

## STANDING COMMITTEE ON PUBLIC ACCOUNTS

October 26, 1994

**The Chairperson:** — We have our discussion on chapter 7 to conclude this morning's discussion on the first 8 chapters. The eighth chapter we'll do when we can get CIC (Crown Investments Corporation of Saskatchewan) here. When we finish this, then we'll go back to what the minister's responses from last year's resolutions were and we'll deal with that.

Mr. Auditor, chapter 7.

**Mr. Strelieff:** — Thank you, Mr. Chair, and members. Chapter 7 provides an update on an examination of annual reports of government departments we did in the prior year, and the first paragraph reviews the recommendations that we provided. The second paragraph notes that we think the government has made some progress. They have revised annual report guidelines and at the time of this report the government had not formally approved or adopted those guidelines. We understand now that they have and have issued them to . . . the revised guidelines to departments.

Paragraph .03 reviews when we presented the chapter to this committee you made several recommendations, and the recommendations are also referred to in the response . . . the government's response to your recommendations that we'll be discussing shortly. The three recommendations that you made are listed there.

And paragraph .04 we're recommending that the government do adopt the proposed annual report guidelines, and as I said they have, and that the government should move forward or adopt your committee's recommendations as set out in paragraph .03. So it's just a brief update on the annual report chapter, Mr. Chair.

**Ms. Crofford:** — Would we . . . I know we had a review of what was going to be on the annual report guidelines, but I can't remember . . . Have we been sent out a copy of the approved guidelines?

**Mr. Strelieff:** — Mr. Kraus? Has the committee received a copy of the revised annual report guidelines issued to departments?

**Mr. Kraus:** — I don't believe we would have sent the committee a copy. If the committee would like a copy . . .

**Ms. Crofford:** — The only reason I was thinking of that is in order to know then when we're looking at them whether they are doing what they're supposed to do, it would be helpful to have a copy of the guidelines.

**Mr. Kraus:** — We could provide a copy to the committee maybe this afternoon when we come back.

**The Chairperson:** — Okay.

**Ms. Crofford:** — Thank you.

**The Chairperson:** — Are there any other questions? There are two recommendations from the auditor's office and the first one is under no. .05. "The Government should promptly adopt and follow its proposed annual report guideline revisions" and is there some discussion on that one?

**Mr. Cline:** — I think it only makes sense, you know. If the government has annual report guideline revisions, they should be adopted, and once adopted, they should be followed. We've already decided that the guidelines should be strengthened, you know. So I think, Mr. Chairman, we should note that the government has complied with recommendation 35) and agrees with recommendation 36) and 37) of the sixth report, and I think that we should note that, and we should indicate that we agree with the recommendations made by the Provincial Auditor. Well in paragraph .05, I think . . . paragraph .06 . . .

**The Chairperson:** — We'll take that separately and then . . .

**Mr. Cline:** — Okay. And paragraph .05 then.

**The Chairperson:** — Okay. Generally agreed?

**Mr. Koenker:** — Agreed.

**Mr. Kraus:** — Could I have a clarification, just in case I have to . . . I would like to just talk to some of the departmental people about this.

My understanding is that their annual reports will be referred. The legislature will refer them down here, and you people will use them to help you in your review of, as it says here, the

*Public Accounts* and the *Report of the Provincial Auditor*. Should they be looking forward to an increasing number of questions about the annual report here, or is that just something you would see evolve because I know they're going to ask me that. So then should we prepare for that as well? And to this point to . . . I just think periodically you will ask a question from annual report point that one of you has an interest in, but you haven't made a special effort to go through them from start to finish. And so that if they ask me that, I'm just not sure what to tell them at this point.

**Mr. Cline:** — Well I think the onus would be on us to indicate to them, first of all, if we want them called forward. And I guess if they are called forward, they probably should routinely anticipate that questions might be asked about the annual report although I think they could be told that the emphasis of the committee will most likely be on what the Provincial Auditor says because presumably those are the problem areas that we have to deal with.

Do you think that's a fair comment, Mr. Chairman?

**The Chairperson:** — I think it's fair. Greg, would you like to explain the procedure to the committee of an explanation of what you gave me?

**Mr. Putz:** — Sure. The annual reports, unless the House formally refers them to the committee, they aren't technically before the committee for review. Of course they can be used as a reference tool. But unlike the Crown Corporations Committee where the annual reports of the various Crown corporations are actually referred to the committee for review . . . that's part of that committee's mandate. It would be a simple procedure for the House to do that, but until the House formally refers those reports to the committee then they don't form part of the committee's mandate. But to repeat myself, they could very well be used as a reference tool.

**Mr. Koenker:** — I think I need a clarification then of the third recommendation in section .03 which speaks to the tabling of all reports being referred to the Standing Committee on Public Accounts . . . (inaudible interjection) . . . Yes, I think Mr. Kraus has done us a service in raising this issue because it does begin to muddy the waters a bit. I think I would concur

with Mr. Cline and with what Mr. Putz just said about the reports really residing primarily with the Legislative Assembly and that we would look at them only as required.

**Mr. Streliaff:** — Mr. Chair, members, the ending part of that recommendation, when we discussed it last time the committee thought that if we added the phrase "to assist them in their review of *Public Accounts* and the *Report of the Provincial Auditor*," it would indicate that it's a different kind of referral.

You're not going to be receiving the reports and having to report back to the Assembly on each of those reports. What you would do is receive the reports and use them as you consider appropriate in your review of the *Public Accounts* and our report. And that's what I think the third recommendation was trying to do.

**Mr. Koenker:** — Are you saying then that maybe the English is a problem? I mean I think the wording then is a problem because I think it would just be understood that those reports would be available to all members for their considerations and this is a moot point then.

We need clarification of what it is we actually want to have happen. I hear us saying that basically saying the present situation serves us well but we have a recommendation that we need to be cognizant of the annual reports and bring them to bear on our deliberations, but not in a formal, required sense so that we begin nit-picking the annual reports here as part of our responsibility. We can do that any time we wish, but we don't want to mandate ourselves to have to go through all of these annual reports.

And so the English becomes very important here. And I think "they should be referred to the standing committee" is the culprit here.

**Mr. Cline:** — Well perhaps . . . I see what Mr. Koenker is getting at, which is that our recommendation of last year says refer to the standing committee, which may imply that we in some formal way review them, and maybe that's not what we want to do.

The way that the Minister of Finance has put it in her letter is:

Members may find it useful to refer to

the annual reports of government departments and agencies. These reports are available to Members once they have been provided to the Legislature.

So I think she's saying that, you know, they are available to us for referral as members of the legislature, and I don't know what more than that is required really.

**Mr. Upshall:** — Well I think Mr. Putz outlined it clearly in that we have a process, and to me the process is that the Public Accounts Committee reviews the *Public Accounts*, obviously. But the annual reports are simply there to assist. We don't have a mandate to review the annual report. Our mandate is to review *Public Accounts*. And the manual, as the minister says, is there to assist us in our duties, and that's what this says.

I mean the mandate doesn't change. Because we can't change the . . . , I mean we can, but the mandate hasn't changed. And our mandate is to review the *Public Accounts*. I mean annual reports may assist us in reviewing the *Public Accounts*, but we have no mandate to review the annual report. Am I correct on that?

**The Chairperson:** — At this point you're right. Greg, do you want to talk about another option that is available?

**Mr. Putz:** — If the committee wanted to note that, it could be phrased somehow in the annual order of reference that's passed each . . . at the beginning of each session in the House, that the annual reports may be used by the committee to assist it in its review of the *Public Accounts*, etc., etc., if the committee doesn't want to go so far as to say that it recommends that it wants to formally review annual reports in the same fashion that say the Crown Corporations Committee does.

**Mr. Cline:** — I think that would be a sensible suggestion. I think if we put that in the order of reference it would reflect what it is we want to do, plus resolve any ambiguity arising out of our recommendations.

**The Chairperson:** — Okay. Then in order to pull this together, recommendations no. .05. Let's deal with no. .05 first of all, and then deal with the items 35, 36, and 37, and then deal with the item .03, the last item, and that is on

page 58, that item at the top of the page, and then deal with no. .06; that makes it neat and clean.

Item no. .05, did we have that concluded?

We've done .05 and we've agreed on 35. According to the notes that Mr. Putz has, we've agreed with 35, 36 and 37 of the minister's response.

I'm sorry. I guess we haven't dealt with 35, 36, and 37. We dealt with .05 and agreed to it. Let's deal with the minister's response in 35, 36, and 37.

**Mr. Cline:** — Okay, well I think we should note that with respect to recommendation 35), the government has complied with the recommendation.

And with respect to paragraph 36, we should note that the government agrees with the recommendation and has asked the departments to comply.

And with respect to paragraph 37, I think we should note that we agreed that we should ask for a change in the . . . did you say order of reference?

**Mr. Putz:** — Yes.

**Mr. Cline:** — . . . to clarify that we think annual reports can be used as a tool to assist members in questioning the government departments and agencies.

**The Chairperson:** — Can I do 35 and 36 separately, and then I'll talk about 37, because I want to ask some . . . get some advice from the committee.

Items 35 and 36, do we agree with Mr. Cline's observations? Agreed.

Okay. Item 37. I don't disagree with the observations you made, Mr. Cline, but what's the process to handle that? Should this committee do this only in the annual report, or should this committee note and draft a letter to Mr. Lingenfelter because he will likely deal with this in an order of reference as he presents it to the Clerk and to the House?

**Mr. Cline:** — Both. I think we should note what I said in the annual report, or in our report to

the legislature. And I think we should ask you, Mr. Chairman, to write the House Leader of the government to advise him that we would like the order of reference to be so amended and that we would like him to take the appropriate steps to do so.

**The Chairperson:** — Okay.

**Mr. Koenker:** — I'm a little bit uncomfortable with what we're doing, because I don't think we need to do it, given the initial explanation that Mr. Putz made, which is that the . . . as I heard — I didn't copy it down — but I heard you saying that the annual reports must be referred . . . are tabled in the legislature and then must be referred to — for the Crowns — must be referred to the Committee on Crown Corporations. Is that correct?

**Mr. Putz:** — If they are to be formally reviewed. Once the Assembly refers something to a committee, it's only natural that then the committee expects the committee to come back and make some comment or recommendation or observation on what was referred. And that's essentially what the Standing Committee on Crown Corporations has done for many years. For many years it was just a simple statement of fact that they reviewed the report. Not many recommendations have been made in the last little while.

But if this committee wanted those annual reports to be formally before it, then the House would expect this committee then in its report to make some comment on what it did in its review on those reports.

**Mr. Koenker:** — And I don't know whether we want to build in any expectation that the Public Accounts Committee gives a report of any kind on the annual reports.

**Mr. Putz:** — The second suggestion that I made would go no further than what the committee can already do, as you stated.

**Mr. Koenker:** — So then why do we need to do anything today, is my issue. I think what we do is . . . we're just introducing another dynamic of writing the House Leader and so forth. And I think if we're agreed that we understand the way the present system functions, it serves the purpose we want, then if it ain't broke, don't fix it. That we leave well

enough alone in this regard. And we don't deal with the orders of reference. We simply note that we are understanding of the availability of annual reports de facto to our committee. Period. I'd feel more comfortable with that, just that clarification.

**The Chairperson:** — Are you finished?

**Mr. Koenker:** — Yes.

**Mr. Upshall:** — Yes, I agree with Mr. Koenker. Just the way I read this, the Public Accounts Committee — and please tell me if I'm wrong, because I'm relatively new on the committee — but we have a mandate to review the *Public Accounts*. The minister in the process says anything that's tabled in the legislature we can refer to to assist us. We've always done that.

If we start making some changes, it might imply that we may want to make recommendations and a formal review of the annual reports. I don't think that's the purpose of the annual report. As we've asked for the purpose in bullet 3 of no. 3, the committee asked that they should be forwarded to assist us. Well technically they don't have to be forwarded because if they're tabled in the legislature we can use them to assist us. Right?

**Mr. Putz:** — Yes

**Mr. Upshall:** — So I agree with Mr. Koenker. Why are we even worried about it? I think it's automatic. Once they're tabled, we can use them in this committee to assist us in our role of reviewing the accounts of the government.

**Mr. Koenker:** — And then, Mr. Kraus and his people don't have to worry. It's standard operating procedure. If we want, if at any point we want to inject the annual reports into our consideration, I mean we do that. But we don't make any formal provision to do that. We can already bring them in.

**Mr. Cline:** — Okay, well I would suggest, Mr. Chairman, that since everybody seems to be saying the same thing but in a slightly different way, that we simply note in our report that with respect to our recommendation 37) in our sixth report that we understand as a matter of practice that the annual reports are available to us to assist us and that period.

**Mr. Koenker:** — Well said.

**The Chairperson:** — Any discussion on that point?

**Mr. Strelieff:** — You do receive copies of the annual reports then of all the departments? You have them available to you. There's no problem there in a routine basis so that if you come in with the Department of Community Services this afternoon and you wanted to look at their annual reports, you wouldn't have any trouble getting a copy of those reports?

**Mr. Cline:** — No.

**Ms. Crofford:** — I was just going to mention it's my recollection that when the first session we were here, we automatically got everything. And then, I think, there was a decision that we would be notified that it was tabled, but we wouldn't necessarily get them unless we requested them. And so they don't automatically plop it on your desk, but you do automatically find out that it's been tabled.

**Mr. Cline:** — You just have to request that you required it.

**The Chairperson:** — Mr. Putz has some observations about the Rules Committee addressing this.

**Mr. Putz:** — Yes, Ms. Crofford is correct. The Rules Committee reviewed that in order to save costs. The X number of copies are sent to each caucus office, and the caucus office informs our office as to the numbers required. And then the caucus office makes them available to interested members.

**The Chairperson:** — So they're available to us, maybe not in the same context as being delivered on our desks. And my observation about that was 95 per cent of them just turned the corner and were in the container beside, in the file container beside the desk.

So I think that we do have them available to us. We do have them for our use. We do have them as a reference for the committee to use in our deliberations, and we can use that for discussion purposes in dealing with the departments.

I just have one question: is every department and agency of the department or the

government required to file a report under The Tabling of Documents Act?

**Mr. Kraus:** — It would be my belief that any agency that's created or any fund or what have you has got tabling provisions in whatever it is that created it, whether it's legislation or perhaps in some cases an order in council, but I would think most are required — financial statements and/or annual reports. I think that's pretty standard. Okay?

**The Chairperson:** — Mr. Cline had an observation that we deal with 37 as a reference of the . . . not a formal reference of the annual reports but a note that they would be used by the committee to deal with the workings of the committee and discussion of the departments and they can be used by members to do that and to assist us in questioning. So that's the content of the recommendation and it's agreed? Okay.

Then we go to item no. .06 and "The Government should adopt the Public Accounts Committee's draft recommendations shown in paragraph .03." We dealt with the last one but we didn't deal with the two prior to that.

**Mr. Cline:** — Well I think we did, Mr. Chair.

**The Chairperson:** — Oh, I'm sorry.

**Mr. Cline:** — Yes, I think the . . . in view of what we've said so far, paragraph .06 is dealt with.

**The Chairperson:** — Okay. Then moving to our document that deals with response from the Minister of Finance. I just have to collect myself here a little bit. Yes, those that are in appendixes, paragraph 14, and that's in appendix V-8.

There's three of them that were recommendations of ours under 14 and the paragraph 14. The first one the committee reiterates its recommendation that "The Public Accounts should include financial statements for all Government corporations."

The response from the minister is that:

The 1993 Public Accounts Compendium includes the financial statements of all government organizations responsible to Treasury

Board. It does not include the financial statements of all government corporations. The Crown Investments Corporation . . . prepares and has available a compendium of annual reports of CIC subsidiary Crown corporations. The Government believes that reproducing the financial statements of the CIC subsidiary Crown corporations in the Public Accounts Compendium provides no additional information to the Legislative Assembly and would result in unnecessary additional costs.

Is that the way the committee sees it?

**Mr. Cline:** — I think it's a reasonable explanation and satisfactory situation, Mr. Chairman, in the sense that if we're talking about having financial statement shows up in two places instead of one, I think that's not what we would want in terms of an adequate use of resources. So I'm quite satisfied with the response of the government in this regard. I think it makes . . . I guess it makes a little more sense than our recommendation if you take the recommendation to its logical conclusion.

**The Chairperson:** — We have two that we received through the *Public Accounts* now, two books that deal with annual reports. If we take the one that we get, the bound one that we get, the red one — or whatever colour — the three of them are pretty important and probably deal with most of the things that are related to the reports.

**Mr. Kraus:** — I heard something earlier which I think is part of the reason why we would prefer not to reproduce things any more often than we have to. And I understand when you get a lot of information in the House, there's a tendency sometimes to drop annual reports, as you said, off the desk fairly quickly if you're not interested. And we believe you are getting an awful lot of information, at least once, sometimes twice. And it can almost mean a third time if we put it in the compendium.

Because I would imagine SaskPower's annual report has financial statements. You probably get that separately. Then you probably get it again in some form in that maroon book you were talking about. Should we do it a third time? I mean there's a lot of cost to all of this,

in our opinion anyway. And that's why you see the recommendation back or the commentary coming back from the minister's office in this fashion.

**The Chairperson:** — My question to you, Mr. Kraus, is the ones we get in the blue books, the two of them, do they contain all of the departments' annual reports? And does the maroon book contain all of those Crown corporations' annual reports?

**Mr. Kraus:** — Yes, there's a list somewhere in here that I should be able to put my hands on, that tells you which organizations form part of the summary financial statements. And the list that's called government enterprises, which includes the Liquor Board, the Power Corporation, SaskTel — a number of those anyway — will appear in that maroon book. I should just check to be sure, but if they don't appear in the maroon book, in CIC's compendium, if we want to call it that, they should appear with all of the other government organizations in these big sets here.

You're going to get them in one book or the other. But essentially that maroon book is for those CIC Crowns that they're responsible for.

**The Chairperson:** — Right. Would it be possible and practical to have on page 58 of your *Public Accounts* financial statements, volume 1, the summary of financial statements, those government service organizations in the Consolidated Fund and those government enterprises, that they all be provided in a bound material some way or another; that all of them are there. I think the biggest problem that members have is that they don't always know whether there are one or two missing or whether they're all there, and that's the problem, I think.

**Mr. Kraus:** — I believe I'm safe in saying that on this page 58, schedule 11, that you will find these financial statements in either this set or in the maroon. I'm pretty sure they're all there. I was just looking for the Liquor Board, for example, which is treated as a government enterprise, like a SaskTel, but it isn't under CIC's direction so it doesn't appear in the maroon book. We make sure it appears in this book.

**The Chairperson:** — Okay.

**Mr. Kraus:** — Now if we for some reason . . . and we hope it doesn't happen, but from time to time an agency's financial statements aren't audited on time; there's some problem. I believe in the past you may very well have identified that in our appendix or index in the front of the book, the table of contents, that it isn't available, hasn't been audited; at least you'd know it wasn't here. It should be, but it isn't.

I'm not sure if I answered your question, but I think we got it covered off.

**The Chairperson:** — Okay. If you don't have, you could note that it likely would be a good idea to put it in there, if you don't have it.

**Mr. Kraus:** — Yes, if for some reason we don't have it, we should indicate . . .

**The Chairperson:** — What it is, and then . . .

**Mr. Kraus:** — And the fact that it didn't appear.

**The Chairperson:** — Right.

**Mr. Kraus:** — Yes, for on occasion some agency just can't get their books done and audited. And when this thing's printed, I think we have an obligation to tell the readers that the agency does still exist but audited financial statements weren't available. Then you're at least alerted to that fact.

**The Chairperson:** — Okay.

**Mr. Strelloff:** — There were two reasons that I can remember that the committee made this recommendation. One is to have all the financial statements of all government agencies in one book, so you know that there it is and you didn't have to go to other sources, as you mentioned.

And two, that the *Public Accounts* are referred to you for examination, and to the extent that financial statements are not in those *Public Accounts*, it makes the information that you have available incomplete. Just the referral is the *Public Accounts* and if the information is not in the *Public Accounts*, then you don't have it available to you right for your review.

And those were the two main reasons that I think that recommendation came about.

**Mr. Koenker:** — I think the minister's response basically speaks for itself, and Mr. Kraus has spoken to it as well. And I think that we simply dispose of this by noting that the information is available in either the compendium of the Crown corporations . . . of CIC rather, or in the *Public Accounts* themselves, and that that would dispense with this first item in paragraph 14.

**The Chairperson:** — Okay. Agreed?

**A Member:** — Agreed.

**The Chairperson:** — Okay. The second item is:

all Government departments, agencies and Crown corporations reporting to Treasury Board provide a list of persons who have received money; and

The Government has addressed this concern. Treasury Board Crowns are expected to follow expanded reporting requirements.

Is that being done, Mr. Kraus?

**Mr. Kraus:** — Being acted upon, yes. Some have done it for several years and it's being expanded to some of the other smaller agencies. But yes, it is being implemented across the board.

**The Chairperson:** — Do they have all of the same, like I believe there's a minimum of was it \$2,500 per cheque that is sent out or money received up to \$2,500 is grouped in a lump sum, I believe, or something?

**Mr. Kraus:** — We've asked them to use those as guidelines, and we've asked them to look at the way we've put some of the information together in our volume 2. I've talked to several people who weren't quite sure how to deal with it and we said, well if you look at the way we've done it, use that as a guideline, you'll be on solid grounds.

I would expect most are. We haven't, I suppose, insisted they follow exactly the same rules. I mean maybe in some cases they provide more information, but we said use ours as a guideline.

**The Chairperson:** — Okay.

**Mr. Kraus:** — I haven't heard of any complaints, but then I don't necessarily see all of that information either. I don't know whether the auditors see anything that would upset them or concern them.

**Mr. Strelloff:** — We'll examine it as we go along. I think most of them haven't been tabled yet.

**Mr. Kraus:** — Just a few. Well Property Management Corporation's already been doing it. I think they're one example. The rest are moving.

**The Chairperson:** — We will watch with some interest.

**Mr. Wendel:** — Mr. Chair, some of these organizations are going to need a little time to put the systems in place to do this. So it may take a year or something before . . . but we will report in summary.

**The Chairperson:** — Okay. Agreed? What the committee is saying, that they agree with the minister's response?

**Mr. Cline:** — Yes, I think we should note that the minister has indicated the government is complying with the recommendation.

**The Chairperson:** — Okay. In agreement? Agreed. Third point:

the Legislative Assembly ask the Crown Corporations Committee to consider whether those corporations designated under Part II of The Crown Corporations Act should report the same kind of information as is required by departments.

The minister's response:

The government believes the Crown Corporations Committee should participate in a decision on the type and format of information provided by Crown corporations to assess how well the corporations are achieving their objectives. The Government does not support reporting information that may jeopardize a corporation's competitive position.

With respect to financial information,

CIC subsidiary Crown corporations prepare their annual financial statements in accordance with generally accepted accounting principles as prescribed by the Canadian Institute of Chartered Accountants and applicable to commercial entities. Accounting principles applicable to government departments may be different to those in the commercial sector.

Any observations?

**Ms. Crofford:** — Well to whatever degree this has been an issue in the past, I think increasingly it's a problem for Crowns. Because the more and more we move into international competition, the more and more information becomes sensitive. It probably would have been even less of an issue when it was more of a monopoly situation.

But it seems to me now that that's changing. It's even more important that information that has to do with the business operations is able to be kept confidential because we are moving into a much more competitive environment than we've been in previously.

**Mr. Hunt:** — Mr. Chair, one reason to refer to appendix V, we have one additional comment in appendix V on this matter and that is that no reference has been made by the Assembly to the committee nor was the matter placed — this is the Crown Corporations Committee — nor was the matter placed on that committee's agenda in 1993. So perhaps this committee might simply deal with the question of how they move that process forward that they recommended take place.

**Mr. Cline:** — Reading this, I take it that . . . I mean we, this committee, made its recommendation about what the Legislative Assembly should ask the Crown Corporations Committee to consider, and I take it from this in a very subtle way we're being told that maybe it's up to the Crown Corporations Committee to ask the legislature what they may want referred to it.

I take that from the words:

The Government believes the Crown Corporations Committee should participate in a decision on the type and



format of information provided by Crown corporations to assess how well the corporations are achieving their objectives.

I think this may be a very polite way of telling us to butt out. And frankly I don't really care. I mean we made a suggestion that I think is a sensible suggestion, and I suppose it's up to the Crown Corporations Committee and our colleagues in the legislature to decide whether they want to comply with it. And having made the suggestion, I would be content to leave it at that.

**The Chairperson:** — One of the things that comes along here is that up to this point, the auditor's involvement in the Crown Corporations Committee has not been significant. And because of that, information in the auditor's report was not of significance to the Crown Corporations Committee to deal with that because it was referred by the Legislative Assembly to this committee.

Now if there are some . . . or if there is some movement to have that process adjusted, then that's probably the mandate of the Legislative Assembly to assign that responsibility. I however believe that this committee has the responsibility of the report of the Provincial Auditor and has always had that. And I think it should continue to exist that we deal with the Provincial Auditor's report in relation to things that he reports in there, and if they're Crown corporations then we deal with them. If they're line departments, we deal with them. If they're agencies of government, we deal with them.

That's what my view of it is, and I think it should be maintained because you get some consistency in dealing with it, and you don't have a loss of the impact of the requirement but by the . . . or the view that the auditor has being left alone and not dealt with. That's what I would say could have a possibility of happening. And I think that that's why this is there.

**Ms. Crofford:** — I just want to ask the auditor a question, Mr. Chair. Are you now, do you feel, duplicating your work with the two committees? Are you being asked the same kinds of questions in Crown Corporations as you're being asked here? Is there an overlap going on?

**Mr. Strelieff:** — Members, Mr. Chair, that committee is kind of changing as almost day by day. So far, no.

**Ms. Crofford:** — So so far it would be appropriate, I would think, for us to continue to do what we have traditionally done, I guess, as far as the auditor's comments until it's clear that someone else has picked that up or is picking that up. Is it not possible for you to meet with the chair of that committee and straighten this out a bit?

**The Chairperson:** — You're asking me?

**Ms. Crofford:** — Yes.

**The Chairperson:** — It's possible for me to meet with the chair of the committee. It's possible for me to have a discussion, but to resolve the issue is . . . I don't believe particularly our two people . . . of the Legislative Assembly's mandate to resolve that. I believe it needs to be done formally and by, even a reference by the Legislative Assembly to do that. I don't want to step out and do something that I don't have any authority for, number one. And I think that the committees, both of them, need to assess whether in fact it's in the best interests of the Legislative Assembly in total. And two people shouldn't have the right to do that.

**Ms. Crofford:** — I was thinking more in the way of a recommendation, but maybe another question for Mr. Putz. The Crown Corporations, when they got some changes in their mandate last session, did any of those address this question firmly?

**Mr. Putz:** — It was considered and my recollection is that the committee decided to use the Provincial Auditor as a resource person if you will.

**Ms. Crofford:** — Okay.

**Mr. Putz:** — So there was no conscious decision to recommend that the auditor have a statutory attachment to that committee as he does to this committee. But as the Provincial Auditor suggested, as things evolve perhaps that may come about.

But currently no, the Provincial Auditor's Office has been invited to attend the committee hearings and serve as a resource to the

committee. And that's my recollection of as far as the consideration went.

**Ms. Crofford:** — So it seems that if you take it in that light, then the auditor will have some influence on how this goes by virtue of what he gets drawn into in terms of discussion in the Crown Corporations Committee. But it looks like it is firmly in our responsibility at this point to do that?

**Mr. Putz:** — As long as the Assembly sees fit to refer the auditor's report to this committee, whatever is contained in that report is before the committee and the committee can consider it in whatever light it sees fit. By the same token, that doesn't mean the Crown Corporations Committee couldn't use this report as a resource tool, just as you discussed the annual reports being used here as a resource tool.

**Ms. Crofford:** — Thank you.

**The Chairperson:** — If I was to make an observation about the difference between the Public Accounts Committee's role — not its mandate, but its role — and the Crown Corporations Committee's role, the Public Accounts Committee's role focuses on the auditor's report, that's the main function of its focus. The Crown Corporations Committee's focus is the Crown itself and attached to that, for reference, are the annual reports. And they become the focus, and not the *Report of the Provincial Auditor*.

So I think the two are basically different. In the Crown Corporations Committee, you can review the mandate of the corporation, and that isn't the focus of this Public Accounts Committee basically. It can do that, but its role and function is to deal with the auditor's report.

**Mr. Upshall:** — Well I think that we can go around this quite a bit, but what Ms. Crofford said at the beginning is the point that we should all understand. And that is that at one point in time greater access to the reporting of the Crown corporations was okay; but I think it's a little retroactive thinking to think that we're going to get greater access to the financial statements of Crown corporations today, in light of the obvious deregulations being involved across Canada in Crown corporations.

The result of that was that the Provincial Auditor then has the control of Crown Investments Corporation, which was a logical step, I believe. Because I think we can sit here quite a long time and know that the Crowns, the competitive Crowns or potentially competitive Crowns, are not going to be giving information that may damage their competitive advantage.

So I think the reality is that if we want to discuss, as is recommended here by government, what, how much, and the type of information that should be brought forward to the committee, that's fine. I mean we could have a little discussion about that with the Crown Corporations Committee, or the auditor can or the chairman, this committee with the auditor or the Crown corporations. But as far as reporting the same kind of information as required by departments, I think we all know that's really not going to happen.

What should we note, Mr. Cline? You're good at noting.

**Mr. Cline:** — I think we should note that the Minister of Finance has provided a response and note the response, and leave it at that.

**Mr. Kraus:** — Just to clarify how this is going to work, I suppose so that the report continues to be sort of current and meaningful for you people, the legislators, and anyone else. I just would like to know, when you deal with an issue like this now a second time and you've reconsidered what you'd said in the first place, certain actions have occurred, and you're saying okay now here's the way we see it now, I just would like to know, does that mean that the recommendation may be noted one more time? It may be noted what the committee has said here and then that it would drop from this report.

And I'm raising it for a good reason. And I have another question to ask, depending on the answer I get. I would like to think that as these recommendations are dealt with, even if they're not dealt with the way the committee first thinks, that if they're resolved to their satisfaction, it may indicate that the next report, but then one report later on it would drop because it was resolved. And I guess I'm probably asking the auditor this more than anything.

Because some of these recommendations don't get dealt with as initially thought that they should, but that doesn't necessarily mean they haven't been properly been disposed of.

**Mr. Hunt:** — Mr. Chair, I guess that was the gist of my remark, that the added comment we made was related to the original recommendation. And I would say with respect to the first bullet under paragraph 14, by virtue of the committee having noted it was satisfied with the minister's response, we would treat that as a recommendation withdrawn or reconsidered.

Now with respect to this last item, I'm not sure. By noting the minister's response it's not clear whether the committee has reconsidered and no longer is requesting the Assembly to ask the Crown Corporations Committee to consider the matter, or it's not clear so . . .

**Mr. Streliaoff:** — Members and Mr. Chair, to help us understand whether we should drop it from this report, an easy mechanism would be to say that we as a committee rescind this recommendation . . . retract this recommendation, and then it's clear to us that this committee no longer holds this recommendation. Therefore in terms of Mr. Kraus' question, if this committee . . . or if this recommendation is no longer there, it wouldn't be in our report.

**Mr. Kraus:** — And I only raise this because the first item on appendix V is there because this has maybe never been properly clarified for the auditor. But you see it makes us look like we're not responding, or the government's not responding, when in fact we think we've made tremendous strides, say since even 1975 or whenever someone thought the best model existed.

And we provide, we think, all the information the committee has asked for with respect to payments to suppliers and payments to employees. And yet because somehow the committee didn't say, we're satisfied, an item is carried forward from '75 and looks like we're not doing our job when we think we're doing a terrific job.

**Mr. Cline:** — Well why don't we say then, Mr. Chairman, that the committee notes the response of the minister and is satisfied with the response of the minister and leave it at

that?

**Mr. Streliaoff:** — Does that mean that the existing recommendation no longer stands? Is that what that means? I just . . .

**Mr. Cline:** — Well I don't know. I mean like I said before, we made a recommendation that the Legislative Assembly asked Crown Corporations to consider, etc.; the ministers of Finance say the government believes the Crown Corporations Committee should participate in a decision on the type and format of information provided by Crown corporations and so on. So they're saying implicitly they think the Crown Corporations Committee should ask the Legislative Assembly to do this — that's how I read it anyway — and not us.

Now we made a recommendation. They haven't acted upon it. They think it should be handled in a different fashion, they think is more appropriate. And I think if we indicate that we're satisfied with that response, that we're saying, fine. Not that we didn't think our idea was a good one, but we're willing to accept that they will deal with it in their own fashion in conjunction with Crown Corporations Committee.

But in answer to the specific question, should it be considered resolved so that it doesn't have to come up year after year? I would say yes, but I don't know that we have to go so far as to say we rescind our recommendation because I think maybe it was a good suggestion. But if we're trying to be helpful to people but they don't want our help and they say they'll deal with it in a different way, I'm willing to live with that too, you know. Because we're not the Crown Corporations Committee, so if they want to do it, they'll do it. If they don't want to do it, they won't do it, you know.

**Mr. Upshall:** — I just don't think it's necessary for us to talk about this any more, and I don't know in the mandates to this committee if this particular bullet means anything to us. I think we should . . . I would move that we report that we have reviewed this particular item on page 5 of the minister's response and that we drop further consideration.

**Mr. Serby:** — Well I'm of the opinion that when I read the last sentence of the minister's response which says accounting principles applicable to government departments may be

different from those of the commercial sector, that says to me that the minister is entertaining that there may be some differences, but she isn't saying there that there aren't any likenesses.

It seems to me that if we appreciate the principle that we have a committee that's made up of the Provincial Auditor, CIC, and the Finance department to look at how you develop a plan in terms of how you marry the Treasury Board Crowns and the Crown corporations to ensure that the people of Saskatchewan have an appreciation of what the overall government's direction, expenditures, liabilities, revenues are, and we've asked them to do that, that somewhere in this process you'd want a mechanism of how you might measure that. And I think that this committee, in its wisdom, was suggesting when it made that recommendation that if in fact we ever get to the day where we have that kind of relationship, that we have also an opportunity to measure it.

And I don't see the minister here saying that never will we entertain the idea of recognizing how it is that we're going to measure . . . of measuring them. The question is, is how do we do it? And I don't think that we should be trying to decide here how it is that we can do it until first of all we design the initial plan of how it is that it's reported.

So my opinion is that I think that if the recommendation remains . . . which I think maybe it should so that it might appear again at a future time so that we can revisit it as a check and balance for this committee to have some appreciation of where it is and that we're going with that whole plan that we just revised.

**The Chairperson:** — The observation of this recommendation says that we ask the Legislative Assembly to have the Crown Corporations consider whether those corporations designated . . . and it goes on from there. We didn't tell anybody that they had to. We didn't tell anybody that we wanted it. We just recognized that there was a problem and that we wanted the Crown corporations to deliver.

And then I refer to what you said, Mr. Serby. I think that those are good remarks about some place, someone has to assume responsibility and how you measure it, that part II Crown

corporations. And at some point in time whether it's a decision this year or next year, but at some point in time, somebody is going to say that they're going to have to measure them, and whether they're in a commercial sector or not, they're going to have to be measured by someone outside of those people who are doing the business of that commercial sector in a Crown corporation.

And so somebody is going to have to measure that, whether it's this committee, whether it's of the Assembly or whether it's the Crown Corporations Committee or whether it's an assigned responsibility of the Legislative Assembly to individuals of the Assembly; somebody is going to measure it.

**Mr. Upshall:** — Well I don't want to drag this out but . . .

**The Chairperson:** — I don't either.

**Mr. Upshall:** — But it just seems to me that this isn't even in our mandate. Our mandate is to review the public accounting that the auditor, and the questions, that the auditor puts forward from his *Public Accounts*. I think we're sticking our nose into business of the Crown Corporations Committee or the discussion between the auditor and the Crown Corporations as to who audits Crown corporations.

We, this committee, asking that the part II Crowns report same kind of information as required by departments is none of our business. It's not in our mandate. I mean — correct me if I'm wrong because like I say, I've never sat on this committee before this year — but as far as I understand, the mandate of this committee is to review. And if the auditor and the Crown Corporations Committee and the Minister of Finance want to get together and discuss what the auditor will review to present to this committee, that's fine. But I think we're talking about something that we have really no business talking about.

Now if you wanted to take it a step further and say, well it's in the interests of public accountability of all government, I mean we can argue that point for hours. But the mandate of this committee is to review the public accounts of the government and the auditor's interpretation of those. Am I correct in that, Mr. Auditor?

**Mr. Streliaff:** — Mr. Chair, members, Mr. Upshall, I suppose we should refer to your terms of reference and operating procedures. My understanding is that you're charged with reviewing the public accounts and that includes information on all government organizations regardless of whether they're agencies, departments, corporations or commissions, and you're also charged with reviewing our annual report or our reports that were referred to. So those are the two main components of your responsibilities. So they extend to all government activities?

**Mr. Upshall:** — So it could be interpreted as extending through all the Crowns as well.

**Mr. Streliaff:** — Oh, most definitely, yes.

**Mr. Upshall:** — But what I'm saying is that I guess that is the liberal interpretation of it. If we want to continue and get out of this, then what we should be doing is stating that we should have a committee to review the type of information, as the minister said he was willing to do, but that we want to be involved in that.

The minister has recommended the Crown Corporations should decide what type of information to put forward. If we think we want to be involved in that because it's part of our mandate, then let's move that we agree with this and include ourselves in it. Otherwise let's just drop it and get off it.

I don't know if I've curtailed debate or expanded it. But I think that's the decision that has to be made, one or the other.

**The Chairperson:** — I have only one vote in this committee and you have two, four, six. So I'm at the discretion of the committee to do what it wants, and I'm just here to facilitate.

And so far I haven't got any direction from the committee in a precise kind of way; it's been ambiguous. So I'm asking you to do that for me in a way that's going to be able to facilitate what we're doing here.

**Mr. Koenker:** — I hope to be able to do that, Mr. Chair.

With respect to the third item under paragraph 14, I would suggest that we dispose of it as follows: that we note that we have reviewed this matter, and the minister's response; and

that we drop from further consideration of our committee.

**A Member:** — Question.

**The Chairperson:** — Okay. Question has been called on a recommendation — I don't believe it was a motion, but it was a . . .

**Mr. Koenker:** — No, it wasn't a motion.

**The Chairperson:** — Right. That the information was received by the committee on that item, information both from the committee and from the minister, and that it be dropped from consideration.

**Mr. Koenker:** — That we reviewed it.

**The Chairperson:** — That we reviewed it, yes. All in favour of that? That's carried. Okay.

Paragraph 24:

The Committee recommends that the Government comply with the Committee's request for a comprehensive response to each of its reports and notes that an impressive number of the Committee's past recommendations have already been implemented by the Government.

The Government agrees with the recommendation and will reply to each of the Committee's reports.

Any observations about that item, paragraph 24?

**Mr. Cline:** — Well I think we should note that the government is complying with the recommendation.

**The Chairperson:** — Okay. All agreed? Agreed.

The next one is paragraph 28 — this is a lengthy one.

On the issue of reporting, by the Office of the Executive Council, the costs and expenditures of goods and services required for the operation of Ministers' offices, the Committee reiterates its recommendation that:

And there are five of them.

The Office of the Executive Council be responsible for ministers' salaries;

Ministers not accept good/services without charge from Saskatchewan government organizations;

the appropriate departments, agencies, and Crown corporations which are legally permitted and which appear before the Committee of Finance provide all furniture and equipment, support services, ministerial assistants and any other goods/services required for the operation of ministers' offices. Where goods and services provided to ministers' offices do not appear in the Public Accounts documents, the expenses incurred should be disclosed in the annual report of the appropriate entity;

the Public Accounts identify ministers' salaries, travel and other expenses by ministers; and

the Office of the Executive Council records all furniture and equipment for ministers' offices and that the Office account for the furniture and equipment when there are ministerial changes.

The government agrees with the recommendation and has implemented each sub-recommendation through either the issuance of a directive or the implementation of a policy and procedures.

**Mr. Cline:** — I think we should note the response of the government.

**The Chairperson:** — Can I ask Mr. Kraus and Mr. Strelloff to reply to these. I did get a note from the president of SPMC (Saskatchewan Property Management Corporation) in relation to the furniture and equipment. But I did not read in the letter that they were from ministers' offices or the Executive Council.

I made the assumption from what was in the letter that they had to do more with what was in the departments and that they had pulled together a inventory list of the various departments and what they had in inventory.

That's what I gathered from the letter. Now I might have been . . . might not have interpreted the letter correctly.

Do we have an observation from Mr. Kraus?

**Mr. Kraus:** — Well it's my understanding on the furniture — and just I'm not sure I can pick it out real quickly from the report that came from Executive Council a year or so ago — but as far as furniture goes, I believe that Executive Council agreed that they would report all furniture and equipment from ministers' offices and that the office account for the furniture and equipment when there are ministerial changes. I believe they are keeping track of that as requested. I think they've complied fully with that one.

**Mr. Hunt:** — On Appendix V, page 4, we indicate that as being implemented. We refer to

in July, 1992, Executive Council initiated a system of logging and tracking the location of all equipment in Minister' offices.

That's perhaps what Mr. Kraus is referring to in his report.

**The Chairperson:** — Any other response to that?

**Mr. Strelloff:** — Members, Chair. For paragraph 28, because it's an ongoing matter or process, we do examine for compliance with that in our regular audits. So that becomes part of our audits. And also there's another recommendation that is a little bit related to this. And that has to do with Appendix V, page 2. At the top of page 2 where it says:

The Saskatchewan Property Management Corporation . . . should perform an inventory of the furnishings for which it has responsibility and identify the assets by departmental location.

And again the status is that SPMC is reviewing this. And once again we, in our examinations, find out whether that's happening and then report back to you. So we'll continue to monitor these recommendations.

**The Chairperson:** — Mr. Cline had a note

again and it was to note the government's response. And the government's response was it agrees and has implemented each subrecommendation by the issuance of a directive or the implementation of policy and procedures. Do we have an agreement on that? Agreed.

Okay. Then paragraph 33 is the next one that I have on my list.

The Committee reiterates its recommendation that agencies obtain proper authority for pay and expenses of directors.

The government response is:

(It) . . . has established a new policy on board remuneration and will endeavour to ensure that proper authority is in place in accordance with the policy. In addition, The Crown Corporations Act, 1993 addresses this issue.

I would say that the rule is one thing and then following the rule is the other thing, and compliance to the rule is what we're asking for. And they're saying that they will do that.

**Mr. Cline:** — Well they say that they'll endeavour to ensure that proper authority is in place in accordance with the policy. So I think we should just note the response of the government, Mr. Chairman.

**Mr. Strelieff:** — Once again we examine for this as well.

**The Chairperson:** — This will occur on occasion and the auditor is watching for it and it will be noted duly. Agreed? Agreed.

That completes the list of items of the Minister of Finance except for one item dealing with chapter 8, and that is no. 20. I believe paragraph 20 hasn't been dealt with and paragraph 55 hasn't been dealt with. So we will have to . . . and paragraph 81. Those three have not been dealt with by the committee because we haven't come to that chapter in the book.

Do you want to leave that till that point of time when we deal with that? Okay, we will make reference to that so we'll keep that in mind.

I believe that that concludes the minister's response. That concludes everything up to chapter 7.

**Mr. Kraus:** — Mr. Chair, once again I would ask the committee if they would consider somehow a method of dealing with some of the recommendations that we feel are completed. And I just . . . I know you don't want to spend a lot of time on it, but appendix V, that first recommendation, we feel we're fully in full compliance with modern requirements, the modern committee's requirements.

And there's something outstanding that goes back to '75 or thereabouts. At one point in time the committee said, we would like you to . . . or we would like across-government aggregation, across departments — rather — of salaries paid to employees. But as you may recall, and over the last three or four years, you, the committee, has looked at this thing and said no; what we would like you to do now is any person who makes more than \$2,500 and is not an in-scope or union employee, please report them by department in volume 2.

In addition, would you list everyone who made more than, I believe, \$2,500 regardless and show the type of appointment — whether they're in scope, out of scope, order in council, judge, whatever, minister's assistant; the type of employment — permanent, casual, part time. And we report that by department. And it's quite exhaustive.

I'm not under the impression that you want to spend . . . once again to take this information and say well, add it up — or sorry — show another listing alphabetically for these same people because there might be the odd person that worked in two or three or four departments during the year and may be a couple of thousand dollars isn't reported against their name.

I'm not sure whether you fully understand what I'm saying, but I really feel you have just about everything you could want here, and I'm not sure another listing of this whole book, alphabetically, would serve any purpose. And we thought we were complying with what the committee had asked for since '90, '91, and '92, somewhere in there. And I think we've complied with it. And that's why I say this 1975 thing we think we did spend quite a bit of time,

and I feel the government has more than complied.

**Mr. Koenker:** — Yes, I'd like to ask a question of the auditor and then maybe possibly on the basis of that make a recommendation. To the auditor: do you feel that Mr. Kraus's remarks are accurate? Do you feel comfortable with the compliance and the disclosure and that this recommendation has been dealt with?

**Mr. Strelieff:** — Our status report says that it's partially implemented. From '75 to '83 the *Public Accounts* reported aggregate amounts paid to persons across all departments, so during that period the totals were reported, and it was discontinued then in '91, '92, and '93 lists payments across all departments other than for personal services. So it's partially implemented. It's up to the committee to decide whether the one exception which is . . .

**Mr. Hunt:** — The explanation I believe, Mr. Chairman, Mr. Koenker, that you're looking for is provided in the left-hand column. You recall in the transition between legislatures there was a portion of the work of the previous Public Accounts Committee that had to be picked up, and they had been through the process of agreeing on recommendations, and so half of that initial — I think it was the first report of the Public Accounts Committee in this legislature — dealt with recommendations agreed upon by the previous committee in the twenty-first legislature I guess it would be. And they chose to include those recommendations in that first report, but they didn't agree. They chose to disclaim their association with a couple of them, and this was one of them. And so the Public Accounts Committee of this legislature didn't agree that that threshold . . . that the aggregate amounts paid should be dropped.

**Mr. Kraus:** — I think, I mean you have to be here. I guess you had to be here. But my impression was that we were spending hours and hours on this, and the committee members felt strongly that there had to be a little different way of reporting this.

And you know, we thought at the end of the day they had in fact said yes, this is the new way we want to do it. And something that went back to 1975, which might have been appropriate then, wasn't now because they had said this is what they wanted to do.

And they wanted more detail by department. I mean this goes far beyond anything you saw before. And it was almost, I mean let's be honest about it — they wanted some information for the MLAs so they could scan the list very readily, and so we gave you a lot more detail. And it doesn't get wide publication. I mean sure, the media gets their hands on it, but we don't send this out to libraries and so on. This is for the MLAs. And we thought this was what was really wanted. And it was after due consideration.

And I don't think . . . I will say then, for the committee's information, I don't think that other list would add anything. It would just be another list about so long that would . . . 99.9 per cent of which would be the same information you're seeing here anyway.

**Mr. Koenker:** — Speaking to the 1975 recommendation, first recommendation in appendix 7 — 5, rather. In the light of Mr. Kraus's remarks regarding the fuller detail or disclosure that has been provided by the government, I would recommend that we regard this matter being resolved, as having been resolved.

**The Chairperson:** — Any discussion by members on this, or anyone? Do I have agreement that the information meets our requirements?

**Mr. Cline:** — Agreed.

**Mr. Koenker:** — A question to Mr. Kraus. Are there other recommendations here that are in a similar vein, that we might be able to dispense with now while we're trying to do some housekeeping?

**Mr. Kraus:** — There may be and I wonder whether I . . . I'm not sure though that I could identify them for you right now. Perhaps what I should do is just review them and see if there are some others that you may wish to consider as resolved. I mean you may wish to keep them there just to keep it in front of you over the years, but there may be a few that we could say, hey, we think these have been resolved.

**Mr. Koenker:** — In the interests of housekeeping, good housekeeping, I'd like to request that Mr. Kraus bring any matters to our



attention that we might be able to consider as possibly being resolved.

**The Chairperson:** — May I add to that that he then makes that information available to the auditor's office and then we get . . .

**Mr. Kraus:** — Or we bring it to a meeting.

**The Chairperson:** — Sure.

**Mr. Kraus:** — We'll do that.

**The Chairperson:** — Is that in agreement?

**Mr. Koenker:** — Agreed.

**The Chairperson:** — Okay. As I see it now, the agenda that we had established for ourselves has been completed. At 1:15 we are having Community Services come in for Public Accounts. And I would say that I would entertain a motion to adjourn till 1:15 would be in order.

**A Member:** — Just to recess.

**The Chairperson:** — I'm sorry. Recess. Then we'll reconvene at 1:15 with Community Services. Agreed.

**The committee recessed for a period of time.**

#### **Public Hearing: Department of Community Services**

**The Chairperson:** — Good afternoon, ladies and gentlemen. I want to open the meeting this afternoon and welcome Mr. Reader and his staff to the Public Accounts Committee meeting here today. I want you to be aware of certain conditions and you know what they are I believe, but in order to inform everyone, I'll just read them out.

Witnesses should be aware that when appearing before a legislative committee your testimony is entitled to have the protection of the parliamentary privilege. The evidence you provide to this committee cannot be used against you as a 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 a right not to have any incriminating evidence so given used to incriminate that witness in any other proceedings, except in a prosecution for perjury or for the giving of contradictory evidence.

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 sent to the Clerk who'll distribute them to the members of the committee.

Would you like to introduce your officials, please, Mr. Reader.

**Mr. Reader:** — Yes, thank you, Mr. Chairman. To my immediate right is Ken Alecx, the associate deputy minister of sport, culture, recreation and heritage; over here is Ron Styles, the associate deputy minister of housing; Larry Chaykowski, our executive director of admin services for the department; June Rincker, from culture and multiculturalism branch; Bill Werry, sport, recreation; and Dean Clark from heritage.

**The Chairperson:** — You're the first one on the order for us so that we will . . . I don't know whether the committee will be aggressive or lenient because of that, but if there are any questions coming from the committee members before we start . . . What we'll do as a process, we'll go through the auditor's report and then if there are statements on the *Public Accounts* that members want to ask questions about, we'll go through that as well.

Beginning with the auditor's report on page 87 of that report, we have, well 89 I guess you could say, there are a number of things that the auditor has drawn our attention to. The items as it relates to the Saskatchewan Arts Board, I believe that there were some issues . . . No, I'm sorry, one of the first things I should do is ask Mr. Auditor to go through this and detail some of the things that he's found and then we'll go onto discussion. Sorry about that.

**Mr. Strelloff:** — Okay. Thank you, Mr. Chair, members. With me today are Rod Grabarczyk and Leslie Wendel, both people from our office who are working on some of the organizations

that are included in this chapter, and Fred Wendel is going to lead you through our report.

**Mr. Wendel:** — Mr. Chair, I'll start at page 89 and just go through paragraph by paragraph and just give you an overview what's in those paragraphs.

Paragraphs .01 to .04 are just a brief synopsis of what the department is about, some of the agencies it manages. As you can see in paragraph .03, the department spent about \$140 million in public money out of the General Revenue Fund in 1993. Paragraph .04 lists nine agencies that the department has some responsibility for.

Paragraphs .05 to .07 detail our audit findings for all of the agencies and the General Revenue Fund appropriations. And the way this is set up is paragraph .05 tells you that this chapter also includes some 1992 results from Saskatchewan Lotteries trust fund because we didn't get finished in time to get them all in for the 1992 report.

Paragraph .06 deals with the assurances we're giving you in this report and we provide three assurances when we audit. We provide you assurance that financial statements are reliable, we provide you assurance that financial statements are reliable; we provide assurance that agencies complied with governing authorities; we provide assurance that an agency has proper management systems and practices to control public money.

So what this paragraph .06 is telling you is for all of the agencies in paragraph .04, and from the Consolidated Fund appropriations, everything's okay unless there's something in this chapter.

Paragraph .07 qualifies this. Now it says that for the Consolidated Fund appropriations in 1993 we didn't do any work on the department's appropriations. And for 1993 we didn't do any work on Saskatchewan Lotteries trust fund. All the rest are done.

Then we move into the individual agencies starting with the Arts Board. Paragraphs .08 and .09 are just a synopsis of what the Arts Board is about. Paragraph .10 again provides assurances on that individual corporation and says that the financial statements are reliable for this organization, that they did have

adequate rules and procedures to safeguard and control their assets, and they did comply with the governing authorities except for the one item we list there. And the issue there is that the board guaranteed a loan without obtaining the approval of the Minister of Finance.

The next item, I'm up to paragraph .17 now, Saskatchewan Centre of the Arts, again .17 and .18 are a brief description of the Centre of the Arts; .19 again lists what our findings were for the Centre of the Arts. It says the financial statements were reliable. The Centre had adequate rules and procedures to safeguard and control its assets except for the matters in .24 to .29 and the issue there is we thought they could control their management expenses a little better. And they complied with governing authorities except for the matters in .20 to .23 and that was a case of requiring the Minister of Finance's approval for their borrowings.

Paragraphs .30 to .31 deals with the Saskatchewan Lotteries trust fund for Sports, Recreation, and Culture. Again that is a brief description of what goes on in that particular fund. The audit findings section states that this is '92 findings and goes on to say we didn't do any work for '93.

Paragraphs .34 to .37, the issue from '92 is we didn't think the department had authority to collect a licence fee from the trust fund.

Paragraphs .38 to .41 is we didn't think that Sask Sport Inc. had authority to make certain payments out of the trust fund and they're listed in paragraph .40.

Paragraph .42 to .45 discusses the appointed auditor's reports. On this one this ... (inaudible) ... the appointed auditor.

Paragraphs .46 to .47 deals with the Water Appeal Board and I think there was some question as to whether this belonged in this particular department and I'm just trying to recollect. I think it had two departments and two ministers during the year and we ended up ...

**Mr. Reader:** — ... for this period and we were responsible for half of the period involved.

**Mr. Wendel:** — So we put it here. It could

have maybe gone in the other one. The issue on the Water Appeal Board . . . or maybe go to .48 first. We found the financial statements were reliable. The board had adequate rules and procedures to safeguard and control its assets and we noted one instance of non-compliance with authorities who had complied with the other authorities. What they hadn't done was got the Lieutenant Governor in Council's approval for their operating procedures.

Western Development Museum, paragraphs .54 to .55, again explains a little bit about the museum and the size of it; .56 states that we found the financial statements to be reliable, that they complied with governing authorities, and they had adequate systems and practices to safeguard and control their assets except for the one significant deficiency, and we thought they needed to segregate their duties a little better around their investments.

And that's my comments.

**The Chairperson:** — Okay, we'll go through each section, and if there's a recommendation we'll ask the committee to deal with it.

And I guess to begin with, the first section deals with the Saskatchewan Arts Board. The auditor has pointed out that there was a loan given without obtaining the approval from the Minister of Finance. What were the details of the loan that were given out?

**Mr. Alecxe:** — The loan was given out to an organization that was in some operational difficulty, particularly Nightcap Productions, in order to allow them to enter the year and operate their programs. Prior to them receiving receipts, we had pointed out . . . the minister pointed out to the Arts Board that this was inappropriate in terms of giving a loan guarantee. They have since ceased that practice and now use a payment of advances for program funds to which the organizations involved have received appropriate adjudication and process. And that is the situation at this time.

**The Chairperson:** — So the board doesn't provide the guarantees any more for loans; they don't do that, that's not part of their process any longer? Is that correct?

**Mr. Alecxe:** — That is correct.

**The Chairperson:** — Is this the only one that was done?

**Mr. Alecxe:** — June, are you aware of any others? There may have been one more. There may have been two instances in which that happened. I'm not certain of the precise amounts. Nightcap is one I'm certainly aware of because it's a particular case we discussed with the Arts Board as an example of how they were not to proceed any further with loan guarantees without stated permission from the Minister of Finance. We went through what was required in order to get that permission. They decided at that time they would not continue that practice.

**The Chairperson:** — Okay. Any other discussion on this point? I believe we should act on item no. .16, the recommendation by the auditor. It states that:

The Board should obtain written approval from the Minister of Finance before making loan guarantees.

Is this the process that you would use if you did give loan guarantees to the Arts Board in the future?

**Mr. Alecxe:** — That's correct.

**The Chairperson:** — And you're aware of that process. You were indicating before that there was a process that had to be gone through?

**Mr. Alecxe:** — They were not aware of the process required. They were referring to a section in the Act which allows them to make loans. It does not expressly allow them to make loan guarantees. So their interpretation of it was in contravention of other . . . of particularly The Financial Administration Act which overrides, as the Provincial Auditor points out, overrides The Saskatchewan Arts Board Act in this matter.

They are now entirely aware of that situation and that they cannot unilaterally any longer issue loan guarantees, nor do they intend to continue that practice in any case.

**The Chairperson:** — Okay.

**Mr. Cline:** — Mr. Chairman, we should agree with the recommendation of the Provincial Auditor and make note of the fact that the Arts

Board has been made aware of the requirement in The Financial Administration Act.

**The Chairperson:** — Is that in agreement? Okay. Thank you.

Turning to page 92, we deal with the items under portion no. .20 to .23 with the recommendation:

The Centre borrowed more than the \$400,000 line of credit approved by the Minister of Finance. At July 28, 1992, the Centre had borrowed \$528,013 on its line of credit.

The recommendation says:

The Centre should obtain prior approval from the Minister of Finance before borrowing money.

Do you have a ceiling in the Saskatchewan Centre of the Arts for borrowings? Like I know you have it in Sask Housing, statutory, different places like that. Does the Saskatchewan Centre of the Arts have that same limitation or do you ask the Minister of Finance for this each time that there . . . or do they ask you to ask the Minister of Finance or do they ask the Minister of Finance themselves to give them permission to borrow more than a certain limit if they have that?

**Mr. Alecxe:** — They have a \$400,000 line of credit. They have not asked for permission, to my knowledge, to exceed that line of credit either through the department or directly to the Minister of Finance's offices.

They've been made aware of that situation, that they are exceeding the \$400,000 line of credit, and they require permission to exceed that line of credit. To my knowledge they will not be contravening the regulations any longer and they will request permission in the future.

**The Chairperson:** — What initiated the extra 128,000?

**Mr. Alecxe:** — I'm sorry, we don't know that.

I believe that the situation is this. Over the past couple of years they have been producing their own productions in order to acquire greater revenues than has been the case in the past

rather than simply being a place where someone comes in, uses their facility, pays the facility rent, and they leave with the large amount of revenue.

In order to make some of that revenue accrue to the Centre of the Arts itself, they started the productions. In order to fund and finance those productions such as *Phantom of the Opera*, such as *Cats*, etc., they have been exceeding their line of credit. Now on those two particular productions they did indeed make money.

**The Chairperson:** — So that they're today at somewhat less than their \$400,000 and they're operating within that framework?

**Mr. Alecxe:** — I believe that to be the case.

**The Chairperson:** — The recommendation says that:

The Centre should obtain prior approval from the Minister of Finance before borrowing money.

Are they aware of that requirement and have they . . . They probably were because of this note from the auditor's statement.

**Mr. Alecxe:** — Yes.

**The Chairperson:** — Have you notified them of that and told them what they have to do?

**Mr. Alecxe:** — Yes, we notified them in writing and they indeed provided us with the response, which I have essentially relayed to you, that they will obtain prior approval before borrowing funds in excess of the \$400,000 line of credit approved by the Minister of Finance, and they will obtain that approval from the Minister of Finance.

**The Chairperson:** — Okay. I'm awaiting the discussion of the committee on the recommendation.

**Mr. Cline:** — I think, Mr. Chairman, we should agree with the recommendation and make note of the fact that the Centre has been made aware of the need to comply with The Financial Administration Act in the future.

**The Chairperson:** — Agreed? Agreed. The next section here deals with the item .29 recommendation. The Centre of the Arts had

some other things that it had to deal with as well, and item .24 states that: "The Centre does not have adequate rules and procedures to monitor and control the expenses of management." And then it goes on to explain some of them. It deals with credit cards. Item no. .26 states:

Certain management employees use the Centre's credit cards. During the year, the Centre paid (17,000) for charges to the Centre's . . . cards.

And they couldn't . . .

We examined payments totalling \$5,233. We wanted to determine if these payments had proper supporting documents and if the charges were Centre expenses.

We found the Centre made payments without . . . supporting documents.

I guess my question to you is: what kind of control do you have in the department to make sure that when you allocate these funds or when they use these funds that you have a process of control to deliver, let's say, an audit function within the department, so that you manage that properly?

**Mr. Reader:** — I guess this is your classic arm's-length organization similar to municipalities. We operate on the assumption that we do not have direct line authority over these arm's-length organizations. They have boards, some of whom the members are appointed by government, but we do consult with them in terms of controls.

After all, a minister of the Crown is responsible in the House for their actions and we need to know what's going on. And we therefore work with these people to the extent that we can, knowing that we don't have any direct authority other the minister withholding funds in succeeding years or whatever.

We found that this particular organization is responsive. They're not hostile when we go to talk to them about such things. And I think Ken can speak to what they have in fact done in response to our meeting with them subsequent to these recommendations.

**Mr. Alecxe:** — If I may, thank you, Bill. The

board of directors of the Centre of the Arts approved the following policy on March 10, 1994, which speaks to this issue — that all reasonable business expenses directly related to the business of the Centre incurred by managers be considered allowable expenses as approved by the executive director; that all reasonable business expenses directly related to the business of the Centre incurred by the executive director be considered allowable expenses as approved by the board of directors.

**The Chairperson:** — So the board approves the executive director's expenses and the executive director approves the board's expenses.

**Mr. Alecxe:** — No, the executive director approves the managers' expenses.

**The Chairperson:** — Oh, I see. And then do they have a method inside the board where they have an individual who is responsible for the bills and the payments and to monitor that; do they have designation of responsibilities within the framework of the board to do that?

**Mr. Alecxe:** — They do have an administrative office and they have a controller. I don't know if they actually label it a controller but they have someone who is charged with that responsibility — keeping track of invoices, bills, accounts payable, accounts receivable.

**The Chairperson:** — Actually, that's basically I think the thrust of what these recommendations generally talk about. It's somebody to oversee and not control, but make sure that the rules and procedures are followed. And I think that's what we have. The question that the auditor raises is that question.

When you've done, when you asked, when they were made aware of this and they dealt with it to some extent as you pointed out, were there other areas that they needed to check besides this specific instance that they've pointed out here?

Like do you know where they spent this \$5,233? Could you find out where it was? Was it legitimate? Do you know where they spent it?

**Mr. Alecxe:** — We get copies of their annual

reports. There is another minister of cabinet who actually sits on the board, so we do have some checks and balances on the Centre of the Arts.

We have been in extensive contact with them lately on the development of their business plan which is going to be forwarded to us very shortly. That business plan has been asked for for about the past year and they've been working very diligently on it. They've been trying to be responsive.

Part of that business plan will include not only an overview of their operations but an overview of their capital requirements. The building is in dire need of some capital investment. They do not have a capital sinking fund for these purposes. So upon receiving that business plan, we will certainly be able to answer a lot of your questions in some detail.

**The Chairperson:** — It says here on item .26 that they have numerous credit cards. Being involved in the position of this kind of control myself at one time, the only credit card I had was for my vehicle. And I don't know whether they trusted me with only that. But the Centre's credit cards speaks in plural. How much business do they do that they require cards? I think that there is significant reason for question.

You can do business — I don't know what the budget of the Saskatchewan Centre of the Arts is — but there are probably many businesses that do business on the basis of putting a bill forward and then having it approved by the board rather than just a card to pay for it. And the majority of agencies that are either controlled by a board, that have relation to a government, they usually have that requirement that the board has to deal with most of these bills. And paying it out of a credit card is subject to some concern I think.

You don't know how many they have or how many they . . .

**Mr. Reader:** — No, Mr. Chairman. We don't have staff who monitor the Centre of the Arts or any other, the Arts Board, or any other of the arm's-length organizations that get public funds that our minister could be responsible for.

We rely on auditor's report to go and work with these people. Or obvious difficulties that arise that are obvious to everyone where we would assist them or guide them. But we just don't simply oversee them week by week, and so we're not up to our elbows in their operation.

**Mr. Chaykowski:** — If I may add something to the conversation. In addition to the brief policy that Ken had summarized before, they provided us with about a four-page, more in-depth policy. So it's more than just the board approving the executive director's expenses and the executive director approving management's expenses.

They have it broken down to provide some guidelines in different areas such as travel and professional development, public relations, and promotions. So there's some guidelines in the use of credit cards. And I think we would assume that if there are . . . the credit cards, there would be more than one manager if they're using credit cards for these purposes. And most organizations would operate on some set of . . . for their normal kinds of operations would have a line of credit or a 30-day business period that they would normally have a line of credit with. So if it would . . . We can share this with the committee if it would provide some assurance.

**The Chairperson:** — Well I think that would be a good idea. I'm not sure that the information is going to be major information that people will read as soon as they get it, but it probably will be information that is good for us to have later on.

The recommendation says that: "The Centre should establish rules and procedures to monitor and control the expenses of management."

**Mr. Cline:** — I think we should make note of the fact that the Centre has taken steps to do what the recommendation says, and as I understand, is doing some continued work on its business plan. We might make note of that fact as well.

**The Chairperson:** — Agreed? Okay, thank you. The next item deals with the Saskatchewan Lotteries trust fund. They have a number of recommendations here from the auditor's office that deal with this.

The items .34 to .37 deal with the licence fee requires authority. This authority or lack thereof paid \$2.775 million to the Consolidated Fund. And the auditor's office has said the department should stop charging the trust fund a licence fee or seek changes to the law to permit the fee to be charged.

What initiated the \$2.7 million worth of payment for a licence fee in the first place? Give me the background of that.

**Mr. Alecxe:** — There's been an historical licence fee charged by both the federal government and the provincial government since the Act and the lotteries were put in place in 1974. As the lottery revenues have grown, so has the negotiated licence fee. So that licence fee has followed or tracked the increase.

So, for example, where the original lottery revenues, gross revenues, were in the order of a million dollars and the licence fee was a hundred thousand, now the gross revenues are more in the order of \$120 million. And the licence fee has gone up accordingly on a negotiated basis.

In order to address the recommendation of the Provincial Auditor, we developed, in consultation with the Provincial Auditor and the Department of Finance, regulations under The Interprovincial Lotteries Act which were approved by cabinet in June. And these revisions to the regulations now give the minister the authority to direct Sask Sport Inc. to make annual payments of \$19.2 million up to and including fiscal year '96-97 to the General Revenue Fund.

**The Chairperson:** — They may make up to \$19 million, or they shall?

**Mr. Alecxe:** — Shall.

**The Chairperson:** — And that's an annual payment?

**Mr. Alecxe:** — Correct.

**The Chairperson:** — The minister has that authority to ask, or does that come through cabinet?

**Mr. Alecxe:** — The minister has that authority under the regulations approved by cabinet.

**The Chairperson:** — Okay. So item no. 37, the recommendation states that the department should stop the trust fund licence fee or seek changes to the law to permit the fee.

**Mr. Cline:** — I'd like to hear what the Provincial Comptroller has to say about this.

**Mr. Kraus:** — Well our only concern would be that the regulations were amended to permit the licence fee, and I understand that that occurred. So there wouldn't be a problem from our perspective at this point. We did take the \$2.775 million into general revenue and undoubtedly have spent it. And I don't believe there's . . . Clearly at the time it might have been technically not correct, but it occurred, and so I don't think there's a problem now particularly that the regulations are amended.

**Mr. Cline:** — And is the Provincial Auditor satisfied that the regulations have been amended in an appropriate fashion?

**Mr. Wendel:** — Yes, we are.

**The Chairperson:** — I've got another question. On the 19 million, that was done this June?

**Mr. Alecxe:** — That's correct.

**The Chairperson:** — Would you be able to provide the committee with the regulations that deal with that \$19 million?

**Mr. Alecxe:** — Certainly.

**The Chairperson:** — Okay. I'm waiting for the committee to have a response.

**Mr. Cline:** — Well I think we should note that the regulations have been amended to ensure that the licence fee is authorized.

**The Chairperson:** — Everybody agreed? Agreed.

Okay. Going on to the next item, payments require authority. Payments . . . during 1992, the Sask Sport paid 7.6 million out of the trust fund. These payments lacked the authority. The department directed Sask Sport Inc. to pay 7.6 to the trust fund. The trust fund paid 5.4 to other government agencies. It paid 3.5 to the Saskatchewan Arts Board, 1.5 to the

Western Development Museum, and .4 to the Saskatchewan Heritage Foundation, and 2.2 to several hundred community recreation boards that were not incorporated as non-profit corporations.

The Act I believe says that they have to be paid to non-profit corporations. Is that correct? Could you give me the details of how that was done and some of the background of that as well?

**Mr. Alecxe:** — At the time the legislated organizations funding was no longer provided out of the General Revenue Fund and they were then attached to the lottery system for funding. The minister of the day then directed that these funds as listed be paid out of the trust fund to the legislated agencies and to the non-profit corporations, to the organizations I should say that are listed which are not non-profit.

Since then the regulation changes that I've mentioned previously under section 12 of those revised regulations, the change was made to expand the list of organizations eligible to receive lottery profits, including Indian bands and municipalities, making such payments legal from the trust fund.

The legislated organizations that were attached to the lotteries of that time are no longer attached to the lotteries. The revenue that they were receiving from the lotteries then became part of the payment to the provincial government under the licence fee. That money now goes into the licence fee, into the General Revenue Funds, becomes part of the larger pool. General Revenue Funds now allocate line item appropriations to those legislated organizations.

**The Chairperson:** — Do they provide that money to the incorporated corporations that are non-profit, like the rec boards? There's two items there that you dealt with, but the ones that are legislated, and I can understand that; what about those that were paid to the non-profit?

**Mr. Alecxe:** — That's where section 12 comes in, where the list of organizations eligible was expanded and made specific such that they are now able to receive such funds.

**The Chairperson:** — Is it specific to that individual organization or is it specific to the group?

**Mr. Alecxe:** — To the type of organization.

**The Chairperson:** — Type, okay. Item .41.

**Mr. Cline:** — Mr. Chairman, if the Provincial Auditor can indicate whether he's satisfied that the appropriate regulations have been put in place.

**Mr. Wendel:** — Mr. Chair, we would look to the regulations, and we're satisfied with them. What we need to do, and we haven't done our work for '94 yet, is look at the compliance with them. That remains to be done.

**Mr. Cline:** — Okay. Well I think we should note, Mr. Chairman, that the regulations have been amended to ensure that payments from the trust fund will have adequate authority.

**The Chairperson:** — Agreed?

**A Member:** — Agreed.

**The Chairperson:** — The section .42 to .45 talks a little bit about the role of the appointed auditor in the Saskatchewan Lotteries trust fund, and if I may, did the department appoint that auditor or did they appoint that auditor themselves?

**Mr. Alecxe:** — They appointed that auditor themselves.

**The Chairperson:** — Okay. There was in item .42 there, the auditor's office relied on the appointed auditor's report on the trust fund, financial statements, except the financial statement did not show 8.5 million in revenue and expenses belonging to the fund.

Would you give me an assessment of that. I suppose maybe, Mr. Auditor, that would probably be best started the discussion with you and go from there.

**Mr. Wendel:** — Mr. Chair, my understanding of this is that there was eight and a half million dollars that was paid out that didn't go through the Saskatchewan Lotteries trust fund. Now Sask Sport Inc. has a number of financial statements, and they didn't process these



eight and a half million dollars through the appropriate set of statements.

**The Chairperson:** — So they were recorded but not in their appropriate ledger or whatever. Is that correct?

**Mr. Wendel:** — They could, Mr. Chair. The Saskatchewan Lotteries trust fund, there should be financial statements produced for that trust fund, and those financial statements should form part of the compendium we discussed this morning, and they should also form part of summary financial statements.

So those financial statements that were produced weren't proper; they didn't include eight and a half million dollars worth of payments.

**The Chairperson:** — It also says that it didn't include the revenues for that eight and a half million dollars as well. Do the staff know anything about that?

**Mr. Alecxe:** — I'll ask Mr. Werry to speak to that.

**Mr. Werry:** — Yes, as indicated, in '92-93 Sask Sport maintained four separate divisions of which the trust fund was one. And the 8.5 million would have been contained in their combined financial statements. It was not reflected in the trust fund. In our subsequent lottery agreement . . . licensing agreement for '94-95, we have directed them to include those payments within the trust fund's statement. So for the statement that was filed for '93-94, those charges and revenues have been contained within the trust fund statement; they no longer report on a combined basis. They do keep the trust fund's statements separate.

So it's our understanding that that's now been rectified as far as those revenues and expenditures being properly reflected in the trust fund's statements.

**Ms. Crofford:** — Yes, I just have a question on the structure of the fund. Is there a portion that's always set aside, that's not spent? For example, they wouldn't in every given year allocate all of what they receive in revenue.

**Mr. Werry:** — Right now the way the fund operates is they do allocate whatever has been transferred to the fund. However each

year there are organizations that are granted monies who do not spend the full amount for which they applied. Those funds are then returned to the trust and allocated in the subsequent year.

**Ms. Crofford:** — So they have no bunch of money sitting somewhere that isn't part of their annual cash flow?

**Mr. Werry:** — Not that I'm aware of, no.

**Ms. Crofford:** — Well maybe we'll just go a little farther then. We're looking at the compendium. I don't know. There's a copy there you can maybe take a look at. B390. And I'm just wondering, now where it says there net lottery profits, what would I assume then would be what would happen to that figure? What would be the disposition of that figure there, the net lottery profits of 32 . . .

**Mr. Werry:** — Page number again?

**Ms. Crofford:** — It's B390. Under the B, 390. Is that the portion that they then allocate out to groups?

**Mr. Werry:** — No, that includes all the payments that are directed under the trust fund. So in the manner in which the question was raised earlier by the auditor, the licence fees, all those payments are attributed to the trust fund. So this amount would include those payments as well.

**Ms. Crofford:** — Okay, thank you.

**The Chairperson:** — Okay, item .43 in the auditor's report talks about an \$8.7 million amount, and it's the net lottery proceeds of 8.7. Is that a part of the same 8.5 of item no. .42, or is that a different one?

Do you want me to repeat that one — \$8.7 million in item no. .43 says it's Sask Sport Inc. not properly paying these proceeds received from Western Canada Lottery Corporation into the trust fund. Is that the same 8.5 as is talked about in .42 or is that different?

**Mr. Werry:** — It's my understanding that those are the same general amounts that were referred to and the manner in which they were transferred between the various companies within Sask Sport or the various divisions within Sask Sport.

**The Chairperson:** — The regulations and the work of Sask Sport and Western Canada Lottery Corporation, what kind of regulations do you have that they have compliance with the rules as you and we have to deliver them? What kind of . . . like an audit committee, what kind of audit committee does your department have, or you as a responsible member of the department, to that agency to know that they're complying with it today?

**Mr. Werry:** — First of all, we have a licensing agreement in addition to the regulations. And the licensing agreement sets out the terms and conditions of accountability. In addition, we have staff of the department who attend the trust fund allocation meetings, to sit in on that process. As well, we have staff who attend the board of directors' meetings of the organization and receive their financial statements on a quarterly basis. And we do have opportunities to meet with their auditors at the time that the audit is being conducted.

**The Chairperson:** — And who appoints their auditor? Does Sask Sport appoint the auditor? Does the Western Canada Lottery Corporation have anything to do with that? Or is that a separate unit by itself?

**Mr. Werry:** — There's a separation between those entities and Sask Sport is responsible and does appoint its own auditor.

**The Chairperson:** — Okay. I guess I'll ask the question because the auditors didn't ask the question. Have you got the process in place through what you talked about? These regulations that were put through in June, are they the ones that will regulate and control this as well or was that, is that a separate group of regulations that deal with that?

**Mr. Alecxe:** — I don't know if the regulations will actually audit, as such, if that's what you're asking.

**The Chairperson:** — No. To make sure that . . . well I don't think regulations make sure that these things happen. But are those regulations in place to make the things happen in a proper fashion as we have had outlined earlier but it isn't stated in this section. But to make that happen, do you have adequate controls to make sure that it does happen?

**Mr. Alecxe:** — Under the regulations, the

minister has the ability to ask for any information deemed important to her accountability to the legislature under the Act.

**The Chairperson:** — And you said that they are required to put that to the department and the minister on a quarterly basis?

**Mr. Werry:** — Currently we receive their financial statements on a quarterly basis. And as indicated, the regulations do allow the minister to set out further conditions in by way of agreement. And we do have a licensing agreement that goes with the regulations.

**Mr. Alecxe:** — And the lottery licensing agreement, the three-year agreement currently in place, does require and permit even further accountability of the organization by Sask Sport.

**The Chairperson:** — What's the budget of Sask Sport? What's the dollars that they have as revenues?

**Mr. Werry:** — The current year sales figures for lotteries will be in the neighbourhood of \$120 million.

**The Chairperson:** — Larger than the Community Services budget. Right, Mr. Reader?

**Mr. Reader:** — Right.

**The Chairperson:** — Mr. Alecxe, you had a point you wanted to make.

**Mr. Alecxe:** — Just to clarify the 120 million is a gross revenue figure. Out of that, almost half of that goes to awards, prizes, the 10, \$15 million 649, that sort of thing. The community itself nets, as you can see from the blue book, acquires closer to \$30 million which then is apportioned out to a number of organizations. Sask Sport itself, as a recipient, receives approximately 50 per cent of the net.

**Mr. Werry:** — Sask Sport organizations get 50 per cent.

**Mr. Alecxe:** — Yes, Sask Sport's organizations get 50 per cent. There are some 12,000 organizations that are attached to the lottery proceeds.

**Ms. Crofford:** — Thanks, Mr. Chair. I

appreciate that things change over time but before we started delivering money to the community in this format, what kinds of amounts of money in terms of a per cent maybe of the provincial government budget would have been spent on these types of services? You know I'm just looking at the amounts of dollars flowing through this corporation. Is it, has it changed dramatically or would we still be spending sort of the same kinds of dollars as we historically did on these types of activities in the community?

**Mr. Alecxe:** — Are you referring to general revenue funds and appropriations?

**Ms. Crofford:** — Yes, when it would have been taken directly out of general revenue.

**Mr. Alecxe:** — Do you have any sense of that, Bill?

**Mr. Werry:** — In terms of the history, the funding to this area grew substantially I think in the year . . . in the late sort of '85 to '87 and since '89 it's kind of levelled off and it's comparable now I think to the kind of money that's going in in other jurisdictions.

**Mr. Alecxe:** — But to further reflect on that answer, the general revenue appropriations were cut substantially to this area in '91. So there has been a levelling off, as revenues have increased in this area government expenditures directly have decreased.

**Ms. Crofford:** — Thank you.

**The Chairperson:** — Is the auditor of today for Sask Sport the same as the one that was there in 1991 or '92?

**Mr. Werry:** — Yes.

**The Chairperson:** — Okay. The next item is the Water Appeal Board and the recommendation states that:

The Board should obtain the Lieutenant Governor in Council's approval for its practices and procedures for carrying out its functions, duties or powers".

Would the department explain if this has been done or what the practice was and then give us an overview of this.

**Mr. Reader:** — Well I think I can come about halfway, Mr. Chairman. As I mentioned at the top of the meeting we were responsible for this organization for the first half of the year; it's now the responsibility of another minister.

But in response to the auditor's recommendation here, we did in fact contact the organization and prompted them to get processes in place to accomplish this.

They assured us that they would and in June this year, they met to review these processes that had been put together by their solicitor and were going to take the necessary steps to get the Lieutenant Governor in Council's approval. I'm sorry I can't tell you as we sit here whether in fact they have done that. We've sort of since lost contact, and although I should have followed up on this recommendation, since we prompted it, I did not. So I can't tell you exactly how far they've gone but they did in fact meet to pull it all together in June of this year.

**The Chairperson:** — Does anyone have any . . . does the auditor's office have any update on them?

**Mr. Wendel:** — Mr. Chair, we're not aware of any order yet, but we have received a letter from the board saying they are reviewing their practices and they plan to get an order when they're finished.

**The Chairperson:** — What does the committee want to do? Which minister is this?

**Mr. Reader:** — I believe Environment and Resource Management.

**Mr. Cline:** — I think we should make note of the fact, Mr. Chairman, that the board is presently taking steps to comply with the recommendation.

**The Chairperson:** — I wonder if the committee would agree to deferring that . . . dealing with that, to ask the Department of Environment when they get here about that.

**Mr. Cline:** — Sure, that's fine with me.

**Mr. Chairman:** — Okay, I'll make a note of that and we'll ask the question later on.

**Mr. Cline:** — We might want to ask the Clerk

to alert them to the fact that we will be asking them about paragraph .53 from chapter 10 because otherwise they may not come prepared.

**The Chairperson:** — Have them reach the Department of Environment. Go back to item .49 to .53 on page 96.

Okay. We'll just defer that, and we'll conclude that under the Environment minister's responsibilities. Do I have agreement with that? Okay.

Items .57 to .63, the recommendation is that "The Museum should segregate the duties of employees handling investments."

I wonder if you would describe to us how this exactly happens. And I'm not just sure how it happens. So if you wouldn't mind telling me what was happening that one employee is responsible for buying, selling and accounting for investments. Would you be able to outline how that was happening and how it is happening — the difference?

**Mr. Alecxe:** — Dean Clark will respond to that.

**Mr. Clark:** — Yes, Mr. Chairman, to the best of my knowledge the practices that were in place were that the director of finance and administration for the Western Development Museum was handling all of the investments as well as he had access to the investment certificates.

The Provincial Auditor's department felt that it was not proper to be doing this and provided them with information that I understand is now what would be a way to handle this. And I believe in the letter that's sent from the Western Development Museum, the chairman of the board, Mr. Hewitt, to the Provincial Auditor, indicating that they, upon the advice of the Provincial Auditor, they had rented a safety deposit box within which the investment certificates had been deposited, and the individual responsible for initiating buy and sell transactions is not authorized nor is able to access certificates stored in the safety deposit box. So that's the way they handled it.

**The Chairperson:** — The recommendation states that "The Museum should segregate the duties of employees handling investments." And the letter indicates that it has done that,

and the auditor also indicates that it has done that. How do we want to handle that?

**Mr. Cline:** — I think we should note, Mr. Chairman, that the museum has complied with the recommendation.

**The Chairperson:** — That concludes the remarks of the Provincial Auditor. I have some questions relating to the *Public Accounts*, details of revenue and expenditures that deal more with the department. And I have a question as it relates to the museum, under page 48 in your volume 2; the Museum of Natural History is under your jurisdiction and was this the year that the fire occurred?

**Mr. Clark:** — The fire occurred in February 1990.

**The Chairperson:** — And when was the conclusion of reconstruction?

**Mr. Clark:** — The first nations' gallery opened in June 1993, that area that had been most affected.

**The Chairperson:** — How much was the total cost of that, and how much insurance was there in that that would have offset the cost, or was there insurance? I would assume there was.

**Mr. Clark:** — There wasn't insurance; it was simply handled through government . . . the way government insures itself. There is an ongoing litigation between Department of Justice and one of the contractors to recover funds, and I believe SPMC is also conducting litigation as well to recover some funds.

**The Chairperson:** — This is one of the contractors who was reconstructing?

**Mr. Clark:** — Who was involved in the work that was going on at the time of the fire.

**The Chairperson:** — I see. Okay, and that construction concluded in 1993?

**Mr. Clark:** — Ninety-three, that's right. The earth sciences gallery had to be closed for a while, and it was reopened about four months after the fire. And then the first nations' gallery was completed in 1993 in June.

**The Chairperson:** — Is this litigation before

the courts right now?

**Mr. Clark:** — I don't think it's before the courts yet. Department of Justice is still dealing with the insurance companies on it.

**The Chairperson:** — Okay, well then I won't ask any questions on it. I'll be interested to know how it all turned out.

The northern revenue sharing on page 49, the assistances to the municipalities and the municipalities of northern Saskatchewan, what kind of reporting mechanism does the department have in this area, as compared to the areas where you have revenue sharing, urban revenue sharing and rural municipalities? Can you ... is there a difference at all between the two?

**Mr. Reader:** — Reporting?

**The Chairperson:** — Reporting how the mechanism on how they control them ... not control ... how they report back to the urban or ... I'll start again. The urban municipality reports back to you some compliance. And the rural municipalities, people go out there and check to see whether they have done certain items or certain things have been done. Do you do the same things for the northern part of Saskatchewan on the northern revenue sharing?

**Mr. Reader:** — I'll have Mr. Davis respond to this.

**Mr. Davis:** — Yes, we do, Mr. Chairman. It's very much like the South. They issue annual financial statements to us. We get auditors' management letters issued to us if there are problems. We follow them up. In the case of the North, the assistance in fact is very much more hands-on than it is in the South, fewer municipalities — indeed probably greater potential to run into some financial management difficulty. But we're very much on the scene in the North.

**The Chairperson:** — I don't have on the top of my head how much money there was for there. Can you tell me how much?

**Mr. Davis:** — For northern revenue sharing?

**The Chairperson:** — Yes.

**Mr. Davis:** — It's around just over \$5 million. I forget if that's the exact figure in that fiscal year.

**The Chairperson:** — Four and a half.

**Mr. Davis:** — Right. About four and a half million from the Consolidated Fund and another million or so from the northern revenue sharing trust account.

**The Chairperson:** — Okay. The northern revenue sharing trust account, is that under your jurisdiction as well where you maintain the control and regulation of money moving out of that account, or is that a separate entity that regulates ...

**Mr. Davis:** — It's under the jurisdiction of our department and is run out of our La Ronge office.

**The Chairperson:** — Okay. How many dollars are in there?

**Mr. Davis:** — I don't have the numbers with me. Perhaps others do. My recollection is around 8 or \$10 million. And the model is very much ... The revenues are from and within the North. They go into the account in a very tight way; it's managed the distribution of the funds. Primarily it goes into programming for the North, capital construction and operating assistance and the like. It too provides annual financial statements which are audited and certainly public information.

**The Chairperson:** — Do the municipalities make application for projects to the trust fund and to revenue sharing?

**Mr. Davis:** — They do. With revenue sharing it's unconditional funding, so in that respect it's like the South, and they don't apply as such.

With respect to capital funding, it depends on the program format. Typically they do apply within general program allotments for a given community. And it can be for water and sewer or any variety of capital projects.

**The Chairperson:** — In '92-93, did any money go for water and sewer?

**Mr. Davis:** — I believe it did. The answer will be yes. I don't have the figure. If you want to bear with us, we can dig it up or send it to you.

**The Chairperson:** — Okay.

Cumberland House.

**Mr. Davis:** — In that particular year the figures we have in front of us would suggest about \$2.4 million.

**The Chairperson:** — You don't have the communities there, do you?

**Mr. Davis:** — Not at our fingertips.

**The Chairperson:** — Would you be able to provide that for us?

**Mr. Davis:** — Sure we can.

**The Chairperson:** — And then when you do that, could you break it down between water and sewer?

The infrastructure program of the federal government, do municipalities in the North qualify on the same basis as the municipalities in the South?

**Mr. Davis:** — Yes they do.

**The Chairperson:** — And I know that in the South they use it for water and sewer development. Do they do that in the North as well?

**Mr. Davis:** — Indeed, in the North they qualify in two ways. One is through the general municipal assistance in the infrastructure program; they qualify. There's a formula which was suggested to the government by SUMA (Saskatchewan Urban Municipalities Association) and catches the northern municipalities. Over and above that, some of the so-called provincial projects under the infrastructure program provide for northern water and sewer specifically as a separate priority of the government. And there's probably a 6 to \$8 million range over two years for that purpose.

**The Chairperson:** — I noticed in here that a payment was made to Cumberland House. Are those requirements under the payments made to Cumberland House different than the trust fund and different than the northern revenue sharing fund?

**Mr. Davis:** — It's a compensation package that was negotiated through SaskPower, separate for and apart from northern revenue sharing for

**The Chairperson:** — And that was a million dollars?

**Mr. Davis:** — A million dollars annually, yes, as I recall for 10 years is my recollection. There's a board that manages that. We have staff that are involved with Cumberland House on this particular one.

**The Chairperson:** — It says: to provide for the social and economic development of the residents. Do they have to apply to that board for special consideration of a project? Or how do the mechanics of that work in relation to, number one, the projects that are taking place? And then also does the department do any audit into that to see whether they are functioning within the framework of the agreement?

**Mr. Davis:** — The community and the interests surrounding it manage it themselves and the board has representatives from the municipality, from the band, Indian band, from the department. They acquire their own auditor and provide their own financial audit, their own audited financial statements. We can expand on the specific details on it perhaps in writing as well, if that would be okay.

**The Chairperson:** — Yes, I wouldn't mind doing that. I'd like to know of some of the kinds of projects that have been included in the year under review and how they manage the money.

The other thing that is of interest to me is that money comes from SaskPower Corporation — an agreement with SaskPower. Does the department receive from SaskPower Corporation a million dollars to pay to Cumberland House the monies, or is that a direct payment by SaskPower? And then why would it come through here?

**Mr. Chaykowski:** — SaskPower provides a million dollars to the General Revenue Fund which is equivalent to the grant-type payment that the department makes, so that that money flows through the Consolidated Fund.

**The Chairperson:** — This is not in lieu of any transfer of funds from CIC or anything like that; this is a direct grant given directly to Consolidated Fund for that purpose?

**Mr. Chaykowski:** — That's correct.

**The Chairperson:** — Another item that I was going to ask questions about is your fire-fighters' training and support program in Urban Affairs or Community Services; \$131,000 there, I think, that is paid out. What's the purpose of that? And I don't know which department handles the fire-fighting but it's obviously not this one because it hasn't been nearly enough to cover that. But what is your role and responsibility in relation to this?

**Mr. Davis:** — Actually it is our department.

**The Chairperson:** — It is?

**Mr. Davis:** — Yes, if we had a budget analyst here you could make that comment to them about the size of the budget too, sir. The money that's available for this provides for the acquisition of fire-fighting training materials and equipment, to really try to expand the access to training as a preventative approach on fire protection. We deal very much with small and regional fire operations and facilitate as much as we can. We're not in the business of direct delivery of training and equipment provision as much as encouraging and supporting the system that's already out there, putting a lot of emphasis on intermunicipal cooperation and that sort of thing. That's the focus of it at this point: very much community based and trying to maximize the impact with available resources.

**The Chairperson:** — Where is this operated out of?

**Mr. Davis:** — It operates out of Regina and through Saskatoon as well.

**The Chairperson:** — Is its home base some place in the North, or is it just wherever interest is shown, or how do you put this into place?

**Mr. Davis:** — Well it's wherever interest is shown. It's also us taking some initiative to deal with who we know is out there, and expands, I must say, beyond the fire community itself, into schools and others — libraries, the library system — to really maximize the profile and distribution of fire prevention materials and training.

**The Chairperson:** — Okay, how much did you spend on fire-fighting in the year under review?

**Mr. Davis:** — Well you quoted a figure, and I'm sure we spent every nickel. Larry, do you have the figures?

**Mr. Reader:** — Mr. Chairman, if I might, just for clarification, are you talking about fighting fires around the province, or are you talking about what the department spent to assist the municipal responsibility?

**The Chairperson:** — If you've got both . . .

**Mr. Reader:** — We don't have fire-fighters on staff.

**The Chairperson:** — No, I realize that.

**Mr. Reader:** — We have five or six trainers, if you will, out of the Fire Commissioner's office who work in schools — as Mr. Davis said — who work in schools with the volunteer fire-fighters association and their membership, not so much with the cities because they can buy their own. But in the rural areas, small urbans, where they have volunteer groups, that's where we provide the assistance.

And so what you see in the budget is likely exactly what we were able to spend.

**Mr. Davis:** — We spent specifically \$131,000 in that group.

**The Chairperson:** — Then that isn't the fire-fighting that I was referring to earlier. I was referring to fighting forest fires in the North.

**Mr. Davis:** — No, that's not . . . we're not involved in that.

**The Chairperson:** — Okay.

The Sask Housing Corporation, does the government provide monies to Sask Housing?

**Mr. Styles:** — Yes, the department does. The exact number in the year in question was 28.149 million.

**The Chairperson:** — Do you have a breakdown for specifically what that was used for, which areas that it went to, first of all, in areas in the province and then to the groups of people. And if some went into low-cost housing, do you have all of those things broken down?

**Mr. Styles:** — We don't normally break it down by geographic area. We can provide you by program; there are five or six programs that are within that. The primary amount in there is for low income housing — okay, social housing or public housing, depending which term you use.

But there's a number of other areas as well. Historically the corporation has been involved in land development as well in a few centres, and there's still some loss provisions that are coming through from the past year's activities. A couple of programs from the 1980s, the Saskatchewan mortgage guarantee program as well, there's still some things that are falling out there. But we can provide a breakdown on that basis.

We can also provide a bit of a breakdown on a client group basis as well, especially for the low income housing program. We know our seniors, family splits, and we can give that numbers as well.

**The Chairperson:** — Do you have lots of — maybe that's not the right word — do you have a number of land holdings that you are going to develop? Do you purchase them prior to you putting a house on there? Do you look for a place to develop and then go buy the land, or how do you generally work that?

**Mr. Styles:** — The program is a residual really from the late 1970s, early 1980s. It had two components. It had a land holding so the purchase or acquisition of land to be held for future development. And then it had a land development section where the province on occasion actually took the land holdings and brought them through to development. The last acquisition on the land holding program, I believe, was about 1985, so the program has effectively been shut off.

What we have done since 1985 is either develop land to completion in order to reduce the province's risk, okay, and get our investment out; or we have disposed of the land. In 1992, I believe it was, we disposed of the land that we held in the city of Saskatoon, for instance — a couple of thousand acres, maybe a little less than that.

So we've basically been on a disposition program, but there are a couple of places in the province where development was more

appropriate. We only do the land development; we don't do the residential home development after. Okay, we work with the private sector, private builders, or whoever's out in the market.

**The Chairperson:** — Do you work with the communities to initiate that, like urban municipalities will initiate some of that?

**Mr. Styles:** — Very much so. It's all in a partnership basis. It's a 95/5 partnership. The province puts in 95 per cent of the original financing and the municipality puts in 5 per cent. The vast majority of the holdings were actually controlled or managed by the municipality, and we were simply a financier. There's a couple of locations where we were what's called the active partner in the development.

**The Chairperson:** — Are any of these what you would call level 1 and 2 care facilities in the province?

**Mr. Styles:** — Sorry?

**The Chairperson:** — Is any of the monies that go to Sask Housing used in the development of level 1 and 2 care health care facilities?

**Mr. Styles:** — We have worked in partnership with the Department of Health for a fair number of years. Again, the development of the heavy care facilities — level 3 and level 4. None of our provincial funding though goes to those facilities. Rather, what we've done is we've partnered up provincial, or pardon me, federal housing subsidies, okay, with provincial subsidies. But the provincial subsidies are provided by the Department of Health directly. So we've never, I guess, mixed housing and health funding. But we do channel the federal component that goes into those level 3 and 4 homes.

**The Chairperson:** — That's where ... I noticed under your responsibilities, the CMHC (Canada Mortgage and Housing Corporation) has some funds. Now I don't know whether they were allocated to you or you allocated to them; I just don't recall. But is that the context of that then?

**Mr. Styles:** — That's right. All of our low income housing, anything we're involved in with group homes or nursing homes, are on a



75/25 basis. So what you see is really the 25 per cent provincial share, a little less than 25, it's about 22 actually. The municipalities are in for 5 per cent in a lot of the units as well. But the vast majority of what's channelled through our organization comes from the Canada Mortgage and Housing Corporation. It's about 70 million, something in that range.

**The Chairperson:** — Annually?

**Mr. Styles:** — Yes, annually.

**The Chairperson:** — And those are loans, is that correct?

**Mr. Styles:** — No, they're actual operating subsidies. The projects operate on an operating subsidy basis, not a capital grant basis.

**The Chairperson:** — The grants for home modification for disabled people, have you got a . . . can you tell me about how many people you provided that service to for that \$132,000?

**Mr. Styles:** — It's a maximum grant of \$3,000, so it depends upon the size of the individual projects. We'd get somewhere between 50 and 80 grants in a particular year, just depending upon what the average size of the grant was.

**The Chairperson:** — How many?

**Mr. Styles:** — Fifty to eighty.

**The Chairperson:** — Fifty to eighty. Okay. Would you be able to provide me with the information about how many there exactly were in 1992-93?

**Mr. Styles:** — Sure, we'll provide you the breakdown, the number of grants and the grant values.

**The Chairperson:** — Does urban native housing come under SHC (Saskatchewan Housing Corporation)? And how much money did we put in there? Are you going to give me that breakdown when you give me the other one, or does it come under separate . . .

**Mr. Styles:** — It has a separate appropriation subvote.

**The Chairperson:** — Right.

**Mr. Styles:** — And the amount is listed in here as \$2.8 million roughly. We can provide you with the same breakdown. There's around 800 units that are in that are managed by aboriginal non-profit groups throughout Saskatchewan, but we can identify the client groups that they serve. It's just about 100 per cent family. We can identify the locations. There's seven or eight groups that are involved in it. So we'll provide that as part of the initial package.

**The Chairperson:** — They aren't only what you would call in northern Saskatchewan?

**Mr. Styles:** — These are entirely in southern Saskatchewan in major centres; Regina, Saskatoon, Prince Albert, North Battleford, Yorkton — there's a couple more that I'm missing — Lloydminster as well.

**The Chairperson:** — Do you have . . . when you have this information provided to you, do you break it down in urban centres? And is that easily accessible?

**Mr. Styles:** — Yes, it is. It's fairly easy to access. CMHC is what we call the active partner for this.

**The Chairperson:** — Right.

**Mr. Styles:** — So as we're responsible for the rest of the portfolio in the province, they're responsible to deal with the groups. They simply bill us on an annual basis according to the cost-sharing arrangement, but we do keep track of the budgets and the units and all the rest of the operating detail as well.

**The Chairperson:** — Okay. Could you provide that, where the locations are?

**Mr. Styles:** — Yes.

**The Chairperson:** — And then the volume in each of the locations?

**Mr. Styles:** — Sure. The amount of subsidy for each particular group.

**The Chairperson:** — Yes, and the amount of units.

**Mr. Styles:** — Yes.

**The Chairperson:** — Okay. The

Saskatchewan Archives Board received \$1.49 million. Does this break down into providing the service to maintenance of the facility and the employment of people within that facility? Is that where the money went?

**Mr. Reader:** — Yes, it does. And it also includes the freedom of information unit.

**The Chairperson:** — Do you have a breakdown of the difference between what the freedom of information officer costs the province as it relates to that being separate from the other? Or is that one . . .

**Mr. Reader:** — No, we don't have it here, Mr. Chairman, but we could probably get it for you.

**The Chairperson:** — Okay. I would like to see that.

On page 60 of the volume 2 *Public Accounts*, details of revenue and expenditures, supplier payments were made to Co-operators Data Services Ltd. Could you give me just an overview of what \$49,000 was spent for?

**Mr. Chaykowski:** — \$49,000?

**The Chairperson:** — Yes.

**Mr. Chaykowski:** — That was for assured services with our housing division, charges for rehab and co-op housing programs, are the notes I have on that one.

**Mr. Styles:** — We actually operate a mortgage system. We have about 3,000 loans, mortgage loans actually, with housing units throughout the province. And we in the early '80s actually acquired the Sherwood Credit Union mortgage system. We operate under the Co-operators system and it takes care of the mortgage balances, the payments, receivables, etc.

**The Chairperson:** — And Co-operators Data Services provides that to you on a shared basis and your share is 49?

**Mr. Styles:** — That's right, and that's historically in the year in question. Since then we've changed the system, actually moved it in-house to an in-house system.

**The Chairperson:** — I see. And what was the total cost for that then if it was 49 year?

**Mr. Styles:** — I'm not familiar with it. Again it's a partnership arrangement where Sherwood provides a certain amount, we provide a certain amount. But you know we can obtain the details of the agreement if you'd like.

**The Chairperson:** — Okay I wouldn't mind knowing what that was. Under ISM, Information Systems Management Corporation, you paid \$483,000. What would that all have included?

**Mr. Chaykowski:** — There are several . . . or a few different components to that. We had systems on that were through ISM for Sask Housing division, for the general ledger and some of the other programs they operate, and also for the Provincial Library system and also the department's financial revenue systems that we access through the comptroller's office. So there are a number of components to that.

**The Chairperson:** — Okay. Another item is that the city of Prince Albert, you sent them \$684,000. Why is this here and why would it appear this way?

**Mr. Chaykowski:** — Our notes here for the city of Prince Albert is for a downtown development project, the Gateway Mall.

**The Chairperson:** — Is that a one-time payment that was made or is that an agreement that was . . .

**Mr. Davis:** — It was a debenture assistance package that was developed a number of years ago actually with Prince Albert to help finance the Gateway Mall. It was actually ongoing and in theory it was to be wound . . . a number that should decline over time. In fact a couple of years ago we reached agreement with the city to basically disentangle the provincial government from the arrangement; so it appears that particular year but it no longer exists.

**The Chairperson:** — And it no longer is paid out of . . . when was the last year?

**Mr. Davis:** — It would have been — I'm shooting from memory here — I would think that is the last year right there.

**The Chairperson:** — Okay, if it isn't then if you could provide me a figure . . .

**Mr. Davis:** — Indeed.

**The Chairperson:** — ... which show that it was for the next time.

**Mr. Davis:** — You bet.

**The Chairperson:** — You have another one here, Sask Housing Corporation for \$409,000.

**Mr. Styles:** — The amount simply reflects the transition from a corporate to a department status. That was the contract for payment for the accommodation charges when we were at 2500 Victoria Avenue, the North Canadian Oils Building. Since that's been rolled in, is now part of the Saskatchewan Property Management subvote.

**The Chairperson:** — Oh so this then is now ... we will see this in SPMC's vote, your cost for rent and all that?

**Mr. Styles:** — That's right. As a result of the consolidation this year, September 1, we're now in a common building and everything's been rolled underneath the Property Management Corporation.

**The Chairperson:** — So it wasn't that you moved out of there. It was just that you changed it from Sask Housing operating it to the department now operating it and paying SPMC.

**Mr. Styles:** — It was a bit of both. Initially the accommodation was actually under ... the contract for the accommodation was under the Saskatchewan Housing Corporation, so when we moved into the department we simply continued to pay it through that vehicle until we were fully amalgamated in one location.

**The Chairperson:** — Okay. The agreements that you have with Saskatoon, Regina, Moose Jaw, and Swift Current on Wascana Authority, the Meewasin Valley Authority, and Chinook Parkway, are those agreements to supply funds for those different areas, are they in perpetuity or is there an end to them?

**Mr. Davis:** — There is no formal sunseted end for three of those park authorities. In fact the funding and the arrangements are enshrined in legislation.

In the Swift Current case with Chinook

Parkway, it's more of an agreement, not legislation, with provision for 10-year reviews of the agreement. So at this point it's in perpetuity, but again within the realities of budgetary constraints.

**The Chairperson:** — In grants to libraries, when different groups are using these libraries, whether it's individuals, schools, or whatever, what ... I guess what do we get for the \$5 million that we spent, five and a half million dollars we spent? What kind of a readership are we getting from ... Well I'm familiar with Chinook Regional Library. What readership are we getting for spending five and a half million dollars for the public to read in those libraries? Do you have any idea?

**Mr. Alecxe:** — I'm sorry. I don't have those numbers right off the top but I can certainly provide them for you by region. That money essentially underpins the entire regional library system. Everyone who has a library card is a reader.

**The Chairperson:** — I have a card and I don't use that library. Maybe should, but I don't. But that's what I wanted to find out. Would you have a volume of readers that come through a place or through these libraries and in the year under review do you have a record of that or is that ...

**Mr. Alecxe:** — We have the number ... we can get the number of titles that are taken out.

**The Chairperson:** — Okay. How many book are taken out?

**Mr. Alecxe:** — Correct. It may be books, it may be cassettes, it may be ...

**The Chairperson:** — Right. Yes.

**Mr. Alecxe:** — Yes. Documents.

**The Chairperson:** — Okay. If you wouldn't mind doing it. If it isn't going to cost another \$10,000 to do that, I wouldn't mind that information.

I don't have any more questions. Does the committee have any questions of this? Then under the process that we generally work at, we have a motion that the hearing on the Department of Community Services be concluded subject to recall if necessary for

further questions. Moved by Mr. Cline. All those in favour? Carried.

we'll move that into an afternoon session then. Okay?

Thank you, Mr. Reader, for your diligence in this committee.

Thank you for your time.

The committee adjourned at 3:10 p.m.

**Mr. Reader:** — Thank you, Mr. Chairman, gentlemen, ladies.

**Mr. Cline:** — I'd like to say to Mr. Reader and his officials, thank you for coming. But also I think the way they have dealt with the recommendations of the Provincial Auditor is the kind of responsive way that we like to see in the committee. Thank you very much.

**The Chairperson:** — The agenda for today is complete. We have tomorrow, Department of Agriculture in the morning from 9 to 11:30. Then we have the committee for roles and responsibilities in, and on Friday we have the two health boards and the Department of Health in. So that's what the agenda is like for the rest of this week. In light of the fact that we have gone through this, the Chairman would entertain a motion for adjournment . . . before that, Mr. Auditor.

**Mr. Streliaff:** — I notice that tomorrow you are asking the task force to come in at 11:30 to noon and then back at 1:30 to 3. Is there any particular reason that you wanted them in for that first half hour and then have lunch and then come back?

**The Chairperson:** — No.

**Mr. Streliaff:** — If I can get in touch with them and if they then come in at 1:30 or 1:15, would that be okay? I don't know if I can do that. But they asked me last night why there was a separation.

**The Chairperson:** — I don't know why there was.

**Mr. Sonntag:** — They want more people to buy lunch at the cafeteria.

**Mr. Streliaff:** — It may be too late to do that, but I'll just see what I can do.

**The Chairperson:** — Sure. I think that would be a good idea. I wondered that myself — the reasoning behind it. So we'll go with the Department of Agriculture until either 11:30 or 12 and then whatever the accommodation is