year.

However it also should be pointed out, all of the necessary control functions to ensure that farms operations and revenue and expenditures were monitored, those were conducted. But it's because the farms were in the process of moving out from the department that we would not have prepared the normal budget statements that would have been done for the remainder of the department.

**Mr. Rolfes:** — Could you tell me, when did you make that decision? And why was that decision made that the administration of those four northern farms should no longer be under the Department of Agriculture? Why was it made and when was it made?

**Mr. Kramer:** — I'll deal with the first part first, and then we'll just check on the dates. The decisions for farms weren't uniform — and I don't want to go down into detail that you may not have interest in, but they weren't all parallel. One of the farms, the Cumberland House farm was transferred to the local community development corporation or economic development corporation as part of a statement of claim settlement over a local dam. I think as people will recall, that was in the end settled through SaskPower's involvement as well. And the transfer of the farm was part of that settlement with the local community.

In the case of two other farms, Ile-a-la-Crosse and the Central farm at Green Lake, they became Public Participation initiatives where the local communities were asked for proposals to take over the farms. And in the case of the fourth farm, the Silver Lake farm which is also located at Green Lake, I believe people would be aware that that was a farm that was through Public Participation, put up for proposals. And it was put forward then for private sale.

All of that would have taken place . . . it's initiated in the year under review. I don't have specific months without checking those, Mr. Chairman.

**Mr. Rolfes:** — Was that initiation started by the department officials themselves? Or was it the directive that came from some other source as to why this change had to occur?

**Mr. Kramer:** — A couple observations, Mr. Chairman. It would have been done initially through department officials. The sense that for two of the farms I've talked about, the Ile-a-la-Crosse farm and the Central farm, there would have been interest on the part of the local communities in operation of those farms, and we were responding to that interest on their part and public participation then was part of the vehicle that was used, but there was interest on their part in operation of the farms.

In the case of the Cumberland House farm, that was part of the overall negotiations between government and the local economic development corporation that had to do with settling their suit related to the dam.

**Mr. Anguish:** — I have some questions on this, if we're on the farms.

**Mr. Chairman:** — Related to the concerns here or . . .

**Mr. Anguish:** — Well if Mr. Rolfes's comments were related to the concerns there, my comments are related to the concerns there. So you'd have to make that interpretation, Mr. Chairman.

**Mr. Chairman:** — I guess my concern is that we deal with the questions in the auditor's report before we digress into any sort of relevant other issues on this. If I might just on this, do you see this as a one-year pattern, what happened here, that it's not going to happen again, the question of the budget for the fund?

**Mr. Kramer:** — Yes, that certainly is a one-time occurrence because at this point in time the department has none of the four farms which it operates out of the revolving fund, and in fact as of March 31 of 1991 that revolving fund was formally closed down. So there would not be financial statements going into the year that we are now in. So the issue of administration of the farms is concluded as far as financial statements are concerned.

**Mr. Rolfes:** — Mr. Chairman, I just have one quick question on the revolving fund. What was the amount of the money in the revolving fund when it was closed, and what was the highest amount that you had in the revolving fund in that particular year?

**Mr. Swan:** — Mr. Chairman, I believe he said the revolving fund was closed at the end of March '91, so that wouldn't be in the year under review; it will come next year.

**Mr. Kramer:** — Mr. Chairman, when the revolving fund was closed, it was in the order of about \$860,000. It was returned back to the Consolidated Fund.

**Mr. Rolfes:** — What was the highest amount that was in that fund in the year under review?

**Mr. Kramer:** — We can check on that number if that's appropriate and provide that information. I don't know offhand. We will check and see if we have that information.

**Mr. Rolfes:** — Could I just ask, how was that money recorded when it was returned? Was it returned to treasury board? Was it returned to the department? Who was it returned to?

**Mr. Kramer:** — It would have been returned to the Consolidated Fund at the time of close-out of the revolving fund. What I would say as well though is in a number of the years prior to — as one would expect with revolving fund — when there was sales, there would have been . . . those would have come to the revolving fund. But when it's finally closed out, then any loss would be the responsibility of the Consolidated Fund. Any revenue would be returned back through to the Consolidated Fund. But the department as a department, ends up with no net gain or loss. It goes back through the Consolidated Fund.

**Mr. Chairman:** — Any further questions related to this section?

**Mr. Anguish:** — Mr. Chairman, the questions I have are specific to the farming operations. And if you want to go through the auditor's questions first, I suggest maybe you do that. But I think I'm on your speakers' list, and I'd like to dwell specifically on the farms. I'm not sure you ought to do that now. I'm quite happy to go with the farms now, or I can wait if you decide if you're going to go . . .

**Mr. Chairman:** — Let's finish up the nine months and come back to that then.

This question of the controls over cash receipts in paragraph 16, that too is related to the fund and that then is a matter that has been resolved upon the termination of the fund.

**Mr. Kramer:** — Yes, we now don't operate the fund with the government as I've said, but that was being done even at the time that the revolving fund was concluded.

**Mr. Chairman:** — Okay. However the horned cattle fund is still there.

**A Member:** — Well what about dehorned cattle?

**Mr. Chairman:** — Well I don't know about any dehorned cattle; all I know is the horned cattle.

Indicated that there is a question here incorrectly recording money received as revenue, and incorrectly recording loans as expenditures as opposed to loans. The auditor states that discussed it with you, and I guess what you're saying is an admonition, as it were, that management needs to supervise employees more carefully. Is there anything else that needs to be said on this that hasn't been said? Do you have any comments on this one?

**Mr. Kramer:** — The comments I would make, Mr. Chairman, would be these. That those issues were corrected and that they are not ongoing issues; but as the Provincial Auditor reports, there was a case of an advance being looked at as an expenditure, and as a payment of an advance being looked at as revenue, and in both of those cases the statements have been adjusted and they are not ongoing issues.

**Mr. Chairman:** — Okay. Anybody on this point?

**Mr. Rolfes:** — Just a very quick question, Mr. Chairman. What was the name of the agricultural society?

**Mr. Kramer:** — It was the Melfort Agricultural Society.

**Mr. Chairman:** — With respect to cash receipts, it's stated here there's no reconciliation of the receipts issues, the cash received, and unused receipts. What sort of volume are we talking about? Or do you have some system now to deal with this, to reconcile this, or . . .

**Mr. Kramer:** — The question of amounts of revenue, that's substantial revenue programs, we could provide that information. But the revenue in the order of number of hundred thousand dollars a year, it's the revenue that comes from the band inspection program. But the systems that need to be in place are in place. The system is updated and where there are discrepancies they are being followed up.

**Mr. Strelloff:** — Just that Volume 2 of the *Public Accounts* on page 52, 53, provide the statements of the horned cattle fund and the volume is about \$500,000. And for the other C&D (conservation and development) fund — which I think Mr. Rolfes wanted to know a little more about the C&D fund — that's page 11 of volume 2, which will give you a better overview of what the transactions coming in and out are.

**Mr. Chairman:** — Well on this one on cash receipts, you think you have some method of reconciling what goes out and what comes in, and if you have, then it won't show up next year.

**Mr. Kramer:** — Yes, Mr. Chairman, there's been a computer system that has been set up to provide that reconciliation. And that is no longer an issue within the livestock branch within the department.

**Mr. Chairman:** — That's good to know.

Just on this last one, paragraph .24, it just indicates that money was given to this agricultural society. Is that the Melville . . . Melfort Agricultural Society? But you had no reports from them? You have really no way of knowing

what the money was used for?

**Mr. Kramer:** — The arrangement with the Melfort Agricultural Society is now such that they are committed to providing quarterly annual reports which detail their actual disbursements on a quarterly basis. And that issue then has been dealt with by a commitment from the society to provide that information to us.

**Mr. Rolfes:** — Mr. Kramer, what were the financial arrangements of that loan? What guarantees are there? Or do agricultural societies really not have to put up any guarantees? Is it more on the objectives of the project that they have in mind?

**Mr. Kramer:** — Mr. Chairman, one of the major activities of that horned cattle fund is Pathlow beef project as it is called. And they provide advances for the operation of that project when animals are sold. That in turn provides for some of the operating expenses.

The Melfort Agricultural Society has a role, and that's the nature of the activities that they are engaged in, tied to that project. So it's an ongoing project. It's operated for years. It operates under a contract as well with the federal government to make use of their Melfort research station, and the issue was one of with what degree of specific ness we know on a quarterly basis the use of the expenditures.

And we have a commitment from them to give us that information on a quarterly basis, but it is a unique arrangement tied to the basic or the key activity of the horned cattle trust fund which is operation of the Pathlow beef project at Melfort.

**Mr. Rolfes:** — How many cattle are involved in the Pathlow project?

**Mr. Kramer:** — I think we'd have to look for that information, Mr. Chairman, to give you a good number. It's not a small number. I mean it's not a few animals. But to give you a good bit of information we would need to check on that.

**Mr. Rolfes:** — Is that owned by a society or is that a group of people? Is that an individual or . . .

**Mr. Kramer:** — Mr. Chairman, the animals are owned by the fund, and that's why the sale of them likewise goes through the fund and works as revenue for the fund.

**Mr. Rolfes:** — Mr. Chairman, I don't want to prolong this, but I just wanted to . . . Can you just tell me the terms of the agreement? What are the terms of the agreement? Is it . . . What are the interest rates, for example? What are the pay-backs, terms of the pay-back? Or is this . . . I mean it's a loan, I assume.

**Mr. Kramer:** — It's really in effect operates . . . I mean with parallels of a revolving fund in the sense that there is ownership of the animals. They are sold at the end of the year. Expenses are paid for some of the research work that is done in the project.

**Mr. Rolfes:** — Is this loan interest-free?

**Mr. Kramer:** — Mr. Chairman, my understanding is that the advances would really be on the same basis again as a revolving fund, where they would be interest-free advances and the objective of the project is then one getting the research work done. My understanding is that it's interest-free.

**Mr. Lyons:** — Who looks after the animals?

**Mr. Kramer:** — There are employees that are likewise hired under that project that would form part of the annual expenses of that project which would be covered by the proceeds from sale of cattle. And again if there are not sufficient proceeds from sale of cattle, then the unpaid bills, if we can call it that, would come from the horned cattle trust fund.

So in that sense they back the research. And where there's any shortfall of revenue from sale of the animals to cover the research costs, then that comes as a grant from the horned cattle trust fund.

If you would like to, Mr. Chairman, we could provide the contract that we have with the federal government for use of their facilities and operation of that project. But it is in line with the discussion that we've gone through.

**Mr. Rolfes:** — That's fine, that's good enough.

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

If not, then I'd like to turn to chapter 25, the Beef Stabilization Board. And I know that when we get through that, we have Mr. Anguish first on the list in terms of outstanding issues on northern farms, and there may well be other issues.

And in terms of this chapter, the auditor has some concerns about receiving information, first of all on a timely basis, did not receive information on the tripartite program until 13 months after the March 31, 1989 year end. It goes on to say financial data for the fund was often inaccurate or incomplete.

It is indicated that you've hired additional staff in the '90-91 fiscal year, I assume to deal with these kinds of concerns.

Any comments on this?

**Mr. Kramer:** — Yes, Mr. Chairman. I would first of all like to introduce Wes Mazer, who is general manager of the Tripartite Beef Administration Board for Saskatchewan.

The comments I would make is that the concerns identified are significant concerns by the provincial auditors for both years that are under review. And I believe there's two years of information that are under review here.

As of April of 1990, the relationship between the beef board office and the Department of Agriculture underwent some change in this sense, that with the operation of the previous provincial stabilization program and the provincial board, the administrative duties, the costs for administration, were in large part paid

for from a marketing levy that was paid directly by producers, and was outside of the Consolidated Fund and outside of the Department of Agriculture and Food.

With the move to the tripartite program as of April 1, 1990, the administrative costs for that program, as well as the province's share of premium costs, are paid by the provincial government through the Department of Agriculture and Food. The issues that were identified are in the process of being dealt with. Wes Mazer, who was previously the director of administration for the Department of Agriculture and Food, was seconded early last fiscal year to be general manager of the tripartite board, is dealing with those issues. And I think there is recognition that the system's in place; the staffing that was needing to be done, that much of that has been done.

And in terms of an overall comment — and I can appreciate you want to pursue some of the individual issues that are here — that's been the overall adjustment in relationships, and I believe the reaction that the committee would have interest in, in the sense that we have sent over our director of administration for the department on a seconded basis to deal with some of those questions of the financial systems that are in place.

There has been since then a new computer system that has been put in place that is now functional. There has been significant staffing that has gone on as well. And we would hope . . . more than hope — we would expect, be confident that the reports that you will receive from the beef board for the future will not have the issues in them that these two years in question do have.

**Mr. Chairman:** — Well that should certainly I think speed up our consideration of this chapter. Let me just ask you then some specifics, if I might.

This matter of investment in beef futures would seem to be contrary to the investments anticipated in The Financial Administration Act. Am I wrong on that? Am I right on that? Is this a question of interpretation? Are you still doing it?

**Mr. Kramer:** — Mr. Chairman, that's the question of the \$601,000 that's identified in the auditor's report. The background on this issue would be this. That those funds were used to in effect purchase reinsurance for the beef board to cover what could have been pay-outs of stabilization payments to producers. They chose to buy futures to protect their losses in the market against pay-outs that could have taken place.

Clearly then, if prices had gone against the board, there would have been a saving that would have taken place. But the way they were viewed by the board was really as reinsurance premiums so that again, with any insurance company — in this case the stabilization board, but dealing with the same kind of features — when one looks at the use of funds to protect themselves against future pay-outs, I believe the way that they were viewed by the board was really in that light, as reinsurance premiums.

And a company expects to pay something for reinsurance premiums. If he has major losses, he gets his reinsurance premiums back and more than that, in the sense that he

has prevented future losses. If he does not have major losses, he's paid his bills in effect for reinsurance. But that bill, as with fire insurance, ends up being a bill that he has not covered from savings.

So I provide that as background, just to provide some understanding from the board's perspective as to why that was entered into. It was not an "investment" in the sense of the normal Department of Finance investment of funds. It was a purchase of protection.

With the comment that's made in terms of whether there was proper approval that was provided in keeping with the administration manual — the question of whether or not the board should become involved in these kind of purchases on the futures market was an issue that did have cabinet approval. So in the sense of authority, that cabinet approval was provided.

If I can call it the technical point of . . . after cabinet approval was provided, going back and arranging for the order in council, that was not done, so that particular step, the technical step of approval, was not provided as it should have been. But the issue was one that did have approval. It was not a case of the board choosing to do this without the kind of internal authority that they should have had to make that decision.

**Mr. Chairman:** — Has this been going on for some years?

**Mr. Kramer:** — Mr. Chairman, what had been agreed on was a trial period from June 1 of 1988 to October 31 of 1988. So these would have been the costs for purchase of futures contracts during that period. At the end of that period, that trial was concluded and has not been repeated. So yes, it was a one-time trial that covered those number of months from June till October of 1988.

**Mr. Chairman:** — You're not doing this anymore then; it's been discontinued?

**Mr. Kramer:** — That's correct, Mr. Chairman. It was a one-time occurrence that covered that period; it's not being done at the present time.

**Mr. Chairman:** — And again my understanding of it, it is not unlike the Bank of Canada buying up Canadian dollars to keep Canadian dollars at a certain level. You're buying beef futures to keep prices . . . Is this . . .

**Mr. Kramer:** — The parallel I'd make is this. That it's more like the case of a major insurance company that agrees to an insurance contract. I don't know that I make the exact parallel, but if they insure a major building for \$50 million and will not choose to cover all of that liability themselves, they can go to another company and purchase a reinsurance contract, and it will be for a fee. And in this case it may be a fee of \$600,000.

If there is a call on that insurance, they will end up getting \$15 million from the company with which they reinsured, having spent their fees for reinsurance. If there is no call for reinsurance, then what they have done is in effect spent their \$600,000 to buy the reinsurance but there has been no claim; therefore they've had a fee for reinsurance, but it's because they chose to cover . . .

chose not to cover all of the risk by themselves.

So that's the parallel I draw, Mr. Chairman — that they chose to buy futures that would cover them against pay-outs, that the results of the trial showed that they had spent these dollars. And I believe the numbers are here. They invested or purchased, I guess, \$602,000. The loss on that was in the order of \$461,000. So again it was not a total loss on what was purchased, but that would have been the nature of the arrangement that they were going into as a board.

**Mr. Chairman:** — Well that sounds straightforward to me.

**Mr. Lyons:** — Yes, Mr. Chairman, it just sounds like you're hedging your bets basically on the price. What would the cost of insurance . . . has the cost of insurance been investigated? Was there any way of insuring the fact the potential losses or future losses by the board through an insurance company or through any other scheme other than the buying . . . hedging on the beef futures market?

**Mr. Kramer:** — Mr. Chairman, the choice of the board — I believe with department input from people in various branches of the department as well — was that the futures market provides that opportunity for protection with the uncertainty that goes with the futures market, but that to sell in a normal sense reinsurance to an insurance company would not have been a reasonable choice, in the sense that there is just so much uncertainty as this trial likewise showed, that an insurance company would not have been willing at any reasonable premium to cover those costs. Because in effect, I believe for most of these quarters, there were major payments. It wasn't a question of whether there would be a payment or not. It's really a question of the source of those payments and whether some of that could be covered in the market-place, and in that way some of the requirements for the beef stabilization fund to make pay-outs would then have been reduced.

**Mr. Lyons:** — Was the option of insuring potential losses by the board investigated by the board? Did you go out and contact any of the insurance companies to see if in fact you could purchase insurance?

**Mr. Kramer:** — There would have been a number of alternatives they would have looked at, but I don't know how many insurance companies they contacted. I can't tell you for certain that they did contact insurance companies. I know that the study of whether to proceed through futures market option or look at other options is something that had long consideration from the board before they chose this approach. But any specific information or other alternatives, I don't have that with me, Mr. Chairman.

**Mr. Lyons:** — Just to make it clear, you did say that the board did in fact approach insurance insurers, insurance companies, to investigate the possibility of insuring for potential losses.

**Mr. Kramer:** — No, if I said that, Mr. Chairman, I would clarify by saying that I know that the background work

they did before this choice was made took a fair bit of time. They looked at alternatives. I'm not certain what alternatives they would have pursued, and I couldn't tell you, wouldn't tell you, that they contacted a number of insurance companies to check what their alternatives may be.

**Mr. Lyons:** — Okay. I just wonder . . . you made the statement earlier that this option of investing on the futures market was approved by . . . was a cabinet decision, yet you say there was no order in council that emanated from cabinet. How do you know that there was a cabinet decision made?

**Mr. Kramer:** — Well I would speak to normal process, and I believe that's probably appropriate. The normal process of dealing with cabinet would be to put forward a cabinet decision item. The decision from cabinet would be recorded in a cabinet minute, and it would have been a technical follow-up that on a later cabinet day there would then be an order in council that would be signed that would give specific follow-up approval for that purchase . . . futures market to take place.

So there is that process of cabinet decision item, cabinet minute; that was followed. Those are available. The order in council, which would have been the technical paper for authorization, was not put through cabinet.

**Mr. Lyons:** — So you received the copy of the cabinet minute then authorizing that item or approving that item?

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

**Mr. Lyons:** — And it was by a minister, from a minister?

**Mr. Kramer:** — Yes.

**Mr. Chairman:** — I wonder if maybe we could take a break now and then we'll come back in five, ten minutes.

The committee recessed for a short period of time.

**Mr. Chairman:** — Dealing with paragraphs 15 through 18 there's a question of billings, whether it should be equal to the levies collected or as opposed to the levies due from participants or amount equal to that. Is there just a difference of interpretation here or is the auditor on the mark? Are you looking at changing the regulation on that? Have you done that, or is there some other way of resolving that?

**Mr. Kramer:** — A couple of comments, Mr. Chairman. One would be that the conclusion of the provincial stabilization plans have brought that issue to an end in terms of being an ongoing issue. So it's no longer a current issue.

What is the facts of the past years when it has been brought up briefly would be this. That the interpretation of the board was that the premiums which the province should share would be those premiums actually paid by producers to purchase stabilization on their behalf as opposed to the premiums that would have been billed.

And the difference for sake of example would be people



who sold animals therefore had fewer premium dues that were payable to the board, just as examples. So that the way that the plan operated was that the Department of Agriculture and Food matched premiums for producers where they actually paid the premiums as opposed to cases where a premium was billed to a producer but for some reason or another he did not need to pay it.

So just to be clear, that's the way it consistently operated over the years, that the department matched what was actually paid by producers and the intention was if the plan had continued to revise the regulations to say that as opposed to what they said, technically was that the department needed to match all billed producer premiums as opposed to all legitimate paid producer premiums. So that's the background I'd provide.

**Mr. Chairman:** — Any comments on that?

The stabilization payments, this borrow ahead option — is this something that's provided for now under regulations? Or is that a practice that's discontinued?

**Mr. Kramer:** — Yes we could probably deal with it fairly quickly, Mr. Chairman. Again that issue terminated with the termination of the provincial stabilization plan. It's not an issue with tripartite.

Very briefly, the explanation was that producers had contracts that would allow them to receive stabilization on a certain number of animals per year based on the premiums paid. If in one year they sold their animals in April and got stabilization payment for that fiscal year but another year their animals finished early and they needed to sell them because they were at market weight in March, they could technically in one fiscal year have two annual finished sets of animals that came to the market. And what the board did was to allow for that flexibility where animals were raised to be sold, to say as long as that does not bring any additional stabilization payments, they will allow two to be made in one year. What that does in that case is precludes that individual from getting his stabilization payment in the following fiscal year.

So it was a way to provide, in a practical sense, for producers who finished their animals either early or late and because of that had two years of finished animals sold in one fiscal year as opposed to spreading it out between each fiscal year and enforcing that strictly.

Not to belabour it, but again for individuals who sold their animals right in the middle of the year, say October, it didn't get to be an issue. But for animals who sold at the end of a year or beginning of a year, it was common practice that in a 12-month period, they would end up with two sets of animals to be sold.

**Mr. Chairman:** — I can certainly appreciate that, in addition to any background in farming, that understanding of financing would be a good requisite for a farmer to have in Saskatchewan.

Payments requiring authority. When you paid a refund to a producer who was a board member, who was that board member?

**Mr. Kramer:** — Mr. Chairman, it was Orville Thompson.

**Mr. Chairman:** — Who?

**Mr. Kramer:** — Orville Thompson.

**Mr. Chairman:** — Can you explain why this refund was made in this case, this exception was made?

**Mr. Kramer:** — Up to the period of the end of the fiscal year, March 31 of '85, the board had followed a practice where a producer when he was withdrawing from the plan could apply for withdrawal and could pay back any pay-outs he received in excess of his premium costs, basically break even with the plan and remove himself from the plan. That was the policy up until the end of March of 1985. Based on legal advice, the board had followed that practice.

That was questioned after that period, and they chose to change their practice as of the end of that fiscal year. Mr. Thompson had applied for refund before the end of March of 1985 and the board's decision was one that in . . . I believe the time that the payment was made, 1988, it chose to go back because the application was made before the end of March of 1985, chose to go back and follow its previous rules that were in place at the time of the request.

They had legal advice to the effect that that was appropriate, and it was on that basis they followed that practice.

**Mr. Chairman:** — Any questions on this?

Animals enrolled in the national tripartite program — the question of verification. Any progress on this?

**Mr. Kramer:** — Yes, Mr. Chairman, we have put in place a post-audit arrangement so that on a sample basis there are contracts now with the brand inspectors I referred to previously with regard to another question, that are spread across the province. They on a contract basis provide those inspections for the beef board to verify the number of animals that individuals have that are enrolled in the program.

So I believe that we can report that issue has been dealt with by way of post-audit inspections from the brand inspection service of the department.

**Mr. Chairman:** — And lastly the whole question of systems development controls, I assume that this is Mr. Mazer's interest area. And I just assumed that looking at this and then the bottom line in paragraph 34 where you've told the auditor that a new system is in place for the '90-91 fiscal year, that you're now well on the way to resolving the issues that the auditor has identified in these last few paragraphs here.

**Mr. Kramer:** — Yes, Mr. Chairman, I would confirm that that system was installed in the 1990-91 fiscal year and is working well. And we expect that a number of the issues that are identified here in the previous two fiscal year management letters and audit reports will disappear as a result of both the system and some of the other changes

that have taken place over the last year at the board office.

**Mr. Chairman:** — Okay. We'll be checking up on Mr. Mazer's work next year, I guess. I don't have any further questions.

**Mr. Anguish:** — Thank you, Mr. Chairman. Mr. Kramer, I want to talk for a while about the farms, the four farms from northern Saskatchewan. Would I be correct to assume that the only farm where there was a call for proposals would be the Silver Lake farm?

**Mr. Kramer:** — No, Mr. Chairman, there would have been a call for proposals but would have been a public call in the case of the Silver Lake farm. In the case of the Ile-a-la-Crosse farm and in the case of the Central farm at Green Lake, it would have been the communities themselves that were asked for proposals that covered various issues. And those would likewise have been considered when decisions were made to transfer those.

**Mr. Anguish:** — The Silver Lake farm was handled differently than the other three farms?

**Mr. Kramer:** — That's correct.

**Mr. Anguish:** — Can you tell us who was responsible for overseeing the final disposition of the Silver Lake farm?

**Mr. Kramer:** — It would have been an issue that was dealt with by officials of the Department of Agriculture and Food and officials of the Department of Public Participation. The decisions would have been decisions which would have been made by cabinet.

**Mr. Anguish:** — Well I understood you to say to Mr. Rolfes that it was an initiative by departmental officials to dispose of the four farms. What I'm asking is who in the department would have been responsible for overseeing the issue of the proposal, or the call for proposals? And would that same person have been the person who received the tenders or the proposals that were submitted by interested purchasers of the Silver Lake farm? Who would that have been within the department?

**Mr. Kramer:** — Mr. Chairman, the co-ordinator for the northern farms would have been Mike McAvoy at that time. He continues to be with the department. And I would also have been involved in the issues in my capacity at that time as an assistant deputy minister with the department.

**Mr. Anguish:** — How many proposals did you receive on the Silver Lake farm?

**Mr. Kramer:** — We have that information. I will just take a minute to identify that.

Mr. Chairman, there would have been 13 different proposals that would have been received.

**Mr. Anguish:** — Can you provide us a list of who put in proposals?

**Mr. Kramer:** — I believe the response I'd give, Mr. Chairman, would be that that process and the receipt of

proposals was done in confidence. Many of the proposals were ones where there were specific requests, including I might add, the proposal that has been discussed publicly — not in its contents — but the proposal received from the village of Green Lake where they made specific requests that this would be handled on a confidential basis by government. And I would respect that request for confidence, Mr. Chairman.

**Mr. Anguish:** — Tenders were opened publicly — the proposals were opened publicly?

**Mr. Kramer:** — The proposals would have been opened in the presence of a lawyer that would have documented the number received and documented who would have provided them. It was not a public opening.

**Mr. Anguish:** — Could you release to us then on the Public Accounts Committee, a copy of the successful proposal?

**Mr. Kramer:** — Again, Mr. Chairman, as people will be aware, the sale arrangement that was contemplated on the basis of the successful proposal has not been concluded, that that issue continues to be before the courts through caveats that have been applied for by the village of Green Lake and others in that area. And I would not feel at liberty to provide the proposal which includes information on prices and other things like that, until such a time as that is concluded, and certainly till such a time as it is out of the court procedure where it is actively now.

**Mr. Anguish:** — What part of it's before the courts? Are you saying it's because of the caveat placed on it, it's before the courts?

**Mr. Kramer:** — Yes, that's correct, Mr. Chairman. That the ability of the provincial government to provide clear title to the successful proponents is not there because there is caveat on the land. And for that reason the intention to enter into a sale agreement has not come to a conclusion. There is not a sale agreement with the successful proponent and that will not take place as long as the province is not able to provide clear title.

**Mr. Anguish:** — Why have you not taken steps to create title? Why has the department not issued a grant to create title from unpatented Crown land to titled land?

**Mr. Kramer:** — We have very actively pursued the case in the courts in terms of seeking to clarify whether or not the caveats that have been applied for by Green Lake are legal legitimate caveats. I believe that has been to court two or three times initially and at least two cases of appeal have been heard. So that the actions that the department could take to provide clear title, clarify ownership we have taken, but it's clearly a complex legal matter and at this point some distance — is my understanding — from being able to be clarified through the court system.

**Mr. Anguish:** — We're talking about two different things, Mr. Kramer. I understand that you can't provide clear title. But what I'm saying is your department has taken no steps to create title at all. If I understand the land, the land is currently unpatented Crown land. In order to change it from the status of unpatented Crown land to titled land,

department has to issue a grant whereas at that time the Land Titles Office responsible for that land, would create title.

I understand that you can't issue clear title, but you have not taken any steps to create title.

**Mr. Kramer:** — Mr. Chairman, the normal practice, I'm advised, under The Provincial Lands Act dealing with agriculture land, is not to raise title for land in the name of the Crown when it is subject to future sale. It is to raise title in the name of the future owner. Since this point is not able to be done, we haven't taken the interim step of raising title in the name of the Crown.

And that would be following normal practice. Because if title was to be raised at this point, it would be raised in the name of the Crown because the Crown is the legal owner of title till such a time as a sales transaction takes place.

**Mr. Anguish:** — This is not a normal situation. And I look at the proposal . . . request for proposal for Silver Lake farm. The proposal was supposed to have potential for success, protection of employees, opportunity for local residents, potential for economic development and diversification. It also talks in here that the proposals must include a least a portion of the land base.

And it seems to me, that even in the year under review, the successful proposal moved in and almost immediately sold off all the livestock. Now that would tell me that the potential for success was becoming very limited. It would also tell me that the protection of employees was very limited as well. It would tell me that opportunity for local residents was very limited. Although I know it's not in the year review, all the machinery was sold in April. So they've broken all the criteria set out in the request for proposals for the purchase of the Silver Lake farm.

And so I submit to you, this isn't a normal circumstance. What I ask you, I guess, is: what was paid for the machinery to the department? What was paid for the cattle and livestock to the department, and when were those payments made, and in what form were they made? And whether or not there was bridge financing arranged by the department to enable the purchasers to actually purchase in separate packages, and then not have the land and have the deal fall through, but yet all the assets that could be removed have been removed from that location? I don't understand that, Mr. Kramer.

**Mr. Hopfner:** — Mr. Chairman, just before Mr. Kramer answers the question . . . I would hope that we're not expecting him to be answering questions that wouldn't be not in the year under review.

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

**Mr. Anguish:** — I didn't.

**Mr. Hopfner:** — Okay.

**Mr. Anguish:** — I understand that.

**Mr. Kramer:** — Some comments, Mr. Chairman, in

response. We will get for you the numbers. I believe they have been released in the House a number of weeks back as well in terms of sale arrangements for cattle and equipment. But the proposal included purchase of cattle, purchase of equipment, and agreement for sale on the land, subject to regulations being passed that would provide for it.

But just to be clear on the sale arrangements, there was a sale made to the successful proponents of the cattle, and payment was made in cash within days of them being advised that they were successful. Similar response for equipment, that they were successful in purchasing the equipment and they paid for equipment in cash.

I'd also make note that project proponents, when they paid for the cattle, in fact added to the cattle base that was on the farm at the time of purchase; and run larger number of animals than was the case at the time of purchase, in fact brought in some of their own animals. So yes, they took possession of the animals, took possession of the farm, but certainly to my understanding there was no dispersal that took place at the time of transfer.

**Mr. Anguish:** — Mr. Kramer, just on that point. I would ask you to check your facts on that. Now my facts may be not accurate. But I ask you to check your facts on that, because as I understand, the successful bidders came in in late June and early July and before the end of July the livestock was all gone. It was sold. So I ask you to check your own facts before you unequivocally state that before the committee.

**Mr. Kramer:** — Two observations I would make. One is that included in the animals purchased by people who bought Silver Lake farm were feeder animals who . . . with those animals being close to finished. I don't know the date of sale, but there were 290 feeder animals which they purchased. And certainly that those animals would have moved off the farm and been sold within months is very true, I expect.

The cattle herd which would have been the basic herd that's there, it's my understanding — and certainly I would check my understandings before I would confirm that to be the case — certainly my understandings at this point are that the basic cattle herd stayed on the farm, in fact was added to, but that there were semis came in and animals left.

I'm certain that that's the case, because part of the animals purchased were animals that had been fed on the farm over winter from the previous year's calf crop and that's in large numbers. There were at least 290 of those animals that would have been sold over the course of the ensuing months.

**Mr. Anguish:** — What protection did the department try and exercise for their own prudence in dealing with public assets, in terms of the criteria that were set out in the proposal, or the call for proposals, potential for success?

I mean if everything is liquidated, how can there be any potential for success? Protection for employees, I mean there's virtually no protection for the employees that were

there. It talks about proposals will be assessed as to whether current employees are to be offered continuing employment or be given an opportunity for an equity position in the endeavour. How about the opportunity for local residents? How about the potential for economic development and diversification? I mean is there any protection in place for the public in terms of . . . As far as we can determine, almost every criteria in request for proposals for the sale of Silver Lake farm have been broken.

**Mr. Kramer:** — Mr. Chairman, the proposals that came in, the 13 that I referred to, would all have been evaluated against that set of criteria. And the decision that was made in terms of selecting that particular group of purchasers was one that was based on evaluation of proposals against the criteria.

What I would say is that that was seen to be the most adequate in terms of meeting the criteria that were laid out. That is not to say, Mr. Chairman, that it received a hundred per cent rating on each of the criteria that were there. On balance it was judged to be the most adequate in terms of the criteria that were laid out.

A couple of observations I would make in terms of the protection for employees. A number of the employees went to work immediately and some still continue to work for the purchasers of the Silver Lake farm. A number found employment there.

What was also the case is that those who did not go there had other opportunities to find employment within the civil service, had the certain features of protection that were there as a result of Public Participation initiatives. And a number of employees made use of those alternatives — some took retraining; some would have taken alternate employment inside of government.

**Mr. Anguish:** — Mr. Kramer, we obviously won't conclude the Silver Lake farm issue today, and I'd appreciate it if you could bring your file back to the next meeting when you appear before us again. Because we're going to compare figures between members of the committee and the figures that you have concerning the Silver Lake farm and disposition of the Silver Lake farm. So if you could give us your undertaking that the next time we meet that you will bring the file on the Silver Lake farm with you.

**Mr. Kramer:** — We would certainly undertake, Mr. Chairman, to bring whatever information that we have available to us. We have a good bit of that information today, but we will bring whatever we have.

And again, as I say, not in any way wishing to be difficult, but the issue is before the courts, and there's also portions of that information that was provided in confidence on the basis of applications that came from proposals. Some of that information we will not be able to make available because of those constraints.

**Mr. Anguish:** — Well I accept some of what you say, but I also ask you to appreciate that the Public Accounts Committee does have a role in dealing with hundreds of thousands of dollars of public assets — or at least which

were public assets. And I think that there have been some strange occurrences happen in regard to the Silver Lake farm and we would like to get to the bottom of that. So I'd appreciate that you answer questions as best you can. And I can understand that you don't want to jeopardize any confidentiality or another issue again that's before the courts, but I want to deal with that.

I want to turn to sort of the internal functioning of the Department of Food and Agriculture, and I'm wondering how often under the year under review would the department call together the branch heads within your department?

**Mr. Kramer:** — I will deal with that. But if I may, Mr. Chairman, just very briefly — there was a question asked about what prices were paid for some of the Silver Lake farm assets. I would put that to the record. The price for the livestock that came from the successful proposal was \$720,000; the price for equipment was \$145,000. And I believe both of those numbers were released in the House on April 17 of this year.

**Mr. Anguish:** — What was offered for the land?

**Mr. Kramer:** — The land issue, Mr. Chairman, is one that again is before the courts. The sale agreement is not completed. We have been unable to complete an agreement, and for that reason are not able to make public that figure.

**Mr. Anguish:** — It's not the price of the land that's before the courts, Mr. Kramer. It's not the price of the land that's before the courts.

**Mr. Chairman:** — Can I just before the next meeting or before you come back again on this issue, can I just suggest that you obtain some advice on that. It's my understanding that it's improper to bring matters up in committee or in the legislature if those matters are the subject of criminal proceedings.

As I understand it of what you have here is a civil dispute . . . a civil action, as distinct from criminal proceedings. And you may want to obtain some advice as to whether or not you're justified in not releasing to the committee information that otherwise the committee has a right to know about, on the basis of this court action.

So I just suggest that you check that.

**Mr. Kramer:** — We would undertake to do that, Mr. Chairman, and provide what advice we can. Again I would bring to the committee's attention, and it's certainly public information or information that's available to the public, that in both the case of the village of Green Lake, they have filed a statement of claim on the issue which is before the courts, and likewise the project proponents that were successful for Silver Lake have filed a statement of claim which is also before the courts.

So it is not only the caveats which are in dispute, there are statements of claim that deal with both Green Lake and deal with the successful project proponents for Silver Lake. Both of those have been filed and can come before the courts. So I just bring that to the committee's attention

in terms of the complexity of the legal issues that are out there.

**Mr. Anguish:** — We can't not answer something because it might come up in court. I mean, that could be a reason for not answering any questions before the committee. So it can't just be the potential that this might come up before the courts. I don't accept that, Mr. Kramer.

**Mr. Kramer:** — And we will take the chairman's advice and we will speak to the Department of Justice in terms of what information can be provided and would undertake to provide that which can be. I would also say that the issues that I talked about, the statements of claim, are not ones that may come before the courts. They're ones that have been filed, and they have been filed and received. So the questions we've talked about are ones that are currently legally filed.

**Mr. Chairman:** — Can you perhaps ask your lawyers as well to refer to *Beauchesne's*, section 337, 335 through 337. We understand that:

Members are expected to refrain from discussing matters that are before the courts or tribunals which are courts of record. The purpose of this sub-judice convention is to protect the parties in a case of waiting or undergoing trial and persons who stand to be affected by the outcome of a judicial inquiry. It is a voluntary restraint . . .

But I note further on that this convention has been applied consistently in criminal cases, but in 337(2) it states that:

In civil cases the convention does not apply until the matter has reached the trial stage.

So I'd like you to take that into account as well.

That was the 5th Edition of *Beauchesne's*.

**Mr. Anguish:** — Thank you, Mr. Chairman. Mr. Kramer, that's the question I asked about in the year under review. How many times has the department called the branch heads together?

**Mr. Kramer:** — You're testing my memory, but the normal practice, Mr. Chairman, would be to have at least monthly meetings of our department's executive management team. There would certainly be additional meetings as needed in the intervening period. But that would be normal practice for those. It would be one-day or half-day meetings where we would go through the issues that needed to be dealt with as a group.

**Mr. Anguish:** — How many people would that involve when you talk about executive management team?

**Mr. Kramer:** — Our executive management team would have approximately 14 or 15 people.

**Mr. Anguish:** — Fourteen to fifteen people, and that would represent all branches within the department.

**Mr. Kramer:** — Yes, Mr. Chairman. It would represent the professional staff from the deputy minister's office and a

representative from each of our branches or agencies.

**Mr. Anguish:** — Do these executive management team members discuss long-term planning? Is that where your long-term departmental planning is done?

**Mr. Kramer:** — It would be a combination. Our agendas would deal with a combination of long-term planning and shorter term information needs. Typically the longer term planning would take place in other ways where we may choose to spend one or two days to do just that, as opposed to deal with the issues of the day and the department as well. But some long-term planning would take place here. Typically the long-term planning would happen in other places as well.

**Mr. Anguish:** — How many such meetings would you have had in the year under review for long-term planning? — a ballpark figure. I'm not asking for . . . I won't try and hold you specific to that. I just want an idea of how many meetings you would have during the year under review that involve long-term planning as the special topic of the agenda.

**Mr. Kramer:** — My recollection would be two to three, that maybe a day or two days in length.

**Mr. Anguish:** — So the items that would be long-term would be discussed by each branch, would be that same management team that would come together to discuss the long-term plan?

**Mr. Kramer:** — Essentially yes, that's correct.

**Mr. Anguish:** — Then at how many of those meetings, the long-term planning meetings in the year under review, did you discuss the relocation of the Department of Food and Agriculture?

**A Member:** — What year are we on?

**Mr. Anguish:** — The year under review. We're talking about long-term planning. And certainly I would think that . . . At how many of those meetings in the year under review did you discuss the relocation of the Department of Food and Agriculture?

**Mr. Kramer:** — We would have had at that time completed relocation of the Agricultural Credit Corporation. I believe the Agricultural Credit Corporation is part of our department executive management team. So there would have been some previous discussions on that. My recollection would be, Mr. Chairman, that in that year under review, we would not have spent any substantial time talking about relocation of the Department of Agriculture and Food.

**Mr. Anguish:** — But you did discuss the relocation of ACS (Agricultural Credit Corporation of Saskatchewan)?

**Mr. Kramer:** — It may have come up casually, but I would not report to the committee that we spent any time discussing it other than casual conversation. It had been completed by that time.

**Mr. Anguish:** — Did you not discuss the move of your

own office to Humboldt?

**Mr. Kramer:** — Not in the year under review, no, Mr. Chairman.

**Mr. Anguish:** — It would seem to me that that would be part of long-term planning. Why, if you discussed the relocation of the Agricultural Credit Corporation of Saskatchewan, why wouldn't you have discussed the relocation of your own office to Humboldt?

**Mr. Kramer:** — Mr. Chairman, in the year under review, the Department of Agriculture and Food was not considering a move to Humboldt.

**Mr. Anguish:** — Well you're a skilled manager, and I would think that a major relocation like this of the entire Department of Agriculture, virtually the entire Department of Agriculture, would have to be considered in long-term planning by the department. I wouldn't think that you could condone the deputy minister just up and relocating virtually everyone that's in Regina from the department to rural Saskatchewan. That surely must be considered long-term planning.

And in the long-term planning you would have to take into consideration things that are at least a year in advance, sometimes approximately five years in advance of things that happen. And I don't know how you can adjust to the announcement that you're now moving out to Humboldt in your own office. But you're telling me that this was never discussed in the year under review.

**Mr. Kramer:** — Mr. Chairman, the observations that I make would be that from the time of announcement till the time of completion of move, in the case of the Crop Insurance Corporation which Mr. Zilm, to my left, managed, that covered a period of about 12 months. And they were successfully moved during that time period.

I don't recall the exact time frame, but for the Agricultural Credit Corporation it was a period somewhat longer than that, I believe in the order of about 18 months. And their constraint was really one of systems development because they needed to put in place a redesigned system to operate out of Swift Current as opposed to operate out of Regina, where they could deal directly with SaskCOMP. So the implementation of that took some time longer. But those were the kind of time frames that they dealt with.

And again I would say, maybe bordering not on the year under review, but when we look at the issues the department faces, there's planning that needs to take place with regard to a move. But that is planning that is future planning and it's with that kind of time frame, depending on size of organizations, that we would expect to have a move completed. But essentially future planning.

**Mr. Anguish:** — Well if it took for the Crop Insurance from announcement to move about 12 months, and ACS 18 months from announcement to move, I would think that if you discussed the relocation of the entire department it would take several, several years to get that in place. Because it would certainly be more major than

the movement of ACS or the movement of Crop Insurance.

So I guess I ask you, is this a decision of the department to relocate throughout Saskatchewan or is it totally a political move that's had virtually no planning?

**Mr. Chairman:** — Can you provide a brief answer to that?

**Mr. Kramer:** — Mr. Chairman, the answer that I would provide is one that the planning that we have done in the year under review, the planning we have done since then has been dealing with the focus of the department, the direction of the department, the reason to be in our essential priorities for the future.

Again without going into details the committee doesn't need to concern itself with, we have put out a strategic planning document. We have identified those priorities for the future. And the questions of location certainly and the configuration of the department are ones that are important because we believe that form follows function, if I can put it that way.

We have directed our efforts and our focus on the function of the department, identifying in discussions with industry. We have gone through extensive consultation to sort out what the priorities of the department should be. And the questions then of form in terms of organization or locations are ones that we would certainly be able to deal with, that we have put our effort in terms of defining the priorities of the department. And questions of location, as I have said, can be dealt with within the kind of time frames that I have laid out.

That may not be a specific answer to your question, but I mean that's the approach we have taken for the planning that we have done.

**Mr. Chairman:** — It's 11 o'clock. Unless there's agreement to continue, the meeting will adjourn. And we expect or anticipate that we would like to have you back not next week, but the Tuesday of the week after that, the 27th.

**Mr. Kramer:** — And I know the committee may not wish to narrow its review, but would we be finished with the beef board and dealing then with members' questions on Silver Lake? Or I guess I'm really asking what complement of staff should we arrange to have before the committee?

**Mr. Anguish:** — I have two items that I want to deal with, Mr. Chairman, Mr. Kramer. One is the Silver Lake farm and possibly questions about the other farms, the four farms. And I want to also pursue a little bit more about your long-term planning within the department. That's my desire for the . . .

**Mr. Chairman:** — Any questions . . . Anybody seen any questions for the Beef Stabilization Board?

**Mr. Baker:** — Only that the 27th is Thursday, not Tuesday.

**Mr. Chairman:** — Okay. It's whatever . . . not next week

but the Tuesday after that. Anybody seen any questions for the Beef Stabilization Board?

**A Member:** — No.

**Mr. Kramer:** — Okay, thank you, Mr. Chairman.

The committee adjourned at 11:03 a.m.