

STANDING COMMITTEE ON PUBLIC ACCOUNTS

January 7, 1992

Mr. Chairman: — I wonder if we could call the meeting to order. I understand yesterday we had a bit of a problem with what was *in camera* and what was not. So if it is the wish of the committee, we'll declare this portion of the meeting *in camera*.

Mr. Van Mulligen: — I'll move that we go *in camera*, Mr. Chairman, to consider the comments of the auditor.

Mr. Chairman: — Perhaps just to comment on that a little bit. The auditor will make comments as to his report. I don't know. Where's the press fit in on this?

A Member: — Can we take our coffee cups when we leave?

Mr. Van Mulligen: — Oh yes.

Mr. Chairman: — By all means.

Mr. Van Mulligen: — It won't be long.

Public Hearing: Saskatchewan Property Management Corporation

Mr. Chairman: — Good morning. Welcome to the Public Accounts Committee. I understand that Mr. Rankin is going to introduce the officials for us this morning.

Mr. Rankin: — Good morning, Mr. Chairman. The acting president of the Saskatchewan Property Management Corporation appointed in mid-December is Mr. G.H. Beatty. Unfortunately Mr. Beatty is suffering from a very bad bout of the flu and offers his regrets that he is unable to attend the committee meeting today. Representing the corporation before the committee today will be the following officials: on my left, Ian Laidlaw, vice-president of customer services; Shirley Raab, vice-president, financial services; Rob Isbister, director, financial planning and reporting; and also with us this morning is Doug Porter, director of security services; and Gordon Robinson, special advisor to the acting president.

Mr. Chairman: — Thank you, Mr. Rankin. I have a little bit of official business that I have to go through with you, as you're probably well aware. As I said, on behalf of the Standing Committee on Public Accounts, I want to welcome the officials of the Saskatchewan Property Management Corporation to the committee's meeting this morning.

The officials should be aware that when appearing as witnesses before a legislative committee, the testimony is privileged and that it cannot be used against the witnesses as the subject of a libel action or any criminal proceedings. Witnesses examined before a legislative committee are entitled to the protection of parliamentary privilege in respect of anything said by them in their evidence.

However, all that is said in committee is published in the Minutes and Verbatim Report of this committee, and therefore is freely available as a public document. All witnesses must be answered by all questions put by the committee.

When a member of the committee requests written information of your department, I will ask that 20 copies be submitted to your committee Clerk who will distribute the document and record it as a tabled document.

You are reminded to please address all comments through the chair. I neglected to introduce myself— I'm Rick Swenson.

And with that I would ask Mr. Rankin if you have any opening comments you wish to address to the committee before we get into it section by section.

Mr. Rankin: — No we don't.

Mr. Chairman: — Thank you. Mr. Streliaoff, any questions, comments?

Okay, perhaps, and you probably did this yesterday, but because this is my first opportunity to go through this exercise, we'll go through the report of the auditor section by section, and I would ask all committee members to keep their comments to that particular section until we have it finished and then we'll move on to the next one.

One through seven. Okay, we'll go on to the next section which is .08 through .14.

Mr. Johnson: — Item no. .09, in that is that those revenues that were retained in the corporation that the auditor is saying should have been provided to the Consolidated Fund? Can you fill us in on what the background on that was?

Ms. Raab: — Mr. Chairman, the sales and salvage operation is part of SPMC (Saskatchewan Property Management Corporation), and what had happened is that the budget was prepared whereby we retained the proceeds to offset the operating expenses of running that particular operation. And when it was found that it wasn't in compliance with The Purchasing Act, however the budgeting process had been set up that way.

What we did in future years is actually budget for it in the proper way and actually have been repaying all of the moneys through this process. So we receive a grant to run the operation to dispose of government surplus and then all the moneys go back to the Consolidated Fund, as outlined in the Act.

Mr. Johnson: — Mr. Chairman, if I understand correctly what you said, that there was a decision made that indicates that the total income from the sales is what's required in order to dispose of the property; was assessed as being the relative cost of providing the service of disposing of the property?

Ms. Raab: — The sales and salvage disposes of all of the miscellaneous assets, and this really is the miscellaneous type of assets that would be in government. For example, if there are computers or waste-paper baskets or absolutely anything that might be in a department, to dispose of anything has to go through sales and salvage. And we take and we inventory all those items and then

they're offered for redistribution in the government first before it gets sold.

So there is a cost of warehousing and inventorying all of the government's assets. And it's a last resort that they would actually go out to . . . out for sale. So there are overhead and operating costs of rent and administration relating to running that disposal program of government.

Mr. Johnson: — Unrelated to the actual items being sold, like items that would be transferred and other things internally.

Mr. Laidlaw: — Maybe I could clarify it a little bit for you. The sales and salvage operation was put in place to ensure that government assets were not disposed of improperly. So there's a system set up to look after how government gets rid of any of its assets.

To give you an example and to maybe clarify the issue would be we had a flood in the Legislative Building probably 10 years back. The carpet was ruined. It was chemically treated water that got on it. But because if somebody, an official, decided to give that carpet to somebody, that could be viewed as improper or incorrect or who should actually get the rug; who should get the soiled and stained rug becomes questionable.

So this legislation in this area was set up really to ensure that government assets are disposed of properly. So what ends up happening is that the salvage — and that's probably the right word for it — that goes to sales and salvage usually doesn't have very much value. That by the time the department declares its surplus, okay, it probably doesn't have very much value. Then what happens to it is all departments and agencies are offered: do you want this piece of equipment or this item? And if they say no, then it goes out for public auction and the public has an opportunity to buy it.

This ensures that there's no misappropriation of the assets, or there's no giving it or — favouritism is maybe the better word — no favouritism in who gets this salvage item. So what ends up happening is the cost of running the program becomes quite high in relation to the value of the things that are sold. Is that help?

Mr. Johnson: — Yes. That's what I was . . . And this is basically a service. To some degree, these assets now belong to the Saskatchewan Property Management Corporation to begin with.

Mr. Laidlaw: — I think what the problem here that was pointed out was that because the department originally paid for them, SPMC was keeping the money that was obtained from the sale of those assets to cover the cost of selling it, but really that money I think should have been returned to the department because they originally paid for the item and that SPMC sales and salvage should be given a grant from the Consolidated Fund in order to pay the cost of getting rid of that salvage.

Mr. Johnson: — So then you're saying that the departments are still owners of some property?

Mr. Laidlaw: — Yes.

Mr. Johnson: — This is two years after the shift to the . . . two years after the Saskatchewan Property Management Corporation is in place the departments are still owning rather than leasing from . . . or the ownership of the property was still within the department.

Mr. Laidlaw: — It depends on which piece of the property you're talking about. Maybe I confused you because I used something that SPMC owned, which was the rug. But a department owns its calculators; a department owns dishwashers, its equipment, the highways' equipment, you know, whatever it happens to be. So SPMC has its own equipment and furnishings in its program of delivering space, but departments own their own stuff as well.

Mr. Van Mulligen: — If I thought that it was going to cost me as much to dispose of assets as I was going to realize from the disposal of the assets, I might want to look for a better way to dispose of those assets.

Ms. Raab: — That has been put forward and looked at from time to time. It hasn't been that cost-effective.

Mr. Van Mulligen: — I mean the Regina Symphony has an auction every year, why not give it to them and give it as part of their funding. You know I use that as an example, but I think to spend this kind of money disposing of something, that it doesn't make sense.

Mr. Laidlaw: — I think the problem, Mr. Chairman, is deciding where it should go. Should it go to the Regina Symphony or the Boy Scouts or to minor hockey or wherever it is. And I think that's why historically every advance that sales and salvages made, that this is not a cost-effective program. The cost effectiveness comes in protecting the government in deciding who should get those assets.

Mr. Chairman: — Therefore the requirement to advertise the *Leader-Post*, the *Star-Phoenix*, and all that junk.

Ms. Raab: — This really refers to the miscellaneous assets. Anything that we sell for a Crown corporation, they do get their proceeds back. We just have a commission. So this is really the miscellaneous surplus of government departments.

Mr. Chairman: — If I might then, the original argument was that the cost of disposing of this stuff was higher than what you had been allocated in your global budget, so therefore you wanted to retain the sales of the asset to, in other words, keep yourself whole.

You're now giving that money back to the department. You're getting a statutory sum in your global in order to handle your sales and salvage division. Can you tell the committee perhaps what those numbers are.

Ms. Raab: — In the '89-90 year the total operating cost of the sales and salvage operation was \$796,000. That was offset by revenue of 845,000. So we received a lot of commissions and stuff from various Crown corporations.

Our cost that we have internally determined is about

\$200,000 to run and inventory that miscellaneous portion. And what we do is actually build those into our total budget that's put forward. I don't believe we actually got a specific grant; it was just part of our overall budget. And we budgeted for paying back the proceeds to the Consolidated Fund.

Mr. Chairman: — Given the questions raised by the auditor in this regard, would it not make some sense to keep that area separate so that you can see how cost-effective you are? I mean obviously at the beginning of your budget year you budget in and it cost me a quarter of a million dollars to handle the sale of assets for the various entities of government. If I don't make my goal at the end of the budget year, you're going to be able to go back and say: minister, this ain't working right; Mr. Auditor, this is not working right; you know, that type of thing. Would that not make sense?

Mr. Laidlaw: — We have put on the table a number of times the sales and salvage function which . . . the fact that clouds the issue around the miscellaneous sale — the salvage, the true salvage — is that there are some larger items, as Ms. Raab mentioned earlier, where we would do a sale of CVA (central vehicle agency) vehicles, for instance; or if perhaps some of the larger Crown corporations used sales and salvage to auction off some things that were of value, we would take a commission on that, generating revenue for us. With that generation of revenue, I think the argument that Finance has made is perhaps that should be enough to cover off the costs of all the miscellaneous things, salvage items that go on.

We do track the actual cost of running the operation. It is estimated at 700-and-some-odd thousand dollars. But we can't judge or we're not privy to information a year in advance as to, you know, just exactly what options are going to happen.

There was some decisions made of a nature to reduce the amount of inventory that was purchased. And therefore we've seen over the past few years a reduction in the number of sales. There isn't very much furniture that is sold any more for instance, and there's not very many vehicles are sold any more. So those things that did generate revenue are shrinking.

The true salvage items then therefore aren't covered off as well.

Mr. Chairman: — One final question before I go anywhere here. What is your commission rate?

Ms. Raab: — Its assets that are in the government's revolving funds are 15 per cent. Crowns, boards, and commissions are 10 per cent.

Mr. Chairman: — Why are Crowns, boards, and commissions different than government?

Ms. Raab: — They're usually larger value assets, and it's based on the total selling price. So you're actually probably getting more absolute dollars.

They have the larger assets housed in the Crowns whereas most of the things from the government itself would be of

much less value on average.

Mr. Chairman: — How does that compare to the private sector?

Mr. Laidlaw: — Again it really depends on the type of auction that you're going to have. What ends up happening is departments and agencies, members of the Treasury Board, historically send salvage over in ones or twos, and we inventory until we feel we have enough inventory to hold a sale. Crowns, historically what they will do is they will make a program decision or make a buy, and they will send a large allotment over.

So what you try and do is strike the best rate. If you took 15 per cent on a large inventory of vehicles or large equipment, then that would probably be impractical. If it was on one- and two-item things, then it might be more practical.

Mr. Chairman: — I understand that. I asked you what the private sector rates are. They sell big things and they sell little things. Do you compare at all as you go through your budget here as to what's happening in the world?

Mr. Laidlaw: — We try and do that, although I think historically what happens is again it depends . . . I think the auctioneers will also, depending if it's large equipment, if it's a big sale they may take a less commission, or if it's a small sale they may take more commission.

Mr. Chairman: — Do you have median guide-lines where you say that if it's a quarter million dollar sale where it was such and such a rate, if it's a \$2 million sale it's a lesser rate?

Mr. Laidlaw: — No we don't.

Mr. Chairman: — You don't.

Mr. Laidlaw: — No we don't.

Mr. Van Mulligen: — Are all governments in Canada, and for that matter in the States, blessed with a central sales and salvage of this nature? Or are there other ways of doing this?

Mr. Laidlaw: — I know there are sales and salvage areas in other provincial jurisdictions. I don't really know if it's all across Canada and I don't know if it's in the United States.

Mr. Van Mulligen: — Have we looked at alternate ways of dealing with this? I mean if it's costing us more to dispose of assets, the value of the assets, then if you're in business you wouldn't be in business for very long.

Mr. Laidlaw: — Historically the decision has been based on that there didn't appear to be an equitable way of disposing of government assets that wouldn't run into problems around who gets the assets.

Mr. Serby: — Follow-up to what Mr. Swenson had asked in relationship to the disposal of assets in where you charge a 10 per cent rate for government departments and

a 15 per cent rate to Crown corps, would you have . . . or is it the other way around?

A Member: — The other way around.

Mr. Serby: — The other way around, sorry. Would you have assets that are the same? Would a vehicle be considered an asset both to a Crown and to a government department?

Ms. Raab: — No. Only SPMC has vehicles and other Crowns would, but no one else in the government proper to my knowledge has the cars, for example. They may have special equipment in Parks or Highways, but not the standard transportation vehicles.

Mr. Serby: — Would you have something that would be an asset that would be the same in both the Crowns and in government?

Mr. Isbister: — All the miscellaneous office equipment and stuff like that would be obviously the same in both.

Mr. Serby: — It would be the same. So when you're disposing of something from the government departments then that would be the same as they would be in the Crown, on the Crown side. You would be receiving a different percentage for the same item only it would be . . .

Mr. Isbister: — The Crowns don't necessarily dispose of all of that — equipment, miscellaneous salvage — through us. They can choose when they would come and dispose of it through us. The particular point that the Provincial Auditor under The Purchasing Act, they are required to dispose of the stuff through sales and salvage as made for more of the government proper.

Ms. Raab: — The Crowns can choose if they use us or not.

Mr. Serby: — Just as a follow-up then, would you be purchasing items for the Crown — Sask Property Management?

Ms. Raab: — We purchase only for SPMC. We don't purchase for any of the Crowns.

Mr. Serby: — Okay.

Ms. Murray: — Thank you, Mr. Chairman. Just out of curiosity, who decides, or is it within each department, when someone decides whether something becomes salvage or not?

Ms. Raab: — Each department requires the salvage. We are actually on the receiving end of it.

Ms. Murray: — Right. Thank you.

Mr. Sonntag: — Thanks, Mr. Chairman. The question may have been answered already but I just want a bit of clarification. The assets that SPMC owns, is that clearly defined? You were referring to earlier that some of the assets were still owned by the different departments. Is that an ongoing process? I know maybe I'm going out of the year '89-90, I'm not sure, but is that clearly defined

what SPMC owns? Like you referred to carpets and you said that calculators belong to the departments, for instance. Is that . . .

Ms. Raab: — Yes, we clearly know what SPMC has and owns. And I think my point is that each department will own a certain amount of assets.

Mr. Sonntag: — That wasn't really my question, Mr. Chairman. What I'm saying, is it clearly defined not what you own now but what you . . . sort of what you shall own, is what I'm trying to say. Is it . . . like the assets that . . . is it clearly defined what the departments shall maintain as assets and what SPMC shall maintain as assets?

Mr. Laidlaw: — Yes. If I understand your question correctly, yes it is. When you . . . when a department rents space from SPMC we provide a certain standard of space, furniture, and furnishings — things of that nature — which are all set out and they are assets of SPMC.

As a department runs its program and delivers its program, it acquires equipment and anything it needs to deliver that program. And that clearly is an asset of the department.

Ms. Haverstock: — Mr. Chairman, I'm wondering if you could help explain to me. We're talking about property owned by government. What in fact is happening when there are leases with privately owned space, and in fact the government does not own it? Is that the responsibility of yourselves? How is that arrangement different from the Property Management Corporation where you own space and lease it out, if you will, rent it out, if you will, versus a place in, you know, small town Saskatchewan which is owned by someone else?

Mr. Chairman: — I wonder, Ms. Haverstock, that's another section.

Ms. Haverstock: — Okay, I just wondered. It was . . .

Mr. Chairman: — If we couldn't deal with this issue that the auditor had identified first on assets. And I think we, as a committee, understand the problem you had with your budget. You've obviously cleaned it up as far as the auditor goes. It's now going back through the Consolidated Fund.

Ms. Haverstock: — Okay, if I may change my question then regarding assets. There are some properties. I'm sure, space that you own. Do you in fact have property which is not leased, which is lying empty?

Mr. Rankin: — Maybe I could ask for a little clarification. Property that is not owned that is empty?

Ms. Haverstock: — No, no. That you have. That would be considered to be property or office space or whatever that you have that is owned by government which is not occupied. Would that be considered an asset?

Mr. Rankin: — Okay, yes. We have vacant, owned government space, yes.

Ms. Haverstock: — Yes. Do you know how much that is

... how much space that would actually be?

Ms. Raab: — Yes, we do.

Mr. Chairman: — I hate to interject again, Ms. Haverstock . . .

Ms. Haverstock: — You want this somewhere else. Okay. We will wait until later and then you have more time to wait. Fine.

Mr. Chairman: — I really would like to deal with this issue and get on with the next section because the questions that you're asking, I think, come in . . .

Ms. Haverstock: — In real estate, perhaps.

Mr. Chairman: — Right.

Ms. Haverstock: — Okay, we will wait for number .21.

Mr. Chairman: — We're dealing with .08 through .14. And as I said before, we understand the problem. You've attempted to correct the problem with the auditor in this particular area, but I think the committee is very keenly interested in what your . . . and I know we aren't to deal with policy here, but obviously because you are selling assets, and this committee is charged with an overview of that, that from what you've told us today it would seem that you must have some ideas about change in the sale of your assets; to do it, as Mr. Van Mulligen says, more maybe cost-effective for a better return for the dollar and not jeopardize your budgetary position vis-a-vis other departments. Could you enlighten the committee perhaps on that and then we can wrap this up?

Ms. Raab: — Mr. Chairman, I think that in terms of the miscellaneous goods, traditionally it has not been cost-effective. The disposal of the larger items has been cost-effective. If you look at those miscellaneous assets and say from a business perspective should that be there, I think the answer would have to be no, it probably could be done more effectively or most cost effectively somewhere else. If in fact you're looking at it from a decision, is there a process in place to ensure that there is an orderly disposal and that there is no favouritism or whatever played, then perhaps that is a justifiable cost to protect the assets of government and ensure that they're done in an orderly way.

So in summary I guess I'm saying from a business perspective no, but the overriding concern of proper disposal of government assets may be worth that cost.

Mr. Chairman: — Okay, we'll move on to the next section. That would be .15 through .18.

Mr. Johnson: — What was it that . . . (inaudible) . . . the auditor's statements here cover in that .15 to .18?

Ms. Raab: — In the provincial parks, the Department of Parks actually deliver their own capital projects, and I believe its buildings in excess of 25 square meters are then owned by SPMC. And that is the work that they have done that we would actually reimburse them for. They're in fact the contractors to build the various things in the

parks. That's what was being referred to.

Mr. Johnson: — Okay, then buildings of that size then, if you're looking at the single toilets that they have, probably 500 of them spread out, maybe a thousand of them spread out over major parks, the Parks and Renewable Resources maintains ownership of those?

Ms. Raab: — I believe it's structures greater than 25 square meters, which would be approximately 250 square feet, are SPMC, so it's only the major, the larger facilities in the parks. Anything that's little would not be any responsibility for us.

Mr. Johnson: — Okay. When a small park that's been in place in the forest reserve is leased out to an operator, who ends up being in charge of that leasing of it?

I'm thinking . . . there are different things occurring, say the golf course on The Battlefords Provincial Park or that particular, who is in charge of that? Who does that?

Mr. Rankin: — The Department of Parks.

Mr. Johnson: — The Department of Parks. So how is it then that you would end up owning the building there?

Mr. Rankin: — Yes.

Mr. Johnson: — And the Department of Parks does the leasing. Can you fill me in on how that operation functions because it must jump between . . .

Mr. Rankin: — In the parks, in the provincial parks, which doesn't include campsites or the small roadside visiting bays, the Department of Parks maintains and looks after all the facilities. SPMC only has ownership of the assets over 25 square metres in size, 250 square feet.

If, for example, a building is going to be leased to the private sector, then the asset would either be, as far as SPMC is concerned, it would be sold by SPMC back to the province and removed off of our asset listing, or we may sell it or it may be disposed of by SPMC through a demolition or sale by tender for removal. And then the new operator would put up their own facility.

Mr. Johnson: — So in essence what you're saying is that SPMC has no responsibility for the other buildings and doesn't control them or even own them in the sense of the small toilets in the . . . I'm thinking of a number of different lakes where the Department of Parks and Renewable Resources had a number of these toilets and that set up so that . . .

Mr. Rankin: — No, those are not ours.

Mr. Johnson: — And this particular item here for three-quarters of a million dollars, perhaps you did answer it, but I was wondering what the item was.

Ms. Raab: — Okay, what had happened is the original agreement said when we, Parks, acted as a contractor that they would provide us with the original documentation. And as we went along what really happens is that the Department of Parks processes all of their payments

through the Provincial Comptroller's office, so they would have all been audited and certified prior to payment already once in the government and that we didn't believe we needed to actually scrutinize each and every invoice again.

However the contract had called for it so we actually amended the contract to rely on the work done by Parks and the Department of Finance. So it was really that we hadn't been scrutinizing the documentation to support the construction in that particular year.

Ms. Haverstock: — That kind of answers my question. I was wondering with that number .18 why this actually was changed and who did the changing. Who made the decision?

Ms. Raab: — After the concern was raised by the auditor we took a look at it and made the decision that we were duplicating the work and it would make a lot more sense just to change the agreement rather than duplicate the work.

Mr. Chairman: — I neglected to mention as we go through this, there are certain issues that have been resolved between the auditor and the department.

I should be doing that as we go through it, but I think members may have other questions that they wish to ask in a particular section even though it's not related to the auditor's comments, and I think they should have the freedom to do that. So I'll try and balance off the specifics with the broader interests of members.

So the next section would be the one on depreciation of real estate properties, and that has, that issue, as I said, has been rectified. But members, as Ms. Haverstock, may wish to ask questions.

Ms. Haverstock: — Yes, thank you, Mr. Chairman. I'm interested in knowing how much space is in fact owned by government, that is lying vacant.

Ms. Raab: — At March 31, 1990, which is the year end, we had a total of 17,046 usable square metres of space. And that is all of the space, both special purpose and office and includes what we own and what we lease. And that is about 1.9 per cent of the total space that we hold, so that was our vacancy rate.

Ms. Haverstock: — Thank you.

Ms. Raab: — And that was what was available for occupancy.

Ms. Haverstock: — And, Mr. Chairman, I've been wondering, is it under the jurisdiction of the Saskatchewan Property Management Corporation then to know how much space is being leased, that is not owned by government, in the areas where in fact we do have property.

If I may give an example. In the town of Rosetown, there is space owned by government that is lying vacant and there is space that is being occupied by a government department which in fact is being leased — it's privately

owned. Is that your jurisdiction to know about?

Mr. Rankin: — Yes it is.

Ms. Raab: — The numbers include all the space — that which we own and that which we lease. We lease space on behalf of government agencies.

Ms. Haverstock: — All right. Then is any comparison made where in fact we already have government space that we're paying on. In other words, there's a duplication. There's a facility that's lying vacant that we're paying moneys on. There's also down the road a space where we're now paying on a new lease?

Mr. Rankin: — Yes there is. We, in all communities, we have what we call a community space plan, and we try and match the government's needs to what the government has in their inventory, utilize that first, and then if required, we would acquire the new space for government.

Ms. Haverstock: — And do you in fact have an accounting of this that would be available to us so that we would know whose responsibility is it to make sure that we don't have space lying empty upon which we're making payment and we're now acquiring a new lease of other space.

Mr. Rankin: — That is our responsibility to do that. And we try, as any property management firm, you have to have a certain amount of vacant space. You have to be able to have the flexibility when government changes in size to be able to move people around.

So the industry standard is approximately 7 per cent, is what it is in Saskatchewan now. And actually the vacancy rate that we had in '89-90 was 1.9 per cent, so we're well under it.

And in those numbers that you were given you must remember that we are including the space of the Saskatchewan Hospital in North Battleford, which a lot of it's empty; Souris Valley in Weyburn, which has a lot of empty space, that kind of thing. So while the number looks big, when you look at the facilities, it's not really that large.

Ms. Haverstock: — Is there an opportunity then, Mr. Chairman, to see where there may be any duplication? Where can one actually examine this, where if you knew of certain towns or cities ... A lot of the public, for example ... oftentimes rumours run rampant that, you know, we're paying on this lease and here there was this new building built. And I'm just wondering, for the benefit of people who perhaps feel that this is going on, that there can be some reassurances that in fact that's not the case.

Mr. Chairman: — I wonder, Ms. Haverstock, do you wish that information for the committee in written form?

Ms. Haverstock: — Yes, I do.

Ms. Raab: — We could provide a list of all of the space that we occupy along with the metres.

Ms. Haverstock: — Yes, that would be most helpful. And I have one last question, if I may, on this. How are decisions derived when in fact there's going to be a new facility built that will be a government facility on property X? Oftentimes this is another concern raised by taxpayers on a regular basis with me throughout the province, and that is that there is some sense that, well, this person has a certain party card and owns such and such a property and lo and behold, guess what? I mean the next government building that goes up is on this property. Is there any way of in fact being able to determine if that's . . . to have a list of how decisions are made where government buildings go.

Mr. Rankin: — The way that we acquire . . . do you want to deal with office space?

Ms. Haverstock: — Sure. Let's use that one.

Mr. Rankin: — All right. The way we acquire office space is first of all it's a department's decision as to where they need occupancy, in other words, the community. And they will tell us the type of organization that they're looking for. We will then determine, SPMC determines, the approximate amount of area that we need for that. We then will call for a tender in that space if we do not have any area already in the government's inventory in that community. We will advertise it. And they're advertised in the papers through a proposal-call process.

Ms. Haverstock: — Mr. Chairman, that is always an open tendering? In each and every case it's an open tendering situation?

Mr. Rankin: — It's advertised publicly in the papers, yes.

Ms. Haverstock: — If I may, just one more actually. And this refers back to a question that I've asked that you bring forward some information for us. Do you have any evidence of . . . I mean are any one of you aware of situations where in fact there is space for which we are making payment that is lying empty where there is actual space being leased, that is, new space being paid for by government.

Mr. Rankin: — Mr. Chairman, I think that we would have to answer that yes, because if they use Saskatchewan Hospital in North Battleford as the example, there is empty space in the Saskatchewan Hospital in North Battleford, and there has been space leased in that community to serve a program. But the space that is available in the Saskatchewan Hospital in North Battleford is not suitable for office space or anything along that line.

Ms. Haverstock: — Then let's use office space as an example, just specifically office space.

Mr. Laidlaw: — I think hypothetically you could have . . . just numbers off the top of my head, 100 square — let's make it a little more than that — 3 or 400 square feet of vacant space not being used. But the program defines to SPMC its specifications or its requirements in delivering their program. They may need to be on a transportation route, if it's the Department of Health. They may need

downtown access, if it's a high public contact department.

So they will give us requirements. Or they may need a hundred, or they may need 500 square feet of space, so that the little bit of space that is vacant doesn't meet the need; so based on all the different requirements of the department and the size that the department needs. I can't think of anything specifically, but I can see where hypothetically that situation could occur.

Mr. Rankin: — And it could occur because we are in the process of changing areas, where we move somebody out, a department out, and we have maybe a couple of months left on a lease term and the actual move has happened earlier. We could be into a move situation caused by handicapped accessibility. Those types of things could force us into it, yes.

Mr. Chairman: — I think I'll at this point declare a 10-minute recess. We've been at it an hour and a half. Mr. Sonntag, Mr. Serby, Mr. Van Mulligen, in that order, after we come back after our break.

The committee recessed for a short period of time.

Mr. Chairman: — All right, we'll go back. I believe we were on sections .20 through .22. As I said before, the auditor on sections .20 through .27 has resolved his questions, but other members had questions.

Mr. Sonntag: — Yes, just briefly, Mr. Chairman. First of all, I just wanted clarification, it was 17,000-plus square meters, was it?

Mr. Rankin: — That's correct, usable square meters.

Mr. Sonntag: — And also, just off the top, Mr. Chairman, the 1.9 per cent total vacancy, is that . . . where would the majority of that be? Do you have any idea at all?

Ms. Raab: — I have . . .

Mr. Sonntag: — Just the majority, just . . .

Ms. Raab: — I have 9.3 of that, or 9,297 meters is in Weyburn at the Souris Valley Hospital; 1,816 is at the North Battleford; and the MLT (MacPherson, Leslie, Tyerman) building in Regina was vacant and that was 779. Those are the large, the three large ones.

Mr. Sonntag: — Okay. And the last question then, Mr. Chairman. In the position I'm in, if I were interested in knowing the space that was now occupied or being managed I should say maybe by SPMC in any given community — and I'll pick, for instance, Meadow Lake — if I wanted to find that out, how . . . where would I go to find that? How would I find out what is being managed by SPMC right now?

Ms. Raab: — The listing that we have agreed to provide will list by community all of the spaces that we occupy.

Mr. Sonntag: — Okay, not just the vacant space then?

Ms. Raab: — All of it.

Mr. Sonntag: — Okay, thank you.

Mr. Serby: — Just a question, and I don't know if it fits into this category or not, Mr. Chairman, but it's to do with the space rentals, the cost of rent per square metre. The question that I have is that if we had a piece of property that SPMC was overseeing, do we have a square footage or a square metre calculation on the property, on properties?

Ms. Raab: — We have the total square metres and we have the total amount that we have paid for that space.

Mr. Serby: — Okay. Our cost then, our cost of operating, SPMC's cost of operating that particular facility on a per-metre cost?

Ms. Raab: — I'm sorry, I was confusing . . . is it leased or space that we own?

Mr. Serby: — Let's say it's space we own. Would you have a breakdown of how much it costs us to operate that space per metre, per square metre?

Ms. Raab: — We have the amounts that we would charge to our customers. And that is based on an estimate of the total cost to SPMC. We don't have the breakdown per square metre for every space that we own. Like the overheads and some of those things are not all allocated to the detailed building and specific item level.

Mr. Serby: — Just a follow-up then. If we had three pieces of property in a community of which SPMC would have space for a program to go into or a department to go into, there were two other pieces of property in the community that were privately owned, would we then . . . would you put the program into the government department or would you look at the cost of operating that program in the private sector space? What would you do first?

Mr. Rankin: — If it was owned inventory that the government had, we would then look at moving the organization into the government owned facility first, so that it would . . . (inaudible) . . .

Mr. Serby: — Just a follow-up then. If we didn't have the space then, or SPMC didn't have the space, how would you determine then where this particular department would go?

Mr. Rankin: — We would call for proposals for the appropriate amount of area that we would need for that space for the department.

Mr. Van Mulligen: — I'd like to know, if you can provide this in writing later on, for the year under review, any agreements that were entered into to occupy space or where space was actually occupied in any community where vacant space was available or where you had vacant space; and if so, why the vacant space was deemed not suitable; and who made the decision, if it was suitable, to enter into a new agreement or actually occupy new space.

Ms. Raab: — Yes, we will commit to provide that.

Mr. Van Mulligen: — Okay, thank you.

Mr. Chairman: — Any other questions on this section?

Ms. Haverstock: — Mr. Chairman, one more unless this was covered in my absence, because it's been covered a lot. I'm wondering if you would provide for the year in question any agreements for leases that exceed three years and up.

Ms. Raab: — Mr. Chairman, can I clarify? Is this a listing of the leases or you want the actual documents?

Ms. Haverstock: — I would like to be provided with what the agreements actually were as well. So this is under the . . .

Mr. Rankin: — You want to know the term, the length of the lease.

Ms. Haverstock: — That's right. The length of the lease and the terms of the agreement. Beyond three years.

Mr. Chairman: — Perhaps what you need with your earlier question then is the breakdown between short-, mid-, and long-term leasing, the percentages, on the total amount of assets. If you could provide during the earlier question by Ms. Haverstock, that breakdown in percentages perhaps.

Ms. Haverstock: — Thank you.

Mr. Chairman: — Now we'll go to section .28 through .40 . . .

Mr. Van Mulligen: — One more on the accommodation revenue, on this participation credit. I understand you're going undertake to remove the participation credit.

The question I have is: will departments actually be invoiced now for all their true and actual costs that you incur on their behalf through the lease arrangement or through the property that you manage for them? Or will there still be arrangements where departments will not be invoiced for all of their true and actual costs?

Ms. Raab: — The leasing to an individual department . . . or the invoicing will not change. But what we will be doing is taking their discount or the participation credit and saying it is net revenue rather than a separate item.

So the bottom line doesn't change. It's just recording it as a reduction of revenue. So their net bill will remain exactly the same. We'll just call it net revenue as opposed to two individual items in the statements.

Mr. Van Mulligen: — So the question I have then, to follow up: for example, if the government were leasing space in the . . . oh what's the highest price space in the city, in the Lloyds Bank building as an example, at \$20 a square foot as an example. You have a lease with the building owner, you pay the building owner \$20 a square foot, but you won't necessarily be billing the department that occupies that space \$20 a square foot; you'll be billing them \$20 a square foot less such other

considerations as you've been able to arrive at for that space. Am I correct?

Ms. Raab: — Yes.

Mr. Van Mulligen: — Now this other consideration which used to be called a participation credit, how do you arrive at that? Did you take all the total rent and you in fact average it out, recognizing that there is no rent in this building because we own it? Is that how you arrive at this what's now a net billing and what used to be called a participation credit?

Ms. Raab: — The credit is determined annually by Treasury Board in the finalization of SPMC's budget. And that percentage is based on SPMC profits and is applied to reduce the rent, the accommodation, so if 31 or whatever the percentage is, is applied to government customers. And it's exactly as you stated because on certain buildings that we own we don't have any debt. So it really averages the cost for all intents and purposes across the various spaces.

Mr. Van Mulligen: — I don't want to belabour this, but my sense is that you may then . . . that you're not developing the true, actual cost, what it costs for some departments to operate, because you're in effect writing down the rental costs. And I just want to leave it at that and I may want to come back to that at some future time in some future year's review. But at this point I just want to leave it at that.

Mr. Chairman: — Section .28 through .40.

Mr. Johnson: — There's one question that I'd . . . what is the SPMC's estimate of what the total value — not market value per se, but replacement use value or whatever terms you want to place on it — of the furnishings?

Ms. Raab: — I don't believe we actually have a specific number that could be verified in any way in terms of what that replacement might be.

Mr. Johnson: — So then the \$4.4 million worth of furniture that's shown as a capital asset, that's the amount that's basically been purchased, less the depreciation or the capital cost allowance for the three years since the formation of SPMC.

Mr. Isbister: — Correct.

Mr. Johnson: — Now is that two . . . how many years does that involve? That's really the question. I said two and a half, or whatever, but over how long a period is that 4.4 million built up?

Ms. Raab: — Since 1987-88. We did not value the furniture that was originally in the buildings when SPMC became a corporation. We didn't go out and physically count and value that furniture, nor do we charge any revenue for that furniture per se. We value only subsequent acquisitions. So that would be coincidental with when SPMC became a corporation.

Mr. Johnson: — So that's for two years then.

Ms. Raab: — Three years.

Mr. Chairman: — I suppose some of the same arguments that were made in our previous discussion on that earlier section as to how you put value on would pertain to this also. I mean, you're selling through salvage. You're getting some type of market value on certain items. They're deemed salvage by one department. It's sort of like the old saying, it's all in the eye of the beholder. Somebody else might not deem it to be salvage; therefore you have to put an evaluation on it.

I still think at some point in here there has to be some type of direction as to where and how you are going to determine value. Obviously to satisfy the auditor's comments, you're going to at some point put a value on this stuff. I'm still wondering how you're going to do that because you seem to have many varying opinions. It's going to be somewhat difficult.

Ms. Raab: — Mr. Chairman, when we looked at the furniture evaluation in the first instance, we had done an analysis and looked at the furniture that we had purchased over the five years, and the cost and what would be the real impact on the financial statements if you capitalized it all and depreciated or if you just started from scratch.

Relative to the total real estate portfolio and the significant amount of work that was required to inventory and value those, we believe that it just wasn't a cost benefit to be able to doing it, if in actual fact we could even substantiate an appropriate value. And that was the decision, not to capitalize the furniture that was out in the department land, and also not to charge any revenue for it either. It wasn't really significant relative to the total portfolio.

This is an item that I guess the auditors and ourselves and our auditors are in disagreement on and I think we have more or less agreed to disagree. Over time it will become less and less material to the overall financial results of SPMC.

Mr. Johnson: — Mr. Chairman, you've indicated that you were not charging for it, but yet in a transfer to SIAST (Saskatchewan Institute of Applied Science and Technology), the furniture was transferred at a value. It was given a value when it was transferred. That's .38 on the auditor's report.

Ms. Raab: — I believe the auditor is comparing that SIAST in actual fact did transfer and did value furniture in their transfer. It's not a transaction between us and SIAST, is that correct? Perhaps I could get Wayne to . . .

Mr. Strelieff: — Mr. Chairman, Mr. Johnson, the transfer was from the department to SIAST directly.

Mr. Johnson: — Okay.

Mr. Strelieff: — And we noted it in our report, because when that was made the value was quite significant. So it led us to believe that the total furniture of the departments and agencies across the province could also be possibly significant to the operations of SPMC.

And I understand there is a furniture charge in your accommodation charges to departments that is based on the furniture that is in the departments.

Ms. Raab: — Mr. Chairman, that's based on the replacement of the furniture and the ongoing maintenance repair. It doesn't include any provision for what the capital costs might have been had we gone out and assessed a value. It's basically a recovery of costs.

Mr. Chairman: — Anyone else in this section?

Mr. Serby: — Just a follow-up, Mr. Chairman. Do we have then an inventory of all the furniture that SPMC owns and some sort of value for it?

Mr. Rankin: — No.

Mr. Serby: — Do we have an inventory of all the furniture that we own?

Mr. Rankin: — No.

Mr. Serby: — No. My question would then be: in your budgeting process each year, do you include a category for replacement of furnishings, for the replacement of furnishings?

Ms. Raab: — Yes.

Mr. Serby: — How would you know then what you need replacing if you don't have an inventory?

Mr. Laidlaw: — Basically what happens is in our furniture branch that looks after the furniture, they receive through our customer services areas, which is our area representatives throughout the province and in each of the owned buildings, all the requests from departments for furniture. These are then amalgamated and a presentation is made to see if we can get some money to buy furniture.

Past few years, the request has been denied.

Mr. Chairman: — So it's basically then zero.

Mr. Laidlaw: — Zero. It's a good idea to refurbish furniture. Now if it's new space additional to what we have now, then it becomes part of the capital project in providing that space. But for replacement furniture there hasn't been no budget recently. But that's how we get our demand, our need, is from requests from departments.

Mr. Serby: — Just as a comment, Mr. Chairman, it seems to me that we should be putting together some type of an inventory list of the furnishings that we have within the department, because there is an ongoing need, you know, to replace furnishings. And in order to do that, you should know what's disappearing and what's leaving or what's going to salvage or how much you're going to need.

So I think there's some importance if you start putting together that kind of an inventory just for the practicality of knowing what's coming or going, besides from having

some appreciated value of what that furnishing is worth. Just as a comment.

Ms. Raab: — Mr. Chairman, I think, though, that from time to time we've actually in years gone by gone out and done a physical inventory, and we keep records of furniture transfers and where it's all going.

One of the major problems that we've always had is capturing at any moment in time and really maintaining the whereabouts if an individual in any department in government moves from office A to office B and takes the furniture with them. It just becomes an extremely mammoth task in actually tracing every chair and every coat rack and every piece of furniture.

So I guess from a cost-benefit point of view we've traditionally taken the position that we simply don't have the resources to actually do that in a very cost-effective way. It's a mammoth task.

Mr. Chairman: — Perhaps in a generic sense to Mr. Serby's question then, is that perhaps every department rather than SPMC should be responsible for that, and that at some place an agreement is set on a median line for anything over \$100 or \$150 you would record an inventory; everything under would fall into some type of miscellaneous category. Then if every department did it on an ongoing basis you would have a better accounting than simply you people or the landlord perhaps.

And I understand your inability to capture that moment in time, but surely the people that you are charging rent to could capture the moment a lot easier. You must at some point set numbers in place that . . . I mean you're not going to account for coffee cups obviously, but as Mr. Serby said, there are some substantial pieces of furniture that I think you'd want to have some idea that they exist.

Mr. Serby, would you like to make a recommendation to that effect?

Mr. Serby: — Well I would make the recommendation in that we do an inventory on the furnishings that we have within sort of the umbrella of SPMC.

Mr. Chairman: — Would you also include departments on an individual basis in that?

Mr. Serby: — Absolutely, including the departments on an individual basis.

Ms. Raab: — Mr. Chairman, we accept the recommendation.

Mr. Chairman: — Thank you. Perhaps we'll now move to .41 through .47. As has been indicated, the questions that the auditor raised in this particular section have been resolved, but do members have any questions relating to this particular area that they wish to ask in a broader scope?

Perhaps now that we've gone through the specific items, are there any general questions or comments that members wish to make?

Mr. Johnson: — Mr. Chairman, sometime in the year previous to the '89-90 year there was a . . . some agreements to purchase I believe the YMCA building. I'm wondering if there was any further decisions based on that agreement to purchase in the year under review, because the contract I believe was signed the previous year.

Ms. Raab: — Mr. Chairman, in finalizing the audit of our year-end financial statements for the '89-90 fiscal year, we had internally done a review of that particular transaction, because we had recorded that option as I guess a work in progress item on our balance sheet, and had received some direction that at that point in time it didn't look like this option would in fact be exercised, and therefore obtained approval to actually not record a value in our books on the option. The option on the property still does exist, but we did write it off in that year for all intents and purposes.

Mr. Johnson: — Okay. And this option was for how much?

Ms. Raab: — It was \$900,000 but taken out two years previous to that.

Mr. Johnson: — Okay. Was there a department or anyone that was looking at the . . . because I understand that you're serving departments. Was there a department that was looking at the area where that building stands?

Mr. Rankin: — That was looked at for possible expansion to the Court of Queen's Bench Court House on Victoria Avenue.

Mr. Johnson: — And what is the reasoning then that has shrunk . . . what was the reasoning . . . did the department then, the court . . . the Attorney General's department, I'd assume then, is the one that would be asking for the building. Did they then say they weren't interested in expansion of it? Or what's the . . .

Mr. Rankin: — That transaction was not initiated by the Department of Justice. It was by the board of directors of SPMC.

Mr. Johnson: — So it wasn't generated then through what was expressed earlier today, a request of a department for space, but rather an internal decision of SPMC that . . . or the board's decision of SPMC.

Mr. Rankin: — Yes, it was from our board of directors.

Mr. Johnson: — With that, what did the Y consider it to actually be? Because I understand they went ahead and did some building on that property which would have . . . If you were selling a piece of property it's highly unlikely that you'd go ahead and do some expansion or reconstruction on the property with using part of the money that you received for a purchase option.

So it appears to me that their expectation was that you would not be exercising that particular option. Am I correct in saying that they actually went ahead and did some building and extra construction on their property?

Mr. Rankin: — I believe that they did do some renovations to their existing building, yes.

Mr. Van Mulligen: — Wasn't this \$900,000 just a gift to the YMCA in a round about way?

Ms. Raab: — In the '89-90 year, when we reviewed the number at year end to say is this a valid asset, will this option be exercised, and the answer came back, we don't intend to exercise the option. At that point in time we basically for all intense purposes treated it as if it had been a grant in the first place. We wrote down the option.

Mr. Van Mulligen: — Because it seems to me that if you one day decide that you're going to pick up this option of \$900,000 and then a few months later, less than a year later, you decide that you're not going to exercise the option, to me that sounds like a round about way for the government to give that particular organization a gift of \$900,000. Is that how it was seen by the officials at SPMC or . . .

Mr. Laidlaw: — Is it fair for the officials to comment on that? I have a question directed to the chairman, I guess.

A Member: — Was it a tough question, Harry?

Mr. Chairman: — I don't know either.

Ms. Raab: — I think in 1990 it's fair to say at that point in time the decision hadn't been exercised, and basically we didn't support the carrying of that cost as an asset of the corporation and took the steps to get the approvals in place to write that down. I mean the option to purchase still exists, but if there's no intention to carry it out, then as the keepers of the books, we then obtained the proper approvals to write that option down.

Mr. Van Mulligen: — I might ask that if within a year of deciding that you've made a decision to not exercise an option of this magnitude, the question is: why did you enter into such an arrangement in the first place? Anybody looking at it would say that it was some informal way to get a grant or a gift, but I don't want to pursue that any more, Mr. Chairman.

Mr. Muirhead: — Mr. Chairman, you said it was the board that made the decision to enter into the agreement. Correct?

Ms. Raab: — Yes.

Mr. Muirhead: — And that was to perhaps enlarge the Court House. Is that what you said?

Mr. Laidlaw: — That's correct.

Mr. Muirhead: — Okay. Who made the decision? Was it the board? Or who made the decision not to?

Ms. Raab: — The board of directors approved the decision to acquire the option in April of 1988. And subsequent, it would have been in 1990, approximately May, when the decision was re-reviewed. And in that period of time there had been a change in the board of directors and a change in the president of SPMC. And we

took it back to the board and said, is this still in the current plans to exercise the option? And the answer was, it doesn't look like it is at this point in time, and gave us the approval to write that option down.

Mr. Muirhead: — Do you know what circumstances changed their minds?

Mr. Rankin: — No, we don't.

Mr. Johnson: — Mr. Chairman, on this regard, when the YMCA received the money, they would have issued a receipt or something to Saskatchewan Property Management Corporation. Would it be possible to have a copy of that receipt made available to the members of this committee?

Ms. Raab: — Yes.

Mr. Johnson: — Mr. Chairman, I'd ask that that be done, please.

Mr. Chairman: — New topic. Mr. Anguish, I believe you have one.

Mr. Anguish: — Yes. I'm wondering what involvement SPMC has had with a firm called RAL and associates.

Mr. Isbister: — Excuse me, RAL?

Mr. Anguish: — RAL and associates.

Ms. Raab: — RAL? We have a Ralst & Associates. Is that the same?

Mr. Anguish: — Can you spell that for me? What are you saying?

Mr. Isbister: — R-a-l-s-t & Associates.

Mr. Anguish: — We'll try that. What involvement have SPMC had with them?

Mr. Isbister: — We could indicate the total amount that we paid them. I'm not sure of the details.

Mr. Anguish: — I want to know the nature of the contract you had with them.

Mr. Isbister: — All right.

Mr. Anguish: — If it's helpful, it would likely be involved with your security branch.

Ms. Raab: — They have done some work for SPMC in the area of security. Is it in investigations or sweeps of. . .

Mr. Porter: — Some technical sweeps.

Mr. Anguish: — What's a technical sweep? What do they do when they go into a technical sweep?

Mr. Porter: — I'm not an expert in the field, but basically my understanding of technical sweeps would be to check for listening devices and things of this nature in meeting rooms. And on occasion this firm has done this work at

cabinet meetings and so forth.

Mr. Anguish: — Do you have someone here from your security branch today? Is anybody here?

Mr. Porter: — I am.

Mr. Anguish: — You're from security branch?

Mr. Porter: — Yes I am.

Mr. Anguish: — Why wouldn't you know what technical sweep would entail as you earlier indicated?

Mr. Porter: — Well I have a basic working understanding. It's an area that I don't have that expertise in. Technically there is some specialized equipment involved and some training is required which I don't possess.

Mr. Anguish: — Who had that expertise within Property Management Corporation to do these sweeps?

Mr. Porter: — In the years under review Harry Stienwand, the general manager, would have had that expertise.

Mr. Anguish: — And who authorized the contract with RAL whatever and associates? Who authorized that contract?

Mr. Porter: — This would have been arranged for, to my understanding, by Mr. Stienwand.

Mr. Anguish: — Is Mr. Stienwand still with the corporation?

Mr. Porter: — No he isn't.

Mr. Anguish: — Was he released from the corporation or did he resign? What was the status of Mr. Stienwand on his departure from the corporation?

Mr. Porter: — It is my understanding that he has resigned.

Ms. Raab: — That was subsequent to the year under review.

Mr. Anguish: — Well if need be I think that, Ms. Raab, the information I want to get may go back more than the year under review, and if necessary we'll pass a motion by the committee to go back further than the year under review, but I believe the information is pertinent. It coincides or is pertinent to the year under review, and that there are other years that affect the year under review.

In the case of the electronic sweeping which we were led to believe in previous committee meetings that the Property Management Corporation was not involved in surveillance and sweeping and those types of activities.

In fact when we asked for an equipment list in other committee meetings we were never led to believe that the Property Management Corporation had or had access to any electronic surveillance equipment.

And I'm wondering if you can tell us today what surveillance equipment the Property Management Corporation security branch has in its possession.

Mr. Porter: — We have prepared a list of inventory, and I believe this has been provided.

Mr. Anguish: — While you're looking for that, maybe I could ask you who the principals are of Ralst & Associates. Could you tell us who the principals of that company are?

Mr. Porter: — I don't what the formal corporation documents indicate who's involved with the company.

Mr. Anguish: — Before you enter into a contract with a company, don't you determine who it is that owns the company?

Mr. Porter: — My understanding of that arrangement was that the principal representing Ralst & Associates was Robert LaPorte.

Mr. Anguish: — Well he was representing the company but who are the principals of the company Ralst & Associates?

Mr. Porter: — I haven't seen the formal structure, but it's my understanding that he is involved as the principal.

Mr. Anguish: — Well I know that he's involved and he's the contact person that you had with SPMC. But I want to know who the other principals are of the company.

Ms. Raab: — We could attempt to provide you with that information, to look it up.

Mr. Chairman: — I wonder, Mr. Anguish, I understand this topic was . . . I think you spent a couple of days on it in a previous committee meeting some time ago, and just exactly where we're going as to the operations of SPMC in the auditor's report and . . .

Mr. Anguish: — I thought you were done with the auditor's report. I'm sorry if I'm in at the wrong time but . . .

Mr. Chairman: — No, no. But I mean as I understand the exercise, and you've got to realize I'm a new chairman here, it's to deal with the expenditures of public moneys under SPMC and any perceived problems.

Mr. Anguish: — Yes, I want to deal with the expenditure of \$66,000 for surveillance equipment, and I'm getting to that, but the witnesses don't seem to have all the information that I require.

And I know that time's been spent on it before but I think there is other new information from people who were former employees of the Property Management Corporation that's pertinent and in the interest of safeguarding the public purse. And I think it's important that we ask these questions here today.

Mr. Chairman: — You said you would give an undertaking to provide a list of things to Mr. Anguish.

Ms. Raab: — Yes. The question so far was the principals of Ralst & Associates, and we will attempt to provide that as well as any other information that may be needed, Mr. Chairman.

Mr. Chairman: — Okay.

Mr. Anguish: — There was a contract for I believe \$66,000 with Ralst & Associates. Can you tell me what that \$66,000 was for?

Mr. Porter: — I'm not aware of the exact details . . .

Mr. Chairman: — When was the contract? — for the information of the committee. The year? What are you talking about?

Mr. Anguish: — Well I'm asking . . . I don't know exactly when the \$66,000 contract was, but I'll suppose I'll ask you, if you're stuck on the year under review, I'll ask, in the year under review is there a contract for \$66,000 to Ralst & Associates?

Mr. Chairman: — Before we go any further, I'm not stuck on that particular thing because I realize that there are issues that the auditor has identified over a number of years in previous reports, and those things may pertain back beyond the year under review.

There are questions, for instance, on the one we just dealt with on furniture and that type of thing which has been ongoing for a number of years, two or three years. In other circumstances where the issue has not been something that the auditor has talked about in his report, then it's probably proper for this committee to stay with its existing precedents, as I understand, over a number of years.

If the committee wishes to deviate from what has been practised, then we should probably talk about it in a different forum than with witnesses in. So I'll just ask members to respect in their own minds, as a past member, of what is proper and what isn't, and perhaps we can discuss that later.

Mr. Anguish: — Well I'd certainly respect your wishes, Mr. Chairman. But I think if the witnesses have the answers to the questions I'm asking, it's not your responsibility necessarily to intervene. If they have the answers to the questions I'm asking, they should be forthcoming with the answers to the questions.

There was a contract with Ralst & Associates for \$66,000. What was that \$66,000 used for?

Mr. Porter: — To provide security consulting, and I believe the contract was in the year 1988.

Mr. Anguish: — Was there a purchase of any equipment in that contract with Ralst & Associates?

Mr. Porter: — The contract was for security consulting between SPMC and RAL and associates.

Mr. Anguish: — Well can you give us some details about RAL and associates contract? It's very general in terms of

what you're telling me, what their services were, provided to the government.

Mr. Porter: — It was to provide, as I recall or to my understanding, security consulting work throughout the province of Saskatchewan, and the costs on the contract were to recover with respect to a written report and costs of those nature.

Mr. Anguish: — Well where were they on July 1?

Mr. Muirhead: — The question that Mr. Anguish asked when he rephrased his question a few minutes ago, was the \$66,000 expended in the year under review? Now we're going through a line of questioning that's in 1988. Is this in order, Mr. Chairman?

Mr. Chairman: — I believe Mr. Anguish did at some point in the verbatim say okay, the year under review was this contract, correct, Mr. Anguish?

Mr. Anguish: — That's correct.

Mr. Chairman: — So in the year under review he's placed the question, I believe. It wasn't 1988, it was '89-90.

Mr. Muirhead: — I'm saying the answer was that the agreement was \$66,000 in the year 1988.

Mr. Chairman: — Well perhaps I missed something. Was this particular contract . . .

Mr. Anguish: — This contract was in 1988. That's what you indicated?

Mr. Porter: — Yes.

Mr. Muirhead: — So we're having a line of question not in the year under review.

Mr. Anguish: — It pertains to the year under review.

Ms. Raab: — Mr. Chairman, can we undertake to get back to, with the specific details of that contract and the specific services? Would that be appropriate?

Mr. Anguish: — When would you undertake to do that? Ms. Raab, it seems very unusual to me. You authorized the payments of the accounts as vice president in charge of administration and finance — I would think that's your role. And it seems unusual to me that over the years when we've talked about electronic sweeps and surveillance by SPMC that you and others — and you've always been here as a witness before this committee . . . that there was some denial. Not on your behalf, I'm not making accusations towards you, but whoever the president of SPMC was at the time that they appeared before the committee, there was some sense of denial about SPMC being involved in sweeps and surveillance. And now we find there's a contract for \$66,000 with Ralst & Associates to do sweeps and I believe to purchase equipment.

And do you not recall in your mind something that would be out of the usual with that, that SPMC was not to be involved in, but yet there's \$66,000 and it goes to that type of activity and it goes to the purchase of equipment

that would be used in electronic sweeps.

Ms. Raab: — Mr. Chairman, I believe we do not own security equipment. We can provide a listing of sweep equipment, and I believe we do not own it.

Mr. Anguish: — Would it be possible in your accounting procedures — I don't fully understand the checks and balances that you do within SPMC — but would it not be possible that Ralst & Associates were paid money to purchase this equipment?

Like I don't know that this firm has a long history of conducting security work in the province of Saskatchewan. I personally have never heard of them before. That doesn't mean they haven't existed for a long time, but I think that they're a relatively new company in the market. And I want to determine what the involvement is of your corporation and the involvement of Mr. Stienwand and why the \$66,000 was paid to them, other than just a general statement about conducting security service for the government.

I believe that they purchased equipment that they would not have otherwise purchased had it not been for the contract with SPMC. And I'm concerned that Mr. Stienwand has some involvement with this company and I want to determine the amount of involvement Mr. Stienwand had with this company. And I believe further that Mr. Stienwand's resignation has more to do with the contract with this company than it does with Mr. Stienwand wanting to go on to other employment.

And I believe that there was a long discussion between the president of SPMC — and maybe some of you vice-presidents are privileged to that information — that there was a long discussion that led either to Mr. Stienwand putting forward his resignation from the corporation or another means of his termination with the Saskatchewan Property Management Corporation, and I'd like you to answer the questions that pertain to the relationship between Ralst & Associates and SPMC.

Mr. Porter: — If I might respond to that, to my knowledge SPMC security service agency doesn't possess any surveillance equipment.

The issue that you're speaking to at the moment, to my understanding, is under review by the Department of Justice, and I'm just . . .

Mr. Anguish: — What is under review by the Department of Justice?

Mr. Porter: — The contract that you're speaking to.

Mr. Anguish: — Why wouldn't you have told me that in the beginning, instead of us going through this if it's not in the year under review. Why wouldn't you say at the beginning that this is under review by the Department of Justice?

Does that mean we can't ask questions that pertain to Ralst & Associates and Mr. Stienwand and Mr. LaPorte and others?

I don't know what you're telling me when you say this is under review by the Department of justice.

Mr. Porter: — The issue that we're discussing respecting the contract is under review by the Department of Justice. There is an investigation and I'm not being evasive but I'm wondering, under the circumstances, where that . . . you know, what our position might be in responding to these questions today.

Mr. Laidlaw: — To be truthful, Mr. Chairman, we don't know if we can answer anything. We apologize if it's felt that the question . . . we were misleading, we didn't mean to mislead. What we meant to do was to answer the questions that we could answer. Unfortunately, the question is specific to a contract and a matter which we understand is under review by the Department of Justice.

We don't have any . . . my understanding is we don't have any special information as to what is going to happen in regards to that investigation, but we don't know what bearing that has on us as officials and witnesses here as to what we can and can't say.

So to be quite honest with you, we don't know.

Mr. Anguish: — You don't know what you can tell me and what you can't tell me, is that correct?

Mr. Laidlaw: — Right.

Ms. Raab: — Plus I don't think we really know much about it.

Mr. Laidlaw: — Yes, we personally don't . . .

Mr. Anguish: — Well you seemed to know much about it at the beginning when the fellow to your left was looking for Ralst & Associates, or R-A-L & Associates, through the book. But now, all of a sudden, you know that the matter is under investigation by the Department of Justice.

Has the Department of Justice come to you and asked you for files on Ralst & Associates or asked you for files on Harry Stienwand? What has the Department of Justice asked you for?

Mr. Porter: — The Department of Justice has directed that the RCMP (Royal Canadian Mounted Police) commercial crime together with the Regina Police Service conduct a review. And they have come and asked specific questions of which we've co-operated and responded to and provided information.

Mr. Anguish: — When did they ask you these questions? Is this a recent event?

Mr. Porter: — Yes, subsequent to February of 1991.

Mr. Anguish: — Well I'm sure interested in why some simple contract for \$66,000 between SPMC and Ralst & Associates would now be the subject of a commercial crime investigation conducted by the RCMP. I mean the contract had to have something more to do with it than general security services throughout the province. I want to know what the details of the contract were between

SPMC and this company.

Mr. Laidlaw: — We can provide the contract certainly, but the officials that were dealing with that at that time no longer work for SPMC. The president has changed and the director — or general manager?

A Member: — General manager.

Mr. Laidlaw: — General manager of Mr. Stienwand has resigned. As officials of the corporation, the contract is fairly straightforward and fairly general, and we'd be pleased to distribute copies of it.

Mr. Chairman: — You've given the indication that you will provide the contract; that if there was any equipment as per the line of questioning you would provide a listing of that equipment. And was there one other item as the items that you've given the undertaking to provide? Principals, I believe was the question, was it not?

Mr. Anguish: — Well there are even more questions, Mr. Chairman. But those . . . your summary is accurate in terms of what they have said they would give their undertaking to bring back to the committee.

Mr. Chairman: — As I said before, a little hesitant here when the officials identify a contract that is specific to 1988 and not the year under review, how far we go here with these precedents, if we set them, will be in place I would guess over the next four or five years.

Mr. Anguish: — Well I would certainly hope, Mr. Chairman, these precedents will be in place for a long, long time.

I think this committee should be concerned in watching what happens to taxpayers' dollars when there's \$66,000 spent on a contract that's supposed to be a general contract for security for the province of Saskatchewan and then commercial crime in the RCMP is doing an investigation into it. I mean commercial crime don't do investigations into contracts for something to do. I mean they're very busy people. And I think that we in this committee have a responsibility to get to the bottom of this.

And so there's several other questions. And I'm sorry if it inconveniences the timetable of the committee, Mr. Chairman, but I believe that this is important and any information that the witnesses have here — they're all vice-presidents of a major Crown corporation — should be forthcoming with the answers to the questions that I've asked and the other questions that are to be put to them.

Mr. Chairman: — Well that's fair enough. And I think I was just wanting to summarize the various things that they have undertaken to give the committee in writing so that all committee members have a clear indication of that.

This particular last question vis-a-vis the Department of Justice — the witnesses have indicated that they can't answer for the Department of Justice and I don't believe that they will be able to. So perhaps if you have other questions to place before them . . .

Mr. Anguish: — Well I do have other questions, Mr. Chairman. And maybe in fairness to the witnesses that are here from SPMC today, that during the lunch break that they could gather together their files on RAL or Ralst & Associates and Mr. Stienwand's involvement with that company and who the principals were and return here after lunch and provide us with the full details in terms of the questions that we're asking.

Mr. Muirhead: — Mr. Chairman, I understand the officials to say that this was put under the review of the Department of Justice in February of '91. Is that what I understood you to say?

Mr. Porter: — Yes.

Mr. Muirhead: — And the member from North Battleford, Mr. Anguish, says it's up to this committee to get to the bottom of this. My suggestion is that that's what the RCMP and the Department of Justice is doing, is trying to get to the bottom of it. And I think that we should let them get to the bottom of it and us not try to answer all the questions before they do. I think it's got to be a waste of time to the committee. I don't mean that I want to drop it if it's necessary, but we're talking about 1988, and they've already said that the Department of Justice is looking into it. Why should we — and we're not RCMP and from the crimes division or whatever — why should we be trying to get into it?

This past government, somebody from this government, in 1991 in February must have seen that it was time to look at this situation. So they've done it. So let's wait till the RCMP have their investigation and see what it comes from, and then maybe next spring is the time to come back and ask more questions or whatever, Doug. I just don't understand why you want us to get to the bottom of something that the RCMP are trying to get to the bottom of.

Mr. Anguish: — Well in answer to your question, Mr. Muirhead, obviously it occurred in 1988; prosecutions or possible prosecutions, at least investigations, happening in 1991. There was obviously something happening with this contract in the year under review. And I'm sorry if it inconveniences some members of the committee, but questions quite often in a year under review overflow into previous years, or years after the year under review.

And so there's a whole period of time there. And our responsibility is not to conduct criminal investigations. That's up to the commercial crime unit of the RCMP. But our job is to watch the expenditures from the public purse that are taxpayers' dollars, and there was substantial money paid here. And I do not think that the province of Saskatchewan necessarily got good benefit out of it, and that's what we're trying to determine here with the witnesses from the Saskatchewan Property Management Corporation.

That's why I suggest to you that you go and have your lunch, and while you're having lunch you come back with your files from SPMC that deal with this company that we've been asking questions about, Mr. Stienwand's relationship with the company that we're asking questions about, and appear back here after lunch

to answer questions that would be very specific as to the contract and the relationship of individuals involved to that contract.

Mr. Chairman: — If I might summarize then, what you're asking is that they provide what was happening with this contract in '89-90? You said there was moneys being expended in '89-90 which we're dealing with here. You want them to define what those expenditures were in that time period.

Mr. Anguish: — Well, Mr. Chairman, sometimes, as I said in response to Mr. Muirhead, sometimes things flow over into a preceding year or previous year, and I want them to come back prepared to answer questions in regard to this contract regardless of the year in which they occurred because they may be pertinent to the year under review.

Mr. Chairman: — I know, but wouldn't we be proper as a committee, in what we're dealing with here, is that we deal with the stuff that's under the year under review. If there was an expenditure of 20,000 or 40,000 or something like that in that year, deal with that, and then if there was some subsequent thing that emanated from that, then perhaps you would want to discuss it.

Mr. Anguish: — Well certainly. That's why I think they should be prepared for the entire dossier on this company.

Mr. Chairman: — Because I think we should deal with the matter before us and if there was something that was subsequent to that, then that might be proper.

Mr. Anguish: — I certainly agree with you.

Mr. Johnson: — If I'm to understand correctly, the decision has been to drop this particular line of questioning for the immediate 15 minutes or so. And if that's the case, I have another question that I'd like to ask, and the question is to an individual by the name of Ron Gilbey and whether during the year under review he was working for SPMC. I guess it's Rod rather than Ron.

Mr. Laidlaw: — Rodney. Rodney Gilbey I believe is the name.

Mr. Johnson: — G-i-l-b-e-y?

Mr. Laidlaw: — Right. The individual that's being asked about, Mr. Chairman, commenced being paid by SPMC as a temporary employee on March 1, 1988 as a PL 1, professional level 1. His salary was paid by SPMC during the year under review.

There was no work performed directly by or for SPMC. He was under the supervision of the chief of staff in the minister's office and he was seconded to the PC (Progressive Conservative) caucus office.

Mr. Johnson: — Okay which minister? Would that . . .

Mr. Laidlaw: — Under the year under review we had Graham Taylor, Lorne Hepworth, and Jack Wolfe I think all as ministers.

Mr. Johnson: — So I guess it would be originally Mr. Graham Taylor's office.

Mr. Laidlaw: — The position was converted to permanent October 1, 1988, and the appointment was made without competition.

Mr. Johnson: — Is this the only individual that would be employed by SPMC that was seconded to other departments or places in the government?

Ms. Raab: — We do have a number of others that were seconded during that year under review, that would have been seconded to other areas.

Mr. Johnson: — Could you provide a list of those and for the period of time that they were seconded to different departments?

Ms. Raab: — Yes, we could do that.

Mr. Van Mulligen: — This person, Gilbey, is that his name? You paid his salary but he worked for the government caucus office.

Ms. Raab: — That's our understanding, yes.

Mr. Van Mulligen: — So would he be doing SPMC-related matters there at the caucus office?

Ms. Raab: — We believe that he was put under . . . I think he was under the supervision of the chief of staff of the minister's office, so he would have been hired as an employee for the minister's office and was seconded from the minister's office.

Mr. Van Mulligen: — But there is no further relationship between you then in terms of any SPMC activities and what he might have been doing there?

Ms. Raab: — To our understanding, no.

Mr. Van Mulligen: — Other than to pay his pay cheque.

Mr. Johnson: — Just to change the subject, Mr. Chairman, SJM Communications under the year under review, how much would they have been paid for either contract work or . . .

Ms. Raab: — Mr. Chairman, they were paid \$59,815.

Mr. Johnson: — Would any particular amount of that be paid to them without being directly connected to a service?

Ms. Raab: — It's my understanding that that particular contract was for work that was done for Mr. Taylor's office. They co-ordinated various meetings for Mr. Taylor that he had throughout the province, doing the invitations and the administration and the organization of such meetings of the minister. So that was contract of the minister's office and that service was provided by SJM to the minister.

Mr. Johnson: — To the minister's office paid for from SPMC?

Ms. Raab: — Right.

Mr. Johnson: — And was there any work done for SPMC directly under that as well? Like I'm asking, is this the total amount was all to the minister's office, or was it divided into two different services?

Ms. Raab: — I would have to check, but I believe it was all for the minister's office. I'm not aware of anything that was not done for the minister's office.

Mr. Johnson: — Would any of that be a monthly payment or a retainer or that which is not even related to services, or did the services not come back to SPMC so that you were only just . . . Who was authorizing the payments, is maybe what I'm really asking.

Ms. Raab: — The contract would have been by the president under the direction of the minister. And the contract that I'm aware of and have information on was \$5,000 a month, and it reads: ongoing initiatives and potential initiatives to enhance diversification and development of SPMC.

And that was provided to the minister's office and that would have been the bulk of it. There may have been other charges or administrative types on there. I could double-check if you like, but that's the bulk of the contract.

Mr. Johnson: — Okay, so what you're saying is that the enhancement of the Saskatchewan Property Management Corporation is what the contract was really asking them to do, although there was no direction coming from SPMC at all for the work that was being done.

Ms. Raab: — It was the SPMC's minister.

Mr. Johnson: — That was directing the work.

Ms. Raab: — Yes.

Mr. Van Mulligen: — Can I just ask on that, can you provide us or do you know who the principals are of SJM Communications?

Ms. Raab: — I'm not positive but I believe it was Byron Milton.

Mr. Van Mulligen: — Who?

Ms. Raab: — Byron Milton. But I would have to verify that and get back to you.

Mr. Van Mulligen: — If you could provide it.

Also, was there any standard . . . you know, if you run into a contract and they provide you with something, was there any information, documents that might have been produced as a result of this agreement, that would have become the property of the SPMC, that might be released?

Ms. Raab: — This would have been provided directly to the minister's office. I'm not aware that SPMC has

anything directly that would be accessible to us. It would have been to Mr. Taylor's office.

Mr. Van Mulligen: — But the contract would have been between the corporation and this SJM Communications, right? So that if there were any materials or documents that would have been produced by them, they would have become the property of the Saskatchewan Property Management Corporation, correct?

Ms. Raab: — Right.

Mr. Van Mulligen: — But you're saying that this would be something that the minister would have.

Ms. Raab: — Yes, I'm not aware that we have any documentation at all surrounding this. I'm not aware of anything.

Mr. Johnson: — Okay, just sort of in related to that, did SPMC have any contracts with Dome which would in essence have been handled in the same manner?

Mr. Chairman: — That would be Dome Advertising, Mr. Johnson?

Mr. Johnson: — Dome Advertising, yes. Dome Petroleum would not . . . I'm not even sure it's around anymore.

Ms. Raab: — Yes, we did have at least one contract with Dome Advertising and it was basically a retainer fee, I guess, for 10,250 per month. And that was cancelled in, I believe, October '89. So that would have ran from April '89 to the middle of October '89.

Mr. Johnson: — Okay. And what was the services being provided to SPMC?

Ms. Raab: — On that particular contract, it's our understanding that that one was entered into on the direction of the Executive Council. And it's our understanding that that was SPMC's share of paying for the advertising or being the agency of record, the public affairs of SPMC in relation to the government. That's our understanding. It was at the direction of Executive Council.

Mr. Johnson: — So SPMC would have given no directions as to what they were paying for and would have received nothing back to SPMC for what they paid directly?

Ms. Raab: — On that particular contract that's my understanding. Yes, unfortunately the people that could have better answered that question are not any longer here. But that's my understanding, that it was at the direction of Executive Council and that they directed the work.

Mr. Johnson: — Okay. And the total amount of money involved over those nine months, or whatever it amounts to . . . April to . . . no, I guess it's from January till October?

Ms. Raab: — On that particular contract was sixty-one five, I believe.

Mr. Johnson: — Sixty-one five?

Ms. Raab: — Right.

Mr. Johnson: — Did Dome provide other advertising services that SPMC was actually directing or making request for advertising work as well during that year?

Ms. Raab: — The total payment during that year to Dome was \$63,613.46. So there would have been the additional probably on minor work. And we also did work with Dome Media Buying and in those instances we directed the work. And that would have been throughout corporation on such things as tender advertising and construction tenders and lease tenders and so on.

Mr. Van Mulligen: — Could I just ask, did this contract with Dome not ring any little alarm bells for your auditors in terms of your paying out money to someone and not ostensibly getting anything in return?

Ms. Raab: — Mr. Chairman, the contract was properly authorized and directed by Executive Council. And I guess from an auditing perspective if in fact the work is being done for the government and we are assessed a certain portion of it, certainly from the authorization and legal standpoint it would not be a problem for the auditors, bearing in mind that the audit process does not entail a value-for-money audit. We're looking at authorization and authority, and in our opinion that those contracts did constitute those items.

Mr. Johnson: — There was two contracts. Are there any other contracts to advertising corporations of a similar nature as this one to Dome Advertising in the year under review and to — I forget the short — SPMC?

Ms. Raab: — The only other one to my knowledge is the Roberts & Poole was a similar contract and it was for the same amount, for the same purpose, directed by the Executive Council. Exact same circumstances, same amount.

Mr. Johnson: — And the amount of funding in that?

Ms. Raab: — 71,750. Some reason that's different. Let me just verify that. 71,750.

Mr. Johnson: — 71,750.

Ms. Raab: — Right.

Mr. Johnson: — Okay.

Ms. Raab: — It looks like that was one extra month. That was also discontinued in October of '89.

Mr. Johnson: — Just one other question, Mr. Chairman, on a different idea if there's something anyone wants to . . .

Mr. Chairman: — I'm just wondering, Mr. Johnson, before we break for lunch . . . The auditor, on page 17 of the report that we're dealing with, has made recommendations in this particular year under review that are very similar to the line of questioning that you've

undertaken with, for instance, the naming of lists of people in Crown corporations like SPMC the same as government departments do with pay schedules and that type of thing.

And if you would, because it's topical right now, if you would wish to sort of endorse that particular thing . . . I know that it has been brought up in previous years and it was felt that there were some first steps that need to be taken. Perhaps it's time, given what you've just brought up, to take that one step further. I know at one time the larger Crowns were excluded from it. Perhaps the recommendation would enhance what the auditor said.

Mr. Kraus: — Mr. Chairman, we had discussed the changes that were being recommended by the Public Accounts and by the Department of Finance with SPMC last year. And I believe their annual report for '90-91 will provide details — salary details and supplier payment details.

Ms. Raab: — Mr. Chairman, to confirm. Our minister, in tabling the '91 annual report, included all the pay details comparable to what would be done by the provincial financial statements.

Mr. Kraus: — Yes, so that they're trying to marry up the way they do their reporting with the way we do our reporting in the *Public Accounts*.

Mr. Chairman: — I'm wondering though, given the line of questioning Mr. Johnson had, there are some gaps there. It's great that SPMC is doing it. What about SaskPower, SaskTel, that type of thing? Obviously if he was to take that further, you would want to include them all. And it's quite reasonable, given the auditor's comments and what we're doing, that he could quite freely make that type of recommendation.

Mr. Van Mulligen: — I would suggest that, Mr. Chairman, that on Friday morning that we set aside to finish our report, that one of the items under consideration will be the interim report, shall we say, by the previous Public Accounts Committee pursuant to their review of this point and other points in the preliminary chapters of the auditor's report. And if at that point that we think that we . . . perhaps we should flag that item and perhaps come back to it on Friday morning.

Mr. Chairman: — Yes, that's why I thought it was important to get it into the verbatim now so that it doesn't get lost in the shuffle.

Mr. Johnson: — Mr. Chairman, you have me at an advantage in the sense that you are referring back to something that you have been involved in previously that I . . .

Mr. Chairman: — Never been here before.

Mr. Johnson: — You have read it or are knowledgeable of it that I'm not.

Mr. Chairman: — Okay. Perhaps at this time we'll break for lunch then. I believe 1:30?

Now before we leave, is it the understanding of the committee that you wish these people back rather than CIC (Crown Investments Corporation of Saskatchewan) at 1:30?

A Member: — Yes, CIC at 2 o'clock.

Mr. Chairman: — Okay. We'll reschedule.

The committee recessed for lunch.

Mr. Chairman: — Could I have your attention, please, and call the committee back to order. We will resume the examination of the *Public Accounts*, Saskatchewan Property Management Corporation.

I see a few more people in the room, Mr. Rankin. Do you have any other officials that you would wish to introduce to the committee at this time?

Mr. Rankin: — Yes I do, Mr. Chairman. Over the lunch period, as we were gathering information, we conferred with the Department of Justice and we have with us this afternoon Mr. Brian Barrington-Foote, deputy minister of the Department of Justice, who I'd ask to make a statement for us.

Mr. Chairman: — If you would, Mr. Foote, just grab a chair anywhere and . . .

Mr. Barrington-Foote: — Thank you, Mr. Chairman. Before I say anything, Mr. Chairman, perhaps I could be advised of what exactly the issue is before the committee and what I'm responding to.

Mr. Anguish: — We didn't ask you to respond, Mr. Foote, in all due respect.

Mr. Barrington-Foote: — That's exactly . . .

Mr. Anguish: — So I don't even know why you're here. I mean we were questioning the Saskatchewan Property Management Corporation is my understanding, and I find this very unusual.

Mr. Chairman: — If I might, as chairman of the committee, I'll try and put things in perspective of where we left off.

There were a number of questions dealing with a contract signed by SPMC with a firm who specializes, as I understand it, in electronic surveillance. The committee had asked the officials for certain documents attached to that — the document itself, some of the principals involved in it, the amount — that type of thing.

During deliberations of the committee it came out that that particular transaction was under review by the Department of Justice and that officials of Property Management did not have knowledge of where that particular investigation had gone. They did say that it was initiated by the minister sometime in February of 1991.

The committee at that point left that particular topic and asked that the officials come back again to provide more in-depth information in regards to this particular topic.

Now I'm assuming that Saskatchewan Property Management have felt that they need advice from the Department of Justice on that particular matter. Is that correct?

Mr. Rankin: — That's correct.

Mr. Chairman: — Mr. Anguish, as the person placing the question, do you have a problem with . . .

Mr. Anguish: — No, Mr. Chairman, I don't have a problem. Just, I think, to be technically correct, I didn't hear the witnesses from SPMC say it was under investigation by the Department of Justice, and this might be a fine line. I was to the understanding that it was under investigation by the commercial crime unit of the RCMP. And I suppose I have some concerns in terms of the role that Mr. Foote plays before the committee and what the scope is of what you're going to be revealing that is under investigation.

It could well be that questions we want to ask that are not related to the specific topic could also be closed off by your intervention, and I do have some concerns with that. So I would want to ask Mr. Foote what exactly is under investigation or what files are before the Department of Justice so we know specifically what questions we can ask of the members of the . . . the witnesses from SPMC.

Mr. Chairman: — Perhaps, Mr. Anguish, we could go back — and I believe the verbatim would back this up — on the final series of questions were that we would start with the year under review. If there were specific financial transactions emanating from the year under review which then might have broader parameters, and perhaps, as you got into those broader parameters, it would then be more appropriate for a comment from Justice, because that seemed to be where it was leading.

Mr. Anguish: — I thought that SPMC had just asked Mr. Foote to make a statement. That was my understanding.

Mr. Rankin: — What I meant was he was here to respond to any of the questions, to assist us in responding to any of the questions of the committee relating to that contract.

Mr. Anguish: — How would he have that knowledge? I mean he's the deputy minister of the Department of Justice. We're asking questions specific to the Saskatchewan Property Management Corporation. My concern is if the witnesses here today hide behind the cloak of an RCMP investigation or before the courts or whatever, what is it we can ask?

I know, Mr. Foote, for you appearing before the committee before, that the officials who appear here as witnesses are always told that the officials should be aware that when appearing as witnesses before a legislative committee, the testimony is privileged in that it cannot be used against the witness as a subject of a libel action or of any criminal proceedings.

Witnesses examined before a legislative committee are entitled to the protection of parliamentary privilege in respect to anything said by them in their evidence. However, all that is said in committee is published in the

Minutes and Verbatim Report of this committee and therefore is freely available as a public document.

A witness must answer all questions put by the committee. And I'm sure that the officials from SPMC paid attention to that when it was read this morning. So I'm interested as to your purpose in being here so that we know the latitude of questions that we may ask the witnesses of the Property Management Corporation.

Mr. Chairman: — I think, Mr. Anguish, before we get into this . . . and I did take the time to further look at the statement you just read. This is also explained to officials' to protect third-party individuals from information that can be divulged because this is a public forum. We have members of the public and the press here and that part of what the officials are responsible for are those third parties and third parties who they may be talking about.

And I think if we are into the realm or some type of police or quasi-judicial process with third parties, in all deference, I believe that those officials might be under some type of wrongdoing if they did not at least cover off the judicial side of it. And I clearly had that explained to me by this message that we read out to people before they come in here as witnesses.

Mr. Anguish: — I certainly appreciate your concerns. I put again to Mr. Foote, explain what it is that you're concerned about. Why are you here? What files is it that you have before the Department of Justice that we should maybe not be asking questions about? Could you please explain which files they are.

Mr. Barrington-Foote: — Thank you, Mr. Chairman. The first part of the answer is a general part and I was asked what the appropriate latitude is for the witnesses appearing before the committee, the issue that Mr. Anguish has raised.

And as you know, the protocol is and always has been, regardless of the protection of privilege extended the witnesses before this committee, that anything that might prejudice an ongoing criminal investigation or a matter before the court should not be dealt with in a fashion before the committee that would lead to that result. And it's not, from the perspective of the Department of Justice or the police, it's not a matter of avoiding the disclosure of information properly available to the public, but ensuring that that primary interest is protected.

The officials from SPMC contacted me to advise that questions had been asked about a transaction that forms part of the subject of a criminal investigation now ongoing. As they advised the committee, as you can appreciate, Mr. Chairman, and Mr. Anguish, I'm not running the investigation personally. I don't know the exact parameters or status of it.

Criminal investigations in this province are, although sometimes generated as a result of complaints to the Department of Justice, not run by the Department of Justice. They're run by the police; we have a role in this investigation, but it's in their hands; it's not yet completed.

And in accordance with our normal approach we tend to err on the side of caution as to what's an appropriate line of questioning or public disclosure. In fact our normal approach is not to even disclose that an investigation is ongoing at all if it can be avoided, because that in of itself might either prejudice a person being investigated or the investigation itself.

To respond more specifically to the point that you've made, how can the committee know what it can ask unless it knows what's going on, I might suggest an option or a compromise.

The people who are witnesses before the committee today have an idea of what these transactions are and what's under investigation in relation to matters that they think might touch on those issues and therefore cause difficulty for the RCMP and the ongoing investigation.

Perhaps the committee could leave the questions with the witnesses. The Department of Justice would examine whether or not — and this would be in conjunction with the police force — whether or not the questions could be answered without difficulty. If they can be, the information would be provided to the committee. If there is a problem, we would advise you that there is a problem. That way the extended disclosure that could be given would be, and that which might prejudice the investigation would not be.

It's a test that really can't be, I don't think, effectively applied here today either by me or by these people. We simply don't know enough.

Mr. Anguish: — Do you actually have the file of the Department of Justice then now, or you've just been apprised that the RCMP are conducting investigations?

Mr. Barrington-Foote: — Well that I guess is one more question that I am prepared to answer in these circumstances. There is a file in the Department of Justice as well.

Mr. Anguish: — When do you expect the investigation to be concluded?

Mr. Barrington-Foote: — I don't know that.

And in talking about the course of an investigation, the nature and extent of any disclosure, again the practice is — and I think there's good reason for it — except in very, very unusual cases, we don't talk about when things will be done or why or how or to whom because that, in and of itself, might affect the course of the thing. So I would prefer to not answer that even if I did know the answer, which I don't.

Mr. Anguish: — An employee of Property Management Corporation made a disclosure of this to the president — or the former president, Mr. Dedman. And I'm wondering if the vice-presidents who are here today can tell me whether Mr. Dedman gave disclosure of this information then to the minister.

Ms. Raab: — I couldn't honestly answer that question. I don't know.

Mr. Chairman: — Would the current chairman of the Saskatchewan Property Management Corporation have those answers?

Mr. Laidlaw: — I guess, to reiterate Mr. Barrington-Foote's comments, it's very difficult for us to know whether we can answer that question without coming into contact with the investigations, though I would perhaps if the committee or, Mr. Chairman, if the committee would accept Mr. Barrington-Foote's suggestion of, we could take it into consideration and allow whoever has to examine the question and the case to decide whether or not we can answer it, then we would be pleased to do it.

Mr. Chairman: — Perhaps, Mr. Anguish, you said the employee told the president something. Do you wish to elaborate to the witnesses of what that conversation was so that they might know what to respond to?

Mr. Anguish: — I don't have the exact document, but there was a disclosure to Mr. Dedman about a verbal contract that was for \$66,000.

Mr. Chairman: — Is this the contract from 1988?

Mr. Anguish: — Well I don't know that, Mr. Chairman. I would be trying to determine that. We do know that there was a contract in the year under review because when the gentleman to Ms. Raab's left, who was sitting there this morning, looked it up in their computer print-out and identified the company.

Now I don't know if this is in the year under review or it flows over, but it certainly is dealing with the same company. And therefore I'm trying to establish whether or not this pertains to the year under review. I suspect it does pertain to the year under review, but I can't give you a definitive answer on that until I have further information from the witnesses, Mr. Chairman.

And the thing that seems to concern me is when the employee gave this disclosure to the president of SPMC, there were supposed to be written reports come back into the Property Management Corporation. As I understand it, no written reports came back into the Property Management Corporation, but yet some \$66,000 was paid to this company, and the allegation was made here that that money was used to purchase surveillance equipment.

I would like to ask any of the vice-presidents if they have knowledge of this verbal contract in which some \$66,000 was paid out to the firm that we were talking about this morning, and yet no written reports were provided to Property Management Corporation. And if you have knowledge that this \$66,000 was actually used to purchase surveillance equipment, but the equipment was held in the name of the company that the payment was made to and not in the name of Property Management Corporation.

Mr. Barrington-Foote: — Mr. Chairman, Mr. Anguish directed the question to the vice-presidents present. Would it be all right if I attempted to answer what you just

asked?

Mr. Anguish: — As long as you have the knowledge about the contract that you can provide an answer. If it's the subject of an investigation, I suppose you can tell us that. But if you don't have the technical information as it pertains to the specifics, I want the vice-presidents to answer, Mr. Foote. But sure, feel free to intervene at any time.

Mr. Barrington-Foote: — I would reiterate the answer I've already given. The questions that you're asking relate to the topic that was initially raised this morning — a transaction relating to a \$66,000 purchase. The questions that you've asked, the last two questions have related to who told what to whom, when, how was the contract made, did information come back. Depending on the nature and scope of any investigation relating to the transaction, those might be issues that are relevant to the police. My advice to these people, as the Department of justice, is don't talk about the specifics of this at this point because what's going on is we're talking about the matter that, as the committee's been advised, is under investigation.

I would again request that in the interests of not causing any prejudice to this investigation, that if there's any questions relating to the transaction, they be given to the officials; that the officials will in good faith consult with the Department of justice, which will in good faith consult with the police and determine what can be answered without prejudicing what they're doing.

Mr. Anguish: — I appreciate your concern, but I'd like you to appreciate our concerns as well. I sat on the Public Accounts Committee for five years in Ottawa, and I sat on the Public Accounts Committee for five years here, and I've never seen anything like this happen before the Public Accounts Committee.

It's unusual to say the least. You put us in a great deal of difficulty in that we don't know what questions we can ask. I have enough questions here, we could keep the witnesses from Property Management Corporation here for several weeks. Are you making a motion to keep them here for several weeks, Mr. Muirhead?

Mr. Chairman: — Order.

Mr. Anguish: — And I do find it unacceptable from the committee's standpoint to provide you with a long list of written questions so that they can at some point in the future, and who knows when, Mr. Foote . . . You don't know when the investigation is going to be concluded. I don't certainly know when the investigation is going to be concluded.

And yet for the due process to occur in terms of the accountability, we're already behind times. We're looking at the '89-90 *Public Accounts* and you're asking us to further delay. I mean the president isn't around anymore to ask those questions of. Who knows if the vice-presidents will be around to answer those questions.

And I think that it's in the public interest for these

questions to be answered. Our role is to make sure that the taxpayers' dollars are dealt with properly, and your role, Mr. Foote, is to prosecute . . .

A Member: — A point of order, Mr. Chairman.

Mr. Chairman: — There's been a point of order. What's the point of order?

Mr. Muirhead: — I made this point of order this morning too, Mr. Chairman. And I think that this is serious that we keep on and on here when we've been told that this is in the Department of Justice and the police force, and if the member from North Battleford doesn't see this . . .

Mr. Anguish: — What is in the Department of justice?

Mr. Muirhead: — This investigation to the questions that he's asking. We've been told and told that it's in the Department of Justice and being investigated by the crimes division and the RCMP or whatever, and he doesn't seem to want to trust them.

When are we going to get to the point that the answers that we are asking you here will be coming from them when they're through. How do we here as individuals try to come up with all the . . . And I'd like to know the answers too, Doug. I don't mean to be arrogant, but I want to know the answers too.

But I don't understand how we can proceed with the Department of Justice and the RCMP. I can't understand it, why we keep on. I'd ask you to make a ruling, Mr. Chairman, whether we keep on this line of questioning period or not.

Mr. Anguish: — Can I respond, Mr. Chairman, please?

Mr. Chairman: — Mr. Anguish, if you'd wish to make a statement before I read from Beauchesne's on this particular topic.

Mr. Anguish: — Well I wish to make a brief statement, and Mr. Van Mulligen would like to also refer to Beauchesne's. So if you would allow him to make his intervention as well before you make your statement, Mr. Chairman?

Mr. Chairman: — Sure.

Mr. Anguish: — In response to Mr. Muirhead's point of order, I certainly appreciate at least part of what you're saying. But it's not a matter of whether or not I trust the officials here as witnesses. I don't question their integrity as professionals in the work that they do, and I don't appreciate you saying that I don't trust them. I have no alternative but to trust them because they're professionals that work for the province of Saskatchewan in a Crown corporation. So it's not a matter of trust. I want to clarify that.

The second point that I would want to bring up in regard to Mr. Muirhead's point of order, Mr. Chairman, is what is under investigation? What can we ask? Please do tell us what it is that's under investigation by the RCMP that happens to have a file also at the Department of Justice.

Can we ask questions about procurement of office supplies? I would think yes, but I don't know that. Maybe that's under investigation by the RCMP.

So what is actually under investigation? What questions can we ask? And I think that the Department of Justice here today ties the hands of the committee in asking questions that pertain to public accountability.

So that final point is one of wanting to know what the specific issue is that's under investigation so that it allows this committee to proceed with our work.

And that's two points I wanted to bring up, Mr. Chairman. And Mr. Van Mulligen has a brief intervention as well.

Mr. Van Mulligen: — I might, Mr. Chairman, I appreciate the point that Mr. Muirhead has raised. But I think the preponderance of precedence in practice is laid out in parliamentary procedures. And Beauchesne, as a case in point, suggests that above all witnesses have a responsibility to answer questions that are put to them. Beauchesne even goes so far as to say that:

Witnesses must answer all questions directed to them even over their objection that an answer would incriminate them.

And there's other articles in Beauchesne's which suggest that the witness has a very clear obligation to answer questions. For example:

A witness is (however) bound to answer all questions which the committee sees fit to put, and cannot be excused, for example, on the ground that there could be risk of a civil action, or because an oath has been taken not to disclose the matter under consideration, or because the matter was a privileged communication such as that between a solicitor and a client, or on the grounds of advice from counsel that the question cannot be answered without risking self-incrimination or a civil suit, or that it would prejudice a defence in pending litigation, some of which would be sufficient grounds of excuse in a court of law.

The *sub judice* convention in Beauchesne's which states that:

Members are expected to refrain from discussing matters that are before the courts or tribunals which are courts of record.

There has been no suggestion here that there's any court proceedings under way. There's simply a suggestion that there's some investigation ongoing.

Although the "purpose of the sub-judice is to protect the parties in a case awaiting or undergoing trial and persons who stand to be affected by the outcome of a judicial inquiry," it should be pointed out that "It is a voluntary restraint" and that throughout Beauchesne's again many cases are given that suggest that it's voluntary and, above all, the rights of members should prevail in this institution.

Even if . . . and there have been . . . that there's precedents

where matters are clearly criminal cases before the courts or in criminal courts that members should refrain from discussing them, there's no suggestion that that's the case here.

Having said that, I think that all committee members, you know, want to take into account that the RCMP and the police and the Department of Justice have some interest in this matter and that there may need to be or we may want to make some accommodation to that. But to rule on the point of order that simply because there is a police investigation that somehow the committee should then not deal with this matter, I think would be breaking very new ground as far as this institution and all parliamentary institutions go.

So I think that there is something to be said for the committee trying to find a way that the committee's interests can be accommodated, perhaps without affecting the concerns that the Department of Justice have. But on all points and all issues, those interests need not be inimical. There may be areas in which we can agree that certain kinds of questions can be asked and certain answers should be forthcoming, but should not rule that just simply because there's an investigation that the committee has no further role in this.

Mr. Muirhead: — Mr. Chairman, just for clarification in case Mr. Anguish didn't understand me, I'm quite sure when we read the written proceedings tomorrow that I never suggested about the officials here, the witnesses here, whether they're competent or not. It was that if I trust them, I mean Mr. Foote, do we trust the Department of Justice and the RCMP, is what I meant, not the officials.

Mr. Anguish: — I trust them too, just to keep the record straight.

Mr. Muirhead: — Well let's trust them then.

Mr. Anguish: — Okay.

Mr. Muirhead: — Then let's let it go and get off and get on to something else.

Mr. Chairman: — Thank you. I think for the record it should be noted that Mr. Van Mulligen was quoting, I believe, from section 335, page 118 of the Fifth Edition of Beauchesne's, and perhaps I should just read that top paragraph into the record so that . . .

Mr. Van Mulligen: — I've got the 6th Edition, so it may well be the same material but a different paragraph.

Mr. Chairman: — Perhaps I'll just read that section into the record and then we can have some further discussion on that. This is section 335, Fifth Edition:

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 imposed

by the House upon itself in the interest of justice and fair play.

Now I think the committee, if it wishes to, given that this has always been a voluntary restraint placed upon elected members by themselves, if they wish to more or less override that restraint, should go on the record of voting as a committee. Because this committee determines ultimately what questions will and will not be asked. And I think that would be the proper procedure before entering into a further line of questioning.

And I believe, Mr. Chairman, does that have to be done *in camera*? — or Mr. Clerk?

Mr. Vaive: — It could be done *in camera* or it could be done in public. The committee can decide.

Mr. Chairman: — It's a committee decision. If that is your wish to go beyond this with a specific vote and recommendation, that it can either be done *in camera* or outside. We'll leave that to members to discuss.

Do any members of the committee wish to discuss, make comments upon this, naturally knowing that if such a move is wished, that it must be in the form of a motion to the committee.

Mr. Muirhead: — Yes, I just wish to say that the committee has a right to ask any questions they want. I just wanted that they will respect the wishes of the deputy minister of Justice, that if they so wish not to answer, they don't get pressured to answer questions.

I think that was a good suggestion that they ask the questions, it goes back to the department and to the investigators, and they decide what should be answered and should not be answered. As long as we . . . we can ask any questions we want. We can sit here for weeks and ask questions as long as we respect the wishes.

Mr. Anguish: — Could we have a motion? I think that maybe we'll . . .

Mr. Muirhead: — Oh sorry, Doug, I'll just be a second. As long as we respect the wishes, is what the deputy minister said, that don't push it, to answer something that is not going to be harmful to the investigation.

Mr. Van Mulligen: — Mr. Chairman, I'd like to move:

That the committee go *in camera*, without transcription, with Mr. Barrington-Foote only.

Mr. Chairman: — It's been moved by Mr. Van Mulligen that the committee go into *in camera* with the exception of Mr. Barrington-Foote from justice being present.

Mr. Van Mulligen: — If I might, Mr. Chairman, Mr. Barrington-Foote raises a number of issues that are of obvious concern, and we'd like an opportunity to explore some of these with him *in camera* so as to . . . He's raised some concerns about further discussion of this matter might prejudice certain investigations. We'd like to discuss it with him *in camera*.

Mr. Anguish: — I would encourage the committee to accept the motion. We'd like to have Mr. Foote as the only person in the room with the committee members. I think it would be a rather short discussion. And I think after our discussion with Mr. Foote we'll know the latitude of the questions that we're able to ask before the committee, Mr. Chairman.

Mr. Chairman: — Is there any other discussion on the motion? Do you all understand the motion? Is it the wish of the committee to accept the motion?

Agreed

Mr. Chairman: — Would every one not connected with the committee please . . .

The committee met *in camera* for a period of time.

Mr. Chairman: — Harry, you have a motion you wish to make?

Mr. Van Mulligen: — Mr. Chairman, I would move:

That we go *in camera* at this point to consider the comments of the Provincial Auditor with respect to the Crown Investments Corporation.

Mr. Chairman: — All in agreement with that motion? Opposed? Carried.

Agreed

Mr. Chairman: — I would ask anyone not directly related to the committee to please leave for a few moments, please.

Mr. Van Mulligen: — With respect to SPMC I neglected earlier to move:

That the hearing of the Saskatchewan Property Management Corporation be concluded subject to recall, if necessary, for further questions.

I would move that, but I think Mr. Anguish has a further motion to add as well.

Mr. Anguish: — Well I just ask:

That the motion of Mr. Van Mulligen be tabled with instructions to have the Saskatchewan Property Management Corporation appear before the committee on Friday, and at the conclusion of our discussions with Property Management Corporation we then deal with the motion.

Mr. Chairman: — Is the committee in agreement? Carried.

Agreed

Public Hearing: Crown Investments Corporation of Saskatchewan

Mr. Chairman: — The next item of the committee will be Crown Investments Corporation of Saskatchewan, and I

would ask Mr. Ching to introduce his official.

Mr. Ching: — This is Les Wright who is the director of finance in the Crown Management Board, Crown Investments Corporation.

Mr. Chairman: — Thank you. I have a bit of official business to do here before we proceed. On behalf of the Standing Committee on Public Accounts, I want to welcome the officials of the department of Crown Investments Corporation to the committee's meeting this afternoon.

The officials should be aware that when appearing as a witness before a legislative committee, the testimony is privileged and that it cannot be used against a witness as the subject of a libel action or any criminal proceedings. Witnesses examined before a legislative committee are entitled to the protection of parliamentary privilege in respect of anything said by them in their evidence. However all that is said in the committee is published in the Minutes and Verbatim Report of this committee and therefore is freely available as a public document.

The witness must answer all questions put by the committee. Whenever the committee requests written information of your department, I ask that 20 copies be submitted to the Clerk who will distribute the document and record it as a tabled document. You are reminded to please address all comments through the chairman. Thank you.

Do you have any opening comments you wish to make to the committee, Mr. Ching, before proceeding?

Mr. Ching: — None except to say that we have endeavoured to address our minds to the issues raised by the auditor's report and those are essentially the areas that we prepared for. We may not be prepared for some questions that range far and wide from those topics, but we'll try our best to answer them.

Mr. Chairman: — Perhaps then the committee could address itself to items .01 through .08, and I would open the committee for discussion.

Mr. Sonntag: — Thank you, Mr. Chairman. In reviewing the notes .01 through .08, I note in paragraph .01 The Crown Corporations Act, 1978 requires the Crown Investments Corporation of Saskatchewan to prepare financial statements in accordance with generally accepted accounting principles, and in chapter .05 the auditor report advises that CIC's financial statements are not in accordance with generally accepted accounting principles; that the financial statements inappropriately mix CIC's financial results with the financial results of "Part II" Crown corporations such as Saskatchewan Power Corporation.

And in the last . . . and again I'll just read the last paragraph because he makes considerable notes, he says that:

In my opinion, because these consolidated financial statements include the financial results of corporations that are not subsidiaries and

because an investment in shares of an investee company are accounted for on an equity rather than on a cost basis as described in the preceding paragraphs, these consolidated financial statements do not present fairly the consolidated financial position of the Corporation as of December 31, 1989 . . .

And you can read the rest for yourself there.

Might I, guess I simply ask for a response from you on that because, as I say, the auditor's notes are significant on that. And to a new person on the committee here, they are obviously of a concern to myself as well.

Mr. Ching: — If you don't, Mr. Chairman, I'm going to ask Mr. Wright to give what I'll call the traditional point of view on this. And then I'll make some comments at the conclusion of his remarks, if that's okay.

Mr. Wright: — First of all, just for your information, it should be noted that this is not the first time that these remarks have been expressed by the Provincial Auditor in his report, in his annual report. In fact I would think this is the third or fourth time now that these remarks have been presented in the report.

I would like to make an historical reference, I guess, by going back to 1978 when the Crown Investments Corporation of Saskatchewan was created under Part II of The Crown Corporations Act. At that particular time, Crown Investments Corporation's role was considered to be that of a management holding company. And certain corporations, certain Crown corporations in Saskatchewan, were designated by order in council and by regulation to be similar to subsidiary corporations to Crown Investments Corporation.

I think that a lot of research was done at that particular point in time to determine whether or not there were clear-cut reasons for consolidating those entities which include Crown corporations like SaskPower, SaskTel, SGI (Saskatchewan Government Insurance), and corporations such as Potash Corporation at the time, and Saskatchewan Mining Development Corporation.

This is a very, very complex accounting issue, and I think I could get the Provincial Auditor to agree that there may not necessarily be clear-cut and definitive answers as to whether or not we are a classic consolidation.

But in 1978, along with the Provincial Auditor's office, it was determined at that particular time that consolidated financial statements were, if not the best financial statements, they were certainly in some respects appropriate.

And with the Provincial Auditor and management of Crown Investments Corporation in agreement at the time, consolidated statements were prepared from 1978 to 1984. And the Provincial Auditor was the auditor of record in those years and did issue, not this opinion that is presented in this report, but issued what we call in the accounting profession a clear or unqualified audit opinion in which he said that those financial statements were appropriate.

Now in 1985 the Provincial Auditor reviewed generally accepted accounting principles particularly as they relate to public sector entities because of some changes in the accounting profession and the codification, if you will, of what are called generally accepted accounting principles for public sector entities. And in 1985 he concluded that perhaps our financial statements weren't appropriate. Correct me at any time, Mr. Wendel, if you . . . I'm sorry, Mr. Wendel was around; Mr. Strelieff was not the Provincial Auditor at the time. I'm sorry, I didn't mean anything by that.

But at any rate, the Provincial Auditor chose in 1985 to change his opinion. And in 1985 he actually denied an opinion on our financial statements saying that, similar to what he has here, that he didn't feel that consolidation was appropriate. He issued that audit report again in 1986, only this time I believe that it was an adverse opinion. Pardon me, maybe I have it in the wrong order. But at any rate, he was not agreeing with the presentation of the financial statements.

In 1987 the auditing function in Saskatchewan was privatized, or private sector auditors were brought into the Crown sector in Saskatchewan. And the Provincial Auditor was replaced with Ernst & Young — or not replaced, but Ernst & Young were appointed as auditors of the corporation. And we spent a great deal of time going through all of the technical accounting reasons for forming consolidation.

And Ernst & Young agreed with us that they felt that those financial statements were appropriate in accordance with generally accepted accounting principles. However the Provincial Auditor continued on noting in his report at that particular time that he didn't agree with their presentation.

In the opinion of CIC management at the time, and in some respects even to this day, we still believe that consolidated financial statements best present the form and substance of CIC's relationship with the Crown corporations within our group. So we believe that the consolidated statements are appropriate.

I would also point out that it's really, with respect to the matter here, the audit opinion that the present auditors of Crown Investments Corporation, being Ernst & Young, and the Provincial Auditor have in a form agreed to disagree on whether or not the accounting principles used by CIC management in the presentation of these statements is acceptable.

But I still don't say the Provincial Auditor is simply of the opinion that our relationship, Crown Investments Corporation's relationship to the corporations, precludes us from consolidating, partly because the corporations are not share capital subsidiaries of CIC, and partly because he doesn't believe that we control them in the way a holding company would control subsidiaries. It's a matter of looking at the form of the arrangement over the substance.

And like I say, that's a long technical issue and I don't believe there's a clear-cut answer to that, like you're not

going to find this in a textbook or find it in a book of accounting rules. It's a matter of professional judgement. What you have here is you have two sets of auditors who have differences of opinion which is further noted on in the report, that our auditors believe that this is the appropriate version and the Provincial Auditor has a difference of opinion.

So it has a historical background to it, this particular issue and it is very technical and complex. We can get into that if you would like, but I wanted to let you know that by way of background.

Mr. Ching: — If you wouldn't mind I'd like to make a few personal comments here. You'll be well aware that I've only been with the Crown Investments Corporation for a relatively short period of time. I must say this issue of the consolidated statements troubles me. I think there is a legitimate role for a consolidated financial statement. Don't get me wrong. The issue in my mind is not whether there is a consolidated financial statement. The issue is whether or not we file a separate, independent statement on behalf of Crown Investments Corporation, unencumbered, if you will, by financial information from the other Crown corporations.

I personally have not made up my mind on that issue. I think I tend very strongly in favour of that sort of situation because I'm concerned that there is the appearance of excluding the legitimate role of the duly elected representatives of the people to examine a public corporation. And from my vantage point I tend to be open to be convinced on this issue.

I can tell you that over the next fiscal year we'll be looking at this matter very closely, and in the course of that year we'll be making some recommendations to our board. I obviously can't pre-empt their decision as to whether or not they will stick with the present policy or whether it'll be changed, but I tend to favour some change.

Mr. Sonntag: — Just a supplementary question to that then. As somebody alluded to earlier yesterday, I might have a learning curve problem on this issue as well.

Could you highlight for me then just a little bit of what . . . like I refer to what Ms. Haverstock said yesterday. Would the general public . . . I'm thinking from the general public's perspective and I would want that as clear-cut as possible. Could you outline for me some of the pros and cons as to why . . . To me it would appear obvious why we want a separate financial statement prepared. What would be the rationale for not preparing a separate financial statement?

Mr. Ching: — Well the only way in which the government can determine, for instance, what dividend policy it would expect or implement vis-a-vis the Crowns would be to look at the totality of the financial picture of the Crown side of government, and the consolidated statement does that. That's why I said there are some legitimate roles for a consolidated statement.

The problem that arises from it — and this is the con argument — is that it tends to obscure or make it almost impossible to determine exactly what's happening within

CIC as a separate entity from any of the rest of the Crowns, because their financial activities are simply added to the totality of all the rest of the Crowns and it's very difficult for you people in scrutinizing us to determine what we've been doing financially. So that's the con side of it.

My own personal feeling is that I don't think we would change the proposition that there should be a consolidated financial statement. And correct me if I'm wrong here, Mr. Auditor, but I don't think that that's what the auditor is necessarily asking here. I think he's asking for, in addition to a consolidated statement, CIC having its own financial statement and being prepared to defend it, separate and apart from all the rest of the Crown corporation statements.

Mr. Strelloff: — Mr. Chairman, Mr. Johnson, yes, we would be pleased with a separate accounting of CIC's activities. If you wanted to combine the other activities in some sort of way, well that's a management decision depending on whatever segment. But the CIC's individual financial statements and all the separate financial statements for SaskEnergy and whatever else is within CIC.

Mr. Sonntag: — I just wanted to conclude one last remark with respect to paragraphs .01 through .08. I guess I would simply say that I don't know if I can speak for any of the members here, but I would certainly recommend that for me it would be much easier to get a handle on what's happening, that's for sure.

Mr. Johnson: — How many of the Crowns actually already have their separate financial statements that they present? At least that foot-high pile of material that showed up on my desk in the last two months must have ... I envisage as being financial statements.

Mr. Wright: — All Crown corporations in Saskatchewan file their own annual reports except for certain exceptions. Crown Investments Corporation, as what we refer to at Crown Investments Corporation as the legal entity, does not prepare its own financial statements for tabling in the legislature. And it's because, as I said here before, since 1978 the management has been of the opinion that consolidated statements should be prepared.

But there are others as well, okay. There are certain share capital subsidiaries of Crown Investments Corporation that do not table their financial statements. Saskatchewan Energy Corporation is a share capital corporation that does not table its financial statements in the legislature.

And the primary reason for that ... or at least one reason why that is not done, is that technically under The Business Corporations Act you're not required to table in the legislature. It doesn't mean that they shouldn't be tabled in the legislature. Could that be a fair assessment?

Mr. Johnson: — So if all of the ones that are already tabled in the legislature are subtracted from CIC's account, in essence there's very little information that's not there, it's just the length of time it would take you to acquire it.

Mr. Ching: — No, I think you'd still have a problem, because there's a number of corporate entities in addition

to the Crown corporations that file their individual annual reports that are caught up in our consolidated statements. Is that not correct?

Mr. Paton: — Mr. Chairman, just in clarification of the statements that you received that were tabled in those two bound books that you received when the House was in session, included almost all Crown corporations and agencies that are not the responsibility of the Crown Management Board. We provided those in two volumes, and I think we had all but a few of the corporations that are what we refer to as Treasury Board corporations or agencies.

The ones that are responsible with Crown Management Board are found in this bound book, include the SaskPowers, the SaskTels. I think there's maybe 14 or 16 agencies that report to the Crown Management Board. But the ones that you receive in the legislature do not include the Crown Management group.

Mr. Ching: — The short answer to the question that was raised here was that if you took SaskPower, SaskTel, SCI and subtracted them out of our financial statements, would you necessarily have, with whatever's left over, a picture of CIC, I'm afraid that that wouldn't be a very clear picture yet.

And therein lies some additional problems. For instance, SaskEnergy is caught up in what's left. CIC is caught up in what's left, the legal entity that is here reporting to you today. A share capital corporation which is wholly owned by CIC called CICIII (Crown Investments Corporations Industrial Interests Inc.) is caught up in that; a series of subsidiaries of that corporation are caught up in it. And it seems to me that at some point we're going to have to unravel the extent to which those things are aired annually in this process or in the Crown Corporations Committee.

And I frankly think that as it is presently now structured, there's a strong argument to be made, again without precluding any decision that our board may make on this matter, but there's a strong argument for saying that those legal entities, all of whom have some business function, ought to come before you in some manner one by one with separate financial statements so you can judge them for their merits. At the present time you can't.

Mr. Johnson: — Okay, the question that I'm really asking is that if the other legal identities are actual subsidiaries, then the auditor would have said that it's acceptable in presenting a combined financial statement because, as I understand the discussion, that went on previously. So that it isn't as big an issue as what the paper says it is, except that in being able to understand something, it is of course very much easier to understand things when they're broken down into a number of smaller items.

Mr. Ching: — Well I'm a lawyer not an accountant. And with all due respect to accountants, there is generally accepted audit principles and then there's common sense. And those two things, like the law and common sense, sometimes lie comfortably one beside the other. Sometimes they run at cross purposes, with all due respect.

And in this particular instance, I think that I can make a strong argument for saying that if generally accepted accounting principles have been used in the past, they have been less than successful in fully airing the internal activities of CIC as a financial institution.

Mr. Johnson: — Mr. Chairman, if there's no other questions, I've been following some other questions in here where there are people employed in a Crown corporation that . . . Okay, the question I have to ask, and I've been asking it for other things: in the year under review, was there any employees that were hired and then paid for by CIC that were seconded to some other department or some other agency or some other area in the government and performed no work or very limited work for CIC for the amount of money that they were being . . . for their wages?

Mr. Chairman: — I wonder, Mr. Johnson, if we could go through the parts, and then you could come in with that type of questioning in a general sense. I think Mr. Anguish has something on .01 through .08 that he wishes to . . .

Mr. Anguish: — No, it's not, Mr. Chairman, it's not in the auditor's report. Mine would also fall in the same category as Mr. Johnson's.

Mr. Chairman: — Well if there's no other questions on .01 through .08, perhaps we can dispense with that and move on to the next.

Do you perhaps have a recommendation on whether CIC proper should file a statement on its own. Before we deal with this section, would someone like to . . . or do you want to do that at the end?

Mr. Van Mulligen: — Can I just ask . . . You're considering this point at this time?

Mr. Ching: — Yes, this matter is actively under review.

Mr. Van Mulligen: — You'll be reporting on this again in your next annual report, I guess, right?

A Member: — I'd assume that it depends what we find.

Mr. Van Mulligen: — No, I don't have any recommendation that I would want to make at this point in time, but I'd want to get into it or may want to get into it again this spring. I don't know.

Mr. Anguish: — I think we'll leave it up to the lawyers and the accountants to work out.

Mr. Chairman: — Could we then move on to . . .

Mr. Wright: — May I just make one comment — I'm sorry — just to follow it up. I think that the Provincial Auditor would agree that his next report will still contain this qualification because it's going to be for the year ended December 31, 1990. Now this is for the year ended December 31, '89 so it will appear in his report at least one more time and . . .

Mr. Strelieff: — Yes, Mr. Chairman, Mr. Wright, that's

correct.

Mr. Van Mulligen: — I might say, Mr. Chairman, there will be a clearer indication from Mr. Ching at that point as to what direction he wants to proceed in. Correct?

Mr. Ching: — I hope so, yes.

Mr. Chairman: — Okay, could we move to sections .09 through .14 then?

Mr. Sonntag: — Thank you, Mr. Chairman. In going through those notes I specifically draw attention to paragraph .12, and I would be interested in your response on this and what that is about. It's referring to the contract for 393,000 . . . or remuneration, I should say.

Mr. Wright: — Okay. Again, a little bit of history before this appears in the report. Prior to this time, Crown corporations in general . . . in fact I think without exception prior to 1990 made arrangements for remuneration, per diems, and board expenses at the discretion of the board of directors of the corporation, and that by no means would . . . That policy would be set from corporation to corporation as to what they would pay directors for per diems and for remuneration of expenses.

But in the auditor's report for the year under review or at the end of 1989 — I'm sorry, I said 1990 before. In 1989 the Provincial Auditor came up with the recommendation that The Interpretation Act actually had sections of it, or portions of the statute, that would require that Crown corporations would fix the remuneration of the board of directors either for per diems or for expenses in the order in council that either appointed them to the boards or in a subsequent order in council. In other words, he was saying that those per diems and expenses should be fixed by order in council.

Prior to that time this had never been done. Prior to this time the Provincial Auditor had never, if I'm correct, had not really brought this up as a matter for concern. So this is the first time that you're seeing this appear.

When it was brought to our attention, the Provincial Auditor indicated to us that he had gone to his legal counsel and had received support from his legal counsel that their interpretation was correct, that indeed that Crown corporations should have the remuneration and the expenses approved or certainly legitimized by an order in council.

However, in CIC's opinion, we didn't necessarily know whether or not The Interpretation Act absolutely required that. In other words, the Provincial Auditor felt that The Interpretation Act was something that was absolutely required whereas our opinion was . . . and we also had our legal counsel look at it, and our legal counsel concluded that The Interpretation Act was permissive — in other words, that this wasn't par.

So again, this a matter of opinion as to whether or not the board of directors, for instance, of our corporation have the authority to manage the affairs and business of CIC, which includes fixing their own remuneration and expense recoveries. So that this is where the issue is

coming from.

Mr. Chairman: — How long, Mr. Wright, has that practice been in place?

Mr. Wright: — Crown corporations have always done this. There really is no precedent, with the exception of one corporation that we know of, where The Interpretation Act has been used to fix board per diems or other expenses.

Mr. Chairman: — So in other words The Interpretation Act has been in place for a long time, and this method of establishing remuneration has been in place for a long time.

Mr. Wright: — Yes, that's right.

Mr. Sonntag: — Mr. Chairman, it seems like a fair sum of money to be paid without legislative approval. Can you tell me, do you have any idea who that was paid to?

Mr. Wright: — Yes. It was paid to four people, four private sector individuals who were members of Crown Management Board at that particular time.

The most significant payments were made to the former chairman of Crown Investments Corporation, Mr. Wolfgang Wolff. And of the total amount cited in the report, which is \$393,769 . . . no, \$393,893, pardon me — \$382,800 of that was paid to Mr. Wolff. And there's an amount of \$1,552 paid to Harold Lane; \$3,980 paid to Frank Proto; and there was \$5,436 paid to Carnet Wells. And these were all directors of the corporation at the time.

The large payment paid to Mr. Wolff represented partly a regular salary of \$137,275. It also included expenses incurred by Mr. Wolff in travelling in the course of business with the company, of \$8,908. It also included in that, a severance amount of \$236,518.

Mr. Chairman: — Anyone else a question on this particular section? All right, that leaves us one final small area, and that's .15 through .17.

If not, nothing in a general way there, then we'll move into a general discussion with CIC. I believe Mr. Anguish was first.

A Member: — Mr. Johnson.

Mr. Johnson: — The question that I was asking was one that was related to is there anyone that was paid for by CIC that was not performing work for CIC but rather performing work for some other department of the government in the year under review?

Mr. Ching: — Yes, there were four people that were paid for by CIC but were on secondments.

Mr. Johnson: — Four people that were paid for by CIC and were seconded to some other . . . to other departments?

Mr. Ching: — That's correct.

Mr. Johnson: — Could you list the other departments where they were . . .

Mr. Ching: — I believe that Mr. Leier was associated in some way with the Fair Share Saskatchewan program. I believe that Mr. McKenzie was operating the premier's office in Saskatoon. And I believe two other people were ministerial assistants in the Department of Finance, to the Minister of Finance.

Mr. Van Mulligen: — You weren't competing with Manpower Temporary Services or anything like that? Let it roll.

Mr. Anguish: — Are you done?

Mr. Van Mulligen: — Yes, I'm done.

Mr. Anguish: — Mr. Chairman, I'm wondering if you could tell me in the year under review what my good friend Bill Gibson made, his salary.

Mr. Ching: — I'm sorry. I must confess I came prepared to answer only questions really of detailed nature related to the issues raised in the auditor's report. That information is available. We can get it for you but we don't have it at our fingertips.

Mr. Anguish: — If you'd provide that, please.

Also, I don't imagine that you have extensive information on this, but I'd like to know in the year under review what involvement Crown Investments Corporation had in regard to the SaskTel shares that are held in WESTBRIDGE Computer Corporation.

Mr. Wright: — I'm sorry, could you say that again? I think you have that the other way around — the WESTBRIDGE shares held by SaskTel? Is that what you were referring to?

Mr. Anguish: — Well SaskTel shares I believe are held by you, are they not? Within the Crown Investments Corporation, the shares that . . . (inaudible) . . .

Mr. Ching: — Well there is no shares as such in there, but we are the holding company at law by The Crown Corporations Act for SaskTel.

Mr. Anguish: — SaskTel doesn't have shares in WESTBRIDGE?

Mr. Ching: — Oh, shares in WESTBRIDGE?

A Member: — Yes.

Mr. Ching: — Okay. SaskTel holds shares in WESTBRIDGE.

Mr. Anguish: — And you hold them on behalf of SaskTel?

Mr. Ching: — No, I believe SaskTel actually holds them. I think they are the legal owners of those shares.

Mr. Anguish: — I thought it would require your authority though, their disposal of the shares or to increase the shares that they might have in WESTBRIDGE or to sell off

further assets or give, if you want, further assets of SaskTel in WESTBRIDGE. Does Crown Investments Corporation have some role to play in that?

Mr. Wright: — When the WESTBRIDGE privatization occurred in February 1988 SaskCOMP and Secore Computers Inc. . . . Secore Computers Inc. was a subsidiary of CIC Industrial Interests Inc. which was a subsidiary that Mr. Ching has referred to earlier as being a subsidiary of Crown Management Board or Crown Investments Corporation.

I'm just trying to explain to you the chronology of events and that so that you can understand . . .

Mr. Anguish: — You don't have to explain to me the chronology of events. We've dealt with that in previous public accounts committees.

I guess basically what I'm asking: was there any activity in acquiring more shares of WESTBRIDGE or disposing of shares that SaskTel held in WESTBRIDGE? Was there any activity involving the disposition of shares that are held by SaskTel in regards to the WESTBRIDGE Computer Corporation?

Mr. Ching: — We'd get the detailed answer on that and give it to you.

Mr. Anguish: — Well we'd like an updated report. We went into depth in previous years in Public Accounts about the relationship between the province of Saskatchewan and WESTBRIDGE Computer. And it seems that one year never gives the whole picture so if you could bring us back a report to the committee at some point when you have the opportunity to do so, we'd appreciate knowing what activity . . .

Mr. Wright: — Are you more interested in knowing the chronology of the investment, like in other words after the privatization occurred for the year under review?

Mr. Anguish: — Well if you could do that I'm sure that . . .

Mr. Wright: — Because it is in SaskTel's annual report. Like they actually disclose the number of shares that they hold. It's right in SaskTel's annual report, that information.

Mr. Chairman: — There's \$20 million-and-something there in the SaskTel annual report, but they're responsible to their minister, not to you. Correct on that?

Mr. Ching: — That's correct.

Mr. Chairman: — It's here.

Mr. Anguish: — I don't recall. If my memory serves me correctly, it was Crown Investments Corporation when your predecessor Mr. Gibson came before the committee, that we had extensive questioning at one point on WESTBRIDGE Computer Corporation. And if Mr. Wendel can answer that, if my memory serves me correctly, I believe that it was under the section where we were dealing with witnesses from the Crown Investments Corporation where we got into extensive questioning on

the relationship between the province of Saskatchewan and WESTBRIDGE Computer. But I may not be correct. Do you recall?

Mr. Wendel: — There was some extensive investigation or questions and there were some papers tabled. I think that was about 18 months ago. I'd have to go back and review them again.

Mr. Anguish: — Do you recall if it was when the Crown Investments Corporation were here? I believe that it was.

Mr. Wright: — I'm sorry, I don't recall that, and I was here for those sessions. I don't recall. I could go back and check. I have the verbatims from the last time we were here.

Mr. Ching: — I guess the only answer we can give you here today is we're not in a position to be able to give you detailed information as to how the WESTBRIDGE deal was handled either in totality or in the year under review. We can certainly try as best we can to come up with whatever information you'd like from us on that.

Mr. Anguish: — Maybe leave that. We can deal with that when SaskTel appears before the Crown Corporations Committee. So just leave it. I don't want to put you to that extra work.

The final question I have, Mr. Ching, is do you anticipate any . . . I guess it's not the year under review. Forget it. I'm done.

Ms. Haverstock: — Mr. Chairman, Mr. Ching, in 1989 the CIC Industrial Interests Inc. sold its investment in Prairie Malt to ET Corporation of America and the Saskatchewan Wheat Pool. I know that you won't have that information here today either, but I'm most interested in finding out . . . I know some of the situation with Prairie Malt leading up to 1987-88 and going into '89. My understanding is prior to 1989 it was in a not what one would consider solid financial position. By the time 1989 had arrived it was in a profit-making position.

I'm really interested in finding out if in fact that's the case; the financial status, in other words, when Prairie Malt was sold. I do know what the transaction was, I believe with the Saskatchewan Wheat Pool and the percentage of share's owned by them.

I'm wondering most about ET Corporation of America, please. And I'd like to have some information if I may, regarding whether or not the province of Saskatchewan in any way helped finance ET Corporation of America to in fact purchase Prairie Malt.

Mr. Wright: — No, we did not finance ET. The province did finance Prairie Malt in a complicated transaction. There were some promissory notes that were initially issued to ET Corporation, but those were subsequently swapped, if you will, for some consideration with Prairie Malt.

In other words Prairie Malt became the ultimate owner of the funds to CIC Industrial Interests Inc. So those . . . like those mortgages . . . pardon me, the promissory notes that

were secured by mortgages were actually owed by Prairie Malt to CIC Industrial Interests Inc., and those mortgages have subsequently been paid out in 1991.

Ms. Haverstock: — I'm really quite curious about this small American company and how it came to purchase the amount of Prairie Malt that it did. Is there any way that you can provide to the committee information so I can come to some understanding of what exactly happened here? I really have been very confused by this transaction.

And if I may, I think that one of the problems has been that when one hears that the Saskatchewan Wheat Pool has been involved we tend to forget the other side. I have no question of what happened with the Wheat Pool when I have had information from them, but I don't understand at all what transpired with the ET Corporation of America.

Mr. Wright: — The ET Corporation is a . . . I'm not absolutely certain. It's either a division or I believe it's a subsidiary of Schreier Malting from Shawinigan, Wisconsin, and they are essentially suppliers of . . . suppliers and involved in the supply of malt and in the brewing industry itself in the United States. So they brought considerable experience to the table and I believe that was one of the reasons for their involvement.

Ms. Haverstock: — And they were considered to be . . . You see I guess what I'm . . . I'll stop side-stepping this and try to pull a Doug Anguish. Okay.

One of the problems of course is that one has brought to them variations on the theme of Paganini when we're talking about purchasing different companies and privatizations and all those sorts of things. I really am very interested indeed in finding out whether or not Prairie Malt, when it was finally in a money making position, was sold primarily to ET Corporation of (North) America at a loss. It was not?

Mr. Wright: — No, there was no loss incurred. In fact there was a small gain on the sale.

Ms. Haverstock: — See, I would like to have that information because it would lay to rest some things that have been brought forward to me. Thank you.

Mr. Johnson: — Mr. Chairman, under the year under review, did CIC pay for any advertising which they were not directing, which was basically a share of advertising directed from some other area in government?

Mr. Chairman: — Any other questions? I have a motion from Mr. Van Mulligen:

That the hearings of the Crown Investments Corporation be concluded, subject to recall if necessary for further questions.

Is that agreed? Carried.

Agreed

Mr. Chairman: — Next item of business is the department of Executive Council. There's nothing in the auditor's report on it. It's simply handled in the blue books.

Public Hearing: Executive Council

Mr. Chairman: — Good afternoon. I understand that Mr. Bolstad is the spokesperson and will introduce the other folks to the committee.

Mr. Bolstad: — Thank you. I'd like to introduce my two colleagues, Don Wincherauk who's director of administration, department of Executive Council; and Bonita Heidt who is administrative and personnel officer in Executive Council.

Mr. Chairman: — Thank you. I have a bit of official business we have to do here before we begin.

On behalf of the Standing Committee on Public Accounts, I want to welcome the officials from Executive Council to the committee meetings this afternoon. The officials should be aware that when appearing as a witness before a legislative committee the testimony is privileged and it cannot be used against the witnesses as subject of a libel action or of any criminal proceedings.

Witnesses examined before a legislative committee are entitled to the protection of parliamentary privilege in respect of anything said by them in their evidence.

However, all that is said in committee is published in the Minutes and Verbatim Report of this committee and therefore is freely available to the public as a public document. A witness must answer all the questions put by the committee. Where a member of the committee requests written information of your department, I ask that 20 copies be submitted to the committee Clerk, who will distribute the document and record it as a tabled document. You are reminded to please address all comments through the chairperson.

Do you have any comments you wish to give to the committee before we proceed?

Mr. Bolstad: — I think the only thing I'd like to say, Mr. Chairperson, is that probably we'll be relying on Don Wincherauk and on Bonita more than I might in some other circumstances because they're very familiar with what went on during this period. I may not always be leaning over getting the answer and giving it to you; I think it makes more sense often that Don or Bonita respond, if that's all right with the committee.

Mr. Chairman: — That's fair.

Ms. Haverstock: — Mr. Chairman, I'm most interested, in the year under review, how many people were paid for by other departments or Crown corporations, who actually worked on Executive Council.

Mr. Wincherauk: — We classify those as secondments, and we had 23 secondments in the year under review.

Ms. Haverstock: — Twenty-three?

Mr. Wincherauk: — Twenty-three.

Ms. Haverstock: — I would like to know what in fact they

did do and if you could, perhaps for this committee, if you would state who they are and then what their function was.

Mr. Wincherauk: — I can walk you through the list.

Ms. Haverstock: — Please.

Mr. Wincherauk: — In the administration branch we had Gerry Cairns who was our systems manager, and his host department was SPMC or Saskatchewan Property Management Corporation. Judy Dudley, a systems administrator, paid for by SPMC. In cabinet secretariat we had Rick Armstrong who was cabinet liaison officer, paid by Consumer and Commercial Affairs.

Carol Klassen, special advisor to the Clerk of Executive Council, paid by Human Resources, Labour and Employment. Brent Prenevost, cabinet liaison officer, by Justice; Pat Willison, cabinet liaison officer, Department of Education.

In the communications branch we had Angie Grzyb, and she was assistant to the director, and that was paid by SGI; Curtis Woulds, assistant to the director, paid by Agriculture and Food.

In the correspondence unit, Harold Ellis, correspondence writer from Agriculture; Natalie Lang, clerk typist 3 from Agriculture. Press secretary's office, there was a Peter Varley; he was a press officer, research assistant from SaskPower; George Young, press officer from the Liquor Board.

In the principal secretary's office, there was Adele Ecarnot, she was an executive secretary paid by SPMC; Reg Howard, ministerial assistant paid by SGI; Brenda Illerbrun, ministerial assistant D paid by Social Services; Judie Lozinsky, receptionist paid by Social Services; Ron Rasmussen, ministerial assistant 3 paid by Education.

Kent Scott, tour co-ordinator paid by Saskatchewan Transportation Company; Jan Shaw, ministerial assistant 2, by HRLE (Human Resources, Labour and Employment); Garf Spetz, special advisor to the premier on Agriculture, paid by Agriculture; Dianne Tomecko, assistant to the itinerary co-ordinator from Agriculture and Food; Debbie Warken, ministerial assistant 3 from HRLE; and Mark Wieggers, ministerial assistant 3 from Highways and Transportation.

Mr. Van Mulligen: — Any idea what the total value of the salaries might have been for those people that you just listed? How does that compare with the salaries in the *Public Accounts* where I see that we paid out \$3.5 million in salaries for Executive Council personnel. How much in addition to this 3.5 did we pay for these?

Mr. Wincherauk: — It works out to about \$980,000.

Mr. Van Mulligen: — That's \$980,000 in addition to the \$3.5 million that's in the *Public Accounts*.

Mr. Chairman, I think it's the Executive Council office in the United States which has its size limited by legislation. I guess the Congress feared that the executive

administration of the presidency might become too strong and therefore by law fixed its size I believe at about 100 people. But in the United States, presidents have been able to circumvent this by seconding staff from various departments so that the assistant national security advisor might well be paid by the Department of Agriculture.

And it seems to me that this is something that's happened here in Saskatchewan. My question to you is subsequent to this here. Have any steps been taken to right this matter because it's not — well I don't want to get into debate, but it seems to me that it's an inappropriate way for us to move.

Mr. Wincherauk: — The department of Executive Council is divided into two arms, and that's the political and the bureaucratic one. Traditionally we've always, on the bureaucratic side, used secondments as a means for career development or career opportunities for people given some central agency experience, also to deal with short-term projects. And it is our opinion we'll continue to use those in Executive Council.

As for on the political side, it is the intent that individuals hired by the department of Executive Council will be paid out of the department of Executive Council vote from now on. If secondments are used, they'll be used for very special circumstances or special situation.

Mr. Van Mulligen: — I don't have any more comments on that particular issue.

Mr. Anguish: — I have one and I don't know whether in another section it may be more appropriate, but I'm wondering why Ken Azzopardi is not on that list for secondment in the year under review.

Mr. Bolstad: — Who is that?

Mr. Anguish: — Ken Azzopardi was hired by SPMC, and he was seconded by Premier Devine. He provided security service for the premier.

Mr. Van Mulligen: — I just might add there is a payment of some \$2,672 to Ken Azzopardi for travel, travel only.

Mr. Wincherauk: — Mr. Azzopardi was there, and it was for a short period of time in '89. We must have just missed that one when we were putting our numbers together. But he was EA (executive assistant) to the premier and then left to work for Mr. Berntson in Provincial Secretary.

Mr. Anguish: — He went to work for Mr. Berntson in Provincial Secretary after he left Mr. Devine's operation?

Mr. Wincherauk: — That's correct. But he was seconded to Executive Council. You're correct on that. That's an oversight on our part.

Mr. Anguish: — What was the travel for, the \$2,672?

Mr. Wincherauk: — As executive assistant, whenever the premier would have travelled in or out of province, Mr. Azzopardi travelled with him. We can go into detail and give you a breakdown of what some of those trips were.

Mr. Anguish: — It seems to me if he was only there for a short period of time, I don't imagine he would travel separate from the premier. I imagine he'd travel with the premier. He must have been there for some time in 1989 for it to amount to a bill of \$2,600.

Mr. Wincherauk: — It would have . . . I think it was about four or five months.

Mr. Anguish: — Is there anyone else you think that may be missed on this comment list?

Mr. Wincherauk: — I don't believe there is.

Mr. Anguish: — When Mr. Azzopardi left Executive Council — and I don't even know if this is the proper forum to ask this question — but was he still on secondment when he went to Bertson's operation, Provincial Secretary?

Mr. Wincherauk: — I'm not sure.

Mr. Anguish: — You don't know that.

Mr. Wincherauk: — No.

Mr. Anguish: — Okay.

Mr. Johnson: — In the ones that you had listed off that were seconded, are basically for a full year or were they for partial years or a mixture? What was that list you had there?

Mr. Wincherauk: — Some of these people would have been for part of the year or just when they came on, you know, when we started tracking them in the department of Executive Council.

Mr. Johnson: — And most of those would have been in the minister's office, or are the most of those, you were saying, are in the . . . I'm not sure how you break . . . You said you broke them down a bit.

Mr. Wincherauk: — Yes, I broke them down into the branches that exist within the department of Executive Council.

Mr. Johnson: — Okay, the department . . . most of those people would have been to the department as to the actual . . . to the premier's office then, is what I'm . . .

Mr. Bolstad: — I think Don mentioned the administrative side and the political side. I think those were the two parts he was talking about it.

Mr. Johnson: — Okay. And what . . . the list, the original list there was the administration side?

Mr. Wincherauk: — No, this would be, you know, the combination of both the administrative and the political side.

Ms. Haverstock: — Yes, Mr. Chairman, I'm most interested on page 121 of volume 3. There's an indication here of course of . . . it states department head and branch

head salaries — this is just for administration alone — and permanent positions and salaries: 194,854 in the first case; 860,507 in the other. This is just for administration obviously. And I'm wondering am I correct?

Mr. Wincherauk: — In this case administration would have included parts of the deputy minister's office, the principal secretary's office, the administration branch. So there are components of sort of the administrative, or the bureaucratic and the political side within that sample.

Ms. Haverstock: — All right, that actually answers my second question then.

If we may go down with the policy secretariat, where on permanent positions salaries there is 537,000. Who's actually on staff in the policy secretariat? I'm wondering what they do.

I have two questions: how many staff are there, and with the policy secretariat, I want to know what their mandate is.

Mr. Wincherauk: — The policy secretariat in the year under review had 16.0 person years. And I believe at the time we were pretty close to being fully staffed for most of that year.

And there, their basic mandate is to, when working with the cabinet committees, priority and planning, that they review cabinet decision documents and bring them forward and put their comments on them. Or when there are special issues or areas that cabinet wants reviewed, they'll often pass those on to the policy planning or the policy secretariat to do that.

Ms. Haverstock: — All right. So this is, let's say an extension of, it's a different stage of . . . let's say it there were policies that come from Economic Diversification and Trade or other departments, they then will come forward and go to this group?

Mr. Wincherauk: — Yes. This group would review requests for cabinet decisions. Also they would sit down and liaison with these people in the development of new programs and new ideas that would be brought forward to cabinet.

Ms. Haverstock: — As well, if you look under each section — administration, information services, policy secretariat, and in fact it is in every single one of the areas cited — it states: rents, insurance and utility services. In fact just dealing with administration, information services, policy secretariat, intergovernmental affairs, protocol office, and expenditure under The Election Act, if we totalled the rents here, it comes to \$90,000. I'm wondering if it in fact is included in on page 125 where it says Saskatchewan Property Management Corporation, of \$922,576.

Is that all included together? I'm kind of confused where this rent is being paid. And are these numbers all lumped together? Are they separate? Why are we . . . a lot of these I'm sure are in the legislature. And I don't understand where the rents come from. If you could help me out.

Mr. Wincherauk: — The Provincial Comptroller's office can correct me on this, but under the SPMC that subvote 17 on page 123, that is just for where it says rents, insurance and utility services, 615,000. That is for our part of the Legislative Assembly, part of this building. When we deal with rents in other areas, it may be for renting of computer systems or maintenance contracts on those things, or other things that we'd be dealing with on a day-to-day basis.

Ms. Haverstock: — So it's not like space or whatever.

Mr. Wincherauk: — No.

Ms. Haverstock: — So just for my understanding of this, are all of these connected then with SPMC?

Mr. Wincherauk: — No, they're not. There's no double counting in here.

Ms. Haverstock: — Okay. If I may, I just have one last question and then I'll turn it over to you. In the schedule of payments there are payees under \$20,000 that total \$360,000. I'm wondering what these people primarily did. I'm sorry, page 125, under the schedule of payments at the top where it says payees under 20,000. That's a substantial amount.

Mr. Wincherauk: — I believe what this is right here is that if there was somebody or some people in the department who their travel bill was under \$2,000, they are just rolled into this group.

Ms. Haverstock: — Thank you.

Mr. Van Mulligen: — I see that there's a payment here of \$125,543 to Larry Martin. If memory serves me correct, Larry Martin was dismissed during that particular year, and I know that from subsequent *Public Accounts* for the subsequent year he was paid another \$147,000, I believe, according to those *Public Accounts*. That's for '90-91.

Can you tell me what Larry Martin's total severance was as stated in his contract?

Mr. Wincherauk: — The pay-out as per his contract was \$191,976.

Mr. Van Mulligen: — 191?

Mr. Wincherauk: — 976.

Mr. Van Mulligen: — 976. Now does that figure describe all amounts including deferred income?

Mr. Wincherauk: — That's correct. That would be . . . If you were to look at the two *Public Accounts* and to put those together, that's what you would come up . . . And then you would have to add on his salary and moneys that he was paid out for rec leave or vacation leave and unused SDOs (statutory days off), etc.

Mr. Van Mulligen: — Can you describe this . . . basically explain this deferred income plan that . . . how it worked?

Mr. Wincherauk: — The deferred income clause of the

contract is that in most cases an amount equal to two months salary for each year of service that the individual would have worked . . . now so over a period of time, if he had worked for . . . if it equalled, you know, like if an individual . . . for each year of service he would receive an additional two months salary.

Mr. Van Mulligen: — And would this be paid immediately upon termination or could it be negotiated that it be paid within certain years or . . .

Mr. Wincherauk: — The contracts allow for three different payments.

Mr. Van Mulligen: — Three options?

Mr. Wincherauk: — Yes, you can break the payments down to three different . . . three different chunks.

Mr. Van Mulligen: — Three different . . . okay. Were there other people in the Executive Council that had these kinds of deferred income plans or . . .

Mr. Wincherauk: — The only people who had those contracts were members of executive forum and that would have been deputy ministers and associate deputy ministers and heads of secretariats.

Mr. Van Mulligen: — I wanted to ask . . . Unless someone else has questions on that I'd like to ask some questions about a payment that . . . Oh we always seem to ask questions about them — the Corporate Strategy Group. And I wonder if you could tell us what kinds of services the Corporate Strategy Group performed.

Mr. Wincherauk: — They provided communication consulting services to the premier and that could be strategic advice, issues management, advice to the premier, and just providing general consultation on policy-related issues.

Mr. Van Mulligen: — Would there be any written reports or documents that they might have provided pursuant to this contract that would have become the property of the Executive Council?

Mr. Wincherauk: — There were reports done for the premier.

Mr. Van Mulligen: — And would any of these reports . . . Could these reports be tabled or are these confidential policy items?

Mr. Wincherauk: — They related to policy matters.

Mr. Van Mulligen: — Okay. I have another question here with respect to advertising. I see there's an expenditure of Brown & Associates for 10,000 and another one for Dome Advertising for 15,293. I don't recall Executive Council offering many programs that would require advertising, and I'm curious to know what those expenditures might have been for.

Mr. Wincherauk: — The Brown & Associates was for the *Order of Merit* book, *Order of Merit* booklet and mini posters and brochures for the Order of Merit ceremony.

The Dome — we had 22 individual payments to Dome Advertising. Most of these were in regards to the rental of sound systems for when the premier was having a speaking engagement, such as the city of Melfort luncheon, the opening of the twenty-first legislature, various chamber of commerces across Saskatchewan when he would go to speak to them; they would supply him with the sound system.

And then there were a few other ones in there — I think about four or five — for advertising development costs, and these ranged from \$86 to I think the most expensive one was \$834.

Mr. Van Mulligen: — So most of these related to audio visual or what kind of . . .

Mr. Wincherauk: — Just sound systems so when the premier would be in a hall giving a speech or giving a talk or something like that, there would be the amps to amplify it and the speakers, etc.

Mr. Van Mulligen: — And Dome. Dome provided this?

Mr. Wincherauk — Yes, Dome Advertising Ltd.

Mr. Van Mulligen: — Would they have subcontracted this to someone else or was their office providing this directly?

Mr. Wincherauk: — I believe they used another firm to provide it.

Mr. Van Mulligen: — Oh, so you would have the contract with Dome and Dome would arrange for someone to provide this service and then they would bill you.

Mr. Wincherauk: — No. We did not have a contract with Dome. What we had there was an agreement that Dome would provide that service, and whether they subcontracted . . . I assume they subcontracted but I'm not too sure.

Mr. Van Mulligen: — Would they bill you on a per-event basis, or was this a retainer thing?

Mr. Wincherauk: — No. In this case it was a per event.

Mr. Van Mulligen: — Per event. Okay. I don't have any more questions.

Ms. Haverstock: — Mr. Chairman, this is in reference to a previous question that I asked. I note on page 125 with payees under \$20,000, you were telling me that it was \$360,000; and then there are payees under 10,000 as well and it totals 445,194.

It might be of value — and I open this up to the committee — for us to have some possibility of scrutiny of these types of payments. Is it possible to know for what services these payments were made?

Mr. Wincherauk: — We have that information available. Maybe the comptroller's office would like to comment on that.

Mr. Paton: — We could probably provide a list of payments under that dollar amount. That's a dollar amount that's been set by the committee and actually has been adjusted in subsequent public accounts. But the information is available and could be provided to the committee. It's just really how' much information does the committee want.

Ms. Haverstock: — It may not in fact . . . and I actually defer to those more experienced whether that would be of value to have this information because it totals almost \$ 1 million.

Mr. Anguish: — . . . (inaudible) . . . less than \$20,000.

Ms. Haverstock: — The payee is less than 20,000; then there are payees less than 10,000 as well. I mean I'm just curious who these people are and if . . . I mean are these all separate individuals or do they periodically come up?

Mr. Anguish: — I think especially that Executive Council could be a very interesting list. I don't know how much good it does for future accountability in the process, but I don't think it's unreasonable to ask for that.

Mr. Paton: — Mr. Chairman, just for further clarification. When it comes to salaries, all but in-scope salaries I think over \$2,500 will be reported in the future years so I think you can substantially . . . all payments . . .

Mr. Anguish: — That's what we were talking about yesterday when the '90-91 examination was done. The format of the documents we're dealing with today has changed and some of that will be in there.

But it's not unreasonable if you want the breakdown of the payees under \$20,000. Either Executive Council or the comptroller's office can provide that.

Ms. Haverstock: — I'm interested primarily because it would be I think some value to those who aren't representing the public to find out how many people in fact receive remuneration more than once. That kind of thing is what I'm most interested in.

Mr. Johnson: — That doesn't occur. There wouldn't be a Lynda twice on that \$20,000. It would be combined.

Mr. Wincherauk: — That's right. If you go over the 10,000, then you would appear in one of these categories above it. You know, just like if you look at Brown & Associates, they're 10,750. So that was just a series of payments to Brown adding up to that amount. So Brown, you know, wouldn't be 5,000, 3,000, 2,000, etc.

Ms. Haverstock: — So I may not be an individual who is given nine payments of \$1,000 each. That's what I'm wondering about.

Mr. Anguish: — That could happen in another way, but not within one department. You couldn't find what's in department of Executive Council, but for example you might find someone's name in Executive Council. You might find them in Agriculture.

A Member: — Who's supposed to be answering the questions here?

Ms. Haverstock: — I actually said that I would defer to those members of the committee that were more experienced than myself if that's okay.

Mr. Anguish: — You'd have to cover a broad range of government departments, and it would take an awful lot of work to find out if somebody was chiselling away to try and get 10,000 here, 8,000 there.

Ms. Haverstock: — Is that going to be of considerable work to have that provided because it's just my old curiosity that's going to be satisfied then.

Mr. Paton: — If the committee wants, I'm sure that list could be prepared. I'm not sure how long it would take to prepare it.

Mr. Chairman: — Is there any other questions?

Ms. Haverstock: — I think that what hasn't been settled here is whether or not my request is a reasonable one. I don't want to end up burdening people with unnecessary work if other people of the committee are not interested in this.

Mr. Anguish: — I think it's readily available. You can spit it out on your computer, can't you?

Mr. Paton: — We can, I believe. Mr. Wincherauk, do you have any of that information available?

Mr. Wincherauk: — We would have some of it available but not in a manner where we can just run it off a computer right away. We'd probably have to go back to the financial . . .

Mr. Anguish: — Do you have it on computer?

Mr. Paton: — We can provide it.

Mr. Chairman: — To the committee. Any further questions?

Mr. Anguish: — One. I'm wondering if you can provide us with the personal service contracts that were written with the secretary heads, deputy ministers, and I believe you said associate deputy ministers in the year under review.

Mr. Wincherauk: — I believe that all those contracts are now being filed with the clerk of Executive Council under Bill 18 and will also be available through freedom of information. But because of the new Act on contracts, I think that was one of the clauses in there that they had to be forwarded to the clerk of Executive Council.

Mr. Anguish: — That it be forwarded to the clerk of Executive Council?

Mr. Wincherauk: — And my understanding is the public has access to them at that point.

Mr. Bolstad: — I think those had to be made available

within 30 days of proclamation of the Act, so they should be there.

Mr. Wincherauk: — I think January 21 is the date that they're supposed to be.

Mr. Chairman: — That's all then. Thank you and you may leave.

Mr. Van Mulligen: — Mr. Chairman, I'll move:

That the hearing of Executive Council be concluded subject to recall if necessary for further questions.

Mr. Chairman: — Is the committee in agreement with the motion?

Agreed

Mr. Chairman: — Now according to the schedule we reconvene at 7 p.m. with the departments of Education and SIAS. Is that agreeable with everyone?

Mr. Van Mulligen: — Is there any way to get a hold of Education and SIAS, and after that is what — Rural Development? Is there any way to have Rural Development . . . will Rural Development be standing by, sort of after . . .

Mr. Vaive: — That's right. They're scheduled for 9 o'clock.

Mr. Chairman: — They're scheduled for 9 o'clock.

Mr. Van Mulligen: — But they won't be here before 9?

Mr. Vaive: — Not likely. Unless we can get a hold of them.

Mr. Van Mulligen: — Can you get a hold of them and ask them to maybe stand by earlier just in case we finish with Education sooner than 9 o'clock?

Mr. Vaive: — Maybe 8 o'clock.

Mr. Chairman: — We'll move Parks in a little further down when we see what happens here.

Mr. Van Mulligen: — I don't need to have Parks.

Mr. Chairman: — We've got a few questions.

Mr. Van Mulligen: — Unless Parks can come tonight.

Mr. Chairman: — Probably too short a notice.

Mr. Anguish: — Do you want to bring on Parks tonight, Rick?

Mr. Chairman: — No. We've got them tentatively slated for Thursday after the Power Corporation.

The committee recessed until 7 p.m.