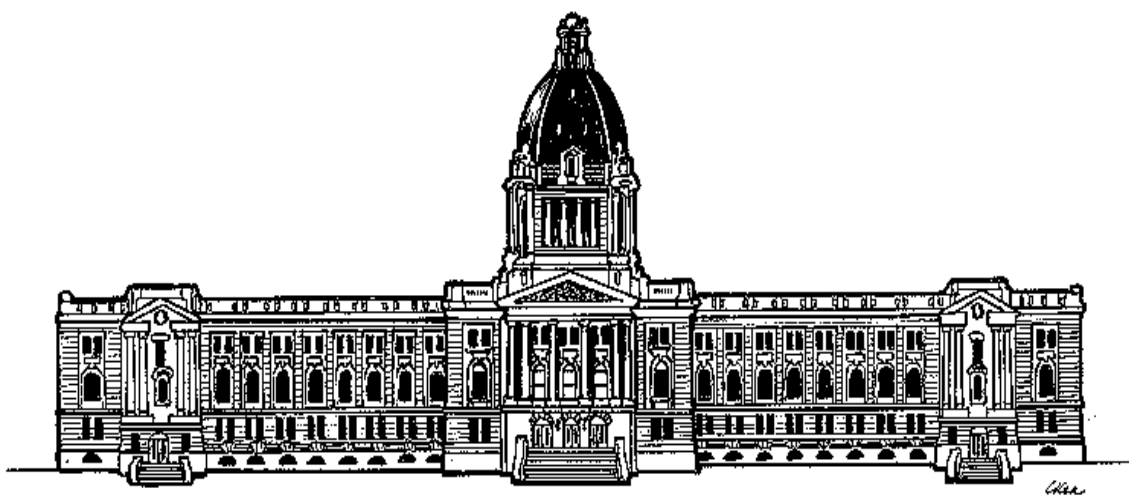




STANDING COMMITTEE ON THE ECONOMY

Hansard Verbatim Report

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**STANDING COMMITTEE ON THE ECONOMY
2005**

Mr. Eldon Lautermilch, Chair
Prince Albert Northcote

Mr. Randy Weekes, Deputy Chair
Biggar

Ms. Brenda Bakken
Weyburn-Big Muddy

Ms. Doreen Hamilton
Regina Wascana Plains

Hon. Deb Higgins
Moose Jaw Wakamow

Mr. Delbert Kirsch
Batoche

Mr. Kevin Yates
Regina Dewdney

[The committee met at 15:00.]

The Chair: — Good afternoon, ladies and gentlemen. We are going to call the committee to order. And the first item of business today is estimates for the Department of Industry and Resources, and that's found on page 88 of your Estimates book.

**General Revenue Fund
Industry and Resources
Vote 23**

Subvote (IR01)

The Chair: — If I could ask the minister to reintroduce his officials, and then we will open the floor for questions.

Hon. Mr. Cline: — Well thank you, Mr. Chair. I'm very pleased to return to the Standing Committee on the Economy, and I'm again pleased to introduce our officials from the Department of Industry and Resources. Sitting to my left is Larry Spanner, the deputy minister of Industry and Resources. To my right is Bruce Wilson, assistant deputy minister of petroleum and natural gas. To Mr. Spanner's left is Mr. Hal Sanders, executive director of revenue and funding services. Also with us are Mr. George Patterson, executive director of exploration and geological services; Debbie Wilkie, the assistant deputy minister of industry development; and Jim Marshall, the assistant deputy minister of resource and economic policy.

Mr. Chairman, if I may add a few words. During our second appearance before the committee I had the opportunity to provide information regarding the department's regulatory review and reform process. We discussed the government's business tax review and how we anticipate that will benefit investment in our province. And we also discussed the centennial summit and the benefits we are experiencing and continue to anticipate as a result of that gathering.

During those discussions I made a commitment to provide further information to the committee in three areas. With respect to the regulatory review process, I committed to providing the number of regulations reduced and the percentage that equates the progress of the initiative to date. With respect to the government's business incentives, I committed to providing the committee with the list of business friendly tax changes implemented over the last decade by the government. And I committed to providing the breakdown of average salary dollars by sector in the province.

I trust that information has been received, Mr. Chair, by the committee and directly also to Mr. Stewart. Our last session before the committee was a positive and thoughtful review of the government's progress in our current economy. I look forward to a discussion today that is just as productive as we continue our deliberations on the estimates of our Department of Industry and Resources. Thank you.

The Chair: — Thank you, Minister. Item (IR01), is that agreed? Ms. Bakken.

Ms. Bakken Lackey: — Thank you, Mr. Chair. I'd like to,

along with my colleague Mr. Stewart, today ask you some questions, Minister, about ethanol to begin with. And I guess now that we have hopefully some production in the near future of ethanol in the province, have the regulations regarding the taxes and so on around ethanol production been . . . are they in place? And if so, could you elaborate on them? And if not, could you tell us when they will be?

Hon. Mr. Cline: — Mr. Chair, I thank the member for the question. We are in the process of reviewing the regulations presently because, as the member has correctly pointed out, we hope to have ethanol production fairly shortly.

And we have let the industry know that we plan to bring in a regulation effective October 1 of this year which will require a blending of 2.5 per cent of ethanol into non-leaded gasoline. And we hope to increase that to 7.5 per cent in 2006. So that regulation is not yet passed by government, but we're indicating that we are going to be asking government, namely the provincial cabinet, to put that regulation in place for October 1.

Ms. Bakken Lackey: — Thank you, Mr. Minister. So having heard that, you are then confident that there will be supply of ethanol by October of this year to indeed carry through with your percentage of blended?

Hon. Mr. Cline: — Yes, Mr. Chair. We're advised by the NorAmra people at Weyburn that they expect to be in production in September, and they feel that they can meet a commitment for October 1 to provide the 2.5 per cent, along with Pound-Maker of course, which is already in production.

Ms. Bakken Lackey: — Thank you. I'd just like to ask a few questions related to ethanol and some of the history of ethanol being developed in the province. And what is the final cost to the taxpayers of Saskatchewan on the failed Broe deal that was originally started to produce ethanol in the province?

Hon. Mr. Cline: — That was actually a cost that was borne by the Crown Investments Corporation and I believe that, with respect to that cost, it is now the responsibility of Investment Saskatchewan — for which I also am the minister, but these officials with me today are not the officials that would be responsible for providing the information with respect to that so I don't have the information in front of me.

But I do believe — although this question should be put under the auspices of Investment Saskatchewan but as minister in charge I certainly can briefly comment — I do believe that the cost to the province was in the neighbourhood of \$860,000 if I remember that correctly. But again, because it isn't part of these estimates, I don't have that exact figure in front of me today.

Ms. Bakken Lackey: — Thank you, Mr. Minister. So the loss to the taxpayers then is recorded in which department? Is it under CIC [Crown Investments Corporation of Saskatchewan] or would it be recorded in Investment Saskatchewan?

Hon. Mr. Cline: — Originally it would have been CIC but I believe the file has been transferred over to Investment Saskatchewan. So certainly I have released those numbers to the media — and the opposition I would think — some time

ago, some months ago last year, with respect to a very detailed list of the costs. And it is a matter now of responsibility for Investment Saskatchewan.

Ms. Bakken Lackey: — Minister, that was the total that was released. It is about a year ago now. That was the end of the issue? When you released those figures there were no additional costs?

Hon. Mr. Cline: — Yes. My recollection is that the cost ended up being roughly what we had estimated it to be. However since I don't have the number in front of me, Mr. Chair, I'll undertake to confirm that with the member. But I'm sure it's quite close to what we had indicated. But I don't mind following up with a written answer just to confirm that. Or if it is . . . it probably varies by, you know, some few thousands of dollars or something. I can provide the exact number to the member.

Ms. Bakken Lackey: — Mr. Minister, just one more question about Broe. Are they now involved in any way with the government, in any other investments or projects with the Government of Saskatchewan?

Hon. Mr. Cline: — Mr. Chair, to my knowledge, no they are not. I am not aware of any involvement with Broe with respect to anything I have responsibility for. And I'm not aware of any involvement in any other areas either.

Ms. Bakken Lackey: — Thank you, Mr. Minister. Mr. Chair, Mr. Stewart would like to ask a few questions on the same issue now.

The Chair: — Mr. Stewart.

Mr. Stewart: — Thank you, Mr. Chair. And, Mr. Minister, before I start I would like to say that I did not receive the answers to the questions that you referred to. I received a cover letter describing the answers to the questions but not the answers themselves. Other than the cover letter the envelope was empty, which is a little disappointing as I expected to have those before this opportunity to question you on them. And as a result we may have to insist on more time to come back to these estimates to do just that.

In any event, Mr. Minister, I'm looking on page 88 in the Estimates document under (IR07), ethanol fuel tax rebate, up substantially. I wonder how is that explained, Mr. Minister.

Hon. Mr. Cline: — Mr. Chair, first of all with respect to the answers to the questions, I forwarded to Mr. Stewart a letter dated May 9. And I certainly accept what Mr. Stewart is saying, that if indeed he says he didn't receive the attachments, then he didn't receive them I'm sure. But nevertheless the letter does refer to all the attachments that were supposed to be attached. And obviously if he didn't get them, somebody has either forgotten to include them or for some reason they disappeared before he got the letter as sometimes happens and things get misfiled.

But in any event this is the first time it's been brought to my attention. And certainly if I had received a phone call to my office when the letter was received, I would have very quickly made those attachments available, and in fact I have them with

me today. But I do apologize if there was any error on the part of myself or my office with respect to the provision of the attachments. But as I say, I do have them here. And I realize that Mr. Stewart is quite correct, that if he gets them today and he wishes to ask questions about them, I fully appreciate that he'll want to return to these matters on another day and ask me further questions. And I support his right to do that.

With respect to the estimate on the size of the ethanol rebate, the mandate is planned to come in on October 1. And therefore from October 1, 2005 to March 31, 2006 — the remainder of the fiscal year — we will be rebating in effect the gasoline tax on the ethanol blended portion of gasoline. And we estimate the cost of that is \$4.87 million for that mandate of the point two five per cent for the remainder of the fiscal year. And the figure for this current year at 860 would relate to, I believe, the subsidy, the same type of subsidy that is on the ethanol produced by Pound-Maker, which is consumed in Saskatchewan through, I believe, the Husky gasoline stations.

So it's just that there will be more ethanol produced and consumed in Saskatchewan. And the policy is that we don't charge the fuel tax on ethanol as distinct from gasoline because ethanol has been more expensive to produce, and we're trying to kick-start the production of ethanol by doing that.

Mr. Stewart: — Thank you, Mr. Minister. First of all, regarding the answers to the questions that I asked previously, I received the envelope this morning. I confess I didn't open it until this afternoon, but the envelope was sealed. And I accept that explanation that somebody just forgot to include the answers.

Mr. Minister, with regard to my previous questions about the ethanol fuel tax rebate, is the Husky plant the one that's coming on in October? And is that the only plant that will be producing, or where is this production going to come from?

Hon. Mr. Cline: — Mr. Chair, in answer to the question, no they . . . The Weyburn plant, which is NorAmera at Weyburn, will come on stream, we believe, in September. And that will provide enough ethanol in addition to the Pound-Maker at Lanigan that you could have a mandate of point two five per cent ethanol in non-leaded gasoline. And Husky is scheduled to come into production in 2006. And that will provide enough ethanol that we could raise the mandated requirement to 7.5 per cent.

Mr. Stewart: — Thank you, Mr. Minister. Does Crown . . . do you know if the government through any of its arms, Crown Investments Corporation or your department or any arm of the Government of Saskatchewan, have any financial involvement in the Husky Oil ethanol plant?

Hon. Mr. Cline: — Mr. Chair, no. We have no involvement whatsoever in the Husky ethanol plant other than setting the regulatory environment to encourage ethanol, which is that we would rebate the fuel tax portion back to them as we would to any distributor and also mandate the use of ethanol which will benefit them. But there's no investment in Husky by the Government of Saskatchewan.

There is I believe \$7 million going to them from the federal

government as a result of their ethanol program whereby they provide some support. They also are providing some support to NorAmera in Weyburn, but there's no provincial involvement or money in either of those operations.

Mr. Stewart: — Mr. Minister, continuing with the estimates, on page 88 under (IR07), under allocations, economic partnership agreements, I see that's up about \$1 million from last year's estimates. First of all, Mr. Minister, who are these economic partnerships with and what is the nature of them? And what have we done that cost an added \$1 million this year?

Hon. Mr. Cline: — The economic partnership agreement is the Western Economic Partnership Agreement with Western Economic Diversification, an arm of the federal government. And this is a \$50 million fund whereby the federal government and the province each put up \$25 million into the \$50 million fund. And that money is to be expended over five years on various projects that have strategic economic benefit for Saskatchewan.

And the difference in the amount of money indicated is simply the cash that will be flowed through to projects in this fiscal year which will be estimated to be \$1 million higher than last year. But the total amount that will be expended in WEPA [Western Economic Partnership Agreement] over the five years is still \$50 million.

It's just that this year we see \$6.3 million coming to fruition, whereas last fiscal year we estimate \$5.3 million coming to fruition. In other words, that's the time at which the people that applied for the money to the WEPA committee actually have their ducks in order, if you will, to get the money to pay for their projects.

Mr. Stewart: — Mr. Minister, I wonder if you could inform us as to which specific projects they would be.

Hon. Mr. Cline: — Yes, Mr. Chair. Before I do that, actually I would like to send over to Mr. Stewart another copy of the letter I sent and the attachments which were supposed to be enclosed with it. And again I apologize for that.

The Chair: — Just if I could, Mr. Minister, if you would forward them to the Chair. We'll have copies made for all members of the committee.

Hon. Mr. Cline: — Thank you, Mr. Chair. Perhaps the Page could bring them over and have copies provided to everyone.

In answer to the member's question — what sorts of things are being funded under WEPA? — to give some examples, we have the Ethanol Council which is a group of Saskatchewan people who are trying to find ways to promote ethanol development in Saskatchewan, will be receiving \$42,500. VESPERs [Very Sensitive Elemental and Structural Probe Employing Radiation from a Synchrotron] beamline, \$150,000, I believe that will be a beamline at the synchrotron in Saskatoon. Ag-West Bio, \$82,500. The Petroleum Technology Research Centre in Regina will receive \$250,000. Ethanol Biomass will receive \$275,000. The Saskatchewan Research Council Biosafety Level 3 facility will receive \$626,000. Mounted Police National Heritage Centre, capital \$500,000. Communities of Tomorrow, research

institute in Regina, \$700,000. The Canadian Light Source, \$750,000.

Those are, you know, approximately one-third of what would be spent. I could go on with the complete list, but in terms of some examples the member asked for, that's the sort of thing that is funded under WEPA. And certainly I'd be pleased to provide a complete list, Mr. Chair, to yourself and members of the committee.

Mr. Stewart: — Thank you, Mr. Minister. That would be appreciated if we could have a copy of that list. I notice also under (IR07), petroleum research initiative, I presume that principally refers to the PTRC [Petroleum Technology Research Centre]. That amount was unchanged at \$1 million in 2005-06 estimates. Would that include the \$250,000 that we just heard that came from the western partnerships agreement program?

Hon. Mr. Cline: — No, Mr. Chair, to the member. The money through WEPA would be in addition to the million dollars in the budget.

Mr. Stewart: — Thank you, Mr. Minister. Ethanol fuel grants. Now is that Economic Partnership Agreement money? Is that all of what that entails, or is there provincial money in that? Can you explain that to us please.

Hon. Mr. Cline: — Mr. Chair, I wonder if I might just ask the member to refer to the page and the line that he's looking at because we don't have that right in front of us.

Mr. Stewart: — No, this is coming off the top of my head, Mr. Minister. It's for information only. We understand that there are ethanol fuel grants available for producers, and I'm wondering if this is all under the Economic Partnership Agreement or is there something else as well.

Hon. Mr. Cline: — Mr. Chair, to the member, we are funding the ethanol fuel tax rebate, which we've talked about already, to the tune of \$4.875 million dollars. And then we're funding some ethanol initiatives under the WEPA which I've referred to in part at least. But I'm not aware of any other ethanol fuel grants.

Mr. Stewart: — Would that possibly be federal, Mr. Minister?

Hon. Mr. Cline: — It's quite possible. The federal government does have I believe \$100 million fund to promote ethanol development, and people have applied to them for funding for grants. And indeed both the Husky and the Weyburn ethanol plants as I indicated earlier are receiving money from the federal government. Others have applied, but we don't have any grants as such other than what I've already described to the committee.

Mr. Stewart: — Thank you, Mr. Minister. WEPA grants to ethanol producers, I understand that some projects have received them and some haven't. Could you outline which ones have and which haven't, and perhaps why those decisions were made?

Hon. Mr. Cline: — Mr. Chair, the only grants I'm familiar with coming from WEPA to ethanol projects are the Ethanol

Council, which I've referred to as receiving \$42,500 from WEPA, and the ethanol biomass project in Nipawin is receiving \$275,000 in this fiscal year upcoming, and it is scheduled to receive another \$225,000 in '06-07. And other than that, I'm not aware at the moment of any other ethanol grants coming from WEPA.

Mr. Stewart: — Thank you, Mr. Chair. I'll turn the questioning back over to my colleague.

The Chair: — Ms. Bakken.

Ms. Bakken Lackey: — Thank you, Mr. Chair. I'd just like to ask a couple of questions about an issue that we spoke about — it was on April 7 — some questions around the 1.4 million acre block of land located in the North near Fort McMurray that was awarded. And at that time when I asked the question, Mr. Wilson answered and said — by that question about how it had been awarded — and said, as long as the basic requirements are met, we are obliged to issue a permit. I just wonder if you could tell me what those basic requirements are.

Hon. Mr. Cline: — Mr. Chair, I'll ask Mr. Wilson to answer the question in relation to those details.

Mr. Wilson: — I think one of the basic requirements would be that the company be registered to do business in the province, so registered with the corporations branch of Justice. That would be a very basic one.

Another one would be just simply, you know, whatever information and track record we would have on the company in terms of its financial ability and whatever track record it had in operation. Those would be, you know, some of the basic requirements under the regulations.

Ms. Bakken Lackey: — So on simply those basic requirements, a company can present itself and ask to be issued a permit. If there are other interested parties, if they meet the same basic requirements, how would the decision be made?

Mr. Wilson: — We would certainly admit that those regulations are rather outdated, and we're in the process of reviewing those regulations right now. The vast majority of our oil and gas dispositions are offered through a competitive tender type process. These regulations were set up much like I think more the traditional mining disposition was back then. And at that point in time, it was simply if a company came in just as it would on a mineral staking claim and be able to have dispositions awarded in that fashion.

So as I say, we are certainly looking at it and would expect that there will be amendments to those very old regulations.

Ms. Bakken Lackey: — Thank you, Mr. Chair, Mr. Minister. I guess then I'm wondering how do you make the determination of whether it's going to be awarded on these outdated requirements or whether it's going to go to tender?

Mr. Wilson: — There really isn't an option for those particular types of dispositions. They are something that falls in under The Oil Shale Regulations, 1964. And there really isn't an opportunity to award them in another fashion. So in those

regulations, we define what oil sands are, and there is a definition about north of a particular area that these regulations would apply to. So as I say, there really isn't a whole lot of discretion beyond that.

Ms. Bakken Lackey: — And was there any other companies that were interested in this land, or were these the first ones that met the criteria and so were awarded the land?

Mr. Wilson: — First and only thus far.

Ms. Bakken Lackey: — Thank you for that answer. I'd like to move to another topic. It's about landowner-lessee rights. And I know that this group met with the Minister of Agriculture this week. And they're concerned about their compensation on Crown land to do with oil and gas leases on their leased land. And when I sat in on the presentation and heard their concerns, it certainly brought into question issues related to what I believe would fall under resources. And I would like to ask the minister if indeed you are involved with setting the rates and the compensation and so on, or if not, is this strictly under the Department of Agriculture?

Hon. Mr. Cline: — Yes, Mr. Chair. To the member, no we are not involved with the setting of these rates. It is a matter that is under the authority of the Minister of Agriculture and Food, and as such we don't have responsibility for the area and the questions would be addressed to the Minister of Agriculture and Food.

Ms. Bakken Lackey: — Well thank you, Mr. Chair. Mr. Minister, just further on that, so when an oil company is wanting to lease land on Crown land and these rates were set up — of the compensation that would be paid to the government and then in turn part of to the landowner — this was done completely without any involvement from Industry and Resources in decision making around the amount that should be, of the compensation that should be received from the oil companies. And in turn, what portion was returned to the landowner? Or to the lessee, sorry.

Hon. Mr. Cline: — Mr. Chair, I'm advised that we would be peripherally involved in the sense that . . . Mr. Wilson advises me that several departments probably would be asked for their opinion. But nevertheless the recommendation to cabinet is to the amount that the lessee should be paid for example . . . would be made by the Minister of Agriculture and Food to the provincial cabinet which would then make the decision. And we really wouldn't have a major involvement in it or an involvement that was more than other departments that might be asked for their opinions. So it really is not within our bailiwick.

Ms. Bakken Lackey: — Thank you, Mr. Chair, Mr. Minister. Well it's my information from this group that the compensation paid by the oil company on deeded pasture land is somewhat higher than on Crown pasture land. And their question was, why would there be a difference between what was paid by the oil company on deeded land pasture as opposed to Crown?

And I guess if what you're indicating is that your department has not been involved in this awarding of compensation or, I should say, in the dollars and how they're allocated. Would you

be willing to look at this on behalf of this group who are very concerned because of the costs that they are incurring? And in many ways they indicated that they pay the taxes; they built the fence, the corrals, the trails, and so on, and the watering facilities. And yet they have no opportunity to be involved in dealing directly with the oil company in what kind of compensation they are going to receive, and yet they have to deal with the oil companies when they actually come to do work on their leased land.

And they're concerned about the lack of involvement in the decision making, as well as what they believe is certainly an underfunding in the compensation they receive and are asking for this to be reviewed. I'm just wondering if you, because of your position, would be willing to look at this issue and discuss with them or make some recommendation.

Hon. Mr. Cline: — Well, Mr. Chair, this is a matter that is under the responsibility of the Minister of Agriculture and Food, and that minister is the lead minister with respect to this. So I'd have to answer the member and say no, I could not review this because it is not within my portfolio. And as in any area we can't, you know, sort of review a matter that's under the jurisdiction of somebody else. But I'm sure that the Minister of Agriculture and Food, you know, would be very pleased to discuss the matter with the member and to take whatever action he deems appropriate.

Ms. Bakken Lackey: — Thank you, Mr. Minister, and I will pass that information along to this group that their contact is with the Minister of Agriculture only and go from there.

Mr. Minister, there's been indication that to develop an oil well in Saskatchewan takes a number of steps and is indicated to myself by reeves of RMs [rural municipality] that it is very frustrating. And often at the end of the day, oil companies become frustrated and walk away. Could you indicate just an overview of what actually has to transpire in order for this to take place. I know I had a reeve come to my office and was very frustrated because they actually lost exploration in their area because of the regulations that the company had to go through.

Hon. Mr. Cline: — Well I'll ask Mr. Wilson, in a minute, to provide the details in terms of the steps that need to be taken. But I would like to advise the committee, Mr. Chair, and the member, that the experience of oil companies operating in Saskatchewan, including many companies operating in Alberta, is that it is easier to get a licence to drill an oil well in Saskatchewan than Alberta. I mean that is a simple fact.

And I have been to the province of Alberta several times, met with the oil industry, and we are consistently told that in terms of dealing with the government and complying with the regulations, that it is easier to deal with the regulatory regime and the government in Saskatchewan than it is to deal with the Government of Alberta.

We are as fast in terms of approvals for oil well drilling as any jurisdiction. Mr. Wilson has told me that the average approval time to drill an oil well is three to five days. There are undoubtedly frustrations as in any system, but I can assure the committee that the frustrations in Saskatchewan are certainly no

greater than elsewhere, and I think lesser even than Alberta.

I know that I was reading an edition of, I think the most recent edition of the magazine *Oil Week*, for example, just today, where one of the oil companies was saying just that — that Saskatchewan is a great place to do business and they enjoyed dealing with the government.

Mr. Wilson can comment now on the steps that need to be taken if one wants to apply to drill an oil well. And he can also comment I think on how long that typically might take. So I'll ask him to do that.

Mr. Wilson: — It's certainly clear that we do not have a one-window approach for the oil industry. And a few years ago the industry had approached with some concerns as you had mentioned. And a number of the different departments got together to put together a bit of a road map in terms of what is required with respect to getting approvals through different departments, whether it's our department, Environment, Agriculture and Food, Government Relations — anyone that plays a part in approving oil well drilling or seismic. There was a very good document put together that has been made available on our website and the website of each of the other departments that I mentioned.

So I believe there is adequate information there for new companies to be able to navigate and determine what it is they need to do. Certainly after a company has operated in the province for a while, it becomes second nature all of the things that need to be done, including touching base with individual municipalities and getting approvals through there.

So I think the information is available and if anyone would like more information in terms of where precisely to get at that information, I would be pleased to provide it later.

Ms. Bakken Lackey: — Thank you, Mr. Chair, and, Mr. Minister. And that's good. I mean we can or I will look that up and get a copy from there rather than you go through it.

Mr. Stewart would like to ask a few more questions at this time.

The Chair: — Mr. Stewart.

Mr. Stewart: — Thank you, Mr. Chair. Mr. Minister, just starting to go through some of the answers that you provided to me — and I appreciate that — I see that on a chart here regarding Saskatchewan's average weekly earnings by industry, oil and gas extraction has the largest negative change over 2004-2005.

It seems, at least as far as government revenues from the industry go, that we're in a bit of an oil and gas boom. I'm wondering why employment and salaries are off in the industry by 11.4 per cent.

Hon. Mr. Cline: — Mr. Chair, these figures that have been provided are a comparison of February '04 and February '05 and so it's a month-to-month comparison. And it could reflect simply, you know, less work done in that particular month because of weather or other conditions. And because it's only a comparison of one month to one month, it may not be

completely representative of what is happening across the piece.

But it is simply a reflection of an average wage. So you could have more part-time workers there. You could have fewer hours worked by employees in February '05 over '04 and that's about the best that I can do. It is simply a month-over-month comparison.

Mr. Stewart: — Thank you, Mr. Minister. Although I can accept that oil and gas work — some of that work — is somewhat seasonal, mining however isn't, and I see under mining there's also a decrease in weekly earnings in dollars, about 3.9 per cent. And, you know, over this time period potash prices have been increasing, uranium prices have been increasing. I'm wondering how we explain that one.

Hon. Mr. Cline: — Well again these are averages. And you could have more people working in the mining sector but in some areas that were not paid as well as underground mining. For example we know that for '05 the amount of exploration and prospecting work alone is going to be roughly double what it was in '04, so one explanation could be that you have people working in some areas of mining this year more so than in other areas, and those areas may be lower paid than underground hardrock mining, for example, which might be the highest paid. So I don't know that that's the explanation, but I'm just surmising that one of the things that is happening is that people are being hired to do additional jobs in mining so that more people working, but some of those jobs may not be the highest paying jobs.

I'm not suggesting by the way that people were necessarily tramping all over the North in February, but there may have been people working in examining, you know, diamond . . . parts of kimberlite in February more so than last year. More people going through that kind of analysis.

And so I think that that probably is part of the explanation, that there are many more people working in the industry. But we're moving rapidly beyond the people that are purely working in mining to people that are actually creating other industries — you know, exploring for diamonds, gold, looking at samples, and so on. So that that certainly could be part of it.

Mr. Stewart: — Thank you, Mr. Minister. That's a good guess. I wonder, Mr. Minister, it's two or three years since I was the critic and asked you these questions about changing the way that we stake claims in the North. I wondered if any progress has been made to streamlining that process. And if so, what?

Hon. Mr. Cline: — We're in the process, Mr. Chair, of preparing a paper on online staking which we expect to be completed in about three months and which will be a public document. And we will be putting that out for consultation. And it is thought that British Columbia has gone to this system and that perhaps there is a reason for change in Saskatchewan as well.

But we do want to consult carefully with people because there are people for example that do staking on the ground that work in the North, and if we went to purely online staking, that would impact them in the sense that they might be put out of work. So we want to very carefully proceed. But nevertheless the main

goal has to be to grow the economy and build up the mining sector as best we can. And so our decision will have to be guided by what system will most effectively do that.

Certainly there is no evidence at the present time that the staking system we have is preventing staking because there's actually a staking rush going on. But there will be an argument that this could be done more cheaply and efficiently, and we're looking at it very carefully. The paper will be released as a public document and then we will be guided by the consultations in industry and indeed with all members of the legislature.

Mr. Stewart: — Thank you, Mr. Minister. I applaud that. I certainly hope that increasing mining development in the province will be the main criteria for whatever decision is made with regard to staking of claims. And of course that could create far more employment in the North than what is currently achieved by our sort of archaic and old-fashioned staking method. And with that comment I'll turn the question back over to Ms. Bakken.

The Chair: — Ms. Bakken.

Ms. Bakken Lackey: — Thank you, Mr. Chair, and Mr. Minister. Just further questioning on mining. When I was listening to my local radio station this morning, CFSL, Mr. Minister, you were on there commenting about the mining industry and how the growth . . . and you made a comment that this going to — this isn't word for word; I'm paraphrasing — but that it's going to impact the southeast corner of the province as well. Unless I heard it wrong, that was my understanding of what you said. And I just wondered if you'd like to comment on what you meant by that.

Hon. Mr. Cline: — I don't recall exactly what my words were either, but I was probably referring to the potash industry in east . . . it may be described as east central Saskatchewan as opposed to southeast. But I may have been referring to some of the changes we've made recently in potash which are encouraging expansion of the potash industry in Rocanville and Esterhazy areas.

I think with respect to the Southeast proper as the member well knows, more of the activity will probably be in oil and gas. But I think I likely was referring to potash in the east central.

Ms. Bakken Lackey: — Thank you. Well I was excited. I thought, okay what is the announcement going to be for our area of the province? But thank you for that clarification.

I have a magazine that I was looking through, and there are mining Junos given out. Actually they're awarded by the Fraser Institute. They do a mining survey, and they give awards. And for 2004-2005, for the best regulatory and tax environment, in Canada the only one mentioned of the top three was Manitoba. And the other one was Nevada, Ireland, and Manitoba.

And I'm wondering if you could explain — if you know — what difference they have in regulation and tax environment in the mining industry to give them that status and if there is a move in Saskatchewan to look at our regulations and so on to make us competitive and hopefully be better or equal to

Manitoba in mining.

Hon. Mr. Cline: — Well I think we're moving in that direction. I should say before I answer this question, I should say to the member, Mr. Chair, that there is some diamond exploration activity going on in the Rockglen area which is more south central I believe. So there may be kimberlite formations around Rockglen. I don't know. But I know there are people looking for diamonds down there.

With respect to the Fraser Institute, actually we are making progress. And the Fraser Institute in its latest report actually had Saskatchewan as number two in Canada. Manitoba was number one, we were number two, Alberta was number five. And what's interesting there is that a few years ago Saskatchewan was number ten out of ten in Canada, and I believe Alberta was number one or two. But now we've gone up to number two. They've gone down to number five — Alberta, I believe.

But we were also number five out of I believe 50 or 60 countries that the Fraser Institute was looking at. So we're making really some tremendous progress in terms of being viewed as the place to do mining.

And what I can say to the member is that we have been making some changes even since the report, the last report of the Fraser Institute, in the sense for example that the potash changes have come out since then. So clearly we're headed in the right direction, I mean from the point of view of having an environment that encourages mining. And all of the indicators in a very real way prove that out in the sense that what we see now in Saskatchewan is this year, 2005, will have \$120 million, we estimate, just in exploration for minerals.

And there are various reasons for that. Obviously world commodity prices are higher; that contributes to it. Also however we have declared a 10-year royalty holiday for new gold or base metal mines. And we have said that we will have a royalty regime for diamonds that will encourage diamond mining. And then there are the potash changes that we've made.

So what is gratifying to me is that when we began looking at making changes to the mining sector a few years ago, we saw that our percentage of mining exploration spending in Saskatchewan, the percentage of what was spent in Canada was something like one and a half per cent, I'm thinking, a few years ago. And now it's going up to about 10 per cent this year. And so we were clearly underdeveloped in the sense that we didn't have the money coming in that we should have to explore for minerals and to stake claims and so on. And that was a concern to government.

So we started making some changes through the exploration and prospecting incentive program that came in in 2002, and at the same time some of the potash changes that came in. We came up with a new royalty structure for uranium, I think, approximately 2001. And to make a long story short, the level of expenditure for exploration went from about \$30 million three years ago I believe to \$60 million last year. And this year we expect it to be 120 million.

And so clearly I think we have a set of policies and circumstances that are building the mining sector here. There

have been many announcements made about the expansion of the potash sector. The uranium sector is expanding. We're hopeful that there may be another gold mine in our future, and of course we're hopeful that there will be diamond mining, and things are looking encouraging there.

So we're definitely making a lot of progress, and the world is paying attention to Saskatchewan. When we go to the Prospectors and Developers Association of Canada meeting in Toronto in March, which is the largest mining show in the world, there is a great deal of interest in investing in Saskatchewan. And the mining companies are saying that there's no shortage of investment that is coming to them from, you know, the investment bankers and so on.

So it's a very positive story. And we are receiving compliments from industry and investors as to the mining policies that we've put in place. And certainly we want to continue that because we do see mining as extremely important as part of our economic development strategy.

Ms. Bakken Lackey: — Thank you, Mr. Minister. And I couldn't agree with you more that mining is certainly key to Saskatchewan's economic prosperity.

And just on that note, I guess this is an issue that we discussed I believe the first time we met in April, and that was around the government's decision to put a corporate capital surcharge on resource trusts. And as you've just indicated, the level of taxation and on what is taxed as well and how it's taxed certainly reflects the opportunity for growth within existing businesses in the province and new investment. Has there been any move by your government to look at the corporate capital tax and address that on the whole issue across all resources?

And a second question is, since you have put on the surcharge on resource trusts, has there been any indication of the effect that that will have on further trusts happening in Saskatchewan, and has there been any indication that it will affect drilling of new wells by junior oil companies?

Hon. Mr. Cline: — In answer to the first ... or to the last question first, we have not had any indication that the change with respect to resource trusts will reduce drilling in Saskatchewan. In fact we believe drilling will increase in the province this year, and so far this year has increased.

In terms of the ... The member asked, Mr. Chair, about the corporate capital tax and resources generally. As I indicated last time, we did in fact reduce the corporate capital tax for oil companies when we made the changes that made drilling for oil and gas competitive with Alberta effective, I believe it was, October 1, 2002. So we did make that change.

In terms of the larger question for the mining sector and indeed oil and gas, I suppose that is the very question that is being put, or one of the very questions being put, to the business tax review committee. And so I would expect that in terms of the corporate capital tax that will be something that the review committee will be examining. And indeed they may have some suggestions in terms of change, and we'll see what they say in the fall.

But certainly we're not planning any changes now because we've said . . . or the Minister of Finance has set up this committee to say to them, what do you think we should do in the area of business taxes? So we're not prejudging that. We'll see what their answer is. And then we'll see if there are things that government can do to respond to what we hear from the public which is talking to the committee. And then in turn the committee will communicate with government, and government will have to bring it to the legislature.

The Chair: — Thank you very much. As the committee had agreed to move to the estimates of the Department of Labour at 4 o'clock and I'm assuming that we'll be back with Industry and Resources at another sitting of this committee, I would ask the critics if they would like to thank the officials and the minister to thank his officials.

Ms. Bakken Lackey: — Yes, I would like to thank the minister and his officials for their very responsive answers today. And we look forward to speaking with you again. Thank you.

Hon. Mr. Cline: — Mr. Chair, I'd like to thank the opposition members for what I think was a very instructive dialogue and also to thank the officials for their assistance here today. And thank you, and all the members of the committee.

The Chair: — Thank you very much. The committee will recess for a few minutes while the minister assembles her officials for the Department of Labour. Thank you.

[The committee recessed for a period of time.]

**General Revenue Fund
Labour
Vote 20**

Subvote (LA01)

The Acting Chair (Mr. Yates): — If we could bring the meeting to order. Madam Minister, will you please introduce your officials.

Hon. Ms. Higgins: — Thank you very much, Mr. Chair. To my right is Bill Craik, deputy minister of Labour. To my left is Peter Federko, chief executive officer of the Workers' Compensation Board. And sitting behind me is Jim Nicol, the assistant deputy minister of Labour. And John Boyd is the executive director, planning and policy division in the Department of Labour. Also sitting behind the bar are a number of other officials in case we go to those areas: Corinne Bokitch, executive director, Status of Women office; Eric Greene, executive director, labour standards; Allan Walker, the executive director, occupational health and safety division; Doug Forseth, executive director, labour relations and mediation division; Margaret Halifax, director, Office of the Worker's Advocate; and Kevin Kuntz, manager of budget and operations; and also Melanie Baldwin, registrar at the Labour Relations Board.

That's my officials that are here with me today, and we look forward to your questions.

The Acting Chair (Mr. Yates): — Thank you, Madam

Minister. The issue before us today is Labour estimates, vote (LA01). Is that agreed? I recognize the member from Canora-Pelly.

Mr. Krawetz: — Thank you, Mr. Chair. And welcome to you, Madam Minister, and all of your officials this afternoon. I know we have a short 55 minutes or so, so we have a couple of topics that we'd like to move into today.

One of the ones, Madam Minister, comes directly from vote no. 20, the Labour estimates in the budget document, and I want to deal with the full-time equivalent staff complement that you have within Department of Labour and all of the components there.

I note that the estimated full-time equivalents for the department will decrease by two for this year in relationship to last year. Could you indicate where there that would happen?

Hon. Ms. Higgins: — When I took on SPM [Saskatchewan Property Management], half of the FTEs [full-time equivalent] — it would be office staff — in the minister's office would shift over to being the responsibility of SPM.

Mr. Krawetz: — Thank you very much, Madam Minister. Madam Minister, as I look through the various components of vote no. 20, in all situations there are monies allotted for salary. And I see increases in salary costs in I believe every category except for occupational health and safety, where I in fact see an anticipated decline in salary.

Now we understand or we are led to believe that we're in a 0 and 1 situation — obviously this is not 0. Could you indicate how salaries were adjusted for the full-time equivalent staff of 178 by the amounts of dollars increased in each category?

Hon. Ms. Higgins: — What the member will notice in the budget is that, accounting for the changes that you will see, there has been staffing that have been shifted between the subvotes, so you will get a change from that. But also even though the mandate was at 0, 1, and 1, employees are still entitled to increments — that if they meet the qualifications, they will move up to the next step in the pay range. So those are still allowed. The 0, 1, and 1 only addresses any increases in the bargaining that would have gone on.

Mr. Krawetz: — Madam Minister, within your department then, are you indicating that the year that is in question here, the '05-06 fiscal year of government, matches with contracts that are zero per cent for the contract that is in force for these workers? Or are in fact some zero and some ones? Could you clarify that.

Hon. Ms. Higgins: — No, because if you were at one level on the scale of your job and were entitled to reach the next step in the classification — step in whatever classification you are in, if you met that criteria and the qualifications or the time, whatever the criteria is — you would move up to the next pay increment within that classification.

So those increments will still stay there, and you will still meet and progress through increments. The only areas that 0, 1, and 1 would touch would be the overall increases in those increments.

Mr. Krawetz: — So, Madam Minister, could you clarify then that the salary increases that I see . . . The dollars that salary has increased for all components from '04-05 to '05-06, is it all due to increment changes, which I completely understand, or is there salary increase of 1 per cent, 2 per cent, 3 per cent, in some categories. Could you clarify the salary changes that we see in your document?

Hon. Ms. Higgins: — The 1 per cent in the department kicks in July 1 . . . [inaudible interjection] . . . Yes, '05. Sorry.

Mr. Krawetz: — Thank you. Madam Minister, in vote (LA04) for the Labour Relations Board, we see an increase from 556,000 in salary to 659,000 in salary, an addition of 103,000 or about not quite 20 per cent increase in salary for the LRB [Labour Relations Board]. Would you be able to clarify what LRB is doing? Are they employing more people? Is there a greater amount of money being spent on salary for different purposes?

Hon. Ms. Higgins: — The main increase that you will see on the LRB was last year . . . Well actually I guess we're going back two years. Sorry my sense of time isn't the greatest; maybe it's only a year.

At the last budget year, we did not have a Chair and two Vice-Chairs. We only had the chairperson and a Vice-Chair. So we were short one position. Those dollars were taken away during the budget, and what we have done is replaced the Vice-Chair because you will know that there has been some backlog in length of time in decisions. But the Vice-Chair position was filled, and we received our funding back in this budget year. So that was, that accounts for the 97,000 out of that 103.

Mr. Krawetz: — Thank you, Madam Minister. And now I'll have Mr. Federko explain some of the numbers that were presented from WCB [Workers' Compensation Board] annual meeting this morning which deals sort of with what we've just talked about, which is increases.

In the report that was presented this morning . . . and it was a substantial document there. I did not have the opportunity to ask questions because I had to leave due to another commitment. But the actual numbers for 2004 were presented for administration expenses — page no. 15 if Mr. Federko is looking for the document. And the actual expenses for '04 totalled, in administration expenses, totalled 36.777 million. And the 2005 budget is projected to go to 40.6 — almost a 10 per cent increase from actual '04 to budget '05.

And I'm wondering why would there be a 10 per cent increase when I clearly heard the presenter, which I believe was Gail Kruger — if I'm right, I stand to be corrected — Gail Kruger who indicated that the salaries were on the 0, 1, and 1 which in other words was a 1 per cent increase for this year. And salaries for '04 were \$24.7 million, and for '05 they were projected to go to 26.3. That's a difference of 1.6 million. Now that's not 1 per cent.

So it is the same type of thing that you're talking about regarding staff within your own department? Is this all due to increments and grid changes? Or how do you arrive, or how did

WCB arrive at a salary component increase of 1.6 million?

Hon. Ms. Higgins: — It would fall into the same . . . it is 1 per cent plus increments.

Mr. Krawetz: — Is this a normal amount of increments that you would have salary increasing that significantly? And the reason I ask that question, Madam Minister, is if I look back at the '03 actual, the '03 actual salary benefits were 24.6. And for '04 as I indicated, it was 24.7, clearly a zero per cent plus just a little bit of an increase. You know, I think it's 120-some thousand dollars. Now if that's increments for '03 to '04, how do we suddenly see increments from '04 to '05 plus an increase of 1 per cent . . . and 1 per cent is still only going to be 240-some thousand dollars, how does that add up to 1.6 million? I couldn't grasp that this morning.

Hon. Ms. Higgins: — During '03 and '04, that's when you would have had the zero per cent on mandate, so what you would see in the '04 numbers is the actual. But also between '03-04 there was some employees that left and . . . I mean we were going through a number of changes at that time. You may recall some of the discussions that we had during question period in estimates at that time. But there was a number of changes that were taking place, so there was a number drop in the employees during that time. Also the 1 per cent would have kicked in, and it would be the 1 per cent plus increments.

Now we don't have the numbers on us who would have hit an increment and moved up in the pay scale, but that's what would be covered in those numbers. Now we can get you more of a breakdown if you like, but we don't have that on us here.

Mr. Krawetz: — No, and I recognize that you wouldn't have it, Madam Minister. But for my, you know, having a better understanding of this, I was wondering if Mr. Federko could do a couple of things.

First of all, you know, the full-time equivalents that you talk about and you're basing your numbers for '03 to '04 as being some staff that left. And therefore because of the zero per cent increase . . . or zero per cent decrease, I guess, whichever way you look at it; there wasn't a lot of change in salary. And in fact as I said, it's only 100-and-some thousand dollars.

So I would like if your officials could provide me with a breakdown of the full-time equivalents for the past, those two past years of '03-04. Where are we going with '05 and your projected budget of \$26.3 million? What amount of full-time equivalents will that be? And I guess I want to be assured that in fact those salaries have been adjusted by only 1 per cent, if you could confirm that for me.

The minister's indicated that she's saying, yes.

Hon. Ms. Higgins: — Well in that increase, like we say . . . I mean, the mandate has been adhered to. So we've got the 0, 1, and 1 with increments. So we will get a better breakdown for you and pass it along.

Mr. Krawetz: — Thank you, Madam Minister. And, Madam Minister, besides the 0, 1, and 1 which we're hearing from the teachers' agreement, there seems to have been an economic

adjustment as well that makes up part of that agreement. So if there is something that I am not asking regarding economic adjustment and it's out there, I would expect that that would be included. Since I didn't ask for it, I'd still like it to be included.

Hon. Ms. Higgins: — So you would like me to answer questions that you haven't asked.

Mr. Krawetz: — Well I believe that when I'm asking you for a complete financial breakdown of the expenditures for salaries and benefits, I would hope that you will include everything. And, Madam Minister, it's been a long day, and I'm just trying to lighten things up a little bit. And I thank you for having your officials supply me with that information in the future.

Madam Minister, regarding collective bargaining agreements for newly created unions, are there . . . how many, I guess rather than are there because I'm led to believe that there are. How many first-time collective agreements are outstanding?

Hon. Ms. Higgins: — Now we need some clarification. Outstanding. If you're looking at every one that may be out there, we may not be aware of it because we would not be aware of it until there is a request for some assistance, until it moves along to a certain point, or until there is a breakdown in the process.

You have to realize that Department of Labour — and many people assume that as Department of Labour we would be involved in a lot of the collective bargaining; we would be present at many tables — the Department of Labour is in a neutral position where we are not . . . we are more in the regulatory role and education until someone hits the point where there is a request for a mediator or conciliator. Then they would make a request to the labour relations mediations unit. Then we would become involved. So it's kind of at what point or what kind of numbers are you looking at here or where do you want, you know . . .

Mr. Krawetz: — Thank you, Madam Minister. I'll narrow that down for you a bit. And I know you might not have that information with you right now but if your official would be able to put it together.

I'm sure you have an understanding and knowledge of public sector unions that have been formed. And the question that I'm asking I guess is, which public sector unions are still without their first contract? I will narrow it down to saying, which public sector unions are still without their first contract? Because I'm sure the Department of Labour would know which unions have formed, and the question then is, you may not clearly know whether or not you have, you have a contract in place because bargaining may still be going on. So if your officials would be able to research that and provide the official opposition with a listing of the public sector unions that don't have a first contract.

Hon. Ms. Higgins: — I guess this kind of jogs me back to a question that was asked a couple of weeks ago in the House, and it had to do with health bargaining. Is that kind of the track you're on? No?

Mr. Krawetz: — It could be related to health because I'm sure

that . . . I think the question that was asked was regarding whether or not any regional health authorities have a first contract with a group that's still not in place. That would be part of that.

What I'm trying to get an understanding of is — in the province of Saskatchewan maybe certain public sector unions were formed two years ago, three years ago. Do they still not have a first contract? Are there any such, are there any such public sector unions that don't have a first contract?

Hon. Ms. Higgins: — We don't do the negotiating. Now I know of some private sector ones that are still outstanding. But as far as the public sector goes . . . I guess a bit of a clarification here. Part of the rationale for doing The Health Labour Relations Reorganization Act and extending the Dorsey moratorium was that there are a couple of restructured units that are dealing with what previously were two or more bargaining units that are now merged into the larger health authorities.

So while this wouldn't be considered a first contract as we are discussing it here, it still will be the first contract that that merged unit will be negotiating. So it wouldn't fall into the same category. You are merging two collective bargaining units which currently have agreements in place, so that wouldn't fall under the same process of first contract. That would deal more with newly certified bargaining units.

Mr. Krawetz: — Madam Minister, in your answer then are you suggesting that if there were two units that had existing contracts, that their terms of their contracts are grandfathered pending the negotiation of a new contract for that newly created bargaining unit?

Hon. Ms. Higgins: — It would depend on what was agreed between the parties. I know in the health sector, where we have gone through some pretty major amalgamations with the health districts and now into the health authorities, it has taken some fairly long processes to put together classifications, terms that may have been current in the different bargaining units. So it has been a long process.

But what would happen was the parties involved would agree to a process and to what issues they were dealing with at certain times. I mean there's a variety of ways that it has been done over the years. But it does rely on the parties that are involved, and they make the decisions at the bargaining table — how they will deal with it, what steps they will take, kind of set their timelines in place for what issues they want dealt with and what's the priorities.

At times — sorry, and to get back to your question — at times they will, certain circumstance will be grandfathered.

Mr. Krawetz: — Thank you, Madam Minister. Madam Minister, I know that in your response to questions regarding the health sector, you had indicated that the need for the Bill — and we'll get into the specifics of the Bill when it comes before the committee — was that there was a need to allow another year for, I think you referred to them as multi-employer sectors . . . [inaudible interjection] . . . Right, multi-employer bargaining units to be able to arrive at these contracts. That would suggest that they're currently not in place. So if you have

any further information regarding those health sector groups that are not in place — and you may not have that information with you today — but I would like to have your officials provide that if they could.

Hon. Ms. Higgins: — Part of the explanation is that you also have to look at the certification orders for the unions that are involved and what parameters the bargaining unit has. When we got into, I know, a number of questions previously on the health labour reorganization Act and whether there was the ability for the Labour Relations Board to make decisions in the instance of a multi-employer bargaining unit, but what comes into play is the certification order. That also makes, you know, has some bearing on the decision-making process.

And the questions that had arose during question period related to current bargaining units where there were certain members that wished to be removed . . . or may wish, I mean you know, it depends on a vote. It depends on many things. But the Labour Relations Board would not have the ability to make a decision or ruling in that case because those people were defined into a different bargaining unit.

The Acting Chair (Mr. Yates): — Thank you. I'll recognize the member from Last Mountain-Touchwood.

Mr. Hart: — Thank you, Mr. Chair. Minister, last year about this time when we were . . . when I was the critic of Labour, we discussed the Labour Relations Board and the length of time that that board took to render decisions.

And I've got, I'm looking at a memo dated April 20, 2004, that I had received from an individual who had a case before the board. The memo states that the first two days of the hearing were in June 2003 — June or July, not quite sure — but the individual clearly states that the last two days were October 3 and 4, 2003. And at that time — I'm reading from a memo dated April 20, 2004 — it had been six and a half months from the last date, hearing date, and still no decision.

Well, Minister, I received a telephone call very recently from that same individual who said that the decision was finally rendered on April 6, 2005. So we're 18 months to get a decision from the board. It's over two, almost two years from the time that the hearing actually started. You had given me assurances that you would look at reducing that length of time it took for decisions to be rendered.

To further complicate the matter in this particular situation, the individual wasn't even informed by a written letter as to what the decision was. The individual became aware of the decision by checking the Internet and noticed that the decision was rendered. When he called the Labour Relations Board, he was told that a letter had been sent to him. He never received it; he hasn't moved recently — and asked for a second letter to be sent and it arrived within a day.

Now how do you explain 18 months on a decision? And from my observation of the case, it's not a complicated case, Minister.

Hon. Ms. Higgins: — I'll make some short comments and then I will ask Ms. Baldwin if she has anything else to add to it.

There can be complications in arranging schedules; who's available when, if . . . I mean, you're looking at board people. You are also looking at the parties that are involved being available and coordinating that schedule. Also the information that may be required.

And I'm not making excuses, but you will be aware also that we had a change in the chairperson over the last couple of years which left us short one Vice-Chair. That position was empty, was advertised for, and there was a successful applicant. So these changes do take away from the flow. People need to fit into their jobs, become familiar with their new roles, new positions. So that's part of it.

Also . . . well we won't get into the new legislation. But also I will tell you that that is a reason for that legislation is also to better define the powers and the role of the board so there is more timely decisions so we can avoid some of these long delays and move along and have the process there that better suits the role of the Labour Relations Board and the job that they are expected to do.

Mr. Hart: — Minister, the roles and the ability of the board to get information isn't a factor in this case. The hearings were wrapped up in October 2003. So there was no . . . As far as I'm aware and the individual did not indicate that any more information had to be provided.

It just seems as if this case was set aside, seemed to be at the bottom of the file, the pile of files. It never did make its way to the top of the files. And as I indicated last year in our discussions, people's lives are on hold waiting for these decisions and it's just not acceptable.

I could understand if a case is extremely complicated that it may take more than the 90 days that we talked about last year and that sort of thing. My observation of this case, it's absolutely not that a complicated case and I don't see any excuse for this.

So my question is, is this an exceptional exception or are there other cases that are of a fairly straightforward nature and still taking a much longer period of time for decisions to be rendered than one would normally assume?

Hon. Ms. Higgins: — There's a great deal of criteria that goes into looking at the cases. Each is looked at on its own merits. I would say to the member, yes, 18 months is a long time because when it's our problem, when it's an individual's problem, and when it affects your life and your work life, it is the most important thing that there is.

So that's why we need to be vigilant and to review the processes that are there. We need to continually update and improve the processes that are there so that there isn't long delays. There's many, many criteria and many factors that can place a case . . . how it is seen before the board. But when you get into an individual case, only the board members that sit on that case will know the reasons for the decision taking as long as it did.

I regret that a letter would not have reached its destination. But it is from that that's the way notification is done — that a letter

is sent out. So I, you know, I have no rationale for what happened there, but I'm pleased that the board was quick to respond. And I do realize that these are very personal in many cases and do put a person's life on hold. And that's why we, like I say, we need to be vigilant and make sure that our legislation and our processes are the best we can make them.

Mr. Hart: — Minister, can you give me an approximate number of cases in the last two years that the board dealt with? The type of cases I'm looking for are the DFR cases, duty of fair representation. How many cases did the board deal with in the last two years? Approximate numbers would be, we don't need to be exact, but approximate numbers would be quite sufficient. If you have the exact numbers though, that's even better.

Hon. Ms. Higgins: — In the 2003-2004 annual report the DFRs are listed, and there were 33 in that year that were disposed of. And '04-05 there is 41.

Mr. Hart: — Good. Thank you. So that means the board dealt with 74 cases over the two years according to the figures you gave me, if my math is correct. Can you tell me the disposition of those cases? How many cases went in favour of the individual that brought the cases forward, and how many cases went in favour of the unions?

Ms. Baldwin: — 2003-2004, as the minister said, there were 33 duty of fair representation applications disposed of. Of those 33, 14 were dismissed, 12 were withdrawn by the applicants, and 7 were adjourned *sine die*. In 2004-2005, of the 41 duty of fair representation applications disposed of, 18 were dismissed, 12 were withdrawn, and 11 were adjourned *sine die*.

Mr. Hart: — Madam Minister, could you have your official explain adjourned *sine die*? I'm afraid that term is foreign to me.

Ms. Baldwin: — *Sine die* basically means without a date. You would most often have matters adjourned *sine die* where the parties were working towards a settlement, and they didn't want to have another hearing date set because they didn't think that they would need it. And so we would adjourn it *sine die* for them during that fiscal year. The next fiscal year it may have been withdrawn. It may have been rescheduled for hearing and heard. But during that fiscal year those particular files were adjourned without date — adjourned *sine die*.

Mr. Hart: — Thank you for that explanation. Could you give me a sense of what factors are involved when cases are dismissed and why are some of the reasons why cases are withdrawn. I'd just like a sense of, you know, the circumstances surrounding those two actions.

Ms. Baldwin: — I'll start with the cases that are withdrawn. We don't necessarily know why some of the cases are withdrawn. The applicant contacts us and indicates that they wish to withdraw their application. It may be because they have reached a settlement with the union that we're not aware of. Certainly many applications are withdrawn after a pre-hearing with the board, where an employee of the board sits down with the parties and tries to facilitate a settlement. That will result in many withdrawals. Others just come out of the blue, and we're

not certain why. But we're assuming that there's been some settlement reached, or for some reason that individual no longer wishes to pursue the application.

In terms of the applications that are dismissed, the board does publish all of its decisions. And they are each dismissed for different reasons, you know, specific to that case. But if you look at the duty of fair representation in The Trade Union Act, it says that a duty owes ... the union owes a duty to its members to represent them:

... in grievance and rights arbitration proceedings ... [in a way] ... that is not arbitrary, discriminatory or in bad faith.

So if the board finds that the union met that duty of fair representation, the case would generally be dismissed. But that would depend on the evidence in that specific case, which would be summarized in the reasons for a decision from that specific case.

Mr. Hart: — Thank you for that explanation. Minister, I'd like to turn my attention to another one of the boards that you're responsible for, and that would be the Workers' Compensation Board.

Since the time I was Labour critic and now deputy Labour critic, I have had quite a number of injured workers contact my office with various issues surrounding the WCB. And it seems if there is a common thread, I think it would be in the area of rehabilitation of injured workers — that whole area — and particularly workers who have injured their back in the workplace and perhaps may have had surgery.

And the other common theme that I see is that there is a difference of opinion between what is in the injured worker's best interests. Quite often the difference of opinion is between the physicians or the surgeons who have dealt with and treated the injured worker and the WCB.

And I would like to get a sense of how the WCB bases its decision to rehabilitate injured workers, and where they get their medical information to base those decisions on.

I'll use an example, a hypothetical example of an injured worker whose surgeon is telling the individual not to undergo certain procedures — whether it be through the Canadian Back Institute or some such organization — yet WCB is insisting that they do and that there will be no harm to that individual. The injured worker is caught in the middle. Who does that person listen to?

So I would like you to explain, or Mr. Federko to explain, on what basis does WCB make their medical decisions on?

Mr. Federko: — All decisions with respect to claim files are made on the basis of a whole myriad of information that we would collect from employers, from the injured worker, from the health care provider, so on and so forth.

Specific to your question though regarding medical information, the decision ultimately — in terms of when the effective return-to-work date is — is one that is left to the

responsibility of the Workers' Compensation Board by its Act. In the process of doing that however, we seek to obtain objective medical findings that would support when a worker would be able to either participate in a treatment program as you're describing it, one of the therapy clinics, or actually return to work or undergo further diagnosis or what have you.

In some cases, the information that's received from the treating physician may appear to be not necessarily in line with some of the recovery standards that we use in establishing when certain types of injuries might mature. In those particular cases, we'll do one of two things. We'll either consult with our own medical department, our own medical doctors and furnish them with the opinion that we have received from the treating physician. Or we will ask for a second opinion from a second specialist if it happens to be a particular specialty area — like orthopedics in your example. We will seek a second opinion to help us clarify really at what stage the injured worker is at and what the next course of action ought to be in allowing that injured worker to safely and effectively return to work.

Mr. Hart: — So, Mr. Federko, when you say that you consult with your own medical experts, do these people . . . You're consulting with other specialists; you mentioned you will consult with other specialists in the area. Do these specialists examine the injured worker? What type of consultation takes place?

You know, it seems to me that if an injured worker has a physician or a surgeon who has treated or operated on, performed surgery on them, is intimately familiar with the type of injury that individual has sustained, and that surgeon is telling the individual, look, don't do, you know, perform these type of exercises or work hardening exercises. Because you can sustain, in that physician's opinion, the injured worker could sustain significant further damage. And yet I've been made aware of cases where WCB has insisted that this injured worker does go for some . . . [inaudible] . . . back institute or other programs. I need to, you know, balance . . . like how do you justify your position?

Mr. Federko: — Again it would be based on corroborating medical evidence. So if a physician, for example, gave us an opinion that an individual could not participate in any kind of recovery or therapy program, the question we would ask would be why. And if in our opinion there isn't a clear explanation of what particular aspects of the claim would prevent the individual from participating, as I said, we would consult with our medical department. And more times than not, what our medical department will do will be to call the treating physician to get clarification around the restrictions that have been placed on that particular injured worker.

If however again there's not corroborating information, they will seek the opinion of a second specialist. And depending on the particular case it may be necessary for that other specialist to see the worker, or they may simply ask for a copy of the medical files from the treating physician so that they can review X-rays or MRIs [magnetic resonance imaging] or whatever documentation might be on that file so as not to overly inconvenience the worker if not necessary. But it would be on the basis of corroborating medical information. Where we have conflicting information on the files or information that's

unclear, we would seek clarification from using our medical department, either as the liaison with the treating physician or with other specialists so that we can truly determine what the best course and safest course of action for the injured worker is.

Mr. Hart: — Mr. Federko, I can understand, you know, your board getting advice from another specialist. But I guess I need to have you give me an explanation of who you refer to other medical advice. Where are you getting this other medical advice, other than from another specialist? In this case, hypothetical case that we're talking about, who would provide you with other medical advice as you termed it?

Mr. Federko: — It would be, as I indicated, if it's a particular injury, like orthopedics for example, that requires specialist attention, it would be someone who practises in the area of orthopedics. If it's neurological, then we would seek the advice of other neurologists that practise in that area.

But we may often use our, and often do use our medical department to be the liaison because of course they are far more familiar with medical terminology and issues than our case managers would be.

Mr. Hart: — Could you just provide more information as far as your medical department: who are these people, what type of medical training do they have? I need to get a sense of their level of training and expertise in making medical decisions.

Mr. Federko: — They are all members of the Saskatchewan Medical Association, College of Physicians and Surgeons. They're all medical doctors licensed to practice within the province of Saskatchewan. They will have different areas of expertise ranging from family medicine to sports medicine.

Mr. Hart: — Now WCB doesn't have a team of doctors in its employ, do you? Do you have a number of physicians that you go to for advice? I don't understand how this arrangement is set up.

Mr. Federko: — We actually have four physicians on staff.

Mr. Hart: — And these four physicians that you have on staff, what . . . are they family physicians, are they specialists in certain areas? I just need to have a sense of their competence.

Mr. Federko: — We will have, as I said, we will have a combination of physicians who are primarily practising family medicine, but we also have a physician that has sports medicine as a specialty or good experience in that. We also have access to not a full-time employee but a contract employee, someone who has occupational medicine as a background as well that assists us in certain particular cases.

Mr. Hart: — So just to understand this clearly, the only source of employment that these four individuals have is they're employed with your board. They don't have a practice besides being employed with your board?

Mr. Federko: — No, in fact they do. We encourage our physicians to maintain their practices if they have them or participate in practices so that they can stay very current with all of the current medical information that's there. So they're

subject to the same requirements of the College of Physicians and Surgeons in terms of educational requirements, which we support, and we do support them continuing working within clinics.

Mr. Hart: — Okay then. Just to get back to our hypothetical case. If this injured worker has advice from his surgeon that he should not follow the requested procedures of your board because that person maybe sustains further significant injury, what options are available to that individual? I know of cases where, actual cases where individuals are then cut off from benefits, and so they're really between a rock and a hard place. What avenues do these individuals have?

Mr. Federko: — The appeal processes that have been established within the Workers' Compensation Board of course are the first avenue that the individual has. If prior to entering the appeals process, if the individual has new medical information that would be different than the original information provided on which the decision, original decision was made, then of course that could be furnished directly to case management and ask them to reconsider the position based on new medical information. If there is no new medical information however, then the individual would proceed through the appeals process which has two levels within the Workers' Compensation Board, the appeal committee and then the final level of appeal which of course is the board level of appeal.

If after that process is complete there still remains a medical question outstanding — so if an individual has gone through the appeals committee, gone through the board, and is still not satisfied with the decision, and the individual's issue relates to an underlying medical issue — if the individual can get a medical certificate signed by the physician or a chiropractor and furnish that to the board, the board will consider constituting a medical review panel which is a panel of specialists who will review and perhaps examine the individual and make a decision on the underlying medical question.

The decision of the medical review panel is binding on all parties. So the board must accept whatever decision the medical review panel comes up with, and the worker must also accept whatever decision the medical review panel has available.

So there are basically, with respect to an underlying medical issue as you've described it, there's the regular two levels of appeal and then there would be available the medical review panel as a final step.

The Acting Chair (Mr. Yates): — I recognize the member from Canora-Pelly.

Mr. Krawetz: — Thank you very much, Mr. Deputy Chair. Madam Minister, a couple of things that I'd like to get at in the short few minutes that we have left.

I've received some calls as well as correspondence from health workers who suggest that during bargaining with SAHO [Saskatchewan Association of Health Organizations], there was an attempt to roll back certain benefits that workers had. If that is true . . . Could you first answer this question. If there is an attempt to roll back, is that in violation of The Trade Union

Act?

Hon. Ms. Higgins: — I wouldn't be aware of what happens at the bargaining table. I don't believe . . . I mean, I'm not privy to what happens in what discussions. I mean, I've heard the comments. I've seen the comments in the media. But that's really not something that I'm comfortable commenting on because it's not where I'm involved.

Mr. Krawetz: — Madam Minister, then if there is an appeal directly to you, would that be the correct avenue for these people to pursue? Should they be pursuing it through the Minister of Labour's office to ask for an interpretation of these, you know, alleged activities, or is there some other avenue that I should encourage these people to pursue?

Hon. Ms. Higgins: — Well what I would say to you that if it's an individual, they should make an appeal to their union. They should talk to whomever their representative is in that workplace. And ultimately they will decide on a process to take.

Mr. Krawetz: — Thank you, Madam Minister. Madam Minister, one of the other, sort of, items that I'm trying to get a better understanding of is the pay equity and the classification plan, and going back in time.

I have a couple of concerns from people who are . . . currently they are retirees. And they were retired on March 31, '04, which seems to be the magic date with SGEU [Saskatchewan Government and General Employees' Union] as far as when pay equity benefits were going to be, when a person was eligible for pay equity benefits. They had to be employed in March 2004. Was that a negotiated thing? How did people who worked in 1998-1999 and on to their time of retirement — which would have occurred before that March 31 date of 2004 — how did they not become eligible for these pay equity corrections?

Hon. Ms. Higgins: — JJE [joint job evaluation] and pay equity is a process that is worked through by a committee that is established with representatives from both parties. This again is something that the Department of Labour would not be involved in, except maybe some advice through the Status of Women office. That we have had a person that is quite highly qualified in pay equity so that person has worked with various groups to work through the processes that they have put in place.

More what I'm speaking from is the experience through SPM. This is something that you could get into more with the Public Service Commission minister when she is here before the committee. But there is always a cut-off date that is negotiated. And that's where it would have been done. It would have been done in the committee; it would have been a negotiated process to decide how it played out and what they put in place to . . . I mean there's appeal processes, there's evaluations on your jobs, there's a fairly complicated set of steps that goes through in the JJE.

Mr. Krawetz: — Thank you, Madam Minister. So for this individual who was employed by SPM out at Fort Qu'Appelle, her point of appeal then is with the union of SGEU who would have negotiated that date of March 31, 2004 and that's where

she has an ability to appeal it to see whether or not she becomes eligible for any of the monies from that classification plan.

Hon. Ms. Higgins: — Well it was a negotiated piece within . . . The whole agreement was that you had to be a current employee with SPM to receive the JJE and any of the pay equity money. So we're really . . . we're way off the Department of Labour.

But what I will say to you, it doesn't matter what agreement you're in. It doesn't matter whether you're bargaining or you're setting up a new insurance plan or whether you're bargaining a collective agreement or whether you're establishing sick plan or dental benefits. It is not infinite coverage. It does not go forward and backwards. Any agreement, any process that is put in place, there has to be a start date to it. And while you always try and minimize where that cut-off is, it's almost impossible, if not impossible, not to cut someone off. And while it is difficult — and I'm not making excuses; I mean that's just part of the processes that are there and it doesn't matter what one you're involved in — there always seems to be someone that misses that date.

Mr. Krawetz: — While I appreciate your comments, Madam Minister, the part that I'm having difficulty understanding is, when there is retroactivity for a particular group of people and there is pay equity classifications and they're addressed back to 1998, what do you use to suddenly say . . . that because you've retired but even though you worked in that portion of time that the conditions are being . . . or the inadequacies or unfairness that was deemed to exist for those employed in 1998 or 1999 or 2000, that now they're going to be corrected. But they're only going to be corrected for those people who were working on March 31, 2004.

It just seems that, if you're bringing about retroactivity for a group of people that worked during that year 1998, it should be for all people who worked during the year 1998. And I'm having difficulty understanding, you know. And I understand that you've said it's been negotiated and that was something that . . . It's difficult to understand how people who worked during that year and now suddenly somebody decides that there's a benefit that should be applied to some group that worked or were wrongfully, you know, dealt with in a period of time. And now suddenly you say well no because you're not working anymore, you're not eligible.

And I know we listened to, you know, benefits being paid in WCB that's retroactive to a certain time. And it just, it doesn't seem to have a sense of being fair to all that were involved in that process.

Hon. Ms. Higgins: — Well I guess the fact of the matter is, is that it's a negotiated criteria within the agreement. So even as an employer, an employer could not unilaterally change a decision because it was bargained and agreed to by both parties.

Mr. Krawetz: — Madam Minister, we're going to let . . .

The Acting Chair (Mr. Yates): — I'll recognize the member from Cannington.

Mr. D'Autremont: — Thank you, Mr. Chairman. Madam

Minister, a question about WCB. Is WCB responsible for any long-term side effects from treatment or medication resulting from a WCB injury claim?

Hon. Ms. Higgins: — Yes. Well we're not quite sure if we understand the question. And if you want to get into a specific case, I would ask that, you know, you would forward on something more detailed. It's pretty difficult to give you a ballpark answer for that kind of a question. I mean, WCB cases are each judged on their own merits and the individual case situation. So it's difficult to give you a specific answer on a ballpark question.

Mr. D'Autremont: — It's ballpark because I think it's fairly generic. If there are . . . If a worker is injured on the job, WCB accepts the injury as being a valid claim before them and pays compensation or benefits for that, but the treatment or the medication results in a long-term side effect, negative side effect. Is WCB responsible and continue to provide benefits then to support whatever would need to be supported for that long-term negative side effect?

Hon. Ms. Higgins: — Each case is looked at on a case-by-case basis. So while I can't give you a specific answer to that question, it's not outside of the realm of what WCB may be responsible for.

The Acting Chair (Mr. Yates): — Thank you. I'll recognize the member from Canora-Pelly.

Mr. Krawetz: — Thank you, Mr. Chair. A couple last questions, Madam Minister. During the session, the member for Saskatoon Northeast has forwarded written questions 984 to I think 989 asking your department about the number of Labour Relations Board decisions that had been reserved. And it indicated that there were 20 for 2004, 10 for 2003, and 2 for 2001. The member also asked questions for years going back to 1999.

Two questions. Are there any decisions that have been reserved by the Labour Relations Board prior to 1999? The member did not specifically ask for 1998 and 1997. I'm going back forever and a day. My question is: are there any cases prior to 1999 that are still, that the Labour Relations Board has reserved its decision on?

Ms. Baldwin: — All of the cases under reserve presently were heard in 2003, 2004, or 2005. Two of those cases heard in 2003, 2004, or 2005 were cases that were filed in 2001 — which are the two from 2001. One of them has now been decided. But in terms of . . . First of all there are no cases that were heard prior to 2003 that are still under reserve, and there are no cases that were filed prior to 2001 that are still under reserve.

Mr. Krawetz: — And further to that then, when you see numbers like 20 for 2004 and 10 for 2003, what is the anticipated action plan for time to deal with? And I mean you've listened to a question that was posed by the member from Last Mountain-Touchwood about, you know, what is acceptable for the LRB to bring about a decision, where we know from your documentation to us that there were 10 cases for 2003. Is it reasonable to expect that those 10 cases are going to be dealt with in a time frame of three months, six months,

one year? When will there be a decision by the LRB on those cases?

Ms. Baldwin: — I think, as the minister indicated earlier, the only people who know the answer to the question, why is that decision being rendered now or a month from now or three months from now, are the members of the panel of the board who actually heard that case. So it's impossible for me to give any assurances as to when the board, which is a quasi-judicial body, will render decisions. The board renders those decisions. When they are rendered, we send them out to the parties. But the issue of when they will be rendered is an issue that is the board's issue, the judicial panel of the board's issue.

Mr. Krawetz: — Thank you for that answer. And, Madam Minister, one of the changes that you're recommending is that the people involved in dealing with these cases, that even though their term of office may expire, they will be allowed to deal with this.

And I'm wondering . . . and this will be for discussion when we get into committee on the Bill. Is, as indicated by your official, is . . . we have cases from 2003, 10 of them, that may have been handled by different people whose terms may be expiring. And they may drag on for a long period of time. I'm wondering about your amendment and the confusion that it might pose if we're going to have people that are going to be on the board, off the board, have dealt with cases in 2003 and are still going to be working on cases in 2005 or '06 or '07. I would ask you to have an answer for me when we go into committee if you don't already.

Hon. Ms. Higgins: — Well part of the consideration when establishing the schedule for board hearings, and this is . . . Melanie can correct me or add to, if there is more to add too, to this. They look at when a person is available. They fill out availability forms, so they will be slotted into times when hearings will be held. But there's always consideration for the expiry of a term.

So you may, instead of just going ahead and slotting those people into the schedule without consideration for when their term ends, what would probably happen now is you would maybe avoid where you figure it was a more complex or where it sounded like it may be a more complex case and run on an extended period of time. So, you know, you may avoid certain board members with concern for the length of the case.

What it will allow is you to carry out your scheduling and that person, if it does run longer . . . I mean you're still going to give consideration to the length of time that's left on their term. But it will allow them, if by chance they are on a more difficult case, that they can serve out that time and finish off that case. So, you know, you're juggling people continually.

Ms. Baldwin: — I don't have anything to add to that except that if we know that one of our members for example is not seeking reappointment, will not be asking to be nominated for reappointment to the board, we will take very careful notice of what cases that person has sat on in the past and how we are scheduling that person for the few months leading up to when their term will expire.

Mr. Krawetz: — Thank you, Madam Minister, and to your officials. I want to thank you and all of your officials for the questions over the last three times that we've been before estimates. And very specifically to Mr. Federko for his answers not only today about WCB, but in the past and for the information that was provided to me today at the WCB annual meeting. I think it helped me better understand the direction that WCB is heading in trying to both manage its service role as well as its financial role.

And I look forward to continued discussions with officials from WCB in ensuring that the concerns of the people of Saskatchewan are dealt with in a timely and fair fashion. So thank you, Madam Minister.

Hon. Ms. Higgins: — I'd like to thank the committee for the questions and also thank the officials for being here and for the work they do throughout the year.

The Acting Chair (Mr. Yates): — Thank you, Madam Minister. Seeing that we are past the hour of adjournment, this committee stands adjourned.

[The committee adjourned at 17:12.]