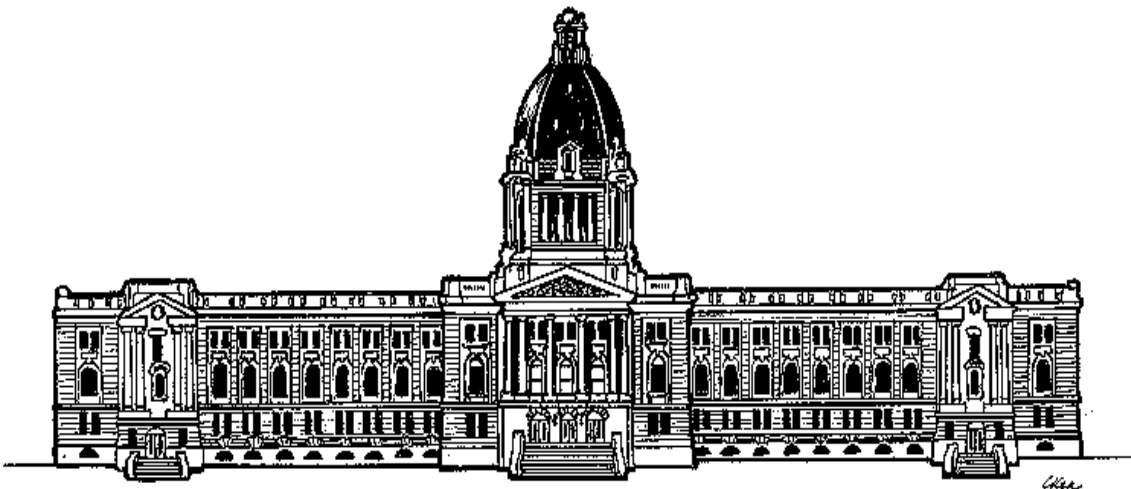




STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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**STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES
2005**

Mr. Graham Addley, Chair
Saskatoon Sutherland

Mr. Dan D'Autremont, Deputy Chair
Cannington

Ms. Doreen Eagles
Estevan

Mr. Andy Iwanchuk
Saskatoon Fairview

Mr. Allan Kerpan
Carrot River Valley

Mr. Warren McCall
Regina Elphinstone-Centre

Hon. Mark Wartman
Regina Qu'Appelle Valley

[The committee met at 15:00.]

The Chair: — I call to order the Standing Committee on Crown and Central Agencies. The agenda has been distributed. Before we begin I just wanted to advise members that I am tabling a letter from the Minister of Saskatchewan Property Management which basically answers some of the questions that were asked at a previous meeting. That is so tabled.

**Bill No. 96 — The Legislative Assembly
and Executive Council Act, 2005**

Clause 1

The Chair: — The first item before the committee is consideration of Bill No. 96, The Legislative Assembly and Executive Council Act, 2005. And I would invite the minister to introduce his official, and if there was any brief statements to make it now.

Hon. Mr. Thomson: — Thank you very much, Mr. Chairman. I'm joined today by Darcy McGovern with the Department of Justice.

This Bill has had a fair amount of debate during second reading and adjourned debates and as such I have no additional comments to offer at this point.

The Chair: — All right. We have Ms. Harpauer sitting in for Mr. Kerpan. And clause 1, I recognize Ms. Harpauer.

Ms. Harpauer: — Thank you, Mr. Chair. The opposition has gone through this Bill fairly thoroughly. We're quite supportive of the changes that have been made. Most of it is housekeeping in nature and there isn't actually a lot of changes.

I have one curiosity question actually, which is division 6, clause 38(2)(a) which increased . . . okay.

Any member who contravenes subsection (1) is guilty of an offence and liable to a fine of:

My understanding that it was increased from 500 to \$10,000. Has that provision ever been used and why the decision for quite a significant increase?

Hon. Mr. Thomson: — I'll just ask Mr. McGovern to answer the question.

Mr. McGovern: — Through the Chair to the member, I'm not aware of any specific usage of that provision previously. And the increase is simply to reflect the fact that \$500 wasn't reflective of the seriousness of the offence when compared to other offences in other legislation. So it was felt that, given that this hadn't changed for a number of years, that it was more appropriate that it be increased to amount that reflected the seriousness of the offence.

Ms. Harpauer: — Thank you for that answer. And as I said it was more of a curiosity because, you know, it was a significant increase, so I was curious if it ever had to be applied. Beyond that I have no further questions.

The Chair: — Any other questions, members? Seeing none we'll proceed with voting. Members, this is a fairly lengthy Bill. Is leave granted to deal with this by part? Is that agreed? Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Agreed? All right.

[Clause 1 agreed to.]

[Clauses 2 to 102 inclusive agreed to.]

The Chair: — Therefore Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: Bill No. 96, An Act respecting the Legislative Assembly of Saskatchewan and the Executive Council of Saskatchewan and making consequential amendments to other Acts. And I would invite a member to move that the committee report the Bill without amendment.

Mr. McCall: — I so move, Mr. Chair.

The Chair: — Moved by Mr. McCall. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried. I thank the minister for being here for Bill No. 96.

**Bill No. 97 — The Legislative Assembly and Executive
Council Consequential Amendment Act, 2005/Loi de 2005
sur une modification corrélative découlant de la loi intitulée
The Legislative Assembly and Executive Council Act, 2005**

Clause 1

The Chair: — The next item before the committee is consideration of Bill No. 97, The Legislative Assembly and Executive Council Consequential Amendment Act, 2005. And I see the minister has the same official and if there are any brief comments he should make that now.

Hon. Mr. Thomson: — Thank you very much, Mr. Chairman. I do want to just indicate that this makes a small consequential amendment to The Jury Act. The Bill is separate from the previous legislation because The Jury Act is indeed a bilingual Bill and as such the amendments are presented in French and English. I have no other comment to offer at this point.

The Chair: — All right. Clause 1, short title. Are there any questions? Thank you, members.

[Clause 1 agreed to.]

[Clauses 2 and 3 agreed to.]

The Chair: — Therefore Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: Bill No. 97, An Act to make a consequential amendment to an Act arising from an enactment of The Legislative Assembly and Executive Council Act, 2005. And I

would invite a member to move that the committee report the Bill without amendment.

Mr. McCall: — So moved, Mr. Chair.

The Chair: — Moved by Mr. McCall. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. And I would like to thank the minister and his official for being here. And were there any concluding comments by the minister? Seeing none, we will move on to the next item before the committee. And that is consideration of Bill No. 67, The Alcohol and Gaming Regulation Amendment Act, 2004. And we'll take a brief recess while the minister assembles blah, blah, blah.

Bill No. 67 — The Alcohol and Gaming Regulation Amendment Act, 2004/Loi de 2004 modifiant la Loi de 1997 sur la réglementation des boissons alcoolisées et des jeux de hasard

Clause 1

The Chair: — Order. The next item before the committee is consideration of Bill No. 67, The Alcohol and Gaming Regulation Amendment Act, 2004. And I would invite the minister to introduce officials, and if he needs to, make any opening statements, briefly.

Hon. Mr. Cline: — Thank you, Mr. Chair, and good afternoon to you and members of your committee. Thank you to the committee for the opportunity to bring our legislation before you today. I would like to introduce our officials that are here from the Saskatchewan Liquor and Gaming Authority. To my left we have Jim Engel, the executive director of the policy and planning division. To my immediate right is Fiona Cribb, the manager of policy and legislation branch, and Lynnette Skaalrud, legal policy and legislation analyst.

Mr. Chair, the amendments contained in Bill 67, the alcohol and gaming amendment Act, 2004, generally fall under two categories. The amendments are either what can be described as housekeeping items that clarify a number of provisions that are already contained in the Act, or secondly there are some that formalize existing practice.

To give you an example, if you read the current Act, a strict interpretation would render beer and winemaking kits illegal. Certainly I think we all know someone who makes his or her own wine or beer and have seen home wine or beer kits sold in stores. It's quite common. The amendment that is contained in this Bill would ensure the legality of these kits is never questioned.

Another amendment in the Bill allows for the registration of gaming regulators in the province. As you may be aware, it is the requirement that gaming operators such as SIGA [Saskatchewan Indian Gaming Authority] and Saskatchewan Gaming Corporation be registered as gaming employees. Adding this requirement for gaming regulators will further strengthen the integrity of the province's gaming industry.

And with that we would be happy to answer any questions you may have.

The Chair: — Thank you very much, Mr. Minister. Clause 1, short title. I recognize Mr. D'Autremont.

Mr. D'Autremont: — Thank you. I'd like to welcome the minister and his officials here today. I'll start off with part of your last statement about wine and beer making kits. It's nice to know that they are now going to be legal since everybody — not everybody but a good number of people — across the province are actually utilizing them. I guess my question in relationship to them is, where can they be utilized legally?

Hon. Mr. Cline: — Mr. Chair, to the member, I am advised by the officials that they can be utilized anywhere.

Mr. D'Autremont: — Thank you. Does that mean the shop that is selling the wine or beer kits could put up a storage room in the back for customers to purchase a kit and make the wine and beer at that particular location?

Hon. Mr. Cline: — No, Mr. Chair, to the member. It would not mean that. I'm advised that they could certainly have an operating kit making beer or wine but it would have to be for their own use or consumption, not for the purchase by members of the public.

When I say that these things can be used anywhere, it may be subject to other rules, for example rules of school boards or zoning regulations of municipalities and so on. But insofar as the liquor and gaming commission is concerned these kits could be used anywhere. But it doesn't imply that people would have the ability or right, I should say, to sell the product that they produced.

Mr. D'Autremont: — What if they were producing them at a commercial site but for their own consumption? The wine and kit store may have someone who is familiar with the operation. Someone else who may wish to buy one of these kits has never done it before, isn't familiar with what you have to do.

If there was a storage room in the back of this establishment, could they set up their wine or beer kit there where they could receive advice from the store owner's employees, where they would go through the process and at the end of the day the product would be for their own use to take home for their own personal consumption?

Hon. Mr. Cline: — Mr. Chair, to the member. An individual can set up a beer or winemaking kit in their private premises which may be their home or it may be their office and they can use it for their own consumption. But they cannot use it for consumption by other people on a commercial basis.

Mr. D'Autremont: — Thank you. So they could set it up in their business establishment. If someone wanted to put up a wine and beer kit in their office in the legislature, they could establish it there providing it's for their own consumption. Would that be legal?

Hon. Mr. Cline: — Well I think insofar as the Liquor and Gaming Authority goes, as I said in a previous answer, the

Liquor and Gaming Authority may not have a rule against it in this legislation but it would not necessarily be completely lawful in the sense that there may be some other rule against it. A rule for example by a municipal government, perhaps a ruling of the Speaker, perhaps a zoning by-law, perhaps a rule of a school board for example or a religious organization. So there are other rules but I believe insofar as this legislation goes, no that would not be illegal.

Mr. D'Autremont: — Thank you. What about then if a number of employees of an establish . . . a business wanted to share a space in that business where four or five of them put up wine-making kits, again only for their own consumption, would that be against SLGA [Saskatchewan Liquor and Gaming Authority] rules and regulations law?

Hon. Mr. Cline: — Again if it is for their own consumption and if there is no rule by another authority that they cannot do that on that premise, then it would not be contrary to rule of the Liquor and Gaming Authority provided that each individual with their wine or beer kit was producing that wine or beer for their own consumption and not for distribution to members of the public.

Mr. D'Autremont: — Okay. Thank you. Would it be against SLGA, the law, regulations of SLGA for someone, an establishment selling wine and beer kits to have a storage room in the back that they rented out small stalls, locations, for a private individual to come in, set up their kit, again the product for which would be for their own consumption and not for sale providing they met the municipal zoning by-laws?

Hon. Mr. Cline: — We consider that to be not lawful for a commercial enterprise to rent out space for the production of beer or wine by individuals you know using someone else's space. The idea and the distinction being that in the other example such as in a private residence or in one's private office, you are . . . there is an association with private domain first of all and personal, private use as distinct from involvement of members of the public.

Mr. D'Autremont: — Is the distinction there because of the space being rented or because it's in a commercial establishment other than one where the individual may be working? What's the distinction?

What if the business that was selling the wine and beer kits gave away the space, simply allowed someone purchasing a wine and beer kit from their establishment to store it and go through the process of producing either wine and beer for the individual's own personal consumption?

Hon. Mr. Cline: — Mr. Chair, in answer to the member, I believe that if you had a commercial enterprise — which I think is the member's question — which sold beer or wine kits, and if that commercial enterprise offered as a service to its customers that they could have their kits which they owned themselves and produced beer or wine for their own consumption, but it was a question of simply locating their kit on the premise and coming in to attend to their kit. I do not believe that that would be against the law. In the same way that one could allow a friend or a relative or neighbour to have such a kit in one's house if one wanted to.

I would caution however that if it became a situation where instead of the person taking care of their own kit, the owner of the establishment occasionally tended to the kit for the owner of the kit and provided services, then I believe that you would reach a point where it might cease to be legal because there might be a benefit, either directly or indirectly in a business sense, to someone in effect paying for someone else to make their alcohol in the form of wine or beer for them, which would be illegal.

So in some circumstances, yes it could be done without violating the law. But I want to be very careful to say that does not give a carte blanche to do anything at all because you may cross a line and the activity may cease to be legal. But answering the member's question, I believe that that activity would not be illegal, again with respect to our law and regulations. There may be some other ordinance or law against it.

Mr. D'Autremont: — Thank you, Mr. Minister. I just wonder now what you mean by a service. If the owner/employee of the wine and liquor store, kit store that may sell and have a storage facility, was to do all the work then in effect that may go against the Act. I'm just wondering if they provide advice to the owner when the owner of the kit is going about servicing whatever they do to a wine and beer kit, would that be considered a service?

Hon. Mr. Cline: — Mr. Chair, to the member. I believe that the provision of advice, you know, would be the same — or could be the same — whether one had a kit in one's home or in a commercial establishment. So I can see that the fact that a proprietor provided advice to a person in this example, who had a kit in that proprietor's place of business, would not seem to be a violation of the law.

I believe, based on the advice that I have, that if the service provided by the proprietor went from the nature of advice that might be given whether I produced the beer or wine in my home or on the premises of the business, if the service went beyond advice to actual involvement in the physical making or maintenance of the wine or beer, then I'm advised that the line would be crossed, and you would get into an area which would not be within the law.

So in terms of the very narrow example that the member is raising, Mr. Chair, I think that that could be said to be not against the law. But again there could be activities that would take that outside of the law. So one would have to be quite careful, and I guess, probably proceed on the basis of legal advice. That's not an advertisement for using the legal profession.

Mr. D'Autremont: — Thank you, Mr. Minister. I'm glad you clarified that as not a conflict of interest kind of comment.

On the provision of advice, you're saying that if it doesn't . . . If something involved in an establishment providing a storage service, if they didn't become physically involved with the production of either beer or wine, that that would not cross the line. What if they . . . I just wanted a little more clarification on that.

So someone has set up a wine or beer kit on day X. They know that as Y period, something has to be done to it. Would they still fall within the law if the owner or employee of that establishment was to contact the customer to say, you started this kit on day Y, now on day X you need to be doing something with it and advise them that something needs to take place?

Hon. Mr. Cline: — I believe, Mr. Chair, that it would not be a violation of the law for the owner to do that because I don't think it would be a violation of the law for the owner to phone me at my home, for example, to remind me that I needed to do something. And so I don't see why that would make it illegal if I had a kit in the owner's establishment. Again, it's assuming that I am still attending to that kit all by my lonesome in terms of what needs to be done, and that I'm not paying to have the kit there. It is just there.

Mr. D'Autremont: — So physical involvement would be against the law and paying for the storage would be against the law. That's basically the criteria we've come down to.

Hon. Mr. Cline: — Mr. Chair, I am advised that that is correct.

Mr. D'Autremont: — Okay, thank you very much, Mr. Minister. It was just an interesting . . . when you raised that issue of beer and wine kits that struck me as something interesting.

I'd like to go to clause 5.1 of the Bill. And it states in clause 5.1 that:

. . . subject to subsection (2), make a grant in lieu of any taxes owed to any municipality in which the authority owns real property, on any terms . . . (or) condition(s) that the authority considers appropriate.

Mr. Minister, when it comes to making grants in lieu of taxes, would the authority have the ability to determine for themselves from time to time what the grant would be, or would they do so in negotiations with some other entity?

Hon. Mr. Cline: — The answer is, as with grants in lieu of property tax generally, this is of course involving buildings owned by the Government of Saskatchewan and municipalities, Mr. Chair, as the member knows, but for the benefit of those listening, cannot levy a tax on the provincial Crown. So since we don't have to pay property tax, we pay to the municipalities in which our buildings are located a grant in lieu of the property tax.

And I'm advised that no, we do not as SLGA or as the Government of Saskatchewan generally determine those amounts. They're determined by SAMA, the assessment management agency, and they advise what the municipal tax would be with respect to government buildings and then we simply pay that amount. The result being as I understand it that the grant we pay in lieu of tax is equivalent of what the tax would be. And I gather that includes municipal tax. I don't . . . does it include school tax?

Mr. Engel: — To the best of my knowledge it does.

Hon. Mr. Cline: — And I gather it includes school tax. And I think it also includes the assessment that goes to the library board in cases where that happens. So basically it's whatever SAMA [Saskatchewan Assessment Management Agency] would determine the tax would be.

Mr. D'Autremont: — So this would not then be up to the authority to determine what the grant volume rate would be but rather you're saying SAMA does. Yet I recollect almost every year at budget time the . . . particularly the city of Regina comes in with concerns about the amount of grant-in-lieu that they are receiving for government buildings in the city of Regina.

If everyone is following the SAMA recommendations then what arguments does the city of Regina have to say that the rate doesn't follow along what they would normally collect if they were taxing directly the province and its buildings? Or do different segments of the government use a different formula and SLGA, for its buildings, uses the SAMA recommendation that's more or less based on what the city and board of education have determined is the tax level?

Hon. Mr. Cline: — Mr. Chair, to the member, I don't think you would get that kind of dispute relative to our buildings which are the liquor stores mainly, although we have a few others like the warehouse and so on and the head office, because it's easier to compare them to other sorts of buildings. And I think . . . So we don't have any say or really get into any disputes with municipalities.

I think where the difficulty may arise, and this actually is an area that is . . . the Minister of Government Relations would be better equipped to answer than I. But I believe where you get into controversy are examples like this building, the provincial Legislative Building, where the city of Regina may feel that it has not been properly assessed, I assume by SAMA.

And the difficulty is it's very difficult to do any kind of comparables because of course there's only one Legislative Building in Saskatchewan and how do you place a value on it. And so I think there are areas where they have difficulties but they don't really have much to do with SLGA and they're not problems that arise relative to SLGA. It would be a controversy that would revolve around methods of assessment used by SAMA and really I wouldn't be able to comment any further or answer any detailed questions about it. I'm sure the Minister of Municipal Government though — or Government Relations — would be more than happy to entertain questions about it.

Mr. D'Autremont: — Okay. Thank you Mr. Minister. Under new part or clause 23, it talks there about the criteria in which a person can . . . an individual can be banned from a casino. Who has the right to refuse the access and to impose the prohibitions on an individual?

Hon. Mr. Cline: — Mr. Chair, that would be the casino operator, which could be the Saskatchewan Gaming Corporation, prairieland exhibition — or Prairieland Park I should say — or the Saskatchewan Indian Gaming Authority. I think those would be the three.

Mr. D'Autremont: — Okay. Thank you. What kind of criteria do they use to determine whether or not a person should be

banned, and if so, for how long?

Hon. Mr. Cline: — Mr. Chair, casinos can ban people whose presence in the casino is considered undesirable, including people who are treating casino staff inappropriately — in other words people who are abusive in some way — people who attempt to cheat at casino games or people who appear to have a gambling problem. And the length of time for which an individual would be banned depends upon the nature of the problem and I suspect it would be progressive as well in the sense that, you know, if someone was rude to someone, perhaps they would be asked to leave for the rest of the day. But if they were, if they assaulted someone, perhaps they would be permanently banned and that would be in the discretion of the casino as an operator.

If a person had a serious gambling problem, I would assume that they should be banned, well until they . . .

Mr. D'Autremont: — Before or after they lose all their money?

Hon. Mr. Cline: — Yes. Well I assume they would be banned as long as they had that problem, I would like to think.

Mr. D'Autremont: — Thank you, Mr. Minister. I just wonder sometimes whether casinos would go about banning people with serious gambling problems before or after they have lost all their money.

One of the questions I would like to ask about is cheating. How does the casino determine someone is cheating? And what comprises cheating?

Hon. Mr. Cline: — The casinos observe cheating both by physical observation, witnessing cheating, or also through video surveillance cameras. And examples of cheating could be, you know, giving signals to another player or counting cards.

Mr. D'Autremont: — Thank you, Mr. Minister. I just wonder how a casino determines a person is counting cards. If you are sitting at a table and I think they have about . . . if you are playing blackjack, about six decks of cards so roughly 300 cards in there. And the person has the ability to remember the cards that have already been played. How is that cheating?

Hon. Mr. Cline: — It would not be card counting or cheating if a person remembered the cards that had been played. What the casino is concerned about are other methods such as actually marking certain cards.

Mr. D'Autremont: — So if a person had the ability to remember the number of cards that had been counted, played, and the cards that have been . . . whether it's face cards or whatever, aces, that would not be considered cheating providing they were not marking the cards somehow or working with another individuals or individuals?

Hon. Mr. Cline: — Yes, Mr. Chair, to the member. That is my understanding. That is not cheating as long as you are just remembering and you are not working with other individuals or having some marking system.

Mr. D'Autremont: — Thank you because that issue had been raised with me as a concern that some individuals have the ability to do those kind of things. And casinos don't seem to particularly like having them in their establishments because they have the ability to move the odds in their favour simply because of their mental abilities.

And we all have a certain amount of luck or a lack thereof, and some individuals are able to capitalize on that more than others. And I think that's simply a natural ability that the individual may have, and there's no reason . . . if the casinos are going to be in that business of taking the money away from those that are less lucky, they should have to also deal with those that are more lucky.

So, Mr. Minister, I'd like to go on to another category. The casinos, SLGA or Gaming allows individuals to ban themselves. But I'd like to go back; I just thought of another question.

On those that have been banned by a casino, if it's just a 24-hour thing, it probably wouldn't apply. But for someone who is banned for a longer period of time, is there an appeal process for them to appeal a ban, and whom would they make that appeal to?

Hon. Mr. Cline: — Yes, there is an appeal presently to the Liquor and Gaming Authority, but this legislation changes that to the Licensing Commission and really removes it to a higher body because we think that there may be a perception of conflict of interest in that we are the regulator of the casinos and the . . . We think that the commission would be a better body to take those appeals to.

Mr. D'Autremont: — Thank you. If an appeal was made to the Licensing Commission, what authority does the Licensing Commission have to remove the ban that has been imposed by one of the operators? And if they remove the ban, is it actually applicable on the operator that imposed it? Do they have to allow that individual then back into their casino?

Hon. Mr. Cline: — Yes, they could remove the ban, and then the operator of the casino would have to obey the ruling of the commission.

Mr. D'Autremont: — What piece does the commission have to enforce that?

Hon. Mr. Cline: — Well if the commission makes an order under the legislation, I mean as a lawful body, apart from everything else, if an operator of a casino does not obey the order of a lawful body, we as the regulator would be saying to that casino, I would think, you are at risk of not being licensed, and we might shut you down if you don't obey the rulings of the commission. That would be my view. They have to obey. It's a lawful body.

Mr. D'Autremont: — So the only tool available then to the Licensing Commission or to SLGA as a regulating body would be the removal of the licence for that establishment?

Hon. Mr. Cline: — Well I'm advised that in addition, you know, if you don't comply with the order of the Liquor

Licensing Commission, there would be a penalty under the legislation that you could be prosecuted and, you know, fined or I suppose in extreme cases jailed for doing that. So yes there are penalties.

You have to obey the orders of lawful commissions. But I'm saying in addition as minister that if we had a casino that wasn't obeying a ruling of the Liquor Licensing Commission, whether they liked it or not, I would be saying to them that I would shut them down. You just can't have that. But yes they could be prosecuted as well.

Mr. D'Autremont: — Okay. Thank you. On the circumstances of a voluntary banning, where a person recognizes that they have a gaming problem and have asked to be banned from the casinos, how do they go about removing that ban if they so wish? And how is that information — first in banning themselves — how is that information disseminated to the various gaming establishment? And if they wish to remove the ban voluntarily, how is that information disseminated?

Hon. Mr. Cline: — Mr. Chair, to the member, if a person enters into voluntary ban with the casinos the . . . First of all in terms of notifying the operators of casinos, a photograph and a description of the person and of the ban and the length of the ban that they've entered into is distributed to the various casino operators. And they of course would have a system whereby they would alert their staff to the various people that had banned themselves or had otherwise been banned for that matter.

And if a person enters into a voluntary ban, they must specify a period of time which I'm told cannot be indefinite; it has to be for a certain period of time. And once that is done, it is irrevocable so that if a person has asked to be banned for two years, they are banned for two years.

Mr. D'Autremont: — So even though it's voluntary, they have no ability to withdraw that voluntary ban themselves?

Hon. Mr. Cline: — That's correct. Based upon advice from health professionals, that is the policy. And the policy would be based upon the fact that some people with gaming problems may at one point admit their problem and want to deal with it, but at another point deny their problem, but the problem is still there. So the policy is you enter into the ban. You specify a time. And once that is done, that is the ban.

Mr. D'Autremont: — Have you or SLGA consulted human rights lawyers on that particular issue? The reason I ask that related to an issue that was going through the legislature a number of years ago, concerns or about . . . allowing for voluntary blood testing or organ donations. A person could sign their licence indicating that they were agreeable to that, and yet our advice was, on the safe driving committee, that that was unenforceable, that a person had the right to change their mind at any time and you couldn't hold them to that kind of a voluntary commission at some later date. Why would a voluntary banning from a casino be any different?

Hon. Mr. Cline: — Well I think it's actually quite totally different. If I heard the member correctly, Mr. Chair, referring to an organ donation decision, I mean that's qualitatively

different than having a gambling problem and having myself banned from a casino.

So the answer is, certainly anyone is free to complain to the Human Rights Commission which would have to make a ruling. But I'm not aware of a ruling having been made with respect to this matter, and I can't prejudge what the Human Rights Commission or the courts would say. They might say that this kind of ban is a perfectly reasonable restriction on the rights of an individual, or I suppose they could find that it was unreasonable.

But I can see a big difference. And I mean, my guess is that as a matter of social policy, this is the correct approach that is being taken. My guess is that human rights are not being violated because it is the individual himself or herself who has instigated the ban being put into effect, and they have asked for the ban. And then there is a rule that once you ask for the ban, you must yourself comply with the ban which to my way of thinking seems perfectly reasonable.

However it's always within the purview of the human rights tribunals and the courts to make another decision and I respect that. But until we're told that this is unreasonable or unlawful, that is the policy that we have based upon the best advice that we have taken. It seems like a perfectly reasonable and defensible policy, and I'm prepared to defend it. I don't think there's a human rights problem with it.

Mr. D'Autremont: — Thank you, Mr. Minister. Well on the safe driving committee . . . was not just organ donation but also someone voluntarily signing a paper of their licence basically to allow for blood samples in the cases of accidents where there was a consideration for the possibility that someone was impaired.

And the advice we received from the lawyers that were working for the committee at that time was that that would be unenforceable. It would be counter to their human rights, that after the accident they still had the right to change their mind whether or not they were physically able to do so and that those signatures were not valid, that there was no point in even going down that road as the individual had the right to change their mind at any time even though they may have signed their rights away at some point in time.

So I would be concerned about that when it comes to a voluntary banning. If they have been banned by a casino supported by the Licensing Commission, if it was appealed, that's a matter of regulation, of contravention of the law. But in a voluntary case, I would have concerns, and I think it might be of value to give some consideration to that and seek some legal advice on that particular matter.

Hon. Mr. Cline: — Well, Mr. Chair, I think it wouldn't hurt to seek legal advice. In fact I will ask the officials to if they haven't already done so. Perhaps they have and we're not aware of it. Actually I believe two of the officials here are lawyers. But we can seek legal advice. It wouldn't be a bad thing to do that, so we'll do that.

But there is a qualitative difference. I'm aware of what the member is talking about, but the law draws a distinction

between actions that actually violate the person of an individual, you know, that take blood from the person or take organs upon their passing from the person, and situations where businesses ban people from their premises. I mean that happens every day.

And in this case, just as restaurants may choose to not serve someone, casinos may choose to not serve someone who has said to them, I have a gambling problem.

And so it's qualitatively different, and I think that the casinos are doing the right thing. Having said that, I will accept the member's suggestion that we obtain legal advice if we haven't done so already, either to find support for that policy or if indeed it's necessary to revise the policy in some way, to revise it.

So that's what we'll do. I think it's a good policy. I think it's legal. I think it's reasonable. But the member may have a valid point. And we should get legal advice, and if there's any problem with it then we shall proceed according to the advice.

Mr. D'Autremont: — Thank you, Mr. Minister.

I'd like to move on to clause 3 of the Act. And it talks about the definition of a gaming regulator. I wonder if the minister could give some information on what that entails since it seems to be a person described in the regulation. So this will be done under regulation. Who, and will it be individuals, or will it be corporate persons in a sense that will be a gaming regulator?

Hon. Mr. Cline: — Mr. Chair, to the member. It would be individuals. It would be persons employed by the SLGA or by the indigenous gaming regulators as gaming regulators.

Mr. D'Autremont: — Okay, thank you. Under the requirements for registration it talks about registering gaming employees, regulators, suppliers, directors, etc., and that the person must be of good character. How does SLGA determine who is a good character and who is something other than a good character?

Hon. Mr. Cline: — Mr. Chair, to the member, the requirement that a person be of good character I should say first of all is a very common requirement that occurs in many different situations where a person is being licensed in some way or employed. And what is good character will vary across the piece, depending upon the nature of the job at hand, I suppose. But for example, I think if a person had been convicted of fraud and not pardoned, perhaps that would be a serious issue looking at somebody who might be handling money in a casino or indeed conducting gaming with the patrons of a casino. So that would be one example.

Having said that, when a determination is made that a person is not of good character, they certainly can have that reviewed. They can have that reviewed by the Liquor and Gaming Authority and ultimately there's an appeal to the Liquor and Gaming Licensing Commission. So it can certainly be reviewed and I know that in some cases people have appealed and had it reviewed — sometimes unsuccessfully and sometimes successfully.

Mr. D'Autremont: — When they're determined to be of less than good character, are they informed as to the finding as to why that determination was made?

Hon. Mr. Cline: — Mr. Chairman, yes they are.

Mr. D'Autremont: — What other criteria would there be besides fraud? If they had been convicted of any criminal charge, would that qualify them to be designated something other than a good character? If they had been at some point in time banned from a casino, would that disqualify them? If they at some point in time had been either voluntarily or involuntarily diagnosed as having an addictions problem, be it gaming or some other addiction, would that disqualify them? I'm wondering if there is anything more than fraud.

Hon. Mr. Cline: — Yes, there would be. It's very difficult to sort of state a blanket rule in the sense that you really would have to determine these things on a case-by-case basis.

I think it's fair to say that it would not be true that anyone with a criminal record would be banned or would be considered not to be of good character. For example if you had a 40 year-old person, who when they were 18 years old was convicted of impaired driving, which is a criminal offence, I doubt that that would be used to determine that they were not of good character. A lot of time would have gone by. Plus the offence, while serious, is not an offence that seems to be all that related to one's ability to work in a casino.

But in terms of other situations, addictions problems, well no, I don't . . . not necessarily. I suppose if a person was addicted to alcohol, as many people are, that would not deprive them of the ability to work in a casino because many people are addicted to alcohol but they don't drink alcohol; they're abstainers.

On the other hand, I suppose if the person had a serious ongoing drug addiction and needed a lot of money to support their habit, that would probably be an indication that they were not a person of good character who should be employed in a responsible position in a casino. So I mean it really depends upon all the circumstances.

And an addiction may disqualify a person or it may not. A criminal conviction may disqualify a person or it may not. One would have to look at the nature of the conviction or the addiction, when it occurred, whether the person had rehabilitated himself or herself and so on. So you really would have to look at the individual and give them a fair assessment based upon all the circumstances of their problem and based upon the employment that they were seeking.

Mr. D'Autremont: — Okay. Thank you, Mr. Minister. Who would be making this judgment of an individual's character and what would their qualifications and training be?

Hon. Mr. Cline: — Mr. Chair, to the member. The evaluation is conducted by employees at a branch of the Saskatchewan Liquor and Gaming Authority. And they are mainly people with a police background, quite a few people who have been members of either the RCMP [Royal Canadian Mounted Police] or some other police force.

Mr. D'Autremont: — Thank you. So the people doing the evaluations are not employees of any of the gaming operators?

Hon. Mr. Cline: — That's correct.

Mr. D'Autremont: — Okay. Thank you. When the Liquor and Gaming is doing an evaluation of an individual's character, will they be doing background checks on all of these employees that are seeking to be registered?

Hon. Mr. Cline: — Yes. They would do background checks. I should explain, Mr. Chair. The member may know this. This is something that is currently done now. All the amendment to the legislation does is says that certain people who work as regulators would be subjected to this kind of screening as well. But all employees of casinos now would already be subjected to these background checks and screened and they have to be of good character. What the amendment does is to extend this system to cover people that work in the field of regulation.

Mr. D'Autremont: — Okay. Thank you. What kind of . . . how is the training and experience of an individual evaluated? Again will it be done by, you said someone possibly with police training. Well how are they trained then in evaluating casino operations and whatever area that individual may be applying for?

Hon. Mr. Cline: — Okay. Now that, Mr. Chair, would be moving into a different area, and I'd be happy to respond. But that wouldn't be done by the people determining if someone was of good character.

Mr. D'Autremont: — Well is the determination of good character and training and experience not part of the same considerations for registering someone for . . . as a casino employee?

Hon. Mr. Cline: — Mr. Chair, to the member, I'm advised that in fact when a person applies for a position in a casino, in addition to being of good character they must have suitable experience for the job.

And while the people at the SLGA — usually with a police background — certify the good character they also receive from the prospective employer, which would be the casino, a certification of some sort that the casino believes that the applicant is . . . got experience and is suitable for the particular job.

And it is the responsibility of the SLGA in addition to certifying that the person is of good character, that they do in fact have requisite experience in their background that would make it suitable for them to competently perform the duties of the job that they would do at the casino.

So they would look at both issues. They're two different issues but the same people at the SLGA would look at both of those issues. And in the case of the experience they would be assisted by a certification from the casino that they were of the opinion that the person's background lent itself to being able to do that job.

Mr. D'Autremont: — Thank you. What experience would

those evaluators have in determining whether or not the certification process is the same between casinos or sufficient to deal with the job requirements?

Hon. Mr. Cline: — Mr. Chair, to the member, I'm advised that in making the assessment with respect to the person's competence to do the job, the people at SLGA rely mainly on the certification of the casino that the individual concerned either has the experience or has been trained by the casino to do that job. In addition they have experience and knowledge themselves — that is the people at SLGA from being present in and observing casinos — but again it is their responsibility to certify the good character of the applicant as I've described. In addition they have to satisfy themselves that the person is competent to do the job. But in making that second determination they will rely upon the advice of the prospective employer — for example, the casino — that the individual has the training or experience to do the job. And that training or experience will be described by the casino to the staff of the SLGA.

Mr. D'Autremont: — Okay. Thank you, Mr. Minister. Under section 146(8) it allows the authority to amend, vary, or repeal or substitute any terms imposed or impose new terms after a certificate of registration is granted or renewed. Now it allows for a 15-day window after the notification for a review, but it doesn't mention how soon the applicant has to be notified after that decision. How and when will this come into force and how . . . when will the applicants know what the changes are?

Hon. Mr. Cline: — The applicant would be notified immediately of any change and the 15 days would run from the time of the notification.

Mr. D'Autremont: — What length of time is available for the person to meet that new certification requirements if they . . . before they're decertified?

Hon. Mr. Cline: — Mr. Chair, to the member. I'm advised that the changes made would be restrictive in nature. That is they normally would place limitations on what a person could do as opposed to actually requiring them to do anything to become better qualified to do something else. In other words they could be told, you can't perform this function any more. We're limiting you in that way.

So I assume unless the order said otherwise it would take effect immediately and if it were otherwise that the order would so indicate. But it usually is . . . well it is of a restrictive nature, I'm advised.

Mr. D'Autremont: — So it wouldn't be requiring changes in the training program or additional duties or requirements on that individual. It would simply be restricting the things that they might be involved in.

Hon. Mr. Cline: — Mr. Chairman, I'm advised yes, that the member's interpretation is correct.

Mr. D'Autremont: — Okay, thank you. One of the requirements to be registered is that a person must have demonstrated financial responsibility. What do you mean by that?

Hon. Mr. Cline: — Mr. Chair, to the member, it . . . Although it says demonstrated financial responsibility, in practice it really means that the person has not demonstrated irresponsibility; that is is not an undischarged bankrupt or hasn't gone bankrupt three times or again it would have to be determined on a case-by-case basis.

Mr. D'Autremont: — Again who makes that decision? So you're saying if you've been bankrupt three or more times then you are not financially responsible.

Hon. Mr. Cline: — Well I didn't say that but that would probably be a fair guess. The people that would determine whether a person should be registered would be the same people we talked about before, the people at SLGA that generally have a police background and look at these things.

And again really, just as a person has to demonstrate they are a person of good character, they must demonstrate that they are financially responsible. And what would be financial irresponsibility again would have to be determined on a case-by-case basis. I mean for example, I think if a person missed paying their Visa card bill for two months in a row, I doubt that anybody would pay too much attention to that. But if a person was an undischarged bankrupt, I would imagine they would look at that. Or if a person was seen to have considerable gambling debts, that obviously would be a problem. There could be other situations but these would have to be determined on a case-by-case basis.

Mr. D'Autremont: — So basically you're saying that bankruptcy is the requirement. I guess the next question, from your comment, is how does the commission determine someone has an unpaid gambling debt?

Hon. Mr. Cline: — Well, Mr. Chair, I did not say that bankruptcy would be the criterion. I said that bankruptcy could be — not necessarily, but could be — one factor that they would look at if a person was an undischarged bankrupt.

In other situations it might be brought to the attention of authorities that there were gambling debts. I'm using it as one example. There would be other examples. And again, this would have to be determined on a case-by-case basis, whether there was some financial situation in a person's circumstances that really would indicate that that person ought not to be, for example, handling money at a casino or engaging in gaming with patrons of a casino. So there could be various reasons why a person should be disqualified from being placed into that position.

I think most reasonable members of the public understand that with respect to gaming establishments, they need to be closely regulated by government. They need to have people working in them that are honest and cannot be corrupted. And so we have a system in place whereby people who are going to be registered to work in casinos must be certified to be of good character and to not have financial difficulties which would set off alarm bells for reasonable people. And so those requirements are in place.

Mr. D'Autremont: — Thank you, Mr. Minister. So far you have given two examples, an undischarged bankruptcy or gaming debt, as reasons why a person might be considered to be

not financially responsible. What other areas of financial irresponsibility might be classified? You say that reasonable people assume, but what would those be? There is somebody in your department who is making this determination. What are they basing this on?

Hon. Mr. Cline: — Well two other examples, but not exhaustive, would be convictions under the Excise Tax Act for evading tax payments. Another example could be habitual non-payment of maintenance or support orders.

Mr. D'Autremont: — Okay. Thank you. Well the . . . a criminal charge under the excise tax, if it was a conviction then that would be on that record in the initial evaluation and that the licensing commission would deal with so hopefully that would be dealt with there unless they have been pardoned. The habitual non-payment of maintenance support, that would disqualify a person then from being hired on as a registrant as far as the gaming industry is concerned.

Hon. Mr. Cline: — Mr. Chair, well as I've said repeatedly any of these cases would have to be determined on a case-by-case basis. So I'm not here to say — in fact it's contrary to what I have said — that any one factor will lead to ineligibility to work in casinos, but that could possibly be perhaps in conjunction with other circumstances an indication that a person was not a suitable candidate to work in a casino.

I have to say that if a person is determined not to be of good character or to be financially irresponsible, as I indicated before, that determination is subject to appeal. So if we're wrong that can be reviewed by the Liquor and Gaming Authority and it can be appealed to the liquor and gaming commission, which is a separate, independent body which is above the SLGA.

And again I have to say that if we did not have systems in place to ensure that people that worked in casinos and engaged in gambling activities — which until relatively recently in our history were not legal at all in Canada — we wouldn't be doing our job.

So it's part of our responsibility as government and these individuals as regulators to have a system in place whereby a person who wants to work in a casino, engage in gaming with patrons of casinos, and handle money has to be shown and has an onus to show that they are of good character and not financially irresponsible. And there may be circumstances on a case-to-case basis that point to the unsuitability of an individual to work in a casino, in which case we will not register them to work in a casino.

But again, if it is alleged that we are wrong or that we've treated someone unfairly, they can appeal. I don't know really what the member's issue is, Mr. Chair. This is something that any jurisdiction surely has the responsibility to do. But I'd be quite happy to continue to answer questions. But I don't know how much I can really add to what I've already said.

Mr. D'Autremont: — Thank you, Mr. Minister. That's all the questions I have.

The Chair: — Thank you very much, members. Clause 1, short

title. Is clause 1 agreed?

Some Hon. Members: — Agreed.

[Clause 1 agreed to.]

[Clauses 2 to 29 inclusive agreed to.]

The Chair: — Therefore Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: Bill No. 67, An Act to amend The Alcohol and Gaming Regulation Act, 1997 and to make related amendments to certain Acts and regulations. And I would invite a member to move the committee report the Bill without amendment. Moved by Mr. Wartman. Is that agreed? Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried. I would like to thank the minister and his officials for being here this afternoon.

Hon. Mr. Cline: — Thank you, Mr. Chair. I'd like to thank the members of your committee and yourself and especially Mr. D'Autremont for his very interesting questions and I think that they shed light on some of the activities of liquor and gaming commission. And I'd like to thank the members of the opposition for assisting us in moving this Bill through the House and also to all members of the committee. And I'd like to thank the officials for their assistance here today, as well.

Bill No. 96 — The Legislative Assembly and Executive Council Act, 2005

The Chair: — Thank you very much, members. The next item before the committee is the consideration of Bill No. 67. But in reviewing Bill No. 96, your Chair may have overlooked getting approval on the schedules. Is leave granted to revert back to Bill No. 96?

Some Hon. Members: — Agreed.

The Chair: — Agreed? All right. Of the schedule, is part 1 agreed?

Some Hon. Members: — Agreed.

[Schedule agreed to.]

The Chair: — Therefore Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan enacts as follows: Bill No. 96, An Act respecting the Legislative Assembly of Saskatchewan. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried. Thank you, members. That will save some time for the Law Clerk.

So I will now move to consideration of Bill No. 124, The Automobile Accident Insurance Amendment Act, 2005. So if the officials could come forward and the minister could come forward.

Bill No. 124 — The Automobile Accident Insurance Amendment Act, 2005

Clause 1

The Chair: — Thank you, members. The next item before the committee is consideration of Bill No. 124, The Automobile Accident Insurance Amendment Act, 2005. And I would invite the minister to introduce her officials.

Hon. Ms. Atkinson: — Good afternoon. This afternoon we are joined by representatives from SGI [Saskatchewan Government Insurance] to discuss The Automobile Accident Insurance Amendment Act. I'd like to introduce them. To my left is Jon Schubert, president of SGI. To my right is Earl Cameron, vice-president of claims. And beside Mr. Cameron is Jane Wotten, legislative adviser, and behind us is Betty Weigel, manager of government and corporate affairs.

The Automobile Accident Insurance Act governs the Auto Fund and the universal mandatory automobile insurance program is administered by SGI. These changes will ensure that all SGI customers who suffered catastrophic injuries prior to August 2002 receive the same income benefit based on the industrial average wage.

The increase in income benefits will affect approximately 200 customers injured prior to the introduction of no-fault in 1995 and before improvements were made to benefits in August 2002. In both cases some customers are currently receiving an income benefit less than the industrial average wage.

These customers who are permanently and severely injured will receive at minimum an income benefit based on the industrial average wage which is currently \$430.56 per week. The benefit will be indexed annually. This will mean an increase of as much as \$180 per week for some of the affected customers.

This is a very important benefit enhancement for these particular SGI customers who rely on these injury income benefits. This change will ensure that all seriously injured customers who did not have a choice in their injury . . . or in their insurance coverage prior to 2003 are all receiving the same level of income benefits.

This amendment makes our compulsory insurance more fair, more efficient, and more socially responsible.

Just on a personal note, as a member of this legislature for 18 years, I have been in effect trying to have this type of amendment occur based on people that I'm familiar with in this province who were injured in the '70s and 1980s. For some of these people, this will be a tremendous improvement to the type of benefit that they can receive from SGI each week. So I'm very pleased about these amendments.

Some of us have called this the Rick Hamp amendment, who is a person in this province who has lobbied for this for many, many, many, many years. And we think that SGI is now in a position where this kind of benefit can be made available to citizens who were injured catastrophically prior to 2002. So we'd be happy to answer any questions you might have about The Automobile Accident Insurance Amendment Act.

The Chair: — All right. Clause 1, short title. I recognize Mr. D'Autremont.

Mr. D'Autremont: — Thank you, Mr. Chairman. I'd like to welcome the minister and her officials here today. I think there are indeed some good changes being put in place here. I'm aware of and familiar with a number of people that were injured prior to 1995, particularly one from my hometown with a brain injury that this will certainly be of benefit to. So I think that's a very good move.

I think what I would like to ask first, if the minister could give a definition of the industrial average wage and how that is determined.

Mr. Schubert: — The industrial average wage is calculated . . . It's an index. It averages the wages for most jobs within Saskatchewan.

Mr. D'Autremont: — What tool does SGI use to gather that information? Does it come from some statistic someplace or where does this come from?

Mr. Schubert: — From Statistics Canada.

Mr. D'Autremont: — Thank you. When an individual suffers a catastrophic injury and they start to receive income replacement and it's based on the industrial average wage, are they fixed on that industrial average wage, then indexed, or is it calculated every year what the industrial average wage is and that's the compensation that they receive? So is it based on the industrial average wage at the time of their injury or is it based on the industrial average wage on an annual basis ongoing?

Mr. Schubert: — On an annual basis ongoing.

Mr. D'Autremont: — So when the term indexed is applied it doesn't mean CPI [consumer price index]. It means any changes up or down of the industrial average wage.

Mr. Cameron: — The benefits are indexed annually on the basis of the industrial average wage going forward.

Mr. D'Autremont: — Okay, thank you. So it doesn't . . . the consumer price index considerations that are often applied to salaries are not a part of this. It's only the changes that may occur with the industrial average wage as calculated by Stats Canada.

Mr. Schubert: — When somebody is injured the amount of benefit is increased by the CPI for each year.

Mr. D'Autremont: — So they receive for income replacement an income based on the industrial average wage at the time of their injury and that income replacement is then indexed from then on based on the CPI not on changes in the industrial average wage? Is that what you're saying?

Mr. Schubert: — That's correct.

Mr. D'Autremont: — So they're fixed then at whatever the industrial average wage was at their time of injury. If there is a significant increase in the average industrial wage at some point

in time — as has happened in the past in times of rampant inflation; sometimes wages grow faster, sometimes they don't grow as fast — so they will not be adjusted therefore on the industrial average wage but simply based on whatever the cost of inflation is at that time.

You know, if you take a look at Saskatchewan as an example with the government's mandated 0, 1, and 1, yet the cost of inflation is growing at a greater rate than the government's mandate of 0, 1, and 1. So people then that are receiving income replacement from SGI, while the average industrial wage in Saskatchewan may be lower than the CPI because of the government mandate, those individuals who receive that compensation would then receive a greater increase than what the industrial average wage may be. Is that correct?

Hon. Ms. Atkinson: — As I understand it we are moving to, for all individuals who were permanently and seriously injured prior to 1995 and also for those people permanently and seriously injured between January 1, 1995 until July 31, 2002, to an average industrial wage of \$450.56 per week. In the future these benefits will be indexed for those people annually by the consumer price index.

I would remind the member that while the government may have a mandate of 0, 1, and 1, we have many private sector employers in the province who from time to time will provide their employees with a wage increase or their employees will bargain a wage increase. The average industrial wage is based upon wages of both private and public sector people in the province.

So what I would say to the member is that what's important here is that in the future SGI has . . . will be booking an amount of money that will provide for these 200 individuals for their lifetime. And based on the booking of about \$30 million, they will be able to provide this benefit to these citizens and the benefit provisions have been made to ensure that this benefit is indexed annually based upon CPI.

Mr. D'Autremont: — Okay. Thank you, Madam Minister. For someone who is being injured five years from now, a catastrophic injury, will the income replacement they receive be based on the industrial average wage at the time of that injury five years hence? Or will they receive the income replacement based on the \$430.56 CPI index from now to the time of their injury which may not necessarily be the same number?

Hon. Ms. Atkinson: — No it is based . . . If you receive a catastrophic injury in 2010, dependent upon what the average industrial wage is in 2010 you will receive, I believe it's 90 per cent of the average industrial wage as your income replacement because you have been catastrophically injured. It is possible, Member, that between 2005 and 2010, the people that we are providing significantly increased benefits for today through these amendments, that the average industrial wage may have grown relative to CPI. That is possible, and their benefits would be smaller than those people who are injured five years from now.

Mr. D'Autremont: — Thank you, Madam Minister, because that's where my next question was going. Could there be a variation between the calculations between someone who is

collecting today versus someone who may be collecting in the future? And thank you for answering that.

One of the concerns I have with the income replacement benefits that are paid to individuals by SGI is that they get 90 per cent of the average industrial wage minus any personal deductions that would normally be deducted from someone as an employee, UI [Unemployment Insurance], CPP [Canada Pension Plan], taxes. But because that money is deducted prior to the payment of the income to the individual, if that individual has any additional tax-reducing items — charitable donations, tuition fees, anything along that line — they have basically no way to recapture that lost tax. Has SGI looked at that issue? And is SGI looking to do something about that?

Hon. Ms. Atkinson: — Well as I understand it the income replacement benefits are calculated on the basis of 90 per cent of net income. Net income is a calculation based upon the individual's gross income less deductions for income tax, Employment Insurance, and CPP. So the individual is placed in the same financial position they would otherwise be in if they were in the paid labour force.

The way SGI provides income replacement benefits based on net income is not unlike how Workers' Compensation might provide income replacement, how long-term disability plans might provide income replacement. SGI is not really doing anything that's super unusual. It's the way insurance companies and companies that tend to provide these types of benefits — and I'm talking about income replacement benefits — operate.

And they do this because they have to deal with actuarials and so on and they have to project into the future what is the . . . what sort of arrangements do they have to make internally to look after this income replacement. So it is a formula.

Mr. D'Autremont: — Thank you. Yes, Madam Minister, it is but the idea of income replacement is to return the income potential of that individual back as closely as possible to what they would've been receiving had they not been a victim.

But when they cannot make any adjustments based on their own personal circumstances such as they . . . Taxes, while they don't receive the money, are theoretically deducted from their income based on the 90 per cent of the average industrial wage. But we all have means available to us which would reduce our normal tax burden through donations to charity, through other means; the fact that someone might have two or three children, dependent children that they can deduct allows them to reduce their tax burden. But in this particular case it . . . While they may have the potential to reduce their tax burden, they have no taxes paid with which to recoup any of that that someone who was working would have the opportunity to recapture some of the taxes paid.

And I think that's one of the flaws that not just SGI certainly has but the entire insurance industry and WCB [Workers' Compensation Board] faces as well; that while the formula works for a single individual who has no other tax benefits that they can accrue. There are not a lot of people in that category. Everyone has some tax benefits that they can garner from some place and the formula doesn't give any consideration to that. So is SGI looking at making any of those kind of adjustments?

Mr. Schubert: — The formula actually allows us to reduce . . . You know in making the calculation for the net income, it takes into account whether or not the person is single or whether the person has dependent spouses or dependent children. And if they do then the amount of reduction for the taxes is less so it does take that into account.

Mr. D'Autremont: — Thank you. So the \$430.56 is a maximum that anybody can receive? Or is that could be adjusted upwards or downwards or how is that going to work?

Mr. Schubert: — Four hundred and thirty is the minimum. If the person was injured, was earning more than \$430 before the injury the amount of benefit that they will receive from SGI is based on the income that they were earning. So the 430 is the minimum amount.

Mr. D'Autremont: — Okay, thank you. So a client of SGI who has received an injury then, how does SGI deal with that individual to determine what their taxable position is on a yearly basis? Are there queries, forms or is SGI rely on that individual to contact them to say that my taxable circumstances have changed and you need to adjust my circumstances?

Mr. Schubert: — We meet with injured people often and so we will know what the circumstances are. And each year on the anniversary date there is a calculation made to see if the circumstances has changed such that we should change the amount of benefit.

Mr. D'Autremont: — Thank you. How does . . . and this would be nice it if would happen, it doesn't happen often but I think there are circumstances that it does happen. A person has received a catastrophic injury, they have been diagnosed as being permanently impaired, receiving income replacement and then something changes in their lives, in their health and they now come off of that. The percentage of impairment changes or you know it would be nice if they would recover completely.

If that were to happen though, they have had deducted from their income replacement CPP and EI [Employment Insurance] but yet none of that money has actually been transferred to the federal government so they have no record of having paid that even though it's been deducted from their income. If that kind of a circumstance occurs how does SGI deal with that?

Mr. Schubert: — During the time that the person is injured and not earning income, there is no contribution made by either the individual or by SGI to the federal government for CPP. It is often the case now with injured persons that through rehabilitation and perhaps through re-education and retraining they are in a position where they're able to work after a period of time. When that occurs, then the SGI benefit starts to be reduced until that person can earn what they were earning before, and then once that person is employed at their new position, then the benefit ceases.

Mr. D'Autremont: — Thank you. I understand that. And hopefully the people who may be listening understand that as well.

But in the circumstance you describe, they are becoming able to return to the workplace. But they continue to receive . . . They

have received their income replacement, 90 per cent of the average industrial wage, minus the . . . and you've reduced the CPP from that, and UI from that as well.

Now they are starting to move into the workforce. They may have been on SGI let's say five years, but they have no record with CPP as having made payments because SGI doesn't — or any other insurance company either — nobody makes these payments to CPP. So that individual comes up and has no record with CPP to be able to claim a benefit.

They now move into the workplace for a year. They may have developed some record. But they have theoretically been paying CPP because they haven't received it, even though no money was transferred. Yet they may be approaching retirement age and need that income because they're no longer now on SGI income replacement because they are capable of returning to work, and yet they have no record of, or no payments for a long period of time into CPP or UI. And they're left out in the cold it seems like if they recover. And yet they haven't received the benefit that would have accrued to them had they been working.

Hon. Ms. Atkinson: — Well maybe I can respond to this because what you're saying is correct and all insurers take this approach. And I would make this argument that there are probably few insurers in the country that are in the position to do what SGI is doing today in that because we have the Auto Fund and because we have a publicly owned company. In a sense SGI is in the public interest able to make these amendments in a sense to this legislation.

And so I think the member raises an important point and this is one that we need to be mindful of as we go forward in the future. I mean how can we position our publicly owned auto insurance company to recognize that there are times when people will be injured seriously. They have income replacement for a period of time. They're able to be retrained or put themselves in a position where they can now take up full-time employment.

And we need to be mindful that we don't want people to be poor when they get to retirement and that's one of the purposes of the Canada Pension Plan and the old age security. And how can we in the future think about this in the context of any future benefit improvements? So the member makes a very important point and I think we'll be mindful of this as we go forward.

Mr. D'Autremont: — Thank you, Madam Minister. I think, and I don't know if the circumstances have happened to anyone in the past, but I think it's something that we need to be aware of and be concerned with because since 1995 I know that a lot of the people that have had catastrophic injuries tend to be younger people. But there are certainly some that are my age or so or, you know, getting up there and thinking about retiring at some point in time in the distant future. And I think it's a concern for them. Or anyone that may be in a position of needing to access UI at some point in time. It's also a concern because they don't have the track record with UI that they may need to be able to access benefits there.

One of the other areas that I have a concern with, with the income replacement is students and the amendments clearly state that students do not qualify. And I'm wondering just in

what category or in what . . . how broad an exclusion this is.

Hon. Ms. Atkinson: — I will answer that question but before we do I just want to make this point to the member. That if you are catastrophically injured, this group of people that we are addressing today, they will have an income until they pass on. They will not be . . . [inaudible interjection] . . . This group of people have not been employed for many, many years. I would say that for the people that I am familiar with, Member, they are not in the position to return to the workplace. These are catastrophically injured people.

In terms of the people who are under our income replacement plan post 2002, they do have a pension. They are given a pension when they retire at the age of 65.

Now in terms of students. What I will say is that since 1995, the Act has provided that students and youth who attain the age of 16, so if they are injured before the age of 16, and students who reach the expected completion date of their studies, so those that are injured after the age of 16, are entitled to receive income replacement benefits consistent with the industrial average wage if they have been catastrophically injured.

Until that time that these students receive, or until that time these student receive loss of studies benefits and income replacement benefits that reflect their actual earnings prior to the accident. So once the student is considered to have completed their studies — so 22 years of age, whenever we would think that a person completes their studies; they are able to get a job and they are on their way in life — those folks would receive income replacement based on the average industrial wage at that time.

Mr. D'Autremont: — Thank you, Madam Minister. So someone injured at 10, if they had a paper route or something that was generating some income for them, they would receive that as a replacement until they had completed their entire studies. If they decided to go on to high school, if they decided to go on to post-secondary education or something, they would receive then that paper route money until they had totally completed their studies.

Hon. Ms. Atkinson: — Okay. They would receive that until they were 16 and then after that, the average industrial wage. I gave the wrong information prior. I've just been corrected. So they would receive a loss of studies benefit till the age of 16. After the age of 16 they receive income replacement benefits that reflect the average industrial wage.

Mr. D'Autremont: — Okay thank you very much, Mr. Minister. That I was concerned about that and that clarifies it. I think that's all of the questions I have on this particular Bill. I don't believe any of the colleagues have questions, so thank you very much. I'd like to thank the Minister and her officials for coming in.

The Chair: — Thank you very much.

[Clause 1 agreed to.]

[Clauses 2 to 9 inclusive agreed to.]

The Chair: — Therefore Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: Bill No. 124, An Act to amend The Automobile Accident Insurance Act (No. 2) and I would invite a member to move that the committee report the Bill without amendment. That's Mr. Iwanchuk. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried. I'd like to thank the Minister and her officials for being here this evening and we will move to some estimates. I'll talk to you in a few minutes when we move to the next item after that.

**General Revenue Fund
Public Service Commission
Vote 33**

The Chair: — Thank you very much members. The next item before the committee is consideration of estimates for Public Service Commission. Okay, central management and services, (PS01) for the amount of \$2.187 million. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried. (PS06) for the amount of \$1.250 million. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. (PS04) for the amount of \$1.472 million. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. (PS03) for the amount of \$3.088 million. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. (PS07) for the amount of \$623,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — And amortization of capital assets, this is a non-cash expense as presented for information purpose only, for the amount of \$141,000.

I would ask a member to move the following:

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2006, the following sums for Public Service Commission, in the amount of \$8,620,000.

Mr. McCall: — So moved, Mr. Chair.

The Chair: — Moved by Mr. McCall. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried.

[Vote 33 agreed to.]

**General Revenue Fund
Information Technology Office
Vote 74**

The Chair: — The next item before the committee is consideration of estimates for Information Technology Office. (IT01) for the amount of \$1.384 million. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. (IT03) for the amount of \$3.073 million. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried. (IT04) for the amount of \$130,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried.

I will ask a member to move the following:

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2006 the following sums for Information Technology Office, the amount of \$4,587,000.

Hon. Mr. Wartman: — So moved, Mr. Chair.

The Chair: — Moved by Mr. Wartman. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried.

[Vote 74 agreed to.]

**General Revenue Fund
Property Management
Vote 13**

The Chair: — The next item before the committee is consideration of estimates for Saskatchewan Property Management. (PM01), is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried. (PM02) for the amount of \$9.025 million. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. (PM03), is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. (PM04) for the amount of \$1.949 million. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. (PM05), is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried. (PM06), is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. (PM07) for the amount of \$23.495 million. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. Amortization of capital assets. This amortization is a non-voted, non-cash expense and is presented for information purposes only, for the amount of \$62,000. I would ask a member to move the following:

Be it resolved that there be granted to Her Majesty for the 12 months ending March 31, 2006 the following sums for Property Management in the amount of \$34,469,000.

Hon. Mr. Wartman: — So moved, Mr. Chair.

The Chair: — Moved by Mr. Wartman. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried.

[Vote 13 agreed to.]

**General Revenue Fund
Supplementary Estimates
Saskatchewan Property Management Corporation
Vote 53**

The Chair: — And the last estimate before the committee is Saskatchewan Property Management Corporation supplementary estimates and that is vote 53.

(SP02) for the amount of 7 million. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. All right and that was carried. And I would ask a member to move the following:

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2005, the following sums for Saskatchewan Property Management Corporation, \$7,000,000.

Moved by Mr. Iwanchuk. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried.

[Vote 53 agreed to.]

The Chair: — Members, the Standing Committee on Crown and Central Agencies' third report has been distributed and

should be before you. And I would need a member to move that the following motion:

That the draft third report of the Standing Committee on Crown and Central Agencies be adopted and presented to the Assembly on May 24, 2005.

If I could have a member fill this out and move this. Thank you members. It's been moved by Mr. Iwanchuk that the draft third report of the Standing Committee on Crown and Central Agencies be adopted and presented to the Assembly on May 24, 2005. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried.

SaskTel 2003 Annual Report

The Chair: — Thank you, members. The next item before the committee is consideration of SaskTel 2003 annual report and related documents. We have members of the Provincial Auditor and staff here and also the minister, if she could introduce her officials.

Hon. Ms. Atkinson: — Thank you very much, Mr. Chair. To my right is Randy Stephanson who is the chief financial officer for SaskTel and to my left is John Meldrum, the vice-president of corporate . . . or vice-president corporate counsel and in charge of regulatory affairs.

The Chair: — Thank you very much, members. I recognize Mr. D'Autremont.

Mr. D'Autremont: — Thank you. I'd like to welcome the minister and her officials here today and as well members from the Provincial Auditor's office. I'm not sure if they've actually sat in here before. I don't recollect it if they have, so I'd like to specifically welcome them here this evening.

I'd like to deal with a portion of SaskTel that this legislature has certainly become familiar with and I believe the public has certainly become familiar with and that's Navigata. Navigata over the last number of years has lost two and a half million dollars almost in 2001, \$11 million in 2002, and 2003, eleven and a half or a little better millions of dollars.

What is the reason that Navigata does not seem to be able to produce a positive revenue for SaskTel? And where does Navigata fit into SaskTel's business operation, especially considering its continual ongoing and growing losses?

Mr. Stephanson: — In response to the first question, Navigata like any investment did and has lost money as was expected in the first two years of its operations. It was on plan at that time: 2004 — and you may recall this — in our 2003 annual report we suggested 2004 would be the year that it would break even and in fact in 2005 and beyond, be positive.

What actually happened was unexpected. We had expected that the prices for our long distance, the prices for data and Internet traffic as well as the voice over IP [Internet protocol] prices would remain higher than they did. They took a dive, a very

significant dive and hence it did not hit the targets we expected that it would in 2004.

First quarter of 2005 has been positive; it is turning around. We are looking at it very carefully. How it fits into our business plans is clearly . . . Again I think we describe it in our 2003 annual report as well as in 2004 that we are under extreme pressure price-wise, long-distance revenues, and currently now local revenues, and our feature revenues from competition in long distance, from competition in voice over Internet protocol. And in order to provide services, products and services inside Saskatchewan, it is important that we have a base outside Saskatchewan as well. And Navigata is a key element in that base outside the province.

Mr. D'Autremont: — Thank you. Well it may be a key component but I think your key is getting pretty tarnished with the ongoing losses that Navigata has been suffering. Your revenues certainly have been, your gross revenues have been rising over time but your operating expenses seem to be rising at a faster rate than your revenues.

And so where is the difficulty here in the fact that your revenues rise but your operating expenses and other expenses seem to still be causing a great deal of difficulty that you need to continue to put additional funds in? You talked about, you had expected a higher price regime for long distance, for Internet — 2001, 2002, 2003 — and that didn't occur. So I guess as well my question would also be, on what did you base those assessments that the revenues would remain, not the revenues . . . the price schedules would remain stronger than what they turned out to be?

Mr. Stephanson: — We based our 2004 planning on reasonable competition and reasonable prices in the market. By way of an example, we started 2004, in fact ended 2003 with a price per meg of Internet transiting at \$400 per meg. By the time we hit the middle of the year and towards the end of the year, it was down to \$125 per meg. These are price decreases and declines that obviously we did not project them. I don't know anyone who did project them.

We anticipated some stiff competition but not that kind of competition that would reduce prices like that. As I said when we saw that, and in fact I think you made note of the fact that the revenues were growing but the expenses were growing quicker. The unusual thing in there is that our business was getting larger and larger but these price declines . . . I mean, that just tells you that when you see the revenues increasing but prices are declining at a very dramatic rate, that tells you that the business is growing very large but that we had to have expenses associated with those larger revenues, larger pieces of business, and did not anticipate, as I said, in 2004 the price declines that we saw. I don't think anyone in the business did. Having said that, we are making the corrections in 2005, and currently it was positive in the first quarter.

Mr. D'Autremont: — Thank you. You almost make running a telephone company like farming, that your expenses rise faster while your prices drop, your prices for your commodities.

One of the things that happened in 2003 with Navigata is they sold \$8 million worth of assets to R & R Leasing and then

turned around and leased those assets back. Can you explain why Navigata and SaskTel would go through these gyrations to get access to the same assets back? Is it simply a cash injection into Navigata?

Mr. Stephanson: — It's a financing arrangement is what it is. This \$8 million we were able to get through this arrangement at 25 basis points lower than the funding of . . . or borrowing through the province. So it was simply a financing arrangement that allowed us to get money into Navigata at a lower interest rate.

Mr. D'Autremont: — Thank you. So . . .

Mr. Stephanson: — Just leveraged the assets. Yes. As well.

Mr. D'Autremont: — So the corporation would have been borrowing \$8 million someplace. Navigata would have been.

Mr. Stephanson: — Yes, yes.

Mr. D'Autremont: — They chose to borrow it basically through SaskTel. If the government was already providing an equity provision in 2003 of \$10.7 million, why would SaskTel go through this venue instead of simply making that an 18 million-plus-dollar transfer? And the province could have borrowed at that same 25 basis point benefit.

Mr. Stephanson: — This 25 basis point benefit is actually a benefit lower than what the province of Saskatchewan can borrow money at. So in fact it was a different avenue, a cheaper set of funds that was available.

Mr. D'Autremont: — Why would the Government of Saskatchewan not be trying to access this same opportunity then if they can . . . If SaskTel can borrow the money at 25 basis points better, why wouldn't the province of Saskatchewan be accessing this as well?

Mr. Stephanson: — Could I ask you to repeat that question again? I'm sorry.

Mr. D'Autremont: — If SaskTel can access this financing at a 25 basis point benefit, why wouldn't the Government of Saskatchewan be doing the same thing from whomever this financing is available from?

Mr. Stephanson: — Okay. I can't speak directly to that question as far as what the Government of Saskatchewan and how they go about their borrowing, but this lending is directly to Navigata from R & R Leasing. Okay. And the Government of Saskatchewan has not lent any money to Navigata. They fund money . . . SaskTel funding is what has been going into Navigata.

Mr. D'Autremont: — Right. Well it says . . . I guess this is my own paper here. So that would be SaskTel's money. This \$10.7 million came from SaskTel for 2003.

Mr. Stephanson: — Yes.

Mr. D'Autremont: — Why wouldn't . . . And you're saying SaskTel didn't provide the \$18 million plus because of the 25

basis point difference. What benefit does R & R Leasing get out of participating in this exercise where Navigata sells them the assets for \$8 million and then SaskTel turns around and leases this back? What benefit does R & R Leasing get out of this?

Mr. Stephanson: — I actually can't answer that. I'm not sure, excuse me, what benefit they would get. I can clearly describe the benefit to SaskTel and that's 25 basis points. If R & R Leasing is able to do some type of arbitrage on interest rates and provide that rate and still make a profit, all the power to them. But I'm not clear what their business model is. I know for SaskTel it was a 25 basis point saving.

Mr. D'Autremont: — Why could SaskTel not access that same financing avenue?

Mr. Stephanson: — We can and we do. It's a matter of who owns . . . Specifically the transaction you're talking about was Navigata had the assets, they could access the money by sale and leaseback, which is a common practice, and they saved on the 25 basis points. SaskTel themselves also has leases with — in the past — with R & R where we sell some of our switching equipment and do the same transaction and for the same reason. It's cheaper money. It's a good leverage of our assets.

Mr. D'Autremont: — Well it seems to me kind of a strange arrangement to me when Navigata — which is wholly owned I believe or a major shareholder is SaskTel, and perhaps you can correct me on that because I'm just not 100 per cent sure — owns the assets, you turn around and you sell the assets to R & R Leasing. Then R & R turns around and leases the assets back to SaskTel for use and then SaskTel leases that same asset back to Navigata. Other than a benefit for R & R Leasing, you know, and the 25 basis points that I believe you've said SaskTel could have accessed as well, where's the benefit other than to R & R Leasing?

Mr. Stephanson: — The benefit remains money, \$8 million invested at basis points 25 lower than what we could borrow through the Government of Saskatchewan. It's . . . there was nothing unusual about it; it's a sale and leaseback arrangement and simply because it's a lower rate.

Mr. D'Autremont: — But could not SaskTel themselves have accessed this lower rate?

Mr. Stephanson: — Absolutely. As I said, we do. We do. We have leases with R & R as well.

Hon. Ms. Atkinson: — Maybe I can help a little bit. You know, SaskTel is the telecommunications company and then SaskTel has a number of subsidiaries. They have SecurTek, they have DirectWest, for example. They have Navigata and there are others. And these companies have their own boards of directors and they are, in the case of Navigata, they are separate and apart in a sense from SaskTel. SaskTel is the holding company.

So Navigata is in a position where it can go to the market. It can enter into these kinds of arrangements as do other subsidiaries of SaskTel. Navigata was in a position where it had some equipment that it was able to sell and lease back and in the process saved money. And this happens regularly in the

business world. This is not an unusual transaction.

Mr. D'Autremont: — Thank you. Certainly it happens in the business world where a corporation has an asset that they believe that they can sell and lease back and gain additional capital for their operation.

But in this case, the Navigata sells the asset and then the company leases, the person who bought the asset leases it to SaskTel and SaskTel turns around and leases the same asset back to Navigata. SaskTel had, according to Mr. Stephanson, access to the financing at the same 25 basis point benefit. Why wouldn't SaskTel simply access that 25 basis point benefit, take Navigata's assets as a security on that if they wanted to? You're already passing on \$10.7 million to Navigata from SaskTel.

Why not simply borrow the additional \$8 million through SaskTel, gain the 25 basis points, turn the money over to Navigata? Because R & R isn't doing this from the goodness of their heart. They're gaining a benefit here someplace that they may or may not have gained as well if SaskTel borrowed the money directly from R & R, or financed it through R & R. I'm just not sure why it had to go in this circular route, why SaskTel just didn't add the additional \$8 million into the transfer that they were doing to Navigata anyways.

Mr. Stephanson: — The issue may be here one of accounting. In fact the transaction you described is what happened. SaskTel did borrow \$8 million on these assets, transfer that \$8 million. But the accounting is such that they were the assets of Navigata so it is a capital lease on Navigata's books. Navigata does end up with the \$8 million through SaskTel but with the obligation to pay it back through lease payments. The 25 basis points were recognized by SaskTel.

Mr. D'Autremont: — Thank you. What did Navigata do with the \$8 million that they sold their assets for?

Mr. Stephanson: — The funding for Navigata, similar to the funding that's equity, is used for capital expenditures. So when they have contracts with customers, they have to go out and build certain pieces of plant, rent certain pieces of plant, as well paying operating expenses like building rents, employee salaries, numerous . . . you know, both on the capital side and the expense side is what they would have used the 8 million for.

Mr. D'Autremont: — So basically they use this for additional operating expenses and some capital expenses.

Mr. Stephanson: — Both.

Mr. D'Autremont: — That may have occurred in the normal course of their business of connecting up customers.

Mr. Stephanson: — Correct.

Mr. D'Autremont: — Is this reported in the . . . how is it reported then in Navigata's annual report? Is it shown as, the \$8 million as a . . . is it shown as a sale of asset? Is it shown as part of the operating expenses of the company? Or is it shown as an increase in the capital expenditures of the company? Does it show up in their report as capital?

Mr. Stephanson: — The 8 million itself of the assets would appear as a sale and the \$8 million would appear as cash at the time of the transaction. So you have \$8 million cash and you have a sale of an asset. But then they would have had to recognize a liability because it was a capital lease. They would have had to immediately recognize a payable of \$8 million on their books.

Mr. D'Autremont: — Would it show up as a payable immediately? Or would it show up as a payable over the five years so that only the current lease payment would show up as a liability for the corporation?

Mr. Stephanson: — The full amount has to be recognized as payable.

Mr. D'Autremont: — The portion that was used for operating revenues, did it show . . . oh excuse me, operating expenses, does that show up in operations or does it show up simply as a long-term liability?

Mr. Stephanson: — You're now talking about the cash received as a result of the transaction. How that shows up in the statements would be as I described, in some instances in operating expenses if that's what it was used for, in other instances as capital for the portion of it that was used for that.

Mr. D'Autremont: — So would it show up then on the capital side as an increase in the capital value of the corporation? Or an increase in the assets of the corporation?

Mr. Stephanson: — Yes. Yes.

Mr. D'Autremont: — Okay. I think that's all the questions I have on this. Thank you.

Hon. Ms. Atkinson: — I would like to just make a bit of response to the overall issue of Navigata if I could. And it's in the context of recent developments on the part of the CRTC [Canadian Radio-television and Telecommunications Commission].

The CRTC has just ruled that with voice over Internet protocol, that companies that have their boundaries in Saskatchewan for instance, will not be in a position where they will be able to bundle voice over Internet with other services that they may be able to provide. This puts SaskTel at a serious disadvantage in that, for the most part, SaskTel is located inside the boundaries of Saskatchewan. So our competitors which are the Rogers, AT&T, Shaw Cable, and so on, are going to be able to do business in the province of Saskatchewan and bundle Internet, cable, voice over Internet. So they will be able to provide these services.

Navigata gives us a platform outside of our boundaries to be able to compete with our competitors. So Navigata is a company outside of Saskatchewan that provides a full range of products including data networking, high speed Internet, hosting services, data centre co-location, managed security solutions, long distance and local phone services to customers located in British Columbia and Alberta.

So my point is that if SaskTel is going to be viable in the long

term, first of all we need to seriously determine whether or not this CRTC decision can continue. That's one point. And secondly, we have to be in a position where we can compete outside of our own boundaries that with those companies that are going to go head-to-head with us inside Saskatchewan; and Navigata gives us that platform.

Thank you very much Mr. Chair. Not meaning to prolong this but I did think it needed to be put on the public record.

The Chair: — Mr. D'Autremont.

Mr. D'Autremont: — Thank you Mr. Chairman. Well Madam Minister, that's an interesting commentary. But I think that we need to take into consideration that, as we compete outside . . . as the Crown corporations compete outside of the province, as you say, for the benefit of Saskatchewan, I'm not sure that we can afford that kind of competition that we did in 2001 with the loss of two and a half million dollars. Or the competition that we provided outside of the province to the benefit of Saskatchewan for a loss of \$11 million. Or the competition that we provided in 2003 outside of this province for a loss of \$11.6 million. And a loss in 2004 that we provided for the benefit of Saskatchewan.

So at some point in time, Madam Minister, while we may be competing outside of the province of Saskatchewan and as you said to the benefit of Saskatchewan, these losses, ongoing losses become unsustainable. So this corporation, Navigata, either needs to seriously pull its socks up and start providing a return for this province, or it's a time to dump them.

And we received assurances from SaskTel in 2002 that Navigata was about to be profitable. We received assurances from SaskTel in 2003 that Navigata was going to be profitable, and now in the 2004 report again we receive assurances from SaskTel that Navigata is going to be profitable. At some point in time, Madam Minister, Navigata has to be profitable or it has to go. And I think we're quickly approaching that point.

Hon. Ms. Atkinson: — If you looked at the business plan for Navigata, the plan was to have Navigata cash-positive in 2004. The officials have explained the competitive nature of the business and what's occurred. Navigata is cash-positive in the first quarter of 2005.

I would make this observation and I think it's an important observation. Traditional revenue sources such as long distance are rapidly declining and SaskTel needs to have other alternatives to create new revenue. So I'd make that point. The reality is that voice over Internet is going to further reduce those long distance revenues and we need to be in a position to compete. The CRTC ruling is very troublesome for the province of Saskatchewan. And I would observe that Navigata gives us some opportunity outside of our boundaries.

With that, Mr. Chair, I would like to thank my officials for their help in this 2003 annual report.

The Chair: — Thank you, members, and thank you to the minister and your officials. And thank you to the Provincial Auditor and staff. And I would like to have a motion to conclude consideration of the annual reports for SaskTel. Is that

agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. We actually have a motion . . .
Do you have a motion you'd like to read?

Mr. McCall: — I do indeed Mr. Chair. I would move:

That the committee conclude its review of the 2003 annual reports, financial statements, and related documents for Crown Investments Corporation of Saskatchewan, Information Services Corporation of Saskatchewan, Investment Saskatchewan, SaskEnergy Incorporated, Saskatchewan Government Insurance, Saskatchewan Power Corporation, Saskatchewan Telecommunications.

I so move, Mr. Chair.

The Chair: — Thank you members. Mr. McCall has moved the motion. Will the members take it as read?

Some Hon. Members: — Agreed.

The Chair: — That's agreed. Are we agreed with the motion, is that carried?

Some Hon. Members: — Agreed.

The Chair: — That is carried. Thank you. We now will be going in camera so officials and Provincial Auditor can leave and staff. And we'd need a motion to go into camera. Moved by Mr. D'Autremont. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. We'll take a brief moment while we go into camera.

[The committee continued in camera.]

The Chair: — Thank you, members. We have a motion moved by Mr. D'Autremont:

That the draft fourth report of the Standing Committee on Crown and Central Agencies be adopted and presented to the Assembly on May 24, 2005.

Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried. That concludes our agenda. Could I have a motion to adjourn? Moved by Mr. D'Autremont. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried. This committee stands adjourned.

[The committee adjourned at 17:45.]