

STANDING COMMITTEE ON PUBLIC ACCOUNTS
July 14, 1992

Mr. Chairman: — We'll officially convene our meeting this morning. It's been a while since we last met and there are a number of items I think that we need to discuss here before . . . as we sort of set our agenda through this.

We have the officials from the Saskatchewan Liquor Board here this morning. Before we officially start on that Crown, at the last meeting the committee was *in camera* and had requested the auditor to bring forth answers to a number of questions that were presented by members in a formal way. Is the committee's wish to deal with those? The auditor's quite prepared to give an overview of those questions prior to entering into Liquor Board. Or do you wish to leave that to a later time?

Mr. Van Mulligen: — Mr. Chairman, I've read the report of the auditor, if I can use that term, the memorandum in any event, and I'm quite satisfied with the answers. I don't see the need to ask any further questions at this time.

Mr. Chairman: — Anyone else have any comments on that? This would pertain to the June 16 meeting. If not then we can consider that matter dispensed with and we will then move into consideration of Saskatchewan Liquor Board.

The auditor's informed me that in his responses there was one omission that he would like to rectify beforehand, and I'll just let him take it from here then.

Mr. Strelieff: — Mr. Chair, this pertains to the document we provided at the request of the committee on June 9, and the letter is to Mr. Vaive dated June 16.

On page 7 of our response, just at the end of the page, we missed some words on it, and the last sentence should read: we do not consider this important because the organization systems require that payments are only for the lawful purposes and functions of the organizations, and are only for goods and services received.

So just for the record to complete the document the words: "functions of the organizations", and "are only for goods and services received" should be added. It doesn't change the substance of what we have provided you.

Public Hearing: Saskatchewan Liquor Board

Mr. Chairman: — Well perhaps we can get on then with the Saskatchewan Liquor Board. We have before us this morning Mr. Paul Weber, the chairman. Mr. Weber will you introduce the other guests of the committee please.

Mr. Weber: — I have with me this morning Holly Alexander who is the director of finance and administration of the board.

Mr. Chairman: — Thank you. Prior to the committee beginning its questioning, I have a short statement that I have to make for all witnesses before this committee. Witnesses should be aware that when appearing before a legislative committee your testimony is entitled to have the protection of parliamentary privilege. The evidence you provide to this committee cannot be used against you as the subject of a civil action.

In addition, I wish to advise you that you are protected by section 13 of the Canadian Charter of Rights and Freedoms which provides that:

A witness who testifies in any proceedings has the right not to have any incriminating evidence so given used to incriminate that witness in any other proceedings . . .

The witness must answer all 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 then distribute the document and record it as a tabled document. You are reminded to please address all comments through the chair.

I would now entertain a speaking list. Or if the auditor has any comments he wishes to make prior to, our normal practice would be to have that done *in camera* for the committee's benefit prior to the . . . But that's up to the committee.

Mr. Van Mulligen: — I don't know if the auditor has additional comments. I don't have questions for the auditor. But if the auditor has additional comments that he feels that he would like to make, if he feels at this point we could go *in camera* to do that, well . . .

Mr. Chairman: — He has comments he'd like to make, but he says he doesn't need to go *in camera*. Is that the wish of the committee?

Mr. Van Mulligen: — Sure.

Mr. Strelieff: — Mr. Chairman, members, I'd like to just provide an overview of where the Liquor Board fits in our report. So that to begin with, we asked the Liquor Board to report all instances of problems that occurred pertaining to page 3 of our report. They did that, and we examined what they said, and then prepared a report based on that information. We do not know if our findings are complete.

The Liquor Board is referred to in four places in our report. Three relate to paying employees not working for the board, and one relates to providing goods and services without charge to the ministers. If you look in our report on page 12, we report that four people were working as ministerial assistants in the minister's offices. The board did not know what services they provided, but were paid by the board.

Page 13 points out that the board reported to us that two people that they paid worked in the Executive Council and the Public Participation. And for Public Participation they did not work for the board. On page 14 you'll note that we've identified that the board reported to us that five people they paid, the board did not know who specifically received the services of these people.

So those are the three matters that relate to employees. And then we've provided recommendations to make sure that such problems don't occur in the future. I certainly

hope that the committee would support our recommendations and move them forward at the end of our review of this report to the Legislative Assembly.

The recommendations, particularly on the employees, pertain to making sure that when one organization is providing employees to another, that there is well-documented secondment agreements. And the second one is that the Executive Council administer all costs of the ministers.

So I've mentioned that we've reported or referred to the Liquor Board in four places — the three that relate to employees; the other item is on page 20, which relates to goods and services provided to ministers without charge. On the top two paragraphs on page 20, the first paragraph reports that the board reported to us that they paid for expenses of ministers who hosted people in the tourism industry. And we've noted that promotion of tourism is not in the mandate of the board.

And the second paragraph relates to where the board reported to us that they provided liquor without charge to ministers' offices. Now again we have recommendations on these items and it stresses the importance of having policies for such transfers. And that's where in this report we've noted matters that relate to the Liquor Board.

Mr. Anguish: — Thank you, Mr. Chairman. During the period of the review of the *Special Report by the Provincial Auditor*, did both of you work for the Liquor Board?

Mr. Weber: — Yes, Mr. Chairman, we were both employed by the Liquor Board in different capacities.

Mr. Anguish: — In different capacities than you are now or . . .

Mr. Weber: — That's correct, Mr. Chairman.

Mr. Anguish: — And what were those capacities?

Mr. Weber: — I was the general manager of retail operations and Holly Alexander was the training manager at the time.

Mr. Anguish: — The training manager?

Mr. Weber: — That's correct, Mr. Chairman.

Mr. Anguish: — In either of your roles at that time, did you have knowledge, actually firsthand knowledge, of the items that the auditor brings to our attention on pages 12, 13, 14 and page 20?

Mr. Weber: — As the general manager of retail operations, Mr. Chairman, I had occasion to deal with the transfers of product to the ministers' offices and the transfer of product to Big Valley. As far as the employees are concerned, neither of us had any direct involvement or knowledge of those employees.

Mr. Anguish: — What do you mean by product?

Mr. Weber: — Talking about the liquor transfers, for

example, to the minister's office. As the general manager of retail operations, some of those would have come through my office. I would have been directed to make the transfers and carry out the logistics necessary to get the transfer to the minister's office.

Mr. Anguish: — Who would direct you to do that?

Mr. Weber: — It would come either from the executive vice-president of operations, Mr. Chairman, or the chairman of the board.

Mr. Anguish: — And who were those people?

Mr. Weber: — The executive vice-president of operations was Mr. Ted Yarnton and the chairman of the board was Mr. Ted Urness.

Mr. Anguish: — Would you be given written direction or verbal direction?

Mr. Weber: — Initially it was verbal direction that came down, and then after some concern was expressed, the policy was changed and there were some written requests in the form of memos to me to make the transfers. In all instances the transfers were authorized and signed by either the executive vice-president of operations or the chairman of the Liquor Board.

Mr. Anguish: — On page 12 of the auditor's report, the auditor talks about ministerial assistants. He points out on page 5, Saskatchewan Liquor Board, there were four people costing \$102,347.

It's my understanding from the media that you're in the process of a civil action to collect money back from a previous employee of the Liquor Board. Would the individual be one of the four people referred to on page 12?

Mr. Weber: — No, I don't believe that's one of the people on that page, Mr. Chairman.

Mr. Anguish: — The four people that worked for the Liquor Board that are referred to on page 12, what period of time did they actually work in the minister's office and was there overlap? Was there more than one person on the payroll of the Liquor Board actually working in the minister's office?

Mr. Weber: — It appears on that page, Mr. Chairman, that the LB (Liquor Board) 3 and LB4 were working for the same minister for the Liquor Board, for the same periods of time. And there would be about a month overlap that appears on the documentation that I have provided for the first two, LB1 and LB2.

Mr. Anguish: — So there were actually three people on the payroll of the Liquor Board that supposedly worked as ministerial assistants at the same time.

Mr. Weber: — It appears there's that overlap, yes, Mr. Chairman.

Mr. Anguish: — Do you know where these people had their offices?

Mr. Weber: — No I don't, Mr. Chairman. I'm assuming they were in the minister's office somewhere, but I did not deal with these people directly at the time.

Mr. Anguish: — The minister must have had a whole floor of the Legislative Building. I don't know how they would physically house three people from the payroll of the Liquor Board, yet have their ministerial staff from their other responsibilities and those that were paid for in the proper manner. I don't know how they could have them all in the same minister's office. I don't think it would be physically possible to do that.

Mr. Weber: — That's perhaps true, Mr. Chairman. But I have no firsthand knowledge as to the location, where they worked out of.

Mr. Anguish: — Is it usual to have three people paid from the Liquor Board to work in the minister's office?

Mr. Weber: — Again it's hard for me to comment on that. We didn't have . . . I didn't have any direct involvement. It's unusual. We don't have that at this point in time, and to the best of my knowledge we didn't have it prior to. But again I had no firsthand knowledge, so I really can't say for sure, Mr. Chairman.

Mr. Anguish: — There must have been some knowledge and some concern amongst the . . .

Mr. Chairman: — I just said, prior to what?

Mr. Weber: — Prior my taking up the position of general manager of retail operations.

Mr. Anguish: — There must have been some talk amongst the staff of the Liquor Board. Somebody had to sign their cheques. Somebody would have been in the office. And I'm sure it must have been the topic of conversation amongst coffee row with the employees. Did they also find it unusual?

Mr. Weber: — At that time, Mr. Chairman, the payrolls that dealt with these individuals were separate and apart from the regular Liquor Board payrolls, and they were handled by the then director . . . or vice-president of finance.

Mr. Anguish: — The vice-president of finance at the Liquor Board?

Mr. Weber: — That's correct.

Mr. Anguish: — Who was that person?

Mr. Weber: — That was Mr. Ray Ritsco. So those would not have been documents seen by the normal accounting clerk who would have done the regular payroll.

Mr. Anguish: — How was it decided which would be seen by the vice-president of finance and the regular system? Were there a number of transactions that took place that didn't go through the due process?

Mr. Weber: — Yes there were a number of transactions

that didn't go through the regular process, Mr. Chairman.

Mr. Anguish: — Well what was the criteria?

Mr. Weber: — I don't know what the criteria was; I wasn't involved in making those decisions or party to them. The reason I know that there were a number of them is after the fact — going through the files, and setting up the payroll system, and getting everything back onto one payroll system — that's when most of this information came to light; that there were a number of individuals being paid that did not appear to be working for the board or providing services for the board, Mr. Chairman.

Mr. Anguish: — Who is the vice-president of finance?

Mr. Weber: — Mr. Ray Ritsco.

Mr. Anguish: — Is he still employed with the Liquor Board?

Mr. Weber: — No, he is not.

Mr. Anguish: — How many people were being paid through the vice-president of finance rather than through the payroll?

Mr. Weber: — We're looking at about 7 . . . no, closer to 11 people, Mr. Chairman, that were on that payroll. Plus the, at that time, also the senior executive of the Liquor Board were also . . . their salaries were part of this separate payroll system. So all of the senior management positions would also have been on the secret . . . (inaudible) . . .

Mr. Anguish: — Did you disclose this to the Provincial Auditor?

Mr. Weber: — Yes we did. The information was provided to the Provincial Auditor as per his statement this morning.

Mr. Anguish: — Do you currently have details of all the transactions of the 11 people that were paid under the special provision of the vice-president of finance?

Mr. Weber: — Yes, we have those details and I believe they were provided to the committee earlier on at the committee's request.

Mr. Anguish: — That was in the written package that you provided to the committee?

Mr. Weber: — That's correct, Mr. Chairman.

Mr. Anguish: — The 11 people — I don't find the numbers that add to 11, I don't think. There's 4 and 2, 5 . . . yes, it does add up to 11. Sorry.

So all the people that are mentioned in the Provincial Auditor's report, the 4 on page 12, the 2 on page 13, and the 5 on page 14 are the 11 people that were paid through special provisions in the vice-president of finance's office?

Mr. Weber: — That's correct. They were paid . . . the

logistics of paying them came through that office, yes. Correct.

Mr. Anguish: — It's my understanding that there's a civil action going on at the current time wherein you're attempting to collect back money paid to one of these individuals, one of the 11 individuals.

Mr. Weber: — That's correct.

Mr. Anguish: — Are you making provisions to collect money back from the other 10 individuals?

Mr. Weber: — Mr. Chairman, we are now in the process of getting legal advice as to whether or not we have a case to pursue any kind of recovering of funds from the other individuals. At this point in time we have not completed that process.

Mr. Anguish: — Why did you pick one?

Mr. Weber: — It wasn't a case of picking one, Mr. Chairman. That particular individual had applied for severance pay and had been ... had her lawyer contact the board asking for severance pay in line with that owing to a ministerial assistant. And upon review of that situation it came to light that something was not correct in the sense that the individual had ceased to be a ministerial assistant approximately 11 months earlier.

And on further investigation it became apparent that there was no authorization for payment to be made that we could find. And we sought legal advice on that matter and we were advised that there was no authorization in our lawyer's mind, so we pursued the statement of claim.

Mr. Anguish: — Do you have a private sector lawyer reviewing this now?

Mr. Weber: — The same lawyer who's handling the severance packages is reviewing it — that's correct — in handling that case for us, Mr. Chairman.

Mr. Anguish: — Well the second person that seems to have come to light is Mr. Gormley. And I understand from the media that Mr. Gormley received payments from the Liquor Board during the time that he attended the University of Saskatchewan. Can you tell us what Mr. Gormley actually did for the Liquor Board?

Mr. Weber: — No, Mr. Chairman, I cannot.

Mr. Anguish: — Have you looked through the files? Is there any work on file or any reports, any information at all in terms of the work that Mr. Gormley performed for the Liquor Board?

Mr. Weber: — No, Mr. Chairman, we can find no record of any work performed by Mr. Gormley, reports that have his signature on it, or any indication that there was work performed for the Liquor Board.

We have two contracts on file for Mr. Gormley, one prior to his alleged attendance at university which was for a personal services contract and ...

Mr. Anguish: — What do you mean by his alleged attendance at university?

Mr. Weber: — Well again I have no personal knowledge that Mr. Gormley was in fact at university and we can find no documentation. I can find some bills on file and some invoices from Mr. Gormley that we're paying him in the neighbourhood of a thousand dollars per month, but I have no firsthand knowledge that he was in fact attending university at the time he was receiving this.

He was under contract at that time — a retainer of \$1,000 per month — in consideration of Gormley making his services available to the board in preference over any of his other clients, plus a per diem allowance of \$175 per day. He was basically as a consultant in the area of public relations and marketing. And to the best of my knowledge we can find no record of any work performed by Mr. Gormley.

Mr. Anguish: — How many times did Mr. Gormley meet with the board?

Mr. Weber: — I have no idea, Mr. Chairman. Again, I was not ... If there were meetings, I was not party to them, and I'm not aware of any meetings taking place.

Mr. Anguish: — Well you as chairman of the board, have you not reviewed the minutes of the previous meetings?

Mr. Weber: — As I've said, I can find no record on any of the management committee meetings.

Mr. Anguish: — Have you reviewed the minutes?

Mr. Weber: — I certainly have, Mr. Chairman. And there is no record that we can find, which is why we're seeking counsel on some of these issues.

Mr. Anguish: — In addition to the \$1,000 a month, you said he received \$175 per day. I assume that's a per diem for days actually worked on behalf of the Liquor Board.

Mr. Weber: — That's correct, and we can find again no records of him claiming the \$175 per diem. We have a couple of invoices on file for the \$1,000 per month, but we can find no record of any claim on the per diem, Mr. Chairman.

Mr. Anguish: — Are there any claims for expenses beyond the per diem?

Ms. Alexander: — Yes.

Mr. Anguish: — Can you give us the details of those?

Ms. Alexander: — I haven't got them with us today but I can provide those details.

Mr. Anguish: — What is the nature of the expenses that were claimed?

Ms. Alexander: — Travel expenses, meal allowances.

Mr. Anguish: — Where do you think Mr. Gormley travelled to? Do you recall that?

Ms. Alexander: — It may be indicated on those expense claims. There's maybe half a dozen at the most.

Mr. Anguish: — All within the province?

Ms. Alexander: — I'd have to look at the detail of those.

Mr. Weber: — We would have to go back and check the expense accounts, Mr. Chairman, and we can provide copies of those to the committee if you so desire.

Mr. Chairman: — Would you do that please.

Mr. Weber: — Yes we shall.

Mr. Anguish: — Well I'd prefer that one of you go and phone now.

Mr. Weber: — We can do that if that's the committee's wish and have copies sent over.

Mr. Anguish: — Well that's my wish, unless the committee objects to it.

Mr. Weber: — Would you like us to take a short break and we can do that?

Mr. Anguish: — Can we take a break for about 10 minutes?

Mr. Chairman: — Well could Ms. Alexander go . . .

Mr. Weber: — Yes, Holly will go and get them and I'll continue to answer your questions.

Mr. Anguish: — Of the 11 people mentioned in the Provincial Auditor's report, is Mr. Gormley the only one that was on contract? Or are there others who had a signed contract?

Mr. Weber: — There were other contract employees, but I don't believe they were part of the 11. Any information that I provided . . . the board provided to the committee, it indicates the hiring document. And I don't believe there are any that are . . . there are two; there's one other, LB11 and LB8 were under personal services contracts, contracts to the board.

Mr. Anguish: — In terms of LB8, is there documentation of work performed by that particular consultant?

Mr. Weber: — No there is not, Mr. Chairman.

Mr. Anguish: — Where do you think that person actually worked then?

Mr. Weber: — I have no idea, Mr. Chairman. It's one of the, again, the situations that we've got where we can find no documentation that there was work done. Conversely I have no firsthand knowledge that work wasn't done. If it was done directly with the executive vice-president of operations or with the chairman of the board, there appears to be no record of the work that was done.

Mr. Anguish: — How about LB11, is there any record of

work done by that person that was on contract?

Mr. Weber: — Not that I'm aware of, Mr. Chairman, no.

Mr. Anguish: — Is there anything on file that there was work done by any of the 11 people for the Liquor Board?

Mr. Weber: — There is some on file for the ministerial assistants who dealt with the board and dealt with different situations. And I'm aware of those individuals being contacted and issues and meetings being held with them for different issues relating to the board.

Mr. Anguish: — Are you doing anything to find out what work these people did?

Mr. Weber: — We're trying to determine from our files, and from what we've come up with so far, there hasn't been a lot of work done by the individuals, or records of work being done, which is why we're now seeking legal advice as to whether or not there is a case to pursue.

Mr. Anguish: — In the case of the consultants, the people who were hired under contract, is there no documentation for any of those people on contract as to what work they perform?

Mr. Weber: — Not that we've been able to find, Mr. Chairman.

Mr. Anguish: — Do you know where these people are now?

Mr. Weber: — For the most part we have addresses. Whether or not they're still there remains to be seen. We haven't contacted them directly yet pending legal advice.

Mr. Anguish: — When do you expect that you will have your legal advice concluded?

Mr. Weber: — I suspect we'll have it concluded within the next four to six weeks.

Mr. Anguish: — And at that time you'll be in consultation with the Department of Justice if you feel that there's some legal recourse you have for getting your money back?

Mr. Weber: — That's correct, Mr. Chairman. We have been in touch with the Department of Justice on numerous occasions on different situations, keeping them apprised of what's occurring. And we will be, once we have all of the information and the legal advice, then we'll be determining whether or not there's a case to pursue.

Mr. Anguish: — The other two consultants, is there expense claims that are beyond the amount that's shown in the documents you provided us? For example, on LB8 they had a salary per year of \$60,000 that was paid to them between January 16 of '89 and August 31, '89. And from September 1, '89 to April 30 of '90 they received another \$12,000.

Mr. Weber: — That's the contract that we were just discussing, Mr. Chairman.

Mr. Anguish: — This is Mr. Gormley's contract.

Mr. Weber: — That's correct, Mr. Chairman.

Mr. Anguish: — Can you now provide us the details of the expense claims?

Ms. Alexander: — My secretary is bringing over the claims.

Mr. Anguish: — Okay. LB11, there is a consultant between May 22 of '90 and November 22 of '90. They received \$42,000. Did that person also receive money beyond?

Mr. Weber: — Expense account money for this LB11. Are you aware of any expenses?

Ms. Alexander: — I'm not aware of any expenses. That person actually received payments of \$21,000 in the fiscal year ending 1991. The contract was for \$42,000; however they only received 21,000.

Mr. Anguish: — So we got a real bargain there. They only got half of what they were contracted for. And no expense claims, no per diems.

Mr. Weber: — Not that we're aware of, Mr. Chairman.

Mr. Anguish: — No documentation of any worth.

Mr. Weber: — No documentation that we've been able to discover, Mr. Chairman. In fact his contract does stipulate that no fees or expenses shall be incurred.

Mr. Anguish: — Do you have a position at the Liquor Board called judicial officer 1?

Mr. Weber: — No we do not, Mr. Chairman.

Mr. Anguish: — LB6, that employee was hired as a judicial officer 1.

Mr. Weber: — That's the pay scale that he was on and the position he was hired in, Mr. Chairman, yes.

Mr. Anguish: — Any documentation of work performed for the Liquor Board by that person on file?

Mr. Weber: — Not that I'm aware of, Mr. Chairman.

Mr. Anguish: — And the hiring document was a memo from a Jackie Mason, chief of staff of Graham Taylor, directing the Liquor Board to hire this person?

Mr. Weber: — That's correct, Mr. Chairman.

Mr. Anguish: — And they were paid \$22,740?

Mr. Weber: — That's the annual salary, Mr. Chairman. The actual payments to the individual in the 1990 fiscal year was \$6,953, and there were no payments in the 1991 fiscal year.

Mr. Anguish: — What terminated the employment?

Mr. Weber: — The memo indicates to make arrangements to employ the individual as of May 1, '89 — judicial officer 1, summer student — paid at the training rate of \$1,895 per month, which is what it states, so I suspect the termination occurred at the end of the summer.

Mr. Anguish: — And the person went back to university. So we not only supported university students, we supported them during the summer through the Liquor Board. Is that how it would appear to you?

Mr. Weber: — That's the way it appears, Mr. Chairman.

Mr. Anguish: — How many more of these 11 people do you suspect were students? Do you have any knowledge of that?

Mr. Weber: — The only other one that there was an indication was Mr. Gormley, as you mentioned before, Mr. Chairman.

Mr. Anguish: — I have some other questions. If Mr. Van Mulligen wants to ask a question in regards to what I just asked . . . okay, go ahead.

Mr. Van Mulligen: — These five employees — LB7, 8, 9, 10, and 11 — do you have any record of paying for any moving expenses with respect to any of these people?

Mr. Weber: — No, we have not any record of moving expenses being paid, Mr. Chairman.

Mr. Van Mulligen: — There is no memos on file or anything directing you to pay for moving expenses for any of these people?

Mr. Weber: — There was one where there was an indication that there would be a relocation to another community. However we have no record that any claim was made or any payments were made to that individual.

Mr. Van Mulligen: — And which one was that?

Mr. Weber: — I believe that's LB10.

Mr. Van Mulligen: — And what community were they to go to?

Mr. Weber: — It was going to relocate to Wolseley.

Mr. Van Mulligen: — The Liquor Board has offices in Wolseley?

Mr. Weber: — No we do not, Mr. Chairman.

Mr. Van Mulligen: — So you don't know what . . . but all you know from the files is that that person was going to work out of Wolseley.

Mr. Weber: — All we know from the memo is that that individual was supposed to be relocating to Wolseley. However, there is no subsequent documentation to indicate whether or not the move occurred or whether or not . . . there were no payments made for relocation

expenses nor are there any records of claims for relocation expenses, Mr. Chairman.

Mr. Van Mulligen: — LB9 says their address is Montmartre. Is this where their cheques would have been sent to? Do you have any records of that?

Mr. Weber: — I believe their cheques, Mr. Chairman, were sent to that address in Montmartre.

Mr. Van Mulligen: — Is it reasonable to assume then this person was working for the Liquor Board in Montmartre?

Mr. Weber: — Not necessarily, Mr. Chairman. There may have been commuting involved. But again, we have no firsthand knowledge of whether or not commuting was done or where the individual was working from.

Mr. Van Mulligen: — But the Liquor Board has no offices in Montmartre?

Mr. Weber: — No, Mr. Chairman, we have no offices in Montmartre.

Mr. Chairman: — Mr. Weber, on the 11 people in question, it's been established that two of them were under contract in a consulting way. The other nine at various times were under the category of ministerial assistant. That's correct?

Mr. Weber: — That's correct. And one judicial officer.

Mr. Chairman: — And one judicial officer. In your review of the records of the Liquor Board, how long had the practice been in place of hiring ministerial assistants this way?

Ms. Alexander: — We went back to the 1989 fiscal year and the practice — excuse me, the 1990 fiscal year. And it's evident that from that year forward that we had ministerial assistants on our payroll. Prior to that, we did not go through the records.

Mr. Chairman: — You didn't? So you can't tell us if it was a practice for five years or ten years, or . . .

Ms. Alexander: — Not at this time.

Mr. Weber: — We can undertake to go back and review those. I'm not aware of any. But again, I wasn't in a position to have firsthand knowledge, so we would have to go back further.

Mr. Chairman: — I'd appreciate it if you did that.

Mr. Weber: — We'll do that, Mr. Chairman.

Mr. Chairman: — So you have stated that because of your previous positions in the Liquor Board, you would have no firsthand knowledge of what these individuals did in their capacity as ministerial assistants?

Mr. Weber: — That's correct.

Mr. Chairman: — And any information that you bring to the committee you simply bring from records?

Mr. Weber: — That's correct, Mr. Chairman.

Mr. Chairman: — So it would be safe to say that the people in the Liquor Board that would have firsthand knowledge of interacting with these people have all been dismissed?

Mr. Weber: — That's correct, Mr. Chairman.

Mr. Chairman: — Mr. Weber, on the question of the current law suit . . . and I think it has been made public that the individual involved is Judy Bellay from the city of Swift Current. I don't think it's anything that the media or the members of this committee don't know. Was your legal advice that because this person had ceased to be directly involved with the Liquor Board that that was the reason that you should ask for a payment back of her salary?

Mr. Weber: — The legal advice was that because there was no authority under The Alcohol Control Act or under the policies of the Liquor Board to employ the individual, that we should recover the monies. Mrs. Bellay was being paid as a ministerial assistant throughout the period in question. And there is a statement of claim that was filed with the Court of Queen's Bench which is now a public document and we can provide to the committee, if you so desire, outlining the terms and the details of the request. Basically it's a result of the ministerial assistant employment regulations and they're not applying, or appearing to apply in this situation.

And we have not received a statement of defence from Mrs. Bellay, and there is no record of work being performed by Mrs. Bellay for the Liquor Board, which also led our legal advisor to indicate that public funds were expended without proper authority, Mr. Chairman.

Mr. Chairman: — Is it your contention that Mrs. Bellay was not performing government services at all?

Mr. Weber: — No, it's the contention that she was not performing services for the Liquor Board, Mr. Chairman.

Mr. Chairman: — So Mrs. Bellay could have been performing government services in other areas, but your contention is that the paperwork wasn't done to transfer her to another area. Is that it?

Mr. Weber: — That's part of it, Mr. Chairman, and that because records indicate she was being paid as a ministerial assistant. And under the regulations governing the employment of ministerial assistants, it did not apply and therefore was not deemed correct.

Mr. Chairman: — Would it be your contention that Mrs. Bellay sort of knowingly was doing this on her own initiative, or was she simply taking orders from someone else?

Mr. Weber: — I wouldn't be able to comment on that, Mr. Chairman. The only thing I can say is that there were some irregularities with the termination or the ceasing of Mrs. Bellay's employment with the Liquor Board, where a letter was drafted ceasing her employment. And

subsequent to that a memo was sent from the chairman changing that date and authorizing vacation leave to bring Mrs. Bellay to the October 31 deadline, which I believe was the deadline which would qualify her for the severance package as a ministerial assistant, which she then applied for but which resulted in the entire review of the situation and the statement of claim that was issued.

Mr. Chairman: — Is there any indication that Mrs. Bellay in her time that she was officially on the records as a ministerial assistant involved with the Liquor Board, performed her tasks poorly or didn't represent the Liquor Board well in any of her capacities?

Mr. Weber: — Not that I'm aware of, Mr. Chairman.

Mr. Chairman: — And in fact, any records that you would show with Mrs. Bellay's interaction with your clientele or customers would be favourable.

Mr. Weber: — I have no firsthand knowledge one way or the other, Mr. Chairman.

Mr. Chairman: — So the question involved for the Liquor Board is the question of Mrs. Bellay's employment.

Mr. Weber: — That's correct. This is not a performance issue.

Mr. Chairman: — And the proper classification.

Mr. Weber: — Proper classification and authorization to make those payments to that individual, Mr. Chairman.

Mr. Chairman: — The question of the LB . . . I believe it was the student, whichever one that was, LB8. No, it was a different one. Judicial officer 1 — LB6. Has the Liquor Board in the past hired summer students?

Mr. Weber: — Not as a practice of hiring summer students, Mr. Chairman. Our part-time . . . and I'm speaking here from the retail point of view because that's where we hire most of our part-time students — part-time individuals who happen to be students. We don't hire them for a term. It's based on the amount of work available, the individual's availability, and the volume of business.

In the past, we have hired an individual in the computer department on a co-op student basis on the work term. And that individual has come and worked in our head office.

Mr. Chairman: — Would your former position . . . you said manager, retail services.

Mr. Weber: — General manager, retail operations, Mr. Chairman.

Mr. Chairman: — Would you have had full knowledge of student hirings throughout the systems in, say, the early 1980s?

Mr. Weber: — Not specific information, Mr. Chairman. The hiring is done in our stores by our store managers, and their judgement is used based on, again, the volume

of work, volume of business, the amount of work, and the hours available.

Mr. Chairman: — So you may or may not have had summer students working that you didn't know about?

Mr. Weber: — That's correct, Mr. Chairman. I suspect we did have summer students working in the sense that they would be off for the summer and are students and are employed by the Liquor Board, not hired as a student for the full summer. They may, over that period of time, have worked 15 to 20 hours per week, for example.

Mr. Chairman: — And what type of classifications would they have had?

Mr. Weber: — They would primarily have been in the liquor store clerk entry level positions or in the warehouse entry level positions.

Mr. Chairman: — Paid at what rate?

Mr. Weber: — Paid at the contract rate.

Mr. Chairman: — Union rate?

Mr. Weber: — The union rate, yes, Mr. Chairman.

Mr. Chairman: — Which is?

Mr. Weber: — To start, it's in the neighbourhood of \$12 per hour.

Mr. Chairman: — What would that work out to on a monthly basis?

Mr. Weber: — If you wanted to work it out . . . we don't pay them on a monthly basis; they're paid on an hourly basis. It's about \$1,800 a month.

Mr. Chairman: — The union rate equivalent would be about \$1,800 a month?

Mr. Weber: — That's correct, Mr. Chairman.

Mr. Chairman: — And you, I understand, don't hire anybody below union rate?

Mr. Weber: — No, we do not. They are hired as casual employees; however, we maintain the union rate for all the employees.

Mr. Chairman: — So someone at your basic salary, at union rate, at starting wage, would make about \$1,800 a month?

Mr. Weber: — That's correct, Mr. Chairman.

Mr. Chairman: — I have a couple of questions for the auditor on this, so I'll pass back to Mr. Anguish.

Mr. Anguish: — I'd like to go back for the consultants, the travel. What was the total amount paid to LB8?

Ms. Alexander: — Are we speaking of Mr. Gormley?

Mr. Anguish: — Yes.

Ms. Alexander: — LB8? We have five expense claims. These are the original documents that are used to process those claims. They range from \$75 to \$874, for a total of about 11 or \$1,200.

There is not much information on the documentation. There are memos from the chairman and chief executive officer to the vice-president of finance indicating that a cheque should be issued to Mr. Gormley. And as a reference it gives the dates. For example, the one that I'm looking at now indicates invoice, or reference number, January 15 through the 26, of 1989, two amounts totalling \$874.20.

There is no indication as to where Mr. Gormley may have travelled or if it was indeed for travel expenses. I would believe that it would be travel based on the account that it was charged to, but without the documentation.

Mr. Anguish: — There are no receipts?

Ms. Alexander: — No receipts.

Mr. Anguish: — Receipts don't exist anywhere within the Liquor Board control system?

Ms. Alexander: — Oh, certainly.

Mr. Anguish: — They do?

Ms. Alexander: — Yes.

Mr. Anguish: — You have receipts for that?

Ms. Alexander: — We don't have . . . oh, for these payments? No, this is all the documentation we have.

Mr. Weber: — There are no receipts attached to this documentation and therefore there are none in our records. The normal accounting practice is when you have an expense claim, we have an expense claim form and policies dealing with the rates per diem, for example hotel rates, and those receipts are required, with the exception of meal per diems where there is a flat rate.

Mr. Anguish: — Were they required even under special operations division of Mr. Ritsco?

Mr. Weber: — Obviously I don't know, Mr. Chairman. They're not there. Whether or not they were required and not given, or whether they simply weren't provided, I can't comment on that. We can simply say that the records do not have any receipts on them.

Mr. Anguish: — Are all the claims then for this individual, the five claims that were submitted, as vague in detail — don't know where the travel was, don't know the work performed, don't know anything other than what you've provided me on that one?

Ms. Alexander: — Yes, they're on the same format. There is a line indicating on the memo from the chairman to the vice-president of finance, indicating that the documents were reviewed, and a signature attesting to that. But the

documents are not attached to these vouchers.

Mr. Anguish: — Were these payments also made out of special operations division of Mr. Ritsco, or did they actually filter down to the regular system?

Ms. Alexander: — They would have gone through the regular system.

Mr. Weber: — They would have gone through by a memo indicating, pay this amount.

Mr. Anguish: — Why wouldn't the people question that if there's no receipts attached? Wouldn't the people making out the cheques find it unusual?

Ms. Alexander: — Given that on the memo it was indicated the documents were reviewed by the vice-president and the approval was given by the chairman, the payment would be made.

Mr. Anguish: — The chairman was Mr. Urness at that time?

Ms. Alexander: — Yes.

Mr. Anguish: — And the vice-president was Mr. Ritsco.

Ms. Alexander: — Yes.

Mr. Anguish: — And they all signed and authorized by the two?

Ms. Alexander: — They're approved by . . . looking on to the next one, approved by Mr. Urness and the documents were reviewed by our controller.

Mr. Anguish: — Your controller?

Ms. Alexander: — Yes.

Mr. Anguish: — Is that controller still there?

Ms. Alexander: — Yes.

Mr. Anguish: — Why wouldn't that controller have that documentation?

Mr. Weber: — We can ask the controller. When we've done that in reviewing these documents, the answer is that they were approved by the chairman and the signature was applied on that basis.

Mr. Anguish: — The controller signed that document. From what I understood, that he had reviewed the documentation.

Mr. Weber: — Indicating that the documents were reviewed, what documents were reviewed, we have no way of knowing, and asking the individual concerned given the level in the organization, the individual with the chairman had authorized the payment. The documents could be this document here, and the voucher.

Mr. Anguish: — I find that unusual. If our controller did that in the government, I think he should be fired.

Mr. Weber: — I think you have to, Mr. Chairman, look at the circumstances with the individual, and the position the individual is in. The chairman has the authority . . .

Mr. Anguish: — Were they intimidated?

Mr. Weber: — I would think that that would be a fair assumption. The chairman of the day has the authority to authorize these expenditures and has authorized the individual to be on the payroll and has authorized the incurring of expenses by that individual. So with the chairman signing the document the individual would have little recourse.

Mr. Anguish: — And the individual is afraid enough of the chairman of the board in terms of losing their own position, that they would sign they reviewed the documents . . .

Mr. Weber: — That's an assumption.

Mr. Anguish: — . . . and there were no documents to review.

Mr. Weber: — I have no idea what transpired. Again this occurred between the individual and the chairman. It was not part of the process other than for the processing of the cheque. Now what went on, what was going through the individual's mind, I really don't know.

Mr. Anguish: — Have you spoken about this with your controller?

Mr. Weber: — We've spoken with the controller. And knowing the individual and the processing, specifically on these documents . . .

Mr. Anguish: — I would think maybe you'd want to talk to the controller so that practice wouldn't happen again under the same controller.

Mr. Weber: — The controller, when we made the changes and the reorganization at the board, the controller co-operated fully with myself and with the provincial audit people who came in, and turned over all of the files that were involved and all of the documentation that she was aware of.

And at that point in time, I didn't pursue it further. We had the files. And as with a number of these, there's no documentation on file. The controller, working for — in the chain of command, if you will — working for Mr. Ritsco, I suspect the reason that she signed those documents was that Mr. Ritsco was unavailable at that time. So I would be reluctant to cast aspersions on the controller's integrity, Mr. Chairman.

Mr. Anguish: — I don't think I was casting aspersions on the controller's integrity. I was maybe casting some stones in terms of the process. And what I'm asking you to do is ensure us that this will not happen any longer over at the Liquor Board.

Mr. Weber: — I can certainly do that, Mr. Chairman. The policies have changed. We now require proper expense account forms for all individuals employed by the board,

with proper documentation, with receipts.

Those policies have all been changed. There is no longer a separate system for paying individuals or paying expense accounts or dealing with any expenditures from the board. They're all authorized by the individuals who have the appropriate authority, and all the documentation is required to be attached before payment will be made. So that we've covered that aspect of it in the sense of changing our policies and procedures back to ones where there is more accountability. And if there is no receipt, there will be no payment.

Mr. Anguish: — Is the controller a long-term employee of the Liquor Board?

Mr. Weber: — Yes. The controller has been there approximately 12 years, I believe.

Mr. Anguish: — Just before we break, Mr. Chairman, I have one other question before we leave the . . . or a couple of questions before we leave the employees. Can I go ahead and ask those now?

Mr. Chairman: — Well Ms. Haverstock has questions and so do I on this area.

Mr. Anguish: — Well then we'll take a break and come back?

Mr. Chairman: — Is it the wish of the committee to take a break?

Ms. Haverstock: — I have very few questions, and they're not specifically related to . . .

Mr. Anguish: — We'll we've traditionally always taken a break at 10 o'clock.

Mr. Chairman: — Well I'm just saying, if it's the committee's wish, we'll take a break. Is that agreed?

A Member: — Agreed.

The committee recessed for a period of time.

Mr. Anguish: — Mr. Weber, I have a couple of other questions about employees of the Liquor Board or former employees of the Liquor Board. Can you tell us in the years under review by the *Special Report by the Provincial Auditor*, expense payments, a detailed list of expense payments, made to Ted Urness and Mr. Yarnton?

Mr. Weber: — We have records of expense payments. I don't have them here with me today. We can certainly undertake to provide those to the committee; no problem doing that with the records that we have, Mr. Chairman. There were a number of, obviously, travel expenses, those kinds of things. What they are I don't know off the top of my head.

Mr. Anguish: — Are those expense payments also subject of review by your solicitor?

Mr. Weber: — They're all part of the same review, yes.

Mr. Anguish: — And that also will be expected to be concluded within four weeks or so, six weeks?

Mr. Weber: — That's what we're forecasting.

Mr. Anguish: — I believe that Mr. Urness was paid a fairly large sum of money for a commission to have his home sold.

Mr. Weber: — That's correct.

Mr. Anguish: — Is that a usual practice by the Liquor Board?

Mr. Weber: — There are policies and procedures dealing with the relocation of employees of the board and the amounts to be paid to them based on expenditures incurred for items such as real estate fees, legal fees, incidental expenses, those kinds of things. And we're in the process of looking at that particular payment for . . . we can't find a lot of documentation that indicates that expenditures were incurred for the amounts that were paid and we're . . . That's part of the review.

There's also other situations where moving expenses were paid where there . . . for example, real estate fees paid where there don't appear to have been any real estate fees incurred. But again, I'm not able to say much more than that.

Mr. Anguish: — What do you mean by that, Mr. Weber? It could be a situation where the home was privately sold but yet the individual claimed real estate fees?

Mr. Weber: — That's the indication that we have in one instance, yes. The argument is that well, I've saved the board X amount of dollars by selling it privately, so I'll take a commission. And that we don't know if in fact that's happened for sure. That's what part of the review that we're undertaking and seeking legal advice on, Mr. Chairman.

Mr. Anguish: — Is there a board minute approving that expenditure? Or was it a decision by the chairman?

Mr. Weber: — There isn't a board minute. There's a signature of the chairman authorizing payment and one of the . . . the payment you mention to Mr. Urness. One of the problems we have is again he appears to have authorized payment to himself. So that's under review.

Mr. Anguish: — In the amount of \$11,845.35?

Mr. Weber: — That is the total amount, I believe. Yes, Mr. Chairman.

Mr. Anguish: — On the sale of the house?

Mr. Weber: — Yes.

Mr. Anguish: — And there were no real estate agents involved in that to your knowledge?

Mr. Weber: — We're in the process of determining that.

Mr. Anguish: — And this is the situation where the

chairman of the board authorized payment to himself for the sale of the house?

Mr. Weber: — According to the records that we have, that is correct, Mr. Chairman.

Mr. Anguish: — Did Mr. Urness relocate somewhere in 1991?

Mr. Weber: — He relocated at some point in time from Saskatoon to Regina. And the payment was made in 1991.

Now there was a time when he was commuting from Saskatoon to Regina and when the actual move took place is . . . doesn't appear to have a lot of relation to when the payment was made. But that's not unusual either in these circumstances because there are situations where employees move and it takes a while to sell their home; those kind of things.

The question that we're looking at is the authority to pay and whether or not it's in line with the board policies to deal with these kinds of expenditures.

Mr. Anguish: — If there were no real estate fees involved, would you be making some attempt to collect this money back?

Mr. Weber: — Again as part of the whole review, if our legal advice indicates that there was no authority and the funds were improperly paid, then we will be taking appropriate action.

Mr. Anguish: — So you will give us, in the normal fashion, you will give us a list of the expense payments paid to Mr. Yarrnton and Mr. Urness?

Mr. Weber: — We can do that. Would you like travel expenses, all expenses paid to the individuals?

Mr. Anguish: — All expenses paid to the individuals in the two years under review.

Mr. Weber: — We will undertake to do that, Mr. Chairman.

Mr. Anguish: — I don't think I have any further questions, Mr. Chairman, on the employees. I do have some other questions regarding goods and services without charge. Do you want to finish off the employees?

Mr. Chairman: — I'd like to finish this subject first.

Mr. Anguish: — Okay.

Mr. Cline: — Yes, I have a few questions relating to the employees, Mr. Weber, I'm looking at the return you filed as a document with this committee. And in connection first of all with LB1 to 4 inclusive, the ministerial assistants, I take it to your knowledge — and by your knowledge I mean yourself or people in the Liquor Board you've had an opportunity to speak to — that these people were located in the office of the minister. Is that correct?

Mr. Weber: — To the best of my knowledge that's correct, yes, Mr. Chairman.

Mr. Cline: — And with respect to LB5 and LB6, can you tell us what the nature of the work performed by those individuals was?

Mr. Weber: — As far as LB6 is concerned, we have no record of the work performed by the individual, Mr. Chairman; LB5, again we have no record of the work performed nor was the name familiar to me other than what I found in the records.

Mr. Cline: — So to the knowledge of the Liquor Board, it is not known what these people actually did.

Mr. Weber: — That's correct, Mr. Chairman.

Mr. Cline: — And are you able to say where these people were physically located during the periods of time for which they were paid?

Mr. Weber: — I'm not able to say where exactly they were located. I have no firsthand knowledge of their location.

Mr. Cline: — Does the Liquor Board have records which would indicate where they were located?

Mr. Weber: — It would indicate where we sent the cheque and the payment to the individual. I believe the LB6 went to Saskatoon and LB5 went to the address in Regina. But as far as their actual work location is concerned, I'm not aware of where that would have been.

Mr. Cline: — Now with respect to LB7, I take it this individual was working in Swift Current?

Mr. Weber: — Yes, for part of that period of time.

Mr. Cline: — For which part was the individual located in Swift Current?

Mr. Weber: — It would have been from the fall of 1990 through to the fall of 1991 I believe, Mr. Chairman.

Mr. Cline: — And do you know what the nature of the work performed by this individual was?

Mr. Weber: — No I do not, Mr. Chairman.

Mr. Cline: — And do you know where the person was physically located in Swift Current?

Mr. Weber: — No, not firsthand, I do not, Mr. Chairman.

Mr. Cline: — And does the Liquor Board have information indicating either the nature of the work performed by this individual or as to where the individual was physically located?

Mr. Weber: — There are no documents indicating what type of work was being done by the individual for that period of time, nor any documentation as to where the individual was working from.

Mr. Cline: — And who authorized the employment of that individual?

Mr. Weber: — That would have been the chairman. There would have been a letter of transfer, as I indicated on the documentation, from Energy and Mines for the period of time when that individual was a ministerial assistant. When the minister resigned and the individual moved to Swift Current there would have been . . . the chairman would have had to authorize the staff adjustment voucher which would have authorized the payment of that individual.

Mr. Cline: — Now who was the minister that resigned?

Mr. Weber: — Mrs. Smith.

Mr. Cline: — And I take it, she had . . . had she previously been the minister of Energy and Mines?

Mr. Weber: — Yes, she had.

Mr. Cline: — And when she resigned, the individual then transferred to Swift Current?

Mr. Weber: — To the best of my knowledge, that's correct.

Mr. Cline: — And then LB8 is, as you said, Mr. Gormley.

Mr. Weber: — Correct.

Mr. Cline: — Now LB9 of Montmartre, do you know the nature of the work that was performed by that individual during the period of employment?

Mr. Weber: — No, Mr. Chairman, we have no idea what the work was. There are no records to indicate.

Mr. Cline: — Okay. Do you know where that person was physically located while that person was being paid?

Mr. Weber: — No, I do not.

Mr. Cline: — And with respect to LB10, do you know the nature of the work that was performed by that individual?

Mr. Weber: — Again, Mr. Chairman, there is no documentation at the board indicating what type of work this individual has done. And I have no firsthand knowledge of the nature or type of work that was done for the board.

Mr. Cline: — Was this person located in Wolseley during the period of her employment?

Mr. Weber: — Again, I have no firsthand knowledge that the individual was located in Wolseley other than what I mentioned earlier, the memo that indicated the individual would be relocating to Wolseley. But there is no documentation to indicate that the individual did relocate to Wolseley, nor is there any documentation indicating that the board paid any moving expense to Wolseley.

Mr. Cline: — Do you know where the cheques for the

person were sent?

Mr. Weber: — They would have gone to the address indicated on the documentation that was there.

Mr. Cline: — Okay. Can you undertake to make efforts to find out whether that person did in fact work out of Wolseley during the period of time in question or any part of that period?

Mr. Weber: — We will endeavour to determine whether that individual was in Wolseley, yes, if we can.

Mr. Cline: — Now LB11, who is the second consultant, do you know the nature of work that was performed by that individual?

Mr. Weber: — No, Mr. Chairman, I do not.

Mr. Cline: — And do you know where that individual was located during the period of time that that individual was paid?

Mr. Weber: — To the best of my knowledge, the cheques were sent to the address indicated on the documentation that I submitted.

Mr. Cline: — Those are all the questions I have, Mr. Chairman.

Mr. Chairman: — Ms. Haverstock, any on this area or another area, your questions?

Ms. Haverstock: — I'm not . . . Well some is very much related to what's transpired and it does introduce one new aspect.

Mr. Chairman: — Because I'd like to finish the employee section before we move on. So if you have one on the employees . . .

Ms. Haverstock: — Well I have one individual. I would like to have some specific information, and he's been referred to several times this morning. So other than that, I have some . . . one new area. So it's your choice.

Mr. Chairman: — Well I have a few more questions on this area I'd like to . . .

Ms. Haverstock: — Why don't you go first then.

Mr. Chairman: — Mr. Weber, on LB7, when Mrs. Smith resigned as minister responsible for the Saskatchewan Liquor Board and Mr. Gerich assumed that duty, is it your assertion that Mrs. Bellay ceased performing any functions for the Liquor Board as a ministerial assistant?

Mr. Weber: — There is no record that Mrs. Bellay performed services for the board after that time. There was no record that Mrs. Bellay was transferred from the staff of Mrs. Smith to the staff of Mr. Gerich. However there are records that indicate Mr. Gerich did appoint additional ministerial assistants to be responsible for the Liquor Board.

So the documentation that we have indicates there was

no work performed for the Liquor Board by Mrs. Bellay after Mrs. Smith's resignation. And if there was work performed, we have no way of knowing the nature of it or what it was.

Mr. Chairman: — So in fact if Mrs. Bellay, for instance, had been in contact with a person such as myself over a particular Liquor Board issue with a special vendor, you might not necessarily have any record of that?

Mr. Weber: — That's correct.

Mr. Chairman: — In other words Mr. Gerich, as minister, with a request coming in to his office, could have asked Mrs. Bellay to look into it?

Mr. Weber: — I'm sure he could have, yes, Mr. Chairman.

Mr. Chairman: — Because in fact, Mr. Weber, I did have that personal involvement with Mrs. Bellay some time after Mr. Gerich assumed his duties as minister, involving a special vendor in the practice of allowing domestic beer to be sold at a special vendors. And you would not have had any knowledge of that?

Mr. Weber: — No, Mr. Chairman, we have not had any knowledge of that.

Mr. Chairman: — Mrs. Bellay could have interacted with other members of the public, other members of the legislature, and you would not have had any knowledge . . .

Mr. Weber: — That's correct, Mr. Chairman.

Mr. Chairman: — . . . on behalf of the minister?

Mr. Weber: — That's correct, Mr. Chairman.

Mr. Chairman: — The vice-president of finance, Mr. Ritsco — as my colleague from North Battleford has referred to the special operations unit — to your knowledge, how long had been the practice of the vice-president of finance paying board members, ministerial assistants, that type of thing, separately from the regular, unionized employees of the Liquor Board?

Mr. Weber: — I don't recall the exact date. However it occurred some time in 1989-90 after a salary review at the board was conducted for the senior management level. If it had been going on prior to that, I wasn't aware of it. The records indicate it was happening since 1989, Mr. Chairman.

Mr. Chairman: — And prior to that how were board members paid, and that type of thing?

Mr. Weber: — They were paid through the regular payroll system with a staff adjustment voucher, and would go through the accounts payable department and be processed by the accounting clerks as per anyone else's payroll.

Mr. Chairman: — So this change occurred after a review of board per diems and that type of thing. Is that what

you're saying?

Mr. Weber: — Not the per diems. The actual salaries of the senior management at the Liquor Board, Mr. Chairman. And obviously the indication we have from the documentation we've given to you is that these people were also paid that way prior to commencing some time in 1989. And we've undertaken to review the records back further to see, and we'll be able to come up with a date when this practice started and include that in our documentation, Mr. Chairman.

Mr. Chairman: — I think that's all the questions I have in this area. Ms. Haverstock, if you wish to . . .

Ms. Haverstock: — Thank you, Mr. Chairman. Mr. Weber, I don't know whether you're aware or not, but receipts are not required by MLAs (Member of the Legislative Assembly) for most of their expenses. So I find it rather ironic that members of this committee are talking about inappropriate documentation for expense payments made. And I can only hope that we clean up our own act as soon as possible, as it appears that the Saskatchewan Liquor Board is attempting to do.

I also want it on the record to congratulate you. I think that we all understand that there are four distinctive parts to the Saskatchewan Liquor Board, and I want to commend you, since your section seems to be one that did not have the kind of difficulty surrounding it as the licensing commission and the head office have had.

I know that we've been talking about specific contracts today and I want to introduce one thing that we have not talked about and is not in the special report. Do you have any evidence of employees who were in fact part-time employees but were paid as if they were full time?

Mr. Weber: — Without performing the work?

Ms. Haverstock: — They were employed as full-time employees in the contract and they were paid as being full time; they did part-time work. Are you familiar with any cases like them?

Mr. Weber: — No, I'm not familiar with any specifics, Mr. Chairman, as far as that kind of employment. We do have instances where individuals are employed as part-time people but because of the requirements of the business are working full time, but they are being paid full-time wages but they're performing . . .

Ms. Haverstock: — But they're also carrying out full-time work.

Mr. Weber: — They're carrying out full-time duties as well. And if I'm understanding the question correctly, Mr. Chairman, are we aware of anyone who was paid full time and not performing the duties full time, I'm not aware of any specifics.

Ms. Haverstock: — Thank you. There's been reference made to Mr. Yarnton today. Could you give this committee his specific title, the dates of his employment, the salary that he was paid, and his specific duties.

Mr. Weber: — I can give you the . . . Mr. Yarnton was employed as the executive vice-president of operations, hired on or about the first of May, I believe, 1989. I will undertake to get the specific date for the committee. And the salary that he was receiving when his services were terminated at the board was \$107,000 per annum. As far as what it was prior to that, I would have to go back, and if you wish, Mr. Chairman, I will supply that information to the committee.

Ms. Haverstock: — Thank you.

Mr. Weber: — As far as his duties and responsibilities are concerned, I can provide a job description for the position.

Ms. Haverstock: — I'd appreciate that, Mr. Chairman, Mr. Weber, if you would as well undertake to find out the following. I'd like to know if he had the power to hire. If so, did he exercise that power? If he did not have the power to do so, did he in fact hire anyway? Who, to your knowledge, did he hire? I'd like to know the terms of the employment and an indication of who worked directly for him.

I'd also like to know if there's an evaluation process in the Saskatchewan Liquor Board that can measure whether or not a person is indeed carrying out his or her duties for which they were hired.

Mr. Weber: — We will provide that information to you, Mr. Chairman.

Ms. Haverstock: — Thank you. And lastly I would . . . I know that you don't have this knowledge available to you today, but if you could determine, given that information, just in that one part of the Saskatchewan Liquor Board, if you would determine whether or not you in fact could find evidence of employees who were hired as full-time employees, were paid as full-time employees, but did part-time work.

Mr. Weber: — We will examine the records and see if . . .

Mr. Chairman: — Anguish, You have another question.

Mr. Anguish: — Not on employees. I want to go to another topic.

Mr. Cline: — I just want to say for the record, in connection with the comment Ms. Haverstock made, that my experience, as limited as it is, that for the bulk of MLA expenses there is in fact complete documentation before any payment is issued by the Legislative Assembly Office, including such things as rent, salaries, leaseholds, equipment, furnishings, and communications allowance, which in my experience is the vast majority of what an MLA would spend. I just don't want the impression left that there's no documentation, because in those respects I think there's complete documentation.

Mr. Chairman: — I don't want to get into a debate on MLA's salaries and that type of thing in committee. So perhaps we can leave that topic.

Mr. Anguish: — . . . in on the agenda for another meeting.

I think it would be a very interesting debate, Mr. Chairman, but I think . . .

Mr. Chairman: — That would be appropriate at a later time.

Mr. Anguish: — Yes, sure.

Mr. Chairman: — Before we leave this, I have one question for the auditor on this whole area of hiring of ministerial assistants and his recommendation that it be changed. To your knowledge, Mr. Auditor, would ministerial assistants be hired through various agencies, Crowns, government departments, for a fairly long period of time? I mean obviously your recommendation looks at the ability of accountability. It's the question of paying sort of for goods received. Does that necessarily mean that the individuals involved were not performing work for the government?

Mr. Strelloff: — Mr. Chairman, when the organization that's paying a person doesn't know what services the people are providing or to which organizations in some cases, it's very difficult for anyone to know whether the people being paid are providing services to the government or to the organization in question. It makes the people writing the cheques and approving the cheques, it puts them in a very awkward position. And that's why we strongly recommend that when one organization is providing an employee to another organization, that there be a formal secondment arrangement documented.

And that for all ministerial expenses, it seems like it's reasonable to move them through the Executive Council because that would be the only place that might have a chance to determine what the people are doing. Certainly the organizations that are required to make the payments wouldn't.

Mr. Chairman: — I can appreciate your want at this time to sort of establish new patterns. And the reason I ask the question is because an individual like Mrs. Bellay, who has been singled out, Mrs. Bellay, to my knowledge, was performing functions for the Government of Saskatchewan during her entire tenure. She now finds herself in a very uncomfortable position, vis-a-vis a court action, and yet may have been performing many functions for.

So the question is, it's an auditing issue, not a work-related issue, in your mind?

Mr. Strelloff: — Mr. Chairman, I think it's a management accountability issue. That if you're asking the Liquor Board to pay employees that don't work for them, well how do they manage their performance; how do they make sure that there's value for money received; and how does the Legislative Assembly hold the Liquor Board accountable for what it's doing when they're paying employees that they're not sure where they work?

Now the individual employees may be doing valid work for the government somewhere. But they should be paid by whoever or whichever organization that they're working for. That's the key to the management process

and the accountability particularly to the Legislative Assembly.

Mr. Chairman: — The reason I ask the question, I mean this particular action by the Liquor Board has left it in the minds of some of the public, I think, that this individual was stealing from the government, and in some way the individual was knowingly committing a transgression, when in fact as a part of the system she in all likelihood was following direction of superiors.

And I think that point needs to be made, that what we are dealing with here is a question of how we account differently. Is that not it?

Mr. Strelloff: — Mr. Chairman, when you use the phrase "account", there's a management aspect to it. It's how you manage what you're doing with your resources and how you account or report back to the Legislative Assembly on what you're doing.

It relates to both issues, and as far as I can see, the Liquor Board is put in an awkward position when the controller or the senior financial officers are approving payments for people they don't know about or they don't supervise, and that, from our point of view, needs to be changed. And we think that if there are . . . if the Liquor Board is providing a person to another organization, well document it, put it in a secondment agreement, and make sure that the money is flowing from the right organization.

Mr. Chairman: — So in effect if Mrs. Bellay had someone from Executive Council, for instance, had put her on that payroll or someone from the Saskatchewan economic development council, or something like that, had put that documentation in place, we probably would have a mute argument here.

Mr. Strelloff: — Mr. Chairman, if the Executive Council took responsibility for overseeing the ministerial assistants and the person you mentioned was a ministerial assistant performing duties for the government, well then you have the management and the proper accountability. I'm not sure what took place in that circumstance and it seems like the board also doesn't know what took place as well. And that's why it's before us.

Mr. Chairman: — I believe Mr. Van Mulligen was first, and then Mr. Lautermilch.

Mr. Van Mulligen: — I just have a follow-up question on this, Mr. Chairman, I'm wondering if Mr. Weber can tell us if the Liquor Board has, at this point, or is paying out any salaries for any type of ministerial assistant on an on-going basis.

Mr. Weber: — At this point in time we are not, Mr. Chairman.

Mr. Van Mulligen: — Is there any payments being made to individuals who are not now — what's the term — not working for your organization?

Mr. Weber: — No, Mr. Chairman, there's no one being paid that is not working for the board with the exception of the salary continuance being paid to those individuals

who are in the process of negotiating severance.

Mr. Van Mulligen: — And are there any payments being made to individuals with respect to special projects that they may be undertaking for ministers?

Mr. Weber: — No, there are not, Mr. Chairman.

Mr. Lautermilch: — Yes, just a couple of short questions and then, I guess, I'll comment. I think through these hearings and through the process it's quite clear that the management of the Liquor Board is having a hard time to establish who worked where; whether they worked full time, whether they worked part time.

I was quite interested in Ms. Haverstock's comments with respect to full-time pay for part-time employment. And I think given the responses we've had with the number of employees that we've been looking at this morning, clearly the management is not in a position to be able to share this information with this committee. And just by the line of questioning that Ms. Haverstock embarked upon, I'm only assuming that you have some information that in fact there were some part-time employees being paid full time?

And I think to maybe ease the load of the management of the Liquor Board and to enlighten this board, you may want to share those details with us this morning.

Mr. Chairman: — It's up to Ms. Haverstock.

Ms. Haverstock: — Well I don't want to bring forward simple rumour. What I'm trying to do is to determine what other members of this committee have indeed sought, and that is to find out whether or not my information is correct. And I think that the people in charge of the Liquor Board are those who can determine whether or not this is accurate information. And I would like to have it confirmed, is really what I'm seeking. I don't want to go forward on rumour. I've had people who've come to me, talked about the morale issues at the Liquor Board. The staff is demoralized.

And in part, one of the reasons why people have talked about this is because of the sorts of things that we are not only discussing here this morning but some things we have not discussed, and that is that there are individuals, I've been told, who were hired very much on a personal basis who were given privileges, where in ... (inaudible) ... circumstances, there were even receipts based on this individual being taken for lunch, one place over and over and over again. And the rumour has it that this individual really did not do full-time work, and a lot of evidence about leaving at a certain time of the day and even different rumours regarding this individual and Fair Share Saskatchewan and ... etc.

So what I'm really wanting ... And I'm more than willing to speak with Mr. Weber about this in order to give him some direction as to where to look. But I don't think that it's appropriate for me to raise this individual's name here today.

Mr. Lautermilch: — I think, Mr. Chairman, it would be most helpful if Ms. Haverstock were to share the

information with the chairman of the board so he could indeed ferret out the information.

Ms. Haverstock: — And my preference would be that it not stop with this example. I mean, my preference would be that even more is looked at here, because there needs to be something.

I do appreciate the work that they've been doing, the changes that they've been making, but there's something more at stake here. And we need to have people who are employed in the Saskatchewan Liquor Board and other corporations and departments where they can have a sense that those who are doing a really good job are going to have that recognized and not be pulled down simply because of these incidences which I hope are the exceptions to the rule but for which they pay the price.

Mr. Muirhead: — Thank you, Mr. Chairman. Mr. Weber, can you inform us how you'd go about, in the department, to find out the request of Ms. Haverstock here?

Mr. Weber: — The difficulty we'll have, Mr. Chairman, is we can go back — and obviously if we're talking about individuals that we've already provided documentation for, there is no record. And we would not be able to determine whether or not they were in fact ... because we don't know what they were doing, we don't know whether they were doing it full time or part time and the salaries received.

As far as the other individuals are concerned, the other employees of the Board, we've made some changes. Some people are no longer there. If it were those people that were involved, we would go back and check time sheets and those kinds of things. But to the best of my knowledge, at this point in time, there is no indication that someone was being paid full time and working only part time.

And I would appreciate having an opportunity to speak with Ms. Haverstock to get some more details so that we can specifically put these things to rest and determine whether or not there were any irregularities.

There are an awful lot of rumours, and part of that is a result of the separate payroll systems and those kinds of things. But these rumours have been ongoing for five or six or seven months prior to the changes that were made and the re-institution of a single payroll and those kinds of things. And I think most of the issues have been dealt with. So I suspect we're dealing with some history. And some of it may be factual, some of it may not be. And without getting the specifics, it would be difficult for us to determine.

Mr. Muirhead: — But surely, Mr. Weber, like Ms. Haverstock hears rumours on the street, and perhaps some of the rest of us, that there's problems at the level of the Liquor Board department and there's ... things have run amok in there or have been or whatever. And certainly if we hear it on the street, somebody must, in the department, be hearing about these rumours. There must be individuals that are saying, well so and so has not been performing their full day's work for a day's pay. If they're

not hearing it there, where is it getting out from?

Mr. Weber: — No question.

Mr. Muirhead: — I mean, there must be something.

Mr. Weber: — As I said, those rumours abounded. And I think we've dealt with all that I'm aware of. Either they were in fact true and it's been dealt with for the proper reasons, or they were in fact not true, and they've been put to rest that way.

What we don't want to end up doing — and I guess the way we can prevent it is to have proper management practices at the board — we don't want to be managing by chasing rumours all over the place. We would spend our time doing nothing but. So there are still a lot of angry, hurt people at the Liquor Board and that's not going to be corrected overnight. It's something where we can take immediate action to remove the obvious practices that we felt were incorrect. And we've done that.

Now it's a matter of time. And basically, regardless of what is said, employees are going to have to be shown. And time alone will correct some of the situations we're dealing with. So yes, there were rumours. When they were brought forward, they were dealt with. And to the best of my knowledge, the practices referred to by Mrs. Haverstock are not going on at this point in time. And I would be more than pleased to address the specifics when we get them.

Mr. Muirhead: — Mr. Chairman, I'd just like to ask the committee, is it . . . it's in order then . . . And I understand why she doesn't want to mention a name, because why mention a name if it's a rumour. I understand that, and I think that's very fair.

But if any of us in this committee have these rumours that can help out Mr. Weber here, is it in order that we can go to him or anyone here and suggest, this is what we're hearing and we'd like an investigation, rather than bring it up here? Is that going to be in order then? I ask the committee.

A Member: — Absolutely.

Mr. Weber: — Mr. Chairman, I would appreciate that from the point of view it helps us deal with the rumours as well before they get out of hand.

Mr. Muirhead: — Yes, I'd appreciate that because I think that it's very important not to mention an individual in case it turned out to be nothing.

Mr. Weber: — Thank you.

Mr. Anguish: — I want to move on to the topic the auditor draws reference to on page 20, the goods and services without charge. The Liquor Board seemed to go all out to join the hoe-down out at the Big Valley Jamboree. And I'm wondering if there's other events similar to the Big Valley Jamboree where the Liquor Board went all out to provide some largess to individuals without charge.

Mr. Weber: — There were . . . not to the degree of Big

Valley, and without charge not to individuals *per se*. Organizations, there were donations made to charitable organizations. There were expenditures incurred for other items but not to the degree of Big Valley. And there were basically donations made to different organizations over a period of time.

Mr. Anguish: — This is the grandest scale, is the Big Valley Jamboree example.

Mr. Weber: — It's the largest function that the board participated in, yes.

Mr. Anguish: — During the 1989 jamboree, liquor at retail value that was provided was \$2,022.65. In 1990 for the jamboree, the liquor totalled \$1,283.85. Yet there are over a 100 more passes bought in this year, and the liquor cost went down. Did you have a new policy in providing less liquor to those that went to the Big Valley Jamboree?

Mr. Weber: — No, Mr. Chairman.

Ms. Alexander: — Excuse me. In 1989 any of the liquor that was left over after the jamboree was returned to the head office of the Liquor Board and stored in a sample room. In 1990, liquor that was left over, Mr. Chairman, was returned to the Liquor Board stores and credited.

Mr. Weber: — So there may not be an actual decrease in the amount of liquor brought to the function and/or consumed. The difference is that the returns were brought back as a credit. So that in 1990 the figure is net of returns; in 1989 there were no returns processed, so that is the figure. If the product was brought back and put in our storage area in the office, it is still basically an expense in where it went from there.

Mr. Anguish: — What benefit did the Liquor Board get from spending \$10,643.13 in 1990 at the Big Valley Jamboree?

Mr. Weber: — Perhaps some advertising and sales, but no real tangible benefit that could be identified, Mr. Chairman.

Mr. Anguish: — It's also well-known that the Liquor Board provided liquor to ministers' offices on a fairly large scale. I'm wondering if you have any intention of taking any action to recover some of this money. Are the ministers going to pay for their liquor?

Mr. Weber: — Is this dealing with the documentation that we've given you, Mr. Chairman? As far as the policy now has changed, and that the practice is no longer occurring. As far as what has occurred, it's part of the review that we're looking at from an accountability point of view and proper exercise of authority and public funds.

Mr. Anguish: — But it seems to me you're going after a former employee of the government who was likely ordered to do whatever she did and just received her pay cheque. You're going after her to collect money back. Why wouldn't you go after these ministers to pay for their liquor?

Mr. Weber: — I'm not suggesting that we aren't going to

seek reimbursement for these funds. I'm simply saying that at this point in time we haven't finalized exactly whether or not there is a case and how we're going to proceed. It's part of the . . .

I guess to put it in perspective, all of these things that we have provided to the committee and all of the documentation are subject to review and questioning as to whether they were appropriate and whether the appropriate authorities were followed, whether the individuals who authorized the expenditures had in fact the authority to do that. Once that's been determined, then we'll determine how we're going to proceed with regard to recovery and/or other possible legal action against individuals or groups.

Mr. Anguish: — It seems to me that most of your review has to do with the possibility of civil actions against individuals in recovering money to the Liquor Board. I'm wondering if during your review you found any possible grounds that you'd want to turn over for criminal action.

Mr. Weber: — That's what we're exploring, Mr. Chairman, now.

Mr. Anguish: — Are you doing that in consultation with the Department of Justice, or is it totally with your private sector lawyer?

Mr. Weber: — With the Department of Justice and the appropriate law enforcement agencies.

Mr. Anguish: — How many of the items that are being reviewed with a legal light would you say have possible criminal activities associated with them?

Mr. Weber: — I'm not in a position to comment on that at this point, Mr. Chairman. We'll wait until we get the final legal advice and proceed. It would be speculation on my part at this point.

Mr. Anguish: — I'm not sure anything we've seen here would indicate criminal activity. There's some of it certainly may be the subject of a civil action, and obviously it is because there's one that's already started.

But are there items of a possible criminal nature that we've not discussed in this committee that you are aware of?

Mr. Weber: — Not that I'm aware of, Mr. Chairman. What we're looking at here is again the authority to expend public funds in the manner in which they were expended and whether or not that was appropriate. And that's where criminal charges, if any, would come in — would be the misappropriation of public funds.

And that has not been determined. I'm not sure whether it will be determined, if there's action that can be taken. But it's part of the review that's being conducted so that we can determine whether or not we should (a) simply move to recover the funds, or whether we should proceed with criminal action, or whether a combination of the two.

Mr. Anguish: — I have just a couple of short questions, Mr. Chairman, and it's just past 11 o'clock. Can I go

ahead and ask those now to try and wrap this up?

Mr. Chairman: — There's many questions. But go ahead. There'll be many questions in this area, so if you wish to get yours in before we have them come back another day.

Mr. Anguish: — The Liquor Board will be coming back to get other people on the list?

Mr. Chairman: — It's entirely up to you if you want to do it now or do it later.

Mr. Anguish: — I suppose I'd just make an observation. I won't ask those questions now. If you want the board to come back another day then I'll leave those questions for another time, Mr. Chairman. But I would ask that when you appear before the committee again to bring your files along concerning the expenses of other people that were referred to in the auditor's special report. I'd like also to ask you to bring with you the files, complete files pertaining to Mr. Yarnon and Mr. Urness.

Mr. Weber: — Files with regard to expense accounts, or all the files that we have?

Mr. Anguish: — Their complete files so that we can have the flow of questions and answers go in the committee, and not from the committee to paper, back to the committee, to possibly calling you again. I wasn't sure that you'd be coming back.

But rather than doing some of the paperwork and providing 20 copies to the committee, as is normal fashion — maybe in regard to Ms. Haverstock's questions, some of my questions — bring those complete files with you so that you can answer the questions here before the committee and maybe save you a good amount of paperwork.

Mr. Weber: — We can do that, Mr. Chairman.

Mr. Anguish: — In such things, I suppose, also is the release of Mr. Yarnon and Mr. Urness, whether with cause or without cause. And we'll likely be getting into some of those items as well.

Mr. Weber: — We'll do that.

Mr. Van Mulligen: — Mr. Chairman, I wonder in the event that we're finished with the Liquor Board next time before normal scheduled adjournment, I wonder if we could ask the Property Management Corporation to stand by?

Mr. Anguish: — Unless you know you have lots of questions.

Mr. Chairman: — We'll see how it goes. It being after 11 o'clock, the committee is recessed until next week.

The committee adjourned at 11:04 a.m.