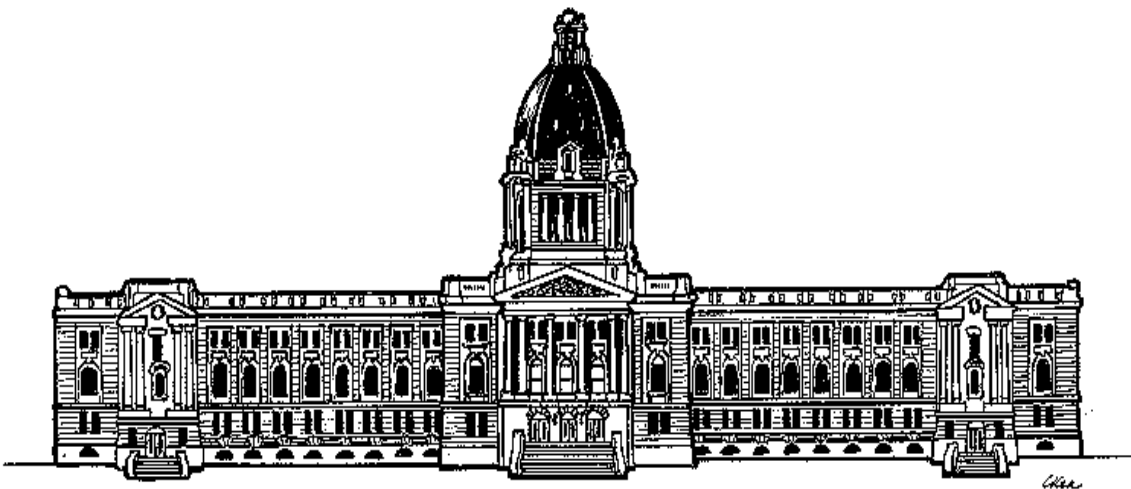




STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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**STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES
2007**

Ms. Sandra Morin, Chair
Regina Walsh Acres

Mr. Dan D'Autremont, Deputy Chair
Cannington

Hon. Graham Addley
Saskatoon Sutherland

Mr. Dustin Duncan
Weyburn-Big Muddy

Ms. Donna Harpauer
Humboldt

Hon. Warren McCall
Regina Elphinstone-Centre

Hon. Mark Wartman
Regina Qu'Appelle Valley

[The committee met at 15:00.]

The Chair: — Good afternoon, everyone, and welcome to this session of Crown and Central Agencies Committee. Today I'd like to have the members introduce themselves perhaps, and start with you, Mr. D'Autremont.

Mr. D'Autremont: — Dan D'Autremont, MLA [Member of the Legislative Assembly], Cannington.

Ms. Harpauer: — Donna Harpauer, MLA, Humboldt.

Mr. Duncan: — Dustin Duncan, MLA, Weyburn-Big Muddy.

The Chair: — Thank you very much. And on the government side we have Minister Graham Addley who has stepped out for a moment, and perhaps we could go with Mr. Wartman.

Hon. Mr. Wartman: — Mark Wartman, Minister of Agriculture and Food.

Hon. Mr. McCall: — Warren McCall, member for Regina Elphinstone Centre and Minister for Corrections and Public Safety.

The Chair: — And Minister Addley, I'm glad you could join us as well. I'm Sandra Morin. I'm the MLA for Regina Walsh Acres. And our first order of business we're going to be having a number of documents that are going to be tabled with the committee this afternoon. Appearing before us today we have Saskatchewan Government Insurance with Minister Glenn Hagel. Perhaps you'd like to introduce your officials at this point as well.

Saskatchewan Government Insurance

Hon. Mr. Hagel: — I'd be happy to do that, Madam Chair. To my immediate left, to the viewers' right, is the president of SGI [Saskatchewan Government Insurance], Jon Schubert. Beside him is the vice-president of the Auto Fund, Sherry Wolf. To my right is Don Thompson, chief financial officer. And then seated at the table behind are Earl Cameron, vice-president of claims, and Betty Weigel who is manager of business affairs in the corporate sector for SGI, Madam Chair.

The Chair: — Thank you very much, Mr. Minister. And also with us today we have members from the Provincial Auditor's Office. Mr. Bashar Ahmad, perhaps you'd like to introduce your officials as well.

Mr. Ahmad: — Madam Chairperson, we have Andrew Martens who has always attended these meetings. And we also have Rod Grabarczyk; he's principal in charge of this audit. And of course we have Jamie Wilson from KPMG.

The Chair: — Thank you very much. Today's considerations, we're going to split them up into two sections. We are first going to deal with Saskatchewan Government Insurance, Provincial Auditor's reports, chapter 6, 2004 volume 1, and chapter 11, 2006 volume 1.

Mr. Minister, did you have any opening remarks that you'd like

to make?

Hon. Mr. Hagel: — My remarks will be relating to the Auto Fund in the SGI CANADA reports for '05. Do you want me to hold those — deal with these first — or would you like me to make my opening remarks now?

The Chair: — Thank you, Mr. Minister. We'll get you to make those opening remarks when we move on to consideration of the annual reports, and at this point I invite the Provincial Auditor's Office to make their remarks.

Mr. Ahmad: — Madam Chair, our 2004 report, volume 1 includes the result of our audit of SGI's processes to manage its brokers to sell its insurance products. We examined SGI's processes for the year ended December 31, 2003. For this audit we used the criteria listed on page 98. SGI agreed that the proposed criteria are fair and reasonable.

Effective management of brokers help ensure that brokers provide sound insurance advice to clients and sell insurance within authorized limits. It also helps ensure that SGI insurance products keep pace with changing public needs and SGI knows its insurance risks, that is, exposure to loss.

We concluded that SGI had adequate processes to manage its brokers. That concludes my remarks on chapter 6 of our 2004 report volume 1.

The Chair: — Thank you very much. Is there any questions arising out of the Provincial Auditor's report? Yes. Mr. D'Autremont.

Mr. D'Autremont: — Thank you, Madam Chairman. I'd like to welcome the Provincial Auditor here today and his officials, as well as the minister and the officials from SGI. I'm not sure whether it would be the Provincial Auditor that would answer these questions or the minister, in relationship to the Provincial Auditor's report.

I note that one of the items that the Provincial Auditor has commented on is that there are a number of First Nations brokers that are now in place with SGI. How many First Nations brokers would there be in place now?

Hon. Mr. Hagel: — Madam Chair, there'd be two items, I suppose, related to that. First of all, the First Nations person who is a broker may not self-identify. So you know, that is maybe a limiting factor, but that's not the kind of information we have with us. And I'd be happy to provide that to the committee if you wish.

Mr. D'Autremont: — Okay. Thank you, Mr. Minister. Well I wonder if you could explain to us if there is a designation then of First Nations broker? Or why are they designated?

And perhaps the Provincial Auditor could respond to that. Why is there a designation, from what you have investigated with SGI, into the classification of First Nations broker?

Mr. Ahmad: — Madam Chair, that's what the documents that we saw identified, that there were some First Nations brokers,

and there was a need to have those brokers to write businesses at reserves.

Mr. D'Autremont: — Okay. Thank you. Mr. Minister, do you have a classification for First Nations broker? Or why would there be, in the documentation, that kind of a classification rather than simply SGI brokers?

Hon. Mr. Hagel: — Thank you, Madam Chair, for the question. To the hon. member, it is — to state the obvious — a growing and important demographic for Saskatchewan First Nations persons. And therefore it is important to SGI to have First Nations brokers who will be in a good position to serve, particularly, First Nations communities. And so that's something that SGI will encourage in just simply developing a good relationship between the potential customers and SGI. But I'll ask the president, Jon Schubert to expand on that. If there's anything, Jon, more that you would like to add.

Mr. Schubert: — It's simply, it's an important business segment for us. And it's important for us to develop those brokerages which are small businesses to make sure that they are able to offer competitive products to their clients.

Mr. D'Autremont: — Well when you utilize the words First Nations broker, does that describe a broker by race? Or does it describe a broker by geographic location, that they're situated on a First Nations reserve?

Mr. Schubert: — I don't have the exact criteria here with me. But it's important for us to work with First Nations groups to develop those businesses.

Mr. D'Autremont: — If someone is designated a First Nations broker, how does that change their relationship with SGI? Is it the same relationship as any other broker has or is there some other relationship there?

Mr. Schubert: — It's essentially the same as any other brokerage, but we try and work very closely with individuals that are involved in that to see that we can tailor whatever insurance products they need to sell to their particular circumstances.

Mr. D'Autremont: — If a broker approached SGI to establish a new brokerage unaffiliated with any other brokerage on a First Nations reserve, would they be classified and receive a new brokerage . . . be classified as First Nations, or would their ethnic background play a role in it?

Mr. Schubert: — I don't know that their ethnic background would play a role in it, but I'd have to find the specific criteria for you on how we go about doing that. But what's important for us is to, you know, appoint brokers where there aren't brokers to make sure that customers can buy the product.

Mr. D'Autremont: — Well in my own constituency, I can think of communities that do not have SGI brokers. Would those communities be eligible for new brokerages?

Mr. Schubert: — Establishing new brokers is always something that we have to carefully consider. If you're a brokerage and servicing an existing area, the value of that

business is dependent on how many policies you can write, whether they be for us or for us and other insurers. If we appoint too many brokers, we dilute the value of those brokerages.

In addition to that, there is some . . . You know, it costs SGI some money to have licence issuers and brokers. And the more that you have, the more support and the more it costs us to do that. And so what we try and do is make sure that there are adequate representation so that our customers can buy our products, whether it's on the Auto Fund side or whether it's on the SGI CANADA side.

Mr. D'Autremont: — Thank you. My own constituency, the White Bear First Nations north of Carlyle, I'm assuming the people there with residences and automobiles and all of the other things you would insure have insurance that they may or may not wish . . . They have insurance if they wish to purchase it, and if they choose not to, that's their choice as well.

But if someone was to — and there is a commercial area at the White Bear Resort — if someone was to desire to establish a new SGI brokerage there, would that be one of the areas that could be considered versus, let's say, Manor which is east of Carlyle. Would that be considered? One is 12, 15 miles from Carlyle; the other is 10, 12 miles from Carlyle. Carlyle has an SGI brokerage. Would either of those locations receive equal consideration for a brokerage?

Mr. Schubert: — Well we would look . . . If anybody approaches us about a brokerage, we would try and assist them in establishing a business. Now whether we would just make a what we call a cold appointment where you just appoint somebody, or whether we would ask that person to buy an existing business in order to get into the insurance brokerage is dependent on what services are available and how far people have to travel, for example, to get their Auto Fund transactions completed.

So we look at each one of them individually and work with whoever it is that is entrusted in entering the business in order to provide them with an appointment.

Mr. D'Autremont: — I wonder if you could supply the committee with the definition and requirements for a First Nations brokerage please.

Mr. Schubert: — I don't have it with me, but I'll be pleased to send it on.

Mr. D'Autremont: — Okay. Thank you very much. Further on in the auditor's report, it talks about and I'll quote:

SGI must also ensure the brokers have a history of doing business with other insurance companies . . .

And I found that statement kind of surprising. What is SGI . . . Does the auditor know what SGI was looking for in that particular case, when they're suggesting that their brokers have a history of doing business with other insurance companies?

Mr. Ahmad: — Madam Chair, I'll simply say that what we thought they were looking for was the experience of writing

brokerage. But I'll let management further explain that.

Mr. Schubert: — Well you know, obviously if somebody has an insurance background, it's very helpful to both that broker, that broker's customers, and to the insurance company. So if somebody has that experience, it's very much more likely that they'll be successful in their business.

We spend a considerable amount of time resources training new brokers and having ongoing training with existing brokers to make sure that they're up to date with any matters or issues that are going on in the insurance world and any new programs that SGI might be embarking on.

Mr. D'Autremont: — What if the broker that buys an existing SGI brokerage already in place also has a previous brokerage selling insurance for various and sundry other companies as well? That would obviously give him experience. Would that be acceptable to SGI to take that broker on as an SGI broker even though he may continue to sell insurance for other entities?

Mr. Schubert: — Well we believe in the independent broker system where the broker provides the best policy to meet the circumstances of the individual, of the individual client. So many of our brokers represent a number of different insurance companies.

Mr. D'Autremont: — So SGI no longer has a difficulty with an establishment selling insurance for more than one entity out of the same location?

Mr. Schubert: — No. A number of our brokers for a long, long time have sold insurance for many companies operating from the same location.

Mr. D'Autremont: — So SGI then in no way tries to inhibit a commercial entity from dealing with other insurance companies as well as SGI?

Mr. Schubert: — No, I don't believe so. No.

Mr. D'Autremont: — The reason I ask this was . . . It's not within the last few years but a few years ago a complaint came to me that one of SGI's adjusters would not visit an autobody shop in which there was also an insurance agency for another company. And the SGI adjuster would not go to that body shop to do adjustments because this other insurance company had an office in the same building even though they were separate entities. So that no longer happens with SGI?

Mr. Schubert: — If it's the circumstance that we're thinking of, the customer was a client of an existing SGI CANADA brokerage, and the body shop was at the SGI CANADA broker's competitor's place of business. And our SGI CANADA broker didn't want the customer going to the competitor's place of business where the other broker was, so they agreed to meet on a neutral ground. If that's the circumstance that we think . . .

Mr. D'Autremont: — I think I'm also familiar with that case, but this was a different one. But I can understand why broker A wouldn't want an SGI customer going to broker B who was a non-SGI customer for competitive reasons.

But if the client who has the vehicle was looking for an adjustment, it should really be SGI's service to provide that adjustment at either location if they are going to both locations to do adjusting. And I don't know, I don't remember for sure in that particular case whether they were or not.

But the other situation was one where — I'll describe it a little further — the owner of the autobody shop's wife had a business of her own as a storefront in his autobody shop. And the SGI adjuster refused to go there because of the other insurance company's office being in that building. This goes back, and I'm hoping that no longer occurs, that if SGI is doing adjusting in autobody shops, that they do so regardless of who else may be in business in that location.

Hon. Mr. Hagel: — Madam Chair, maybe just respond in this way, that the president's described what is the principle in the approach and that the SGI brokers will in fact not only be able to, very regularly will have other lines of insurance that they're handling. That's certainly the approach that SGI takes.

It's a little difficult to be specific responding to a case when we're kind of guessing as to whether we're thinking, I know something you don't know but I'm not telling. And it doesn't often act in the interest of clarity. I would just simply say to the hon. member, Madam Chair, that if there is . . . And I noticed that you've said that this was some time ago. I'm sure that if you believe that it's current, that you'll feel free to raise it with me and that we'll be able to look into the matter.

Mr. D'Autremont: — Thank you, Mr. Minister. It's some time ago because we're still considering 2004 reports. So these things have tended to drag on for some period of time.

To the Provincial Auditor. On page 100 of the report, you talk about SGI's security checks that were in place in dealing with the brokers. From your knowledge, what kind of security checks were being carried out by SGI?

Mr. Ahmad: — Madam Chair, they usually go through the council that manages the brokers in Saskatchewan and look at their website. And they also do a security check — that's the financial integrity and other things. Right now I can't think of any other checks they might have, but maybe SGI can elaborate on that one.

Mr. D'Autremont: — Mr. Minister and officials, in 2004 was SGI doing criminal checks on its brokers and those employed there?

Mr. Schubert: — No.

Mr. D'Autremont: — Does SGI currently do criminal record checks on its brokers or their employees?

Mr. Schubert: — No, we don't.

Mr. D'Autremont: — Well we've seen a number of the other Crown corporations or departments, as the case may be, moving to do criminal record checks on the employees that are dealing with funds. And clearly with SGI, at least my broker seems to take my money when I go in to pay my insurance, so they're obviously dealing with funds. Is SGI considering doing criminal

record checks on their brokers and employees?

Mr. Schubert: — We don't do those now but there is potential that we would be doing those because there are certain standards that one has to follow in order to process funds through credit card companies and that will become more of an issue for us as we move forward with the redevelopment of the Auto Fund system and our handling online transactions. But as of today we do not do that. It is something that we will review to see what kind of policy we should have for that.

Mr. D'Autremont: — Thank you. Thinking of some of the other areas of government that have run into difficulty with fraud with some of the employees and I'm thinking of Liquor and Gaming because that's another of my critic areas.

They didn't necessarily involve credit cards. It involved cash and cheques going through those establishments, so to limit it to those areas that might be dealt with with credit cards or some form of electronic transfers, I think, is limiting the process too much. Because a good many people go in to pay for their insurance . . . For your driver's licence, for the average driver's licence of \$25, in all likelihood they pay cash for that, or for their insurance in all likelihood they provide a cheque. And it becomes important that that cash go to the right place — i.e., SGI — or that those cheques go through the proper procedures in getting to SGI.

And so I think it's important because of some of the past experiences we've had in the last few years with government that fraud cases, while not many, certainly gain prominence when they occur. And I would think SGI would be one of those that is dealing with a significant amount of money. I think — what was the number in here? — \$240 million worth of premiums classifies as a significant amount of money, that SGI would be doing its utmost to ensure that it's dealt with in a most diligent manner.

Mr. Schubert: — We have a process where, when a licence issuer does a transaction, it's done online so we know how much cash we expect to take in — cash or cheque — that we expect to take in for that particular transaction, whether it's a registration for a driver's licence or for a motor vehicle. And we reconcile that cash to the bank deposits that issuers make. Depending on the size of the issuer, they're required to deposit daily, every two days, or weekly, and we have an ongoing reconciliation process to make sure that the cash that we expect to be there actually is there.

Mr. D'Autremont: — Thank you. Well in the case that I was familiar with, with Liquor and Gaming, they had those same expectations yet it wasn't happening. And what procedures does SGI have in place for those locations which may not have easy access to electronic transfers or easy access to a depositing institution such as a bank or credit union?

Hon. Mr. Hagel: — Madam Chair, I'll ask Don Thompson, who's chief financial officer, to respond to that question.

Mr. Thompson: — We have a process. We deal with the Royal Bank as our bankers, and the issuer can deal with whatever bank they want to deal with in their small town. And we have agreements with all the banks that operate in the province and

the credit union. And the Royal Bank goes in every night and flushes the money out of that account that the issuer deals with and puts it into our SGI . . . They deposit it into an SGI trust account in whatever town they're in, and the Royal Bank goes and grabs that money out on a daily basis and puts it into our head office account.

Mr. D'Autremont: — Thank you. How about those locations though where the brokerage — and I don't know if there are any brokerages that fit into this category — but if there's a brokerage in a community that does not have a financial institution in that community? And this is the case that happened with SLGA [Saskatchewan Liquor and Gaming Authority]. There was no financial institution there to deal with the funds that were being collected. What procedures do you have in place there to ensure that the proper funds are being received by SGI in a timely and proper manner?

Mr. Thompson: — I don't know how many there is that don't have a bank in their town. There would be few, I believe. But they have the same process as any other issuer depending on their size — and likely they'd be a small one if they don't have a bank in their town — and they would have to deposit on a regular basis in the nearest financial institution that they choose to deal with. And the same process is followed.

Mr. D'Autremont: — So they have to do their deposits on a daily basis or a weekly basis?

Mr. Thompson: — You know, if they have relatively few transactions, it's likely a weekly basis that they have to deposit funds. So they're likely a small one so it would likely be weekly.

Mr. D'Autremont: — What kind of a dollar cut-off makes the definition between a small one that could be on a weekly basis versus the other size, the larger one, that would be on a daily basis?

Mr. Schubert: — We don't have that exact criteria but we will provide that. In locations where there might be 200 people it wouldn't be that, may not be daily but in the bigger . . . Obviously the bigger issuers are required to deposit right away.

Mr. D'Autremont: — Thank you. One of the things that the Provincial Auditor commented on in his report was . . . and the heading of it is, is regularly ensure adequacy of brokers' operational policies and procedures. And we would expect SGI would have the processes too. The one I am interested in is, it says:

ensure brokers have processes to promptly notify SGI about requested policy cancellation, revision of coverage, inadvertent delays in processing insurance policies, and any fraud, misrepresentation or illegal acts by the insured or brokers' staff.

How does SGI go about ensuring that these processes are in place? What kind of mechanisms do you utilize to ensure that you're getting the information in a timely manner? You talked about ensuring that deposits are made either on a daily or a weekly basis. But what about the other processes of paper that could be critical to the client or to SGI if they're not done in a

proper and timely manner? So what process do you have in place to ensure that these things are done in a timely and proper manner?

Mr. Schubert: — The circumstance when we would find something out like that, if a claim occurred and we didn't have a record of the policy, then we would know there was something that was wrong with the broker not providing us with the policy information. And then we would investigate that with the broker to see what happened to the paper, see if there's any other circumstances that the broker isn't following the procedures that we have in place for that.

Mr. D'Autremont: — What protection does the client have when things go awry? Let's say there was a revision of coverage on an item and an incident occurred in which the client would need to make a claim. And this revision had, they had already dealt with the broker, but the broker hadn't transmitted the information on to SGI. What's the protection for the client in this case?

Mr. Schubert: — There's a couple of circumstances here. If it was just a case of the paperwork wasn't completed and there was an error by the broker in completing the paperwork, we would complete the paperwork and we would process the claim.

If the broker hasn't provided the right coverage to the client, and has been negligent in that, then they either are in a position of paying the claim by themselves or requiring their errors and omissions policy to respond to provide coverage to protect the customer. And we require all brokers to purchase E&O [errors and omissions] coverage to make sure that it's there.

Mr. D'Autremont: — Okay. Thank you. One last item on the auditor's report for 2004. The auditor talks about SGI sets performance targets for its brokers. What kind of performance targets are we looking at here? And who sets those targets, and are those targets set with agreements with the brokers? I mean if SGI went out and said, we want you to double your sales of automobile licences and insurance, that wouldn't necessarily be a reasonable thing to do when there's a limited number of vehicles in the province. So how do you set those targets, and what participation in the establishment of those targets do the brokers have?

Mr. Schubert: — There's really no targets for Auto Fund business because it's, you know, it's simply as the transaction walks into the door, it's processed by the licence issuer. We'd like to have some minimum size of transactions done by licence issuers to make it efficient.

On the brokerage side of it, part of the compensation that brokers receive is based on a commission. So the more business that they sell, the greater the commission that they earn. In addition to that, we pay contingent commission based on the profit of that broker's business, so that the more profitable the business is for SGI CANADA — the better it is for us — then we pay a commission based on that in addition to the broker.

Our people meet with brokers all the time to discuss the composition of their SGI CANADA broker business to make sure that they're providing the right kinds of coverages for clients. If we were to set our premium targets based on volume,

that wouldn't necessarily be good for SGI CANADA because you don't want to be in the business of the more you write, the more you lose. So if we were to set unreasonable volume with the broker, they would have the choice of not dealing with SGI. And of course we want to deal with our brokers and, you know, provide them with the tools to give competitive property and casualty products to their customers.

Mr. D'Autremont: — Okay. Thank you very much. That's all the questions I have on the 2004 report.

The Chair: — Thank you, Mr. D'Autremont. Any other questions? No? For the 2004 report chapter 6 volume 1, the committee could note that issues have been resolved. All those agreed?

An Hon. Member: — Agreed.

The Chair: — Thank you very much. Carried. And then moving on to chapter 6, 2006 volume 1. Does the auditor have any opening statements he'd like to make?

Mr. Ahmad: — Thank you, Madam Chair. I would ask Jamie Wilson to make the opening remarks. Then I'll continue from there on.

Mr. Wilson: — Thank you very much. KPMG has audited the financial statements of SGI, the Auto Fund, Coachman, ICPEI [Insurance Company of Prince Edward Island], and SGI CANADA Insurance Services Ltd. Our auditors' reports are contained in the annual reports of each of those entities. In our opinion we conclude that these financial statements present fairly in all material respects the financial position of the entity, the results of its operation, and its cash flows.

In addition we worked with the Office of the Provincial Auditor during the course of these audits and followed the protocol established by the task force on the roles, responsibilities, and duties of auditors.

Mr. Ahmad: — Thank you, Jamie. We concur with the conclusions and opinions that KPMG has formed. In our report on page 135 we recommend that the Coachman Insurance Company improve its processes to properly examine and assess claims that are under agents' administration. We made this recommendation because during 2005 Coachman incurred additional claims resulting in a loss of 9.7 million from a policy under an agent's administration, as Coachman did not have adequate controls over claims that it allowed the agent to administer.

In 2005 we also assessed the adequacy of SGI's succession planning processes for key positions. Key positions means the president, vice-president, assistant vice-president, managers, underwriters, and claim adjusters. We examined the processes in place at February 28, 2006.

Succession planning, Madam Chair, at SGI is important. It employs over 1,600 people in Saskatchewan. By 2016 SGI expects about 50 per cent of its managers will retire. This may result in the loss of knowledge essential to provide services effectively. Knowledgeable employees are essential for assessing risk and certainly claims. Failure to arrange for others

to succeed key staff could lead to loss of public money and confidence in SGI. We used the criteria described on page 136 to do our work. We concluded that SGI had adequate succession planning processes and make no recommendation in this area.

That concludes my remarks. Thank you.

The Chair: — Thank you very much. Are there any questions that arise out of the auditor's report? Yes, Mr. D'Autremont.

Mr. D'Autremont: — Thank you. To the Provincial Auditor, looking at your recommendation on Coachman Insurance. In making the recommendation that Coachman needs to improve its processes, were you able to determine what the difficulty was there and what kind of process changes should perhaps be changed or implemented to correct the situation?

Mr. Ahmad: — Madam Chair, yes. What we looked at was the process they had in place to look at the agents' files. And although SGI had the right to go and examine agents' files directly, they did not do so. And that could have contributed that.

Mr. D'Autremont: — So part of your recommendation would be then that SGI should physically review those files.

Mr. Ahmad: — . . . have a process to examine those files on some criteria that they may establish. That criteria has to be adequate, and obviously that involves a lot of judgment on their part.

Mr. D'Autremont: — Thank you. To the minister and Mr. Schubert, in light of the auditor's recommendation that Coachman Insurance had a failure in their process which led to the loss of \$9.7 million, what changes has Coachman put in place and what changes has SGI put in place to ensure that this kind of a difficulty and a loss of roughly \$10 million doesn't occur again?

Hon. Mr. Hagel: — Again, Madam Chair, I'll ask that President Schubert respond to that. Thanks.

Mr. Schubert: — When we discovered the claims liability at Coachman, we retained KPMG to do a special audit for us to see how we could strengthen our internal controls with respect to service agreements. KPMG made a number of recommendations, all of which we have implemented in not only Coachman but all of the insurance companies that SGI owns and operates.

The recommendations from KPMG focused on really three areas. One is to have better documentation of a policy for service agreements; a second was to be involved in more reviews of claims; and third, to have more reviews of trust accounts. Those have all been implemented in SGI's companies.

Coachman has actually taken over the claims related to the service agreement from Budget, and those claims are in the process of being run off. And there are no more service agreements at Coachman, no more active service agreements at Coachman.

Mr. D'Autremont: — What process has SGI put in place to carry on the reviews that the Provincial Auditor mentioned is necessary? He talked of physical reviews, but what processes have you put in place to review the trust accounts and all of the issues where there were breaches with Coachman in this loss?

Mr. Schubert: — Well with respect to the trust account, there is no more money in that trust account because we recovered \$1.2 million from that trust account. With respect to the claims reviews, we actually have the physical claims in our Coachman offices in Toronto and our people are actively involved in the management of those claims and the settlement of those claims.

Mr. D'Autremont: — Was there any other opportunities for SGI to recover any . . . You said you recovered \$1.2 million but was there any opportunities to recover any of the other funds of the remaining 8.5?

Mr. Schubert: — We're still pursuing recovery of additional funds.

Mr. D'Autremont: — Is there a statute of limitations on the abilities to do that?

Mr. Schubert: — In the Budget matter, a receiver was appointed to administer the bankruptcy and to review transactions that have occurred. So the receivers and the lawyers have been examining the parties connected to this transaction, and they continue to do so.

We have launched one lawsuit against the firm that was adjusting the claims at Budget, claiming that they were negligent in providing us with information — proper information — on the claims reserves. The examinations will continue, are continuing. And the bankruptcy process continues and we will do whatever we can to try and recover as much money as we can from the Budget matter.

Mr. D'Autremont: — Do you have any estimate as to the time frame that may be involved in this?

Mr. Schubert: — No. We really don't because that's a long-drawn-out affair.

Mr. D'Autremont: — Well hopefully things can proceed ahead in an expeditious manner because it's already . . . This has been going on for three years now and people's memories and things change over time and, you know, hopefully that SGI can proceed as quickly as possible with this.

The other area from the auditor's report that I would like to ask some questions about was succession planning. We all know that the beginning of the baby boom is reaching its retirement age or close to it. Some of us are maybe not quite that close, but heading in that direction and we hope to make it at some point.

Over the next short period of time, what kind of a turnover is SGI looking at in its staffing? And what measures is it taking to encourage staff to stay on if need be? Or what measures is SGI taking to recruit new people into those positions?

Mr. Schubert: — Well there are a number of people that will retire in the next few years. And what we try and do is predict

that based on the demographics of the corporation.

We have a number of programs to try and recruit new people into the company. One of them, fortunately, is our expansion into other provinces allows us to hire people, younger people within the corporation, that are being trained and will one day be ready to take over the business. We have all sorts of training programs in place. We have an active strategy to recruit Aboriginal people into the company.

In 2004, we established the President's Youth Advisory Council. And this is a group of young people who are helping — they report to me — that are helping to make the company more youth friendly in order that we can be prepared for the next generation. We look through all of the people who work at the company and try and develop career plans for them and then try and establish training programs so that they will be ready to take over positions as people retire. So it's a whole bunch of different initiatives to try, and not one of them will solve the problem, but it's a mindset about getting ready for the next generation that's going to run the company.

Mr. D'Autremont: — Does SGI have an age bulge like the general demographic has with the baby boomers?

Mr. Schubert: — Yes. In the late '70s, there were a number of people, young people that were hired who will be the bulge people who are going to be retiring in the next five to seven years.

Mr. D'Autremont: — What percentage of the staff would you estimate would be into that category of potentially retiring within the next five to eight years?

Mr. Schubert: — I have it at the office. We don't have it here, so I could provide that to you if you'd like.

Mr. D'Autremont: — If you would, please. I think that's all the questions I have on the 2006 auditor's report.

The Chair: — Thank you, Mr. D'Autremont. Are there any other questions arising out of that? No? Seeing none, regarding the chapter 11, 2006 volume 1, I would like to note the recommendation on page 135 from the auditor — “We recommend Coachman Insurance Company . . . [provide] its processes to properly examine and assess claims that are under agents' administration” — and that the committee notes compliance. Is that agreed?

An Hon. Member: — Agreed.

The Chair: — Thank you very much. That's agreed. So moving on to the consideration of 2004 and 2005 Saskatchewan Government Insurance annual reports and related documents, are there any opening remarks? Mr. Minister.

Hon. Mr. Hagel: — Yes, Madam Chair, I'm very pleased to make some remarks regarding '05, which was a very, very strong year for SGI. It had both positive results in the Auto Fund as well as in SGI CANADA. Maybe I can deal with them separately, Madam Chair, and members of the committee, and first of all address the '05 Auto Fund annual report.

As you know, one of the things that we're very proud of in Saskatchewan is that we boast the lowest auto insurance rates in Canada. And I think this is becoming an increasingly well-known phenomenon and a commonly understood phenomenon, particularly among young people in the province, a source of pride for young people in our province. And when I talk to folks outside the province, it's becoming increasingly well known beyond the borders of Saskatchewan as well.

I'm happy to say that in '05 SGI continued to offer these low rates and also had a very strong year financially at the same time. The Auto Fund posted a \$61 million surplus in 2005, resulting in a \$163 million balance in the rate stabilization reserve.

Members of the committee, the Auto Fund acts as a trust fund for Saskatchewan motorists and operates on a self-sustaining basis over time. That's the core of the whole method of operating and the philosophy behind the Auto Fund. A positive balance in the reserve means that rate stability will be there for motorists because insurance is a volatile industry and one year it can be extremely different from the next. However, 2005 was a very good year and as all hon. members may remember, SGI was in such a positive financial position in 2005 that we were able to provide an almost \$45 million rebate to our customers the next year, in '06.

SGI also provided its customers with many new and innovative programs in 2005. So not only did it result in a rebate, but there were some improvements to programs such as doubling the discounts under the Safe Driver Recognition program to 20 per cent. And that was a very, very well-received and popular move that was appreciated by SGI's very, very large number of drivers with safe driving records. Also, doubling the discounts under the business recognition program to 10 per cent was equally well received.

Introducing a graduated driver's licence program for new drivers, which I know at least one of the members here today will have been a part of the process of deliberating upon at one time previously, and that we saw the introduction of in '05 with the intention of reducing the involvement in collisions for new drivers in the province of Saskatchewan.

There was also an increase in income benefit to customers seriously injured prior to 1995. That was introduced in '05. And also launching the Auto eClaim service which allows customers to file a claim and book an appraisal online. So modernization of the operation.

The Auto Fund did very well in 2005, which of course is good news for Saskatchewan motorists and is part of the good news about Saskatchewan appreciated by many, as I said, particularly young people across the nation.

Now let me turn my attention to the 2005 SGI CANADA annual report. Much like the Auto Fund, 2005 was also a very good year for SGI CANADA. SGI CANADA posted its second best year on record in 2005 with a profit of \$35 million. SGI CANADA also had a record underwriting profit in 2005 despite some record storms in Saskatchewan.

So how does that happen? Well perhaps one of the explanations

is that even though 85 per cent of SGI CANADA's premiums are actually written within the province in Saskatchewan — 85 per cent of the premiums written within Saskatchewan — 45 per cent of the underwriting profit came from outside the province. And this demonstrates why expansion is so critical to SGI CANADA's long-term viability and, I think, points to a solid track record in indicating the wisdom of strong forward planning and expanding that base of managing the risk.

Expansion spreads the risk geographically and across product lines, and that's so important in a year such as 2005 when Saskatchewan suffered severe weather here within the province. Not all the country has the same weather all the time. That's the good news in the world of insurance.

Expanding means greater financial stability for the company, and that's good news for Saskatchewan customers and shareholders. And in 2005 the shareholders of course, Madam Chair, we have to recognize are the people of Saskatchewan because we're very pleased that this is a Crown corporation that serves Saskatchewan people well.

In 2005 SGI CANADA had operations in Manitoba, Ontario, and the Maritimes in addition to our home province of Saskatchewan. And I'm happy to say that each of SGI CANADA's out-of-province operations were profitable in themselves in 2005 and continue to spread the geographic risk to earn profits and to create jobs here at home — all of which, Madam Chair, I would suggest is a characteristic of a well-functioning Crown corporation that operates on good, sound business practices and at the same time serves the people of Saskatchewan extremely well as motorists but also as purchasers of general insurance.

So in conclusion, Madam Chair, 2005 was a good year for SGI, both to the Auto Fund and SGI CANADA, and we'd be happy to answer any questions from the committee.

The Chair: — Thank you, Mr. Minister. Are there any questions that arise? Mr. D'Autremont.

Mr. D'Autremont: — Surprise. Well thank you, Mr. Minister. A very good description of SGI for 2005. So we'll go back and talk about 2004 because we haven't dealt with that one yet. We seem to be running a little long in the tooth on SGI and going back.

One of the things though that the government did change in 2004 dealing with SGI was some of the licensing provisions that you talked about as well in 2005. Particularly the business recognition programs had some major impacts on different operations in the province and particularly the taxi industry which had the potential to look at some very, very significant surcharges depending on their accident record of their operations. And because the taxi industry operates in various means, that risk to those taxi companies was not necessarily evenly spread. You have the corporate entities which could be charged the business surcharge. And you have some that are operating as private individuals in the taxi industry and perhaps have more than one taxi on the road but, nevertheless, are treated as individual drivers and not facing the same surcharge potential.

The taxi industry — it's my understanding, has the ability if their driving and accident record is in good shape, that the premiums they pay are greater than their claims — could receive a discount. However if their driving record and accident record is on the other side of the curve and that their claims are greater than their premiums, then they pay a surcharge, and it can be a very significant surcharge — up to 200 per cent — whereas the individual who may be operating the same business model in the same industry would not ever face that surcharge. They may not receive a discount, but they would never ever face that surcharge, and the only difference being, in the two operations, is one is incorporated and one is not.

So I wonder if the minister could explain why there is this variance in the insurance of two different models dealing with the very same industry?

Mr. Schubert: — I don't have the exact criteria for the business recognition, but it's quite common in the insurance industry that when there's a fleet of vehicles operating, that the experience for them is combined such that if the business has one vehicle that has the bad loss experience, it's combined with the premiums that they pay for vehicles that might not have that bad experience. You have a grouping together to get a more accurate portrayal of the cost to the insurance company.

As far as individual taxi drivers are concerned, they will be able to earn a discount, but they'll also pay a surcharge in the Safe Driver Recognition program if their driving record is such that they're involved in a number of claims or traffic violations.

Mr. D'Autremont: — Thank you. It's my understanding, though, that for the private individual who may have two or three — 1, 2, 3 — whatever number of cabs they might have on the road, they are not necessarily the driver of that vehicle. They may be the driver of that vehicle. They may simply be the owner of that vehicle and have drivers hired.

The driver who is driving the vehicle would face the individual surcharge, whether or not they . . . depending on what their record is. But the owner of those cars who is paying the insurance, never faces that surcharge. The driver, the individual driver may very well face a surcharge on their licence, but the owner of those vehicles never faces that surcharge. So whereas a corporate entity may face a \$200 surcharge on all of their vehicles, the individual who has the taxis licensed under his particular name, under his driver's licence, it goes on his record. If he doesn't drive and never has an accident, then he may not have any discount, but he certainly doesn't face any surcharge. Is that the case?

Mr. Schubert: — It's very much common these days — and has been for quite a few years — for taxi companies and other commercial vehicle types of fleets to be involved in a risk management program. And part of that is to look at the individual driving record of drivers who are driving the fleet vehicles. A number of them have arrangements with the individual drivers such that if they cause crashes or it causes the premium of the business to go up, that they recover that from individual drivers. It's in the commercial, you know, the commercial fleet is surcharged, but they recover it from the individual who caused the crash.

Mr. D'Autremont: — Well if an individual is driving one vehicle — and it's simply a driver earning wages — and he's working for a corporate entity that might have 50 vehicles on the road and the accident that that driver was involved in pushes them into the surcharge area, and I don't know how quickly you could go from zero to 200 on the surcharge side. You know, but if they push it over and it's a significant amount of money — let's say the insurance is a 100 per cent surcharge — it doubles the cost of that insurance. Doubling the cost of that insurance on 50 vehicles is going to be totally prohibitive for that driver.

And how does the corporate company recover that kind of money from the driver? It's not the licence on a single vehicle that that driver may have had the accident with. It's on every vehicle in that taxi fleet owned by that corporation. And so that becomes a very significant imposition even if there is an agreement in place to return that surcharge to that individual driver.

Mr. Schubert: — It's a rather complicated program. And in this circumstance that you describe, we cap the loss ratio — what's called the loss ratio, which is the ratio of claims to premiums — so that in a small fleet, one claim couldn't push this surcharge to the 200 per cent, but it's based on a sliding scale. And I, you know, don't have all the details of it here with me, but again I'd be happy to send those to you.

Mr. D'Autremont: — It was my understanding in the past that the loss ratio and claims frequency didn't trigger a surcharge until it reached 100 per cent so that the premiums and the claims were equal. I believe now though that SGI in 2004 dropped that down — did they not? — to 80 per cent of the premium coverage, and so now you get into that surcharge area significantly faster.

Mr. Schubert: — The surcharge starts at an 80 per cent loss ratio when we actually changed that. Again I don't have that information with me.

Mr. D'Autremont: — I believe that was in 2004 that that occurred. The fact is, I think the initial letter explaining that was in February 2004 on that issue, that that was being changed. And was SGI aware that there were . . . I'm not sure that directives would be the right word but decisions, I guess is the right word, from the appeal board that was in place prior to the implementation of the business recognition program dealing with these issues, that the charges would not be put back on to the corporate entity, that it would be equal?

Mr. Schubert: — I simply don't know that, and we would have to find that out for you.

Mr. D'Autremont: — Yes. Here it is. It's the Rates Appeal Board from 1994 and their decision was:

I therefore, recommend that the Act and policy applying to licenses issued to taxis be changed so that every license be subject to Fleet Assessment, or that the Program be dropped completely in so far as taxis are concerned . . . to give fairness to all license holders.

A 1994 decision by the Rates Appeal Board.

Mr. Schubert: — As I said, I simply don't have that information. But here's the issue. When you charge additional premiums or give discounts, it's a question of trying to make the system fair. And whenever you ask somebody to pay more premium, it's always a difficult request of them because naturally, you know, they don't want to do that. And so what we try and do with all of these programs is try and establish something that, you know, allows that class of vehicle to pay its own way so that there is reduced cross-subsidization between different classes of vehicles or different classes of drivers.

Mr. D'Autremont: — Wouldn't it be fair then to treat both the corporate and the unincorporated taxi operations in a similar manner?

Mr. Schubert: — You can make an argument that an incorporated business that's involved with a number of different . . . has control over a number of different vehicles has responsibility and a better opportunity to control the types of driving that goes on with that fleet in order to not have it cost an excess that's cross-subsidized by somebody else.

You know, the notion of a fleet program where a business is surcharged or received a discount for the claims experience of that fleet is something that is a standard practice across the country and has been for many years.

Mr. D'Autremont: — Well I would have to disagree with you though on the contention that simply by being incorporated, you have a better control over your operation or your drivers. I would think regardless of whether you are incorporated and have 10 vehicles on the road or if you're unincorporated and have 10 vehicles on the road, the ownership should have equal control over the operation and who is and isn't the drivers of those operation. And being incorporated or unincorporated does not prevent you or encourage you on either side to have safe driving programs in place, having proper testing and checking methods in place for your drivers.

So the only difference it seems is that the fact that if you're incorporated, you will be charged the surcharge if your vehicles go into a position of exceeding the loss ratio whereas an unincorporated entity as an individual, it does not do so.

Mr. Schubert: — I'm sorry if I've not explained that exactly right. It's not a question of whether they're incorporated or not; it's the size of the fleet. And whether it's incorporated business or not is not the issue. It's just that when there's a larger fleet, I think there's a better chance that, you know, they have the processes and the procedures in place to do exactly the kinds of things that you're talking about with, you know, checking driving record and, you know, emphasizing the importance of safe driving to the people that are driving those vehicles.

Mr. D'Autremont: — So you're saying then that unincorporated entities, individuals, fall under the business recognition program as well then?

Mr. Schubert: — They could. And again I don't have the exact criteria of the program here with me, and I'll provide those to you.

Mr. D'Autremont: — Well I think it's the understanding of the

people that have contacted me from the taxi industry that the business recognition program is for incorporated entities and that unincorporated individuals who may have any number of vehicles on the road in their fleet, but simply register it as a personal vehicle in the taxi industry, are not subject to that surcharge. So I think that would be very critical for everybody in that industry to know and understand that. In establishing the changes to the business recognition program, did SGI consult with the taxi industry?

Mr. Schubert: — I'd have to find that out for you.

Mr. D'Autremont: — Because if SGI had consulted with the taxi industry, they could have perhaps participated in the understanding of the difference between incorporated and unincorporated fleets and perhaps resolved some of these particular issues. So I think that some of these . . . We need more information from SGI on these particular issues to understand exactly where the business program falls into place and where it doesn't come into place and who can and cannot be surcharged.

So I'll leave that for today and go on to another issue that affects the taxi industry as well but also deals with vehicles that are transporting children. And that is the program that allows for private passenger vehicles or LV class vehicles to transport children for compensation. I wonder if SGI, if you could explain a bit about what's involved in that program.

Mr. Schubert: — In the regulations it's set out what the vehicle's use is. There are provisions that allow for transportation of children. Exactly what those are, I don't have those with me and we would have to find them in order to really answer the question that you've asked.

Mr. D'Autremont: — Well it's my understanding that the LV class licence does not allow you to transport passengers for hire, that you have to have a different licence designation to be able to do that. To operate, say, as a van carrying passengers or, you know, as a taxicab or anything, you have a different licensing structure for that, which requires different insurance, which requires different training in the sense of passing a different standard for a driver's licence which means that you have to meet certain other driving criteria.

And yet in the legislation, driving kids to school was specifically excluded from the restriction on the use of the LV class and that operators of the LV classes could get a permit to transport a student for hire by way of a student transport agreement with the local school board. You know, and we've seen the situation here in the last little while where there has been problems transporting students in school buses. I believe one of the local school divisions even took the 15-passenger vehicles off the road because they were concerned about the safety of those vehicles.

And yet under SGI's legislation for licensing, you're going to allow people to, for hire, utilize cars and small vans to transport kids to and from school. I'm wondering what's the justification for this.

Mr. Schubert: — I'll have to check this point for sure, but I think the provisions in this regard are more or less to cover

expenses for driving children to school, not for a profit-making business. There is hundreds of rules surrounding these regulations and you can apply for all sorts of permits that, you know, allow a person to use a vehicle in a special way registered in LV class or one of the other classes. And I simply don't have them with me today to provide to you, but we'll find out the circumstance for that rule and send it on to you.

Mr. D'Autremont: — Thank you very much. If you would please, because the provision that excludes the transportation of students to and from school, to my understanding, doesn't exclude the fact that they could do it for profit motives, that it's not simply, doesn't necessarily have to be a cost recovery. It could be for profit as well and a person could have more than one vehicle on the road as well to carry out this.

So I guess part of what I would like to know when you're doing your research on this is, what does SGI do in these circumstances to ensure that the drivers are qualified and meet the proper requirements, that the proper insurance is in place, that the vehicles are inspected — all of those things that would happen if this was a commercial vehicle, a commercial operation with a different class of licence in it? So I think it's important that in light of some of the incidents that we've had in the near past with students being transported to school, that all of the safety measures that we can reasonably expect to be taken are being taken in these particular areas.

The Chair: — Thank you very much. So there's no more questions. Sorry, Ms. Harpauer. My apologies.

Ms. Harpauer: — Thank you. I have a question on a specific situation in the municipality of Colonsay, a rural municipality. I'm going to quote from the letter for the information but I want to leave out the name of the person involved just for his own privacy.

But they have a foreman who is a full-time employee with the municipality but he has lost his driver's licence due to an impaired driving. So they recognize the seriousness of this offence, but they need this particular employee to operate several pieces of heavy equipment and the ones that they list are graders, pay loaders, backhoes, ditch-mowing tractors, which are all unlicensed vehicles used for municipal road maintenance. The employee is, or will be, driving to work and leaving from work daily in his own private vehicle, and it will have an ignition interlock system installed. There is two or three times that this employee can return to that vehicle to do the blow test and have that registered.

What the RM [rural municipality] is requesting is if they can have their equipment exempted from having to have the interlock system installed because of the cost of that, and they feel it's unnecessary. He can return to his vehicle throughout the day and have the test done, but they want him to be able to operate their unlicensed vehicles throughout the work day. And they've asked for permission for that from your department and they haven't received a response. Is this something that you would consider?

Ms. Wolf: — I think I'm familiar with the case that you're referring to. As you know, with impaired driving charges there's both the federal and provincial statutes to contend with.

The federal rules prevent an impaired driver — if once convicted — to be off the roadway for a period of time. And that includes any motor vehicle. So whether it's a tracked, unlicensed vehicle or a licensed vehicle, they simply can't be on the road.

Now because an individual meets the certain criteria going through the requirements of a DWI [driving without impairment] program, the assessment and so on, there is a provision, federally and supported provincially, that they can use an ignition interlock. But we don't have the ability provincially to waive those federal requirements to allow this individual or any other to operate an unlicensed or licensed vehicle without those interlock provisions in place. So unfortunately it's not something that SGI is able to do.

Ms. Harpauer: — To your knowledge, would it be advantageous for this municipality to then also write a similar letter to the federal government? Would they ever consider a waiver for the road equipment as long as he was to his vehicle periodically throughout the day?

Ms. Wolf: — I certainly couldn't advise. I think that would be the avenue that they could pursue. It may or may not be possible. As my understanding — and again it may be somewhat different — is it possible for those vehicles to also have an ignition interlock put in place on the one or two or three pieces of equipment that they want to operate?

Ms. Harpauer: — Just from the tone of the letter — and I haven't talked to them personally; I tried to phone them this morning but there was no answer — it sounds like it is possible. They're just questioning the cost of it, as well as there's other operators getting in and out of these different road equipment so that that's a problem as well. So I will advise them then to also speak with the federal jurisdiction that has authority on this and see what they can do. Thank you.

The Chair: — Ms. Draude.

Ms. Draude: — Thank you very much. I have a number of questions and they are going to be dealing firstly with SGI appeal commission. Can you tell me what the approximate length of time is to hear an appeal?

Hon. Mr. Hagel: — Madam Chair, it's a bit difficult for SGI to respond to questions related to the appeal commission. If it's having to do with the Highway Traffic Board, then the appeal commission there is under the jurisdiction of the Department of Highways and Transportation. If it's injury appeal, then it's under the jurisdiction of the Department of Justice. So SGI isn't the administrator of either of those appeal commissions.

If you stop and think about it, there's some good sense about that, in that SGI is an insurer and many would argue should ought not to be responsible then for being the manager of appeals of SGI decisions.

Ms. Draude: — Thank you, Mr. Minister. Then the cost of the appeals still comes through SGI. Who would be responsible then?

Hon. Mr. Hagel: — Yes, the SGI will provide funding, but the

administration appropriately is not by SGI.

Ms. Draude: — So if there's a . . . SGI will not know then how many appeals are taking place or how many cases are dealt with on a yearly basis.

Hon. Mr. Hagel: — Maybe if you can . . . There may be some pieces of information we will have, that we'll be aware of, but the administration of them is not by SGI. I think it's just important to differentiate. There'll be things that's not . . . The intention is not to not answer the question. I just don't . . . It's not our jurisdiction.

Perhaps it would be helpful if you would just like to outline what it is that you're wanting to know, and if we can provide the answer to you, we will. But I don't know whether we can in advance or not because I don't know if it's our jurisdiction.

Ms. Draude: — Thank you, Mr. Minister. I'm not going to bring up any specific case. My concerns are basically around the appeal commission, the amount of time it takes to be heard by the appeal commission. And I'm . . .

Hon. Mr. Hagel: — If I can, just in the interest of clarity, are you talking about injury appeal or highway traffic . . .

Ms. Draude: — Under injury appeal.

Hon. Mr. Hagel: — Injury appeal. Okay. Because they're two different bodies so it's helpful to just have that.

Well go ahead with your question. I know that Justice has taken some initiatives to reduce the amount of the length of wait for a ruling related to the injury appeal. But why don't you proceed with your question. If we can answer, we will, but we may not be able to.

Ms. Draude: — Okay. And maybe I'll move on then because if you're looking at the wait times . . . And I'm aware that there is a concern about it. And SGI is concerned about it or aware of it too, so it's probably being dealt with.

I'm wondering, when they go to the appeal commission with, the injury appeal, how many, representative of the time, is the appeals found in favour of SGI?

Mr. Schubert: — There are a number that are in favour of the customer, a number that are in favour of SGI, and some that are varied. We don't have the exact amounts here, but we will provide that to you or to the committee.

Ms. Draude: — Thank you very much. My other question is around the amount of money that the appeal commission feels is allowable for paying for the fees of a lawyer or the expenses of court.

I understand that there is some ruling or some wording that has the appeal commission believing that the maximum amount that can be paid for expenses is \$2,500. And I know of a number of cases where going to the appeal court costs considerably more, like 10 times that much. And I think we're all aware enough of what happens in court to know that \$2,500 is going to be spent very quickly when you're spending money on lawyers' and

court fees. So even if somebody does win, the cost of the actual case far exceeds what they may receive from winning.

So my question to you as the minister is, are you looking at this? Is this an issue that's been brought to your attention? And based on the percentage of times that SGI wins or loses, this is something that is very dramatic and is causing a lot of concern for clients at SGI — when they win, they still lose. So I would think that it should be something that is brought up. And I'm wondering if you can tell me what the \$2,500 is based on.

Hon. Mr. Hagel: — I'll ask the vice-president of claims, Earl Cameron, to respond to the member's question.

Mr. Cameron: — I'll try and answer your question. The \$2,500 is set out in legislation. And just a bit of background there. The injured customer has a choice of going to the Injury Appeal Commission or to the Court of Queen's Bench. In the case of going to the Injury Appeal Commission, that is the most that they can get back in expenses because of the way the legislation's set. Or if they choose to go to the Court of Queen's Bench, the courts then decide what expenses or what fees they would be awarded should they be successful in their appeal.

Ms. Draude: — The way the legislation is set out it actually encourages people to go to the Court of Queen's Bench instead of going to SGI appeal.

Mr. Cameron: — I think the intent of having a choice for the customers was hopefully that the Injury Appeal Commission could very simply and very quickly and cost-effectively deal with some of the issues where there was a disagreement between SGI and the injured person on benefits.

Ms. Draude: — Is the \$2,500 something that was set in legislation from the beginning or can you tell me the date from when \$2,500 was considered the total amount of money that would be allowed for court costs?

Mr. Cameron: — I believe it was set when the Injury Appeal Commission was struck and I believe that was the amount when that happened.

Ms. Draude: — Could you give me the date of that?

Mr. Cameron: — Yes. I believe it's the August 2002 provisions, but I will confirm that.

Ms. Draude: — So I've been around here for a while, as has the minister, and this is obviously a . . . And it's been a concern since the beginning and I'm sure this isn't the first time that SGI has heard about this. Why isn't this legislation amended then? Why wouldn't it be something that would be looked at to encourage people to actually be able to take this route?

Hon. Mr. Hagel: — Madam Chair, I think it's appropriate for me to answer the question rather than one of the officials. To respond to it I really need to put into context that the intention of the putting in place of the appeal commission is not to replace the Court of Queen's Bench, but when the customer sees it to their advantage to engage in a process that is less formal and can expedite getting a conclusion, to provide them an alternative. So it's not necessarily intended . . . well it isn't

intended to be a replacement of the Court of Queen's Bench option which is always available to the customer.

Ms. Draude: — Thank you, Mr. Minister. I will be getting back to you.

The Chair: — Ms. Harpauer.

Ms. Harpauer: — I just want to return to the prior question that I was asking because I was talking on the side with a colleague who had a constituent with a similar situation of a worker who had their licence taken back, and they had to use the ignition interlock system.

Considering that we are experiencing, you know, a serious labour shortage and when it is work related and there is ways to test the alcohol level throughout the day, I think we need to sort of revisit this. The agreement that is with the federal government, is it the same agreement for all of the provinces, or is each agreement separate and different?

Ms. Wolf: — The federal legislation applies across Canada, but the court-ordered prohibition identifies certain . . . like it's across the piece. The judge has some latitude at conviction time to determine the length of time. It has some latitude within that, but overall the blanket legislation is the same across Canada.

Ms. Harpauer: — Is there any way as a province to revisit this with the federal government to gain some authority to allow for work-related situations?

Hon. Mr. Hagel: — Madam Chair, again I'll be happy to respond to that. On the matter of dealing with impaired driving, which is a Criminal Code offence and therefore put in place by the courts of Canada or by the legislation of the federal government, we do have, in the interest of managing safety in the province, we do have the authority to add to the requirements of the federal legislation, but we do not have the legal authority to withdraw from the requirements of the federal legislation.

We will be aware, for example, that in the '90s when we did a driving safety review — the committee that was formed by the legislature — then there were some additional circumstances and requirements that were put in place related to impaired driving. For example, .04 or related to the length of time the driver had their licence and so on. But we will have the authority to add to, but not subtract from. And so when it's federal legislation as we have here, that will lay out the minimum requirement across the nation, and each province will have jurisdictional authority then to add to that if they wish, and for that reason then we will find that not all of the penalties related to impaired driving, or the requirements related to impaired driving, will be the same from province to province.

And in fact what happened is when we did the major review in the '90s here, many would say what Saskatchewan ended up with in the legislation that followed out of that was what some would have described as the toughest legislation in the country at the time, because one of the things that had been looked at is what other jurisdictions were doing and updating. So that's simply the phenomenon of merging together the provincial and the federal authorities. But we never have the, the province will

never have the authority to take away from the requirements of the federal legislation.

Ms. Harpauer: — I want to thank the minister and his officials for that answer and for all of the answers that they have given here this afternoon. We have a number of other questions that we would like to ask but we realize the time is restricting. However, we feel that the . . . we are complete with the 2004 annual report. The areas that we have for questioning can be asked when we review the 2005 annual report.

The Chair: — Did you have a motion to that effect, Ms. Harpauer?

Ms. Harpauer: — With that I would like to move the motion:

That the committee conclude its review of the 2004 annual report, financial statements, and related documents for Saskatchewan Government Insurance.

The Chair: — Ms. Harpauer's motion reads:

That the committee conclude its review of the 2004 annual report, financial statements, and related documents for Saskatchewan Government Insurance.

Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Thank you very much. Carried. And that brings us to the conclusion of Saskatchewan Government Insurance. Yes, Mr. Minister?

Hon. Mr. Hagel: — Thanks, Madam Chair. I'd just like to thank the members of the committee for their questions. And I also want to thank the officials for not only the responses provided here today and the follow-through that will come in provision to the committee of the information that had been requested that had been committed to, but also to say thank you to the officials for the leadership provided, to the corporation in an ongoing way.

And given that we've passed the '04 but not the '05 annual report, I will look forward to it another time, yet once again giving that enthusiastic, positive report of the '05 performance of SGI. So stay tuned. It may sound vaguely familiar, Madam Chair.

The Chair: — Thank you Mr. Minister. I too want to thank the minister and his officials for appearing before the committee today and answering all the question that were posed to. And also to the Provincial Auditor's office and representatives for being here with us as well today.

This committee stands recessed until 7 p.m. Have a good supper break, everyone.

[The committee recessed for a period of time.]

**General Revenue Fund
Supplementary Estimates — March**

**Public Service Commission
Vote 33**

Subvotes (PS06) and (PS03)

The Chair: — Good evening, everyone, and welcome back to Crown and Central Agencies Committee. The item before us this evening is consideration of supplementary estimates, supplementary estimates for the Public Service Commission, found on page 10, vote 33.

Madam Minister, did you have any opening remarks that you'd like to make?

Hon. Ms. Atkinson: — What I'd like to do is introduce the officials that are attending tonight. And they are Clare Isman, the Chair of the Public Service Commission; Lynn Jacobson, the director of corporate services; Ron Wight, executive director of HR [human services] client services; and Rick McKillop, executive director, employee relations, policy and planning.

I do not have a very lengthy opening statement other to say that funding is required for two main reasons. And the main reasons are to cover information technology system and service costs to the Information and Technology Office and for additional salary pressures, some of which have been offset by underexpenditures in other departments.

The Chair: — Thank you, Minister Atkinson. And with us this evening for the opposition we have Mr. D'Autremont, Mr. Elhard substituting for Ms. Harpauer, and Mr. Dustin Duncan. And for the government we have Minister Graham Addley, Minister David Forbes substituting for Minister Wartman, and Minister Warren McCall.

And is there any questions? Mr. Elhard.

Mr. Elhard: — Thank you, Madam Chair, and good evening, Madam Minister, and your officials. Welcome to the Chamber again and to this particular committee.

I was actually quite surprised by the pretty brief description of the expenditures that the Public Service Commission is seeking tonight as part of the supplementary estimates. But I don't think that that will limit the number of questions and maybe the direction that we want to go with the questions tonight.

The most expensive expenditure of course is the collective bargaining agreement. And I'm wondering if we can just start there, if the minister can detail for us the additional costs associated with the collective bargaining agreement. She indicated when she made her opening comments that there had been some savings but that there is additional monies required. Could the minister give us a more detailed explanation.

Hon. Ms. Atkinson: — Sure. What I can say is that . . . And I'll try and explain all of the items that are under review tonight. During the 2005-06 budget year, the Public Service Commission agreed to consolidate its information technology services within ITO [Information Technology Office], and due to the timing of the decision we were not able to put that into our formal budget request in '06-07. And as a result of that, the

amount that the Public Service Commission could not absorb, and we are now requesting additional funding, is for the amount of \$536,000.

As well, due to ongoing pressures on service delivery throughout the Public Service Commission — so this would be compensation, classification, staffing, and then obviously negotiations — the Public Service Commission was left in a position where we had to request some additional funding. And that additional funding is in the amount of \$448,000.

As well, with the settlement of the Saskatchewan Government Employees' Union collective bargaining agreement, funding was required to cover the lump sum payment. Because as you know, the mediator indicated that there would be a lump sum payment to in-scope employees, and also salary payments to in-scope employees within the Public Service Commission, and that cost is represented at approximately \$138,000.

And then in addition to that there are a number of service demands and particularly when it comes to staffing and classification. The Public Service Commission requested approval to hire an external consultant to conduct a review of staffing and classification services within government. And while the Public Service Commission agreed to pay the full cost of the review, which is approximately \$90,000, there were eight departments that have agreed to share the costs. And the costs are approximately \$11,250.

In addition to cost sharing the review, some departments are also sending resources to the Public Service Commission to learn staffing and classification so that they can return to their home departments and conduct non-permanent reviews. And while the Public Service Commission pays the full cost of salaries, the three participating departments have agreed to underexpend in their existing departments by an equivalent amount. So we're trying not to spend money needlessly.

As well the budgets for the Aboriginal Careers Connections and the recruitment and retention of persons with disabilities program were designed to incorporate a cost sharing component with government departments. And in order to facilitate this, the Public Service Commission required approval from Finance, and we received that approval in February '07.

So given the timing of the approval in proximity to year-end, the Public Service Commission is obliged to pay the full salary cost of the program. And that in itself represents a \$220,000 cost. Then we have a one-time credit of 20,000 from Saskatchewan Property Management for accommodation lease costs resulting from lower than anticipated costs for natural gas and electricity.

So if you add it all up — and I can give you the numbers — payments to ITO, 536 K; in-scope salary increases, 23 K. So this is under health resources information services. Under human resource client service: salary pressures, 448 K; in-scope salary increases, 115 K; staffing and classification review, 90 K; departmental resources, which would be the staffing and classification, 124 K. Then ACC [Aboriginal Career Connections] refund to vote, 143 K; and then what's called RRPWDP [recruitment and retention of persons with disabilities program], which is a refund to the vote of 77 K; less

the reduction for accommodations of a credit of 20,000. That gives us the total of \$1.536 million.

Mr. Elhard: — Madam Minister, that's a lot of numbers and a lot of different areas for expenditure and I don't have the benefit of the breakdown that you have provided us, certainly wasn't able to write as fast as you were able to speak. And if it would be possible, I would ask the minister if she would make a copy of that available to us just for information's sake.

I guess one of the questions that arises from the report the minister just gave us is the following: were most of these expenditures unanticipated, or was timing the biggest factor?

Hon. Ms. Atkinson: — I think as I said . . . I mean we didn't anticipate the potential lump sum payment that was contained in the mediator's report. I think the fact that the Department of Finance did not give us final approval for the cost sharing arrangement with the Aboriginal employment program and then the program for persons with disability, we anticipated that that would be cost shared. We didn't get final approval until February so now we're paying the whole amount for this fiscal year. Next year it will be cost shared. As well I think it's fair to say, as I said earlier, given the timing of our consolidation of our technology services within ITO, that left us in a position where we simply didn't have the budget to cover that in '06-07. We couldn't absorb the costs and that's why we're requesting additional funding of 536 K. So I think it's a combination of unanticipated costs plus timing, yes.

Mr. Elhard: — Maybe we could have a little bit of discussion around the implications of the collective agreement. I'm not sure. I haven't heard any final report as to the status of the agreement, but the Public Service Commission is responsible in many ways for that agreement. Can the minister bring us up to date on where we're at in that particular situation?

Hon. Ms. Atkinson: — I understand — this is why I will be careful — I understand that the employees are just undergoing a vote on the collective agreement. I understand that the vote will be completed by March 28, that the vote will be counted on March 29, and the final results will be made public on March 30.

Mr. Elhard: — Well I guess the question should be phrased this way. The Public Service Commission and the minister must anticipate a positive response that we're looking for funding for the lump sum payment.

Hon. Ms. Atkinson: — We don't know what the employee view will be on the collective agreement but we are anticipating that, should they approve the collective agreement, we would need to book it, book certainly the back pay from I think October 1 to the end of March in this fiscal year, and we would need to book the lump sum payment in this fiscal year. So I believe each government department is anticipating that there may be a positive result and we're trying to — obviously through this special warrant — ensure that we have the proper processes in place so that it can be booked in this fiscal year.

Mr. Elhard: — The cost of the collective agreement however will be borne as we go forward with the next budget.

Hon. Ms. Atkinson: — Yes. The cost of the collective agreement will go forward in the next provincial budget. But there are, as a result of the collective agreement running out as of September 30, 2006, employees — whenever the collective agreement is signed — will be entitled to back pay. So they'll be entitled to basically six months back pay. And if they approve the collective agreement they will be entitled to, on the basis of full-time equivalency, to a \$1,000 lump sum payment.

Mr. Elhard: — The back pay will be part of the upcoming budget?

Hon. Ms. Atkinson: — The reason why we have a special warrant at the moment for some of the items has to do with the salary payments for in-scope employees of the Public Service Commission. So my understanding is that every department will be making this request of the legislature. And it's for back pay. It's for money from October 1 to the end of March.

Mr. Elhard: — You itemized, under human resource client services, salary pressures. Is this part of what you're covering in our discussion now, or is that a different area entirely?

Hon. Ms. Atkinson: — This is a different area entirely. There were ongoing pressures throughout the year that we were not able to manage through natural staff turnovers or an aggressive management of vacancies. And this is often how departments attempt to manage their budgets, particularly when they have some significant issues.

And we had a significant issue of negotiating the collective agreement. There has been a lot of pressure from various government departments to staff vacant positions. And there has been pressure, obviously, to make sure we had the class plan up to date. And then of course there were issues around compensation that the public service was dealing with.

And I might get Clare to give you some more precise information.

Ms. Isman: — Thank you, Madam Chair. The issue is one of being able to respond to the demands on a timely basis from our client departments. And as we saw, the number of requests in particular in the staffing area and classification area, to be able to do the activity in a timely basis was such that our resources weren't sufficient.

In the past we've been able to utilize vacancy management in order to be able to have sufficient staff in that area to meet the demands, and this year we were unable to do so. So as a result of that we did approach . . . We decided to do two things. Number one was the review of staffing and classification services, to look to ensure that any of our standard processes that we use are as efficient and effective as they can be. And that was the \$90,000 cost to do the review, which a number of departments . . . We couldn't absorb the cost of the 90,000 so a number of departments who thought it was imperative we do it agreed that they would cost share it with us.

In addition to that, in order to put a number of new individuals into the staffing classification area, three departments came forward and offered us individuals from their human resource branches to come and work in staffing and classification, which

achieved two things. One was it gave us additional resources by which to then do the staffing classification activity, and secondly it provided training to their HR consultants in the area of staffing and classification. And when they leave us, they will be better prepared to go back into their departments and help the departments with that line of work as well.

And so the agreement was that we would pay the costs for those additional resources — which is what you see here — and the departments agreed to underexpend by the same amount.

Mr. Elhard: — In this discussion we're probably going to end up using language that is reserved for the professional genre. When we talk about salary pressures and the discussion around that, in plain language is that overtime? Is that hiring people on short notice to fill vacancies? Is it costs associated with requiring people to work on weekends — those types of considerations?

Ms. Isman: — It is simply the extra salary costs for additional people. These are all out-of-scope people so there is no overtime for any of these individuals. It is simply the cost of the extra staff that we had on board.

Mr. Elhard: — Does that represent a chronic problem facing the Public Service Commission office right now — the staffing, the availability of well-qualified people for positions with the public service?

Ms. Isman: — I would respond by saying it has been a chronic problem at the Public Service Commission to have sufficient resources of staffing and classification consultants to meet the demands of the departments in a timely way. Our numbers have remained relatively static, yet the numbers of vacancies that we're filling and the number of jobs that we're classifying have gone up. So the impact of that is, if our numbers stay the same, it takes us longer to staff a position or longer to classify a position.

In many years the departments have accepted that as being a reality. Over the last two years departments have said to us that the timeliness is becoming a more significant issue because it's starting to potentially impact their ability to deliver programs and services to the public. So we need to do things more quickly. So one way was to look at our processes and to make sure that we weren't doing things inefficiently, and the second way was to increase the number of resources we had.

Mr. Elhard: — The resources you're discussing, the shortage of resources I think could be identified as two possibilities: one would be human resources; the other would be finances. Which of the two is probably the biggest contributor to this problem?

Let me clarify that a little bit. Do we have the kind of people readily available to fit the job requirements of the Public Service Commission? Is it a function of not having the right people to move into those jobs, or do you feel the Public Service Commission is underfunded to acquire those people?

Ms. Isman: — I think it's the latter. I think we have the ability to recruit and retain classification and staffing consultants at the commission, and it's simply a matter of the allocation of resources into that area to do the work.

Mr. Elhard: — So I would assume from what you're saying that the salary pressures amount of \$448,000, if that was part of your budget going forward, you could address that shortage of personnel for the years to come?

Hon. Ms. Atkinson: — I think that would be a fair observation.

Mr. Elhard: — Let's talk briefly about the staffing and classification review, the \$90,000 that was set aside for that. What did you learn as a result of that, and what do we know for the benefit of the public service moving forward?

Ms. Isman: — The review isn't completely finalized yet. But what I can share with you is that what we found was that our systems and our processes are well aligned to what would be considered to be best practice by way of external organizations, with the exception of the timeliness question and that we aren't doing it quickly enough.

We did find a small number of areas, I think three or four, where we had processes in place that potentially were either duplicative or maybe not necessary — they were there to deal with the odd exception — and that if we potentially looked to eliminate those processes, we could maybe save three-quarters of an FTE [full-time equivalent] overall in government.

So as a result of that, we're looking to make those process changes and to do that. We've also learned that — and I think confirmed — that the staffing business is a people business, and it takes people to be able to manage effective staffing processes by way of both recruitment methodology, assessment methodology, as well as then general orientation into new positions.

So I think we generally have found that there is some minor changes that can be made to process; that we do need additional resources in the area if we so choose to decrease the timelines of our staffing classification processes. Clearly if we're prepared to live with the timelines that we have, then our resources are sufficient.

Mr. Elhard: — Can you indicate for the committee the average of those timelines that recruitment shortage might impact the various departments?

Ms. Isman: — I can share with you some average numbers. With regard to staffing, up until the end of February of this year we'd conducted 979 staffing actions and on average the time to do a staffing action is 82 calendar days. With regard to classification to the end of February, we had done 1,838 classification actions. It takes approximately 20 days to classify a vacant position and 71 days to classify an incumbent position.

Mr. Elhard: — Does the Public Service Commission compare its data, its realities with the private sector? And if so, how would you compare the ability of the Public Service to fill those staffing vacancies at 82-day turnaround time you talked about, with private sector initiatives in the same area of recruitment?

Ms. Isman: — The review that we did, the external consultant, we did ask them to do a best practices review. But I'd say the majority of the comparators utilized were public sector organizations and some other large private sector organizations.

But we felt I think that public sector organizations are probably better comparators to us just given the nature of highly unionized environment, the nature and complexity of our collective agreements which have an impact on the processes that we utilize. Having said that, best practice would certainly suggest that from a staffing prospective 45 to 55 days would be best practice.

Mr. Elhard: — I know you indicated that you were short staffed and that possibly impacted your ability to fill the positions as they came vacant. And we've had this discussion at length before. Does the extra time required to fill a position reflect the difficulty of recruitment generally, maybe not just to the public service but generally in face of the labour shortage that exists in pretty much the whole nation but especially in Western Canada.

Ms. Isman: — I would suggest that because the numbers that we're looking at are more historical and that the questions with regard to the challenges in certain occupation groups for recruitment probably have started to occur in the last couple of years. Recruitment, although I agree it is becoming a more significant issue in terms of our ability to be quick in terms of being out to the marketplace to turn the competitions around and therefore be in a position to make an offer, is critical and I believe will become more critical into the future than it potentially has been historically.

Mr. Elhard: — Can you, Ms. Isman, or the minister tell the committee what it is we are doing right now to expedite the recruitment process? What incentives do we offer? What do we use to attract people to public service jobs?

Ms. Isman: — I think there's a number of things, and we certainly have become more proactive in the last couple of years in this area. One of the things that we've done at the commission this year is we have established one area that is solely dedicated to the recruitment function. We have a number of people, a variety of people whose jobs have been identified as being recruiters, less involved in the rest of the staffing process. And so their job is predominately to be out in the marketplace making contacts — whether that's through post-secondary educational institutions, professional associations, the Aboriginal community, persons with disability community — so that our network and the tentacles, if you will, of reaching out to the community to demonstrate government as an employer of choice is there and is definitely more paramount.

I think some of our marketing initiatives as well have done that. Some of our advertising campaigns, the posters, the brochures that we're using have been modernized as being significantly more, I think, attractive to that general audience.

Where we need to advertise has been looked at significantly in terms of how we position ourselves in the broader market. We have recently as well — I think to demonstrate the importance of this — hired an individual who is solely going to focus on Aboriginal recruitment in the province and will have time devoted specifically to being out and working within the broadest of the Aboriginal community in terms of attracting Aboriginal people to work in government. And as well I think our commitment to student employment and the amount of time

we're spending on campuses, at SIAST [Saskatchewan Institute of Applied Science and Technology], in the schools, has increased as well. So it's those kinds of initiatives I think that we're taking that will better position us in terms of being a preferred employer.

Hon. Ms. Atkinson: — If I could just add, one of the things that will be absolutely critical in the future in terms of attracting young people to the public service, or Aboriginal people to the public service, or new people to the public service, is that the managers that we have throughout the public service are going to have to spend some significant time in terms of training those young people, or immigrants, or Aboriginal people. And they are going to have to become more mentor-like instead of . . . And I recognize people, managers are busy, but they are going to have to spend time with the new recruit. Otherwise people will leave.

So we're going to have to have an environment within the public service certainly that is supportive, a supportive environment, and an environment that encourages people's skills and activities.

Mr. Elhard: — One of the questions, I guess, that would arise as a follow-up to the emphasis you're placing on youth recruitment, either at some of our post-secondary institutions or even in the high school arena, is the employment of new technologies as a recruiting agent.

And I'm reminded of that tonight because I happened to see a news item where the minister of Environment for Great Britain put himself on YouTube and was telling everybody who watches it that they had a great plan for the next 100 years of environmental consideration. So I guess that begs . . . or reminds me to ask the question: have we employed those kind of new technologies effectively on behalf of the public service?

Hon. Ms. Atkinson: — I've had one experience on YouTube. I think your party might be familiar with it, but anyway . . . That was a joke. I think it's fair to say that none of us have thought about going on to YouTube. But I also think that there are managers throughout the public service that are thinking in different ways of how to . . . And this certainly came out of the youth summit, where we had a number of senior officials that attended the youth summit to listen to what young people had to say.

And my sense from various deputy ministers and others that were there was that we really need to think hard about how we recruit young people to the public service and then keep them. Because if a job . . . it's clear to me from young people that if a job is not interesting, or if they don't feel supported or if they don't feel mentored or if they don't feel valued and their opinions valued, that they'll simply go elsewhere because they have so many other opportunities.

I think we're all going to experience a dramatic . . . see change in terms of how we handle people that are coming into the public service, whether they're young, whether they're Aboriginal, whether they're visible minorities, immigrants. Because if we don't change, then someone else will have the kind of workplace environment that will be attractive to existing people in the public service.

Mr. Elhard: — Madam Minister, don't get me wrong. I'm not encouraging you to use YouTube. But it just reminded me that there are those kinds of technologies available, those kinds of opportunities that young people in particular are employing on a pretty regular basis that people of my generation just refer to by name and really know nothing about.

But nevertheless I'm encouraged to know that the minister is thinking that we are going to have to change our attitude toward this recruitment and retention strategy. I agree that . . . From what I am told money is part of the equation, but it's not the biggest part of the decision-making factors that go into where a young person chooses to seek employment. They are looking for challenge. They are looking for opportunity. And the rewards are not necessarily monetary so . . .

Hon. Ms. Atkinson: — I agree totally. And I think the challenge will be for people such as ourselves, who are managing people or have spent years in the public service — or maybe not that many years in the public service — to create a workplace that's interesting, challenging.

And I think the most important thing is we're going to have to listen. And we can't micromanage. You know, that's one of things that's clear to me. We cannot micromanage young people. We can provide direction, but it's clear to me that they want to be able to use the tools they have and the education and knowledge they have to provide, in the case of the public service, public services.

Mr. Elhard: — You were able to make a little joke earlier. I want to go on record as saying that I haven't been able to micromanage my teenage daughter. I don't pretend to be able to micromanage anybody else of that age or just slightly older either.

I noticed we kind of got off the track. We were talking about turnaround time and recruitment, and we had established that there was about an 82-day lag time. And I wanted to ask the minister and her officials if as a result of the information we've learned in that regard, have we taken the initiative to set an objective, a standard, a goal at some level, reducing that time? If it's 82 days now, where do we want to be? What kind of turnaround time for recruitment do we want to achieve?

Ms. Isman: — At the beginning of my response I indicated that we're not quite completed the process yet, and that is one of the next steps. We will be, in the next couple of weeks, making a presentation to the management committee of deputy ministers, with the overall findings of the report that I spoke of, as well as a series of recommendations that we're currently developing in that regard.

Mr. Elhard: — Do you think though it's realistic to try for a 45-day or a 30-day turnaround time given the circumstances of the labour market right now?

Ms. Isman: — I think it is imperative that we do it in order to be able to be in the marketplace and be competitive and as well — and I think as importantly — to meet the department's needs so that we can provide the services to the public of Saskatchewan on a timely basis.

Mr. Elhard: — I think that's the answer I wanted to hear because the higher the objective, the more inclined and driven we are to achieve it. And I think that's an appropriate response on behalf of the Public Service Commission. I think we're heading in the right direction if that's what we're seeking to do.

The other area of expenditure that I want to ask a little more about has to do with this ITO. Now I notice that we've paid to ITO \$536,000. We've transferred the ITO responsibility to another agency. This decision came about late. But is this payment to cover the costs of the transfer, the requirements for ITO from the ITO office after that decision was made? Is that what this reflects?

Ms. Isman: — No, these are actually the ongoing costs of the services that the ITO provides to the Public Service Commission.

Mr. Elhard: — I'm sorry, I was distracted by my colleague to the right, in literal and figurative terms.

Ms. Isman: — These are actually the ongoing costs that the Public Service Commission will have for the services provided by the Information Technology Office. What happened at the end of last year was we were in negotiations with the ITO to move to the consolidated model, which a number of departments had done previous to us. But we weren't able to finalize the negotiations and determine what the costs would be prior to the budget being finalized last year. So we didn't know what the costs were; therefore they weren't included in our budget which is why we are requesting the special warrant now.

Mr. Elhard: — Do you keep the ITO office . . . the IT office honest by getting competitive quotes from outside sources?

Ms. Isman: — We don't by way of getting outside costs of the services to be delivered. I think we do keep them honest though by way of being very vigilant in the review of the invoices that they provide us on a monthly basis, and ensuring that we think that they are reasonable by way of the costs that we are incurring.

I think it's also important to note that we're in the very early stages of a significant transition to our consolidated model of IT [information technology] services in government. And really I think it will take some time to leverage those opportunities of the consolidation. But I think it will, in the medium and longer term, serve us well with regard to mitigating some of the risks that we had, certainly as a smaller organization with a small IT staff.

When we lost an IT professional at the Public Service Commission previously, if we weren't able to fill it quickly, we were at significant risk in terms of our systems and processes. The consolidated model I think goes a long way to mitigating risks like that.

Mr. Elhard: — I guess the idea of having a centralized IT office does provide some uniformity, some stability, some basis for predictability for all of the government departments, but I also understand the ability of agencies in those circumstances to overcharge sometimes because you're held captive. You're a captive market now. You're part of a captive market.

So going forward is there any plans on the part of the Public Service Commission to monitor these costs on a pretty consistent and detailed basis? I mean you indicated you've done that to date. Will you continue to do that going forward?

Ms. Isman: — Yes, we will and I expect that every other department will as well through the management committee of deputy ministers.

Mr. Elhard: — Are you satisfied with the product that the IT office is able to provide at this point?

Ms. Isman: — Thus far I believe that they have met our needs. I think we are still in learning mode and growth mode, and it will take a little bit of time I think to get to the right standards of service delivery. But for the most part what they've committed to us, they've been able to deliver on.

Mr. Elhard: — The supplementary estimates note at the bottom of the Public Service Commission section talks about the IT systems and services costs, the collective bargaining agreement, and we've covered a number of the special warrant funding requirements. But for other anticipated expenditures is kind of an interesting choice of words. Have we covered all of the unanticipated spending expenditures?

Ms. Isman: — Yes, we have. Everything that we've provided you is what was included in the language that was meant to fit on the page for purposes of publication of the supplement estimates, I believe.

Mr. Elhard: — I want to go now to a topic that is related to this and comes out of the issues that the House has been dealing with lately in terms of the Murdoch Carriere settlement. Has the Public Service Commission borne the responsibility for paying out that settlement and would any of that money be reflected in these figures?

Hon. Ms. Atkinson: — I can answer that question. The Public Service Commission has not paid the money to Mr. Carriere.

Mr. Elhard: — Can the minister tell us where that money would come from?

Hon. Ms. Atkinson: — My understanding is that that would come I believe from the Department of the Environment.

Mr. Elhard: — This raises the question I think of the policy of the Public Service Commission as it relates to the new policy the minister has alluded to — the zero tolerance policy. Can the commission members and or the minister describe for the committee the parameters and specifics of the current policy on sexual harassment in the public service?

Hon. Ms. Atkinson: — My understanding tonight was that we were here for special warrant funding. So the information that we have brought tonight with us has to do with the \$1.536 million in terms of supplementary estimates. I did not anticipate that we would be here to talk about our anti-harassment policy. And I don't know, Madam Chair, are we to speak about anything here?

The Chair: — I mean it doesn't mean . . . It's not a

broad-brushed approach. It's supposed to stick to the supplementary estimates before the committee tonight. So you are correct in assuming that that's what the focus is of tonight's line of questioning. Yes.

Mr. Elhard: — Excuse me, Madam Minister. If you're not prepared to discuss it tonight, I would encourage you to be prepared to discuss it the next time we meet because we'll have that opportunity. We'll want to know the details of that policy, and we'll want to know whether or not your government has actually followed through on its policy, and whether there might be other instances where sexual harassment has been a cause for reprimand or dismissal. And we would appreciate your willingness and readiness to discuss that at that time.

Hon. Ms. Atkinson: — Absolutely. When we get to spending estimates we will be pleased to discuss anything that the Public Service Commission does in terms of providing service to government departments.

Mr. Elhard: — I have no further questions, Madam Chair. And I appreciate this opportunity to go over some of these.

One recommendation or request I might make for future meetings of this nature, if the minister would be good enough to provide us with these kinds of breakdowns either at the beginning or prior to the supplementary estimates consideration. They are by necessity, I guess, rather brief, but without knowing what they cover it's pretty hard to have an intelligent discussion about the expenditures. So if going forward we could see a little better breakdown than the budget book gives us, I would certainly appreciate that.

The Chair: — Thank you, Mr. Elhard. Mr. Duncan.

Mr. Duncan: — Thank you, Madam Chair. Madam Minister, good evening. Good evening to your officials.

Perhaps you will not be able to answer this, and I'm sorry it's not specifically with the estimates, but I did want to follow up on something that my colleague had asked about and that deals with the broad issue of getting young people interested in the public service, in serving the people of Saskatchewan through the public service.

I'm wondering, and this . . . it'll be a question but it might turn more into a suggestion by the time I get through it. Is there any way that the Public Service Commission tracks the government's use, in terms of the departments' use, of term positions? And where I'm going with that is you mentioned the youth summit. I had the opportunity to attend it, and one of the suggestions or issues that I heard quite a bit about, and in fact outside of the youth summit, was the frustration with the number of times a person that is entering the public service goes from six-month term to another six month . . . and it turns into kind of a revolving door before either they are offered permanent employment or they decide to pursue opportunities elsewhere.

And so I'm just wondering if there's any way that the Public Service Commission tracks the use of term positions, and even if you're able to track how long a person, by the time when they enter the public service, how long they stay on these term

positions before it either turns into permanent or they choose another career. You know, I've heard this quite a bit that, you know, people are very interested in serving in government, but as you can probably understand, it's difficult to get a mortgage when you don't know past April 1 if you'll still have a position. So I'm just wondering if you can offer any insight into term positions.

Hon. Ms. Atkinson: — Well I certainly will be prepared to discuss this when we come before estimates. But I can say that we do know the number of term positions that we have in the government, and we know how long people are in term positions. And I know, as the minister, it is a problem.

Mr. Duncan: — Thank you. I appreciate that.

The Chair: — Any more questions arising from those questions? Okay. That leads us to, then, Supplementary Estimates, page 10, Public Service Commission - vote 33, human resource information services (PS06) in the amount of 559,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Agreed. Thank you. Carried. And human resource client service (PS03) in the amount of 977,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Thank you very much. Carried.

Be it resolved that there be granted to Her Majesty for the 12 months ending March 31, 2007 the following sums, 1,536,000 for Public Service Commission.

Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Agreed. Thank you. Carried. Can I get someone to move that motion, please? Minister Addley, thank you very much.

[Vote 33 agreed to.]

The Chair: — Okay. Well thank you. I'd like to thank the minister at this point, Minister Atkinson, for appearing before the committee with your officials and answering all the questions that were posed to you this evening, and thank everyone for their . . . Yes, Mr. Elhard.

Mr. Elhard: — Thank you, Madam Chair. I'd like to thank the minister and her officials again for coming before the committee. We appreciate the opportunity to ask these questions and have answers given, and we look forward to our next meeting. Thank you.

Hon. Ms. Atkinson: — I would like to thank the officials for being here tonight and I would like to thank the opposition for their questions. And I will assure the opposition that we will answer your questions when we deal with the Public Service Commission spending estimates.

The Chair: — Minister Addley.

Hon. Mr. Addley: — Thank you, Madam Chair. I just also wanted to thank the minister and the opposition for their fine questions, and the minister for her fine answers.

The Chair: — Thank you very much. This committee stands recessed until 8 o'clock. Thank you very much again. Bye-bye.

[The committee recessed for a period of time.]

**General Revenue Fund
Supplementary Estimates — March
Property Management
Vote 13**

Subvote (PM09)

The Chair: — Good evening, everyone, and welcome to Crown and Central Agencies Committee again. Before us this evening we have in consideration of supplementary estimates for the Department of Property Management. The committee members have already been introduced, so I will introduce Minister Eldon Lautermilch, Minister for Saskatchewan Property Management. Perhaps you'd like to introduce your officials at this time.

Hon. Mr. Lautermilch: — Thank you very much, Madam Chair, and good evening to members of the committee. I will begin by introducing my officials and just make a few brief remarks with respect to this issue we're dealing with this evening.

To my right is Mr. Al Mullen, who is the executive director of accommodation and service division. To my left is Deb McDonald, who is the deputy minister of Saskatchewan Property Management. To her left is Ms. Debbie Koshman, who is the assistant deputy minister of corporate support service division. And as well, Donald Koop, who is the assistant deputy minister of commercial services division, is here if we need his assistance.

Just a few brief words. This is a funding in the supplementary estimates in the amount of \$5.1 million. And it's provided in accordance with the sales agreement and the terms thereof of the former Souris Valley Regional Care Centre. The sale agreement for the centre in Weyburn has been fully executed and the title of the property has been transferred to the city of Weyburn. It was a vacant building, caused as part of the change in the way we deliver services for people in this province. It was a huge building. The city of Prince Albert felt . . . or of Weyburn, I'm sorry, felt that they had an opportunity to exercise a meaningful use for it. And so the transition to the city took place in this fiscal year. And I would want to welcome any questions committee members may have this evening. Thank you.

The Chair: — Thank you, Mr. Minister. I would also like to make mention that we have one substitution this evening. We have Mr. Huyghebaert sitting in for Ms. Harpauer.

So that leads us to the consideration of the supplementary estimates, property management, vote 13, acid disposal. And

I'd like to remind the committee that this surrounds the decommissioning costs under the terms of the agreement to transfer Souris Valley Care Centre to the city of Weyburn. Any questions arising out of that? Mr. Huyghebaert.

Mr. Huyghebaert: — Yes, Madam Chair. To the minister, was the decommissioning costs . . . did I hear you correctly in saying that was part of the agreement with the city of Weyburn, within the sale agreement? Was that your words?

Hon. Mr. Lautermilch: — We did an analysis, Mr. Huyghebaert, of the cost of demolition of the building and we used that to determine what we would . . . what figure we would use in dealing with the city of Weyburn. They had indicated for some time that they felt they had a potential for sale for the building. And obviously there is some emotion in the Weyburn community around that building. It's been there for a long time. It's served generations of people in our province. And we felt, after exhausting sales options that were presented to us, and opportunities that we tried to achieve, that we would agree with the mayor of the city at that time and his council that a sale to the city of Weyburn was appropriate. The amount of \$5.1 million was reached in an agreement and by an agreement with the city of Weyburn, and that's roughly how we determined the sale price and the agreement with the city of Weyburn.

Mr. Huyghebaert: — When was the amount of 5.1 million determined?

Hon. Mr. Lautermilch: — When was it determined? It was determined through the negotiations with legal counsel and with officials from the city of Weyburn and officials within Saskatchewan Property Management. And it was based on estimates that we had done that would determine what a decommissioning cost might be.

Mr. Huyghebaert: — And when?

Hon. Mr. Lautermilch: — Sorry?

Mr. Huyghebaert: — When was this done?

Hon. Mr. Lautermilch: — It was done over a period of months; it was done over a period, frankly, of years. Because it was not . . . First of all we attempted to shop this facility and, in terms of determining what we would want for a sales price, obviously the cost of decommission was an option. And so we wanted to assess the liability of demolition. We wanted to assess the asset, the price of the land, and so obviously market value in that area was looked at over a period of time. We had professional real estate companies who deal in commercial property work with us to determine what might be a realistic sales price if we were to receive some offers. We weren't successful in sale.

So this took place not over a period of weeks; it took place over a period of years. I mean, there was some multiple uses for the building. It was finally determined that it was surplus. We couldn't find a use for it, so basically we used what it would cost this government to do the demolition. The city of Weyburn felt that it was a good deal for them, and so an agreement was achieved.

Mr. Huyghebaert: — I understand all that. But I'm more concerned I think with the 5.1 million, which is under the supplementary estimate, as to when that was established. I mean we talk about decommissioning in 2005. Well this 5.1 is obviously not for decommissioning back to 2005. So at some point a deal was made with the city of Weyburn to the tune of \$5.1 million that the provincial government would pay to the city of Weyburn, and that's when I would like to know when that deal was.

Hon. Mr. Lautermilch: — And we're more than willing, Mr. Huyghebaert, to table that agreement if you're interested. And we will do that. My deputy will ensure that that is tabled. I can say that the agreement was reached over negotiations over a period of weeks, over a period of months, and frankly the decision to ultimately sell was made over a period of years, far before I came to this file.

Mr. Huyghebaert: — On that note, is the provincial government absolved from any further costing should the building need to be demolished?

Hon. Mr. Lautermilch: — No.

Mr. Huyghebaert: — So we could be looking at other supplementary costs or other costs incurred by SPM [Saskatchewan Property Management].

Hon. Mr. Lautermilch: — No. The department as I understand it has made a sale agreement, but in the event of some extraordinary costs we would work with the community of Weyburn if they don't find a successful sale. And obviously we never intended at the point of sale — nor do we now — to have the city of Weyburn incur any costs.

If demolition is the only option, we would obviously want to work with the city council and their administration to ensure that they don't incur costs that are untoward. Obviously there's a value of the land. Obviously there's the cost of demolition, and obviously it's our intention to ensure that the city of Weyburn has the opportunity to sell it if they find an option available to them. This is not an arrangement that is to shift the cost of demolition to the city of Weyburn.

Mr. Huyghebaert: — Well I would take it that the 5.1 is for that purpose — is it not? — in the possibility of demolition. If not, I would ask again what the 5.1 million is for.

Hon. Mr. Lautermilch: — It would be for two reasons. It would be for transition to a new owner. The costs incurred of doing the negotiations with the potential owner, that would obviously be part of it. I think the most important part is we did an analysis for the cost of demolition, and that's what the transfer cost was based on. And I think it's fair to say that you will see the agreement which will outline the intention of the department to be fair with the city of Weyburn not at an unreasonable cost to the province of Saskatchewan.

When we went into this, there were two things, Mr. Huyghebaert. One, we realized that we couldn't find an owner, a new owner for the building. That having been said, the option was demolition.

The city of Weyburn had made their intent to work with the government to find a way to purchase and then to transfer to a new owner. They were convinced — and I think your colleague will attest to the fact — that the mayor was working with potential purchasers at that time. I'm not sure where that has gone, whether or not they've been able to move forward or conclude a deal, but it was our intention to allow the city of Weyburn to move forward to attempt to find a purchaser without incurring undue liabilities. And the sales agreement that we will table here tonight I think will help satisfy your concerns that that in fact is the case.

Mr. Huyghebaert: — I thank you for that. I wish I would have had the sales agreement before estimates. It probably would have raised a few more questions or maybe even less questions. I would have been familiar with what was going on. Is SPM involved at all working with the city in relation to a potential sale? Or has SPM backed away from it? And I want to relate this to the \$5.1 million.

Hon. Mr. Lautermilch: — No. I think, Mr. Huyghebaert, you would characterize it in this way. SPM had attempted to use every option to find a potential purchaser; we had not been successful in doing so. We had had joint meetings with the city of Weyburn and their officials, with potential purchasers, but in our estimation we were of the belief that we could not close a deal with the potential purchasers in a satisfactory way to the corporation.

That was not the view of the city of Weyburn and the mayor of that day. He was of the view that there was a potential purchaser that had a business plan that the city of Weyburn was interested in, and they had indicated to us their willingness to pursue this. We indicated to them that we were no longer interested in owning the property and that our recourse failing the sale option — which we believed we had made every attempt to achieve — was not successful and that if they were interested, we could obviously work on the potential for purchase of the assets. They agreed that we should move forward. It was put in the hands of our lawyers and the people — the officials within the department of SPM and the city of Weyburn's officials — to determine what the potential for a sales agreement might be.

The sales agreement was for 5.1 . . . [inaudible interjection] . . . I'm sorry. I mean at any rate you'll see in the sale agreement that the arrangement was for 5.1. There was a factor that involved some SaskPower land, as you will know, and so that was accommodated because obviously the Power Corporation's needs needed to be reviewed and understood.

So it was put into the hands of lawyers and officials from the city of Weyburn, Property Management Corporation to come up with an agreement. They came up with an agreement ultimately, and the transfer was made. And that's how the process took place.

It certainly wasn't a process that went without some public scrutiny. Obviously that building was a matter of public interest in Weyburn for a number of years, and we made no bones about our desire to sell or in other ways alleviate liabilities, provincial liabilities. We had exhausted as a government and as a department all of our avenues we felt were appropriate.

So sales arrangement was made and that, I guess, concluded the arrangement with the city of Weyburn. We do, however, have as part of the sale agreement some protection for the city of Weyburn, and you will see that in the agreement.

Mr. Huyghebaert: — The decommissioning costs under the terms of the agreement, would this include accumulative decommissioning costs contained in this 5.1 million, or was there other decommissioning costs? For an example, when the powerhouse was closed and the building was stopped being heated, was there accumulated decommissioning costs at that point, and was that contained in this 5.1 million?

Hon. Mr. Lautermilch: — I'll ask Ms. McDonald to respond to that.

Ms. McDonald: — 5.1 was the sales cost, and that's what we paid the city. Other decommissioning costs we actually did ourselves.

Mr. Huyghebaert: — Okay. I gather that's outside the purview of the supplementary estimates so I better not go there. I'll wait until the estimates after the budget.

I do have another question though. There was an announcement by Rural Development in June with reference to this building. And I'm wondering is that the same \$5.1 million or 5.1 million is different than the Rural Development monies that was announced in June of last year, or is it contained in this? Is this different dollars or same dollars or was there . . .

Hon. Mr. Lautermilch: — Mr. Huyghebaert, I would have no idea what announcements are made by Rural Development, and I can't respond to that because I have no idea what that announcement might have been. But I think it's fair to say that this department was responsible for that property, and the negotiations for the sale of that property took place between the city of Weyburn and SPM. And I can't respond to the document or the release that you refer to, and my officials know nothing of it.

Mr. Huyghebaert: — Well the reason for the question was the fact that the Deputy Premier made an announcement in June with relation to SPMC [Saskatchewan Property Management Corporation] . . . SPM's property, which was the Souris Valley Centre. And he made a dollar announcement with the mayor of the city of Weyburn.

And my question is very simple. Is it the same 5.1 million, or is it in addition to the 5.1 million? Because it was a Sask Property Management facility that the Deputy Premier had made the announcement in concert with the mayor of Weyburn, and it happened to be in June of last year. And my concern and question is, is it related to this \$5.1 million? Is this in addition to that or . . . And I suppose the question would be begged to be asked — it's SPM property; the Minister of Rural Development made an announcement — was that in concert with the minister of SPM?

Hon. Mr. Lautermilch: — Mr. Huyghebaert, as it happens in government, ministers responsible for individual files are not always available to make announcements. And I think you'll understand that. Your caucus has a duty roster. And you will

put one of your members to respond to media inquiries and media requests on a given day, and you may respond for a critic from another area.

The Deputy Premier has a responsibility under the Premier for all of government. And there are days when the Deputy Premier will be available to make an announcement or a comment on a file that I'm responsible for, and there are times when I will make a comment on files that he is responsible for. But I can say, as you've now described it, this would be the same \$5.1 million that we are debating here this evening.

Mr. Huyghebaert: — That leads to the next question then. If the Deputy Premier was making the announcement, was he the lead runner in the negotiation of this deal with this \$5.1 million, or was that left to SPM? Who's the lead role in this file?

Hon. Mr. Lautermilch: — Mr. Huyghebaert, I was the minister responsible for Property Management Corporation who was responsible for ensuring that our legal responsibilities and our liabilities were cleared through, I would assume, SPM, and the Department of Justice if that was required. And officials from the Department of Property Management Corporation were responsible for negotiating the sale with officials from Weyburn. Had politicians talked? Certainly they had. I had talked with the former Mayor Schlosser on more than one occasion. And he had indicated it was his position that there could be a use for this building for the city of Weyburn. I suggested to him that we should try and find a way to make that work. And I'm assuming that the Deputy Premier would have had that same discussion with him if it came forward. I would imagine that other ministers who the mayor, former mayor, may have contacted would have had the same discussion with.

I mean obviously it was important to the city of Weyburn. That property sits on some very valuable property in the core of that community. And your colleague I think will attest to the opportunity that ownership to that community now affords that community. And I think he has commented publicly that he felt it was a good deal for the community. And I would have to say that I agree with him.

The Chair: — Mr. Duncan.

Mr. Duncan: — Thank you, Madam Chair. Good evening, Mr. Minister, and to your officials. Just a couple of questions and perhaps you might of already covered this and I might just be not understanding your answers. And you can correct if that's the case.

The \$5.1 million that is now going to the city of Weyburn, that was based on an estimate of the cost of demolition of the building?

Hon. Mr. Lautermilch: — That's right. And the property value. Obviously it's more than . . . I mean you've got an asset. You've got a liability. The property is obviously worth a substantial amount of money. It's a valuable piece of that community. And I think any of us who have toured that, you having known that community as well, would see some commercial value to it.

On the other hand, when you're demolishing an older building,

some of it is tangible and some of it really isn't. It's a huge, huge building. I mean for anyone who hasn't seen it, that might be listening to us here tonight in these discussions, it is thousands and thousands of square feet. It's a beautiful, old, brick building. And it isn't going to go away by itself.

There are health liabilities, there are public safety liabilities, and so obviously it's important that a good solution be found. And we made the decision, after discussions with your former mayor in Weyburn, that we weren't successful. And for whatever reasons we weren't, the mayor felt that they could manage this file and manage this building. And we didn't want to see them assume any liabilities because it was owned by the province, and would remain a liability of the province. And in the agreement you will know that we protected that community. We protected it fairly without assuming incremental liability by the province.

And so I think overall it was the right thing to do for that community, and I think it was the right thing for the province.

Mr. Duncan: — When you evaluate, when SPM evaluated the potential cost of demolition, would this be . . . A study of the demolition of the building, will this be in the agreement that you're tabling with the committee?

Hon. Mr. Lautermilch: — Now is the time for me to ask my officials to help you with a response. Because I don't know the details, I'm going to ask Ms. McDonald to describe the details of the arrangement.

Ms. McDonald: — No, it isn't in the sale agreement. We had an independent person come and take a look at the building, take a look at the structure, take a look at everything attached to demolition, and he gave us a quote on what he determined the demolition to be. We shared that confidentially with the city because the contractors don't want these sorts of things shared around. And so we were able to reach an agreement based on that.

Mr. Duncan: — Would you be able to give the time frame, the year of when that process would have taken place?

Ms. McDonald: — The last one that we did, that the city and SPM were able to reach a negotiated agreement on, was done the year that . . . this year . . . no, last year. Sorry.

Hon. Mr. Lautermilch: — Was that '05?

Ms. McDonald: — '06.

Hon. Mr. Lautermilch: — '06.

Mr. Duncan: — And would it be fair to say that that estimate reflects the cost, according to that person, what it would cost to demolish the entire building or just certain sections of the building?

Ms. McDonald: — It was based on demolition of the entire site that the city wanted to see demolished and that we wanted to see demolished as well.

Mr. Duncan: — And maybe this is now because it's under the

ownership of the city, so maybe that's probably where my discussion should go forward from here. But would you be able to identify, at the time of the transfer, what portions of the building SPM thought should be demolished if that was the end result of the building?

Ms. McDonald: — Yes. I think we had talked about demolition of the, like the main building. And AI, you can help me with this. There's a couple of outbuildings there. We needed to keep power for SaskPower out there because they run a program that's important to SaskPower out there. But we had listed and agreed upon the structures that we both thought should be dealt with.

Mr. Duncan: — That's all the questions I have. Thank you very much for your answers. Thank you.

The Chair: — Thank you, Mr. Duncan. Any more questions? Mr. Huyghebaert.

Mr. Huyghebaert: — One, and I'm going back a little bit. The minister answered with respect to the Deputy Premier getting involved, and I understand that there's different . . . the Deputy Premier, being the deputy, can be involved in all of them. And I was more concerned why it was Rural Development and if it was the Deputy Premier wearing his Rural Development hat or wearing his Deputy Premier hat when he was announcing the 5.1 that we now know is the same dollars. And that's why it's related here as it was in June. And was it Rural Development that was the agency of record rather than Deputy Premier the agency of record on this?

Hon. Mr. Lautermilch: — I think, Madam Chair, that as I know the Deputy Premier, he would be wearing his economic development hat. I think he would be wearing his support-of-rural-Saskatchewan hat. And he is a strong proponent of enhancing economic development opportunities in the rural part of our province, and those that have worked with him will know that to be the case.

His role as Deputy Premier is one of leadership in that area and so obviously the fact that he is Deputy Premier transcends many portfolios because he works to coordinate with SaskPower, with SPM, with the Department of Highways and Transportation, which is another department that I am responsible for, with SaskPower, government resources . . . I forget. I'm sorry, the name of the department escapes me but Mr. Van Mulligen's file I mean. So it's one of coordination and it's one of leadership and it's one of seeing that rural Saskatchewan's needs are looked after.

In this case I think his announcement that day was an announcement that will end up being a very good thing for the city of Weyburn, and I think time will show that to be the case. And obviously it's our intention to ensure that the city is made healthier because of this arrangement. And I think that this agreement, as you look through it tomorrow and in following days, you will see that both the city of Weyburn's interests were looked after as well as the interests of the province of Saskatchewan.

Mr. Huyghebaert: — I don't doubt that at all, Mr. Minister. I guess the reason for my question . . . Because I asked earlier

about the role of the Deputy Premier vis-à-vis the minister responsible for Rural Development and SPM because on an email that was given to me it talks that, and it says right in the email, that the city was being difficult with regard to the deal that had been struck between Clay and the mayor. So if the deal is struck between Clay and the mayor as per the email, I'm at a loss to see where SPM is the lead file on this, if the deal was struck. And that is an email from SPM.

Hon. Mr. Lautermilch: — It may be that the officials recommended to Mayor Schlosser that he would proceed with the arrangement and that the minister who was in contact with the mayor at that time might have been Deputy Minister Serby. I know I had discussions with the mayor myself on more than one occasion. I had discussions with my deputy who would report to me the negotiations and the progress that had been made. There was obviously discussions between legal counsel for the city of Weyburn and SPM.

But I can assure you that the appropriation to SPM of \$5.1 million for the transaction is appropriate because that's the mandate of SPM, and that's the role it fulfilled. And that's the job that it did. Mr. Serby did make the announcement and may have done a handshake with the mayor. I can't say that. I can tell you that I wasn't available on the closing, and when the announcement was made I'm assuming that the Deputy Premier was there on my behalf.

And obviously irrespective of what an email may say, the deal was concluded by officials, recommendations to accept was made to politicians, both within this government, me representing our government, and I would assume the mayor representing the city of Weyburn. Who was there on the day of the announcement I don't know has a bunch of relevance. What is relevant is the city of Weyburn was looked after and there was a solution found for that asset after many, many years of inability to find an agreeable solution both for the city and for the province of Saskatchewan.

Mr. Huyghebaert: — I don't have any further questions. I'll save the rest of my questions for estimates after the budget.

The Chair: — Are there any other questions that are arising out of this discussion this evening? No. Okay, that brings us to Supplementary Estimates, page 10, Property Management, vote 13, asset disposal (PM09) in the amount of \$5,100,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Agreed. Carried. Thank you.

Be it resolved that there be granted to Her Majesty for the 12 months ending March 31, 2007, the following sums for Property Management, \$5,100,000.

Is that agreed? Can I get someone to make that motion please? Thank you, Minister McCall.

[Vote 13 agreed to.]

The Chair: — Minister Lautermilch, did you have something else you'd like to say?

Hon. Mr. Lautermilch: — Madam Chair, I would like to thank my officials and I would also like to thank members of the committee for their thoughtful questions. Thank you.

The Chair: — Thank you, Mr. Minister. We too would like to thank you as a committee for appearing before the committee this evening, Mr. Lautermilch, as well as your officials. And Mr. Huyghebaert would like to say something as well.

Mr. Huyghebaert: — I'd just like to thank the officials and the minister for the answers given this evening. I know there'll be more and I'm really looking forward to having a look at the sale agreement and that might generate some more questions for later on in estimates.

The Chair: — Thank you. And I'd like to thank everyone for the diligent questions and the diligent listening this evening as well. Now can I have a motion to adjourn? Mr. D'Autremont. Thank you very much. All those agreed?

Some Hon. Members: — Agreed.

The Chair: — Thank you. Carried. Have a nice evening, everyone. This committee stands adjourned.

[The committee adjourned at 20:42.]