



# **STANDING COMMITTEE ON THE ECONOMY**

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**Legislative Assembly of Saskatchewan**

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**STANDING COMMITTEE ON THE ECONOMY  
2007**

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Mr. Eldon Lautermilch  
Prince Albert Northcote

Mr. Lyle Stewart  
Thunder Creek

[The committee met at 15:06.]

**General Revenue Fund  
Finance  
Vote 18**

**Subvote (FI01)**

**The Chair:** — Thank you very much, committee members. The item of business before us in the Committee of the Economy is consideration of estimates for the Department of Finance. Mr. Minister, would you please introduce your officials.

**Hon. Mr. Thomson:** — Thank you very much, Mr. Chair. I have a number of officials with us today. Seated to my right, to your left, is Doug Matthies who is the deputy minister of Finance. Seated to my left, your right, is Kirk McGregor who is the ADM [assistant deputy minister], taxation and intergovernmental affairs branch. Seated next to him is Doug Lambert who is the acting ADM for the revenue division.

And then behind us I have also Karen Layng who is the ADM responsible for treasury branch, Brian Smith who is the ADM for the Public Employees Benefits Agency. Seated next to him is Louise Usick who is the director of administration for the department. And last but not least, seated next to her is Joanne Brockman who's the executive director, economic and fiscal policy.

**The Chair:** — Thank you very much, Mr. Minister. Mr. Cheveldayoff.

**Mr. Cheveldayoff:** — Thank you, Mr. Chair. Thank you to the minister and his officials for coming by the legislature this afternoon. I look forward to a discussion. We've had an opportunity to talk about many issues, but there's many that are unanswered, and I hope to get through all of them this afternoon and then be in a position to vote off the estimates.

I wanted to start by talking about the unfunded pension liabilities. It's something that, when I am in conversation, whether it's with the chartered accountants of the province or with the Canadian Federation of Independent Business or independent groups that take it upon themselves to monitor the finances of the province, they inevitably express concern about the unfunded pension liability. And it's something that we've discussed before, and the auditor certainly points it out in his report.

And we've seen in the last year the number go up from 4.2 billion to 4.3 billion from '05-06. And it doesn't seem like a large increase when you look at the number that way, but it's \$100 million that is added to the net debt of the province. And I know actuaries will have to have their say on this, and that could vary the number quite a bit.

But the concern that's voiced to me by a number of concerned groups across the province is that the government does not want to have full and plain disclosure of the unfunded liability; rather it's a footnote here or it's a footnote there. But it's like, to use this example, it's \$100 million in difference to our accounting procedures in the province in the last year.

Can the minister, I guess first of all, give me his comments on the unfunded pension liability? Does he feel that it is indeed discussed in the appropriate way or looked at in the appropriate way from the government, and can he give me the latest estimate on what the unfunded pension liability is in the province currently?

**Hon. Mr. Thomson:** — Well it is my view that we have fully disclosed the estimated liability, and I emphasize again it is an estimated liability. The key issue to look at in terms of how the liability sits is not necessarily the overall dollar value but the amount that we would be expected to draw down on an annual basis to meet our pension commitments. And the province has in every year been able to accommodate that. We continue to view that as a top priority in terms of our budgeting, and the province's finances present nothing that says that we would not be able to do so in the future.

Other provinces have opted different approaches. I think Manitoba this year has just decided they will borrow to fund theirs. I don't see any particular reason to undertake that kind of approach. That would simply accumulate more borrowing at this point. Rather we would rather deal with this on an annual basis. And so the debate that is really in the financial community is one around whether or not we should be fully funding the liability, as opposed to the way that we are currently managing which is fully recognizing it and dealing with it on an annual basis.

I would take exception to those who argue that we are not fully disclosing. We have in fact fully disclosed the estimated liability and do so on an annual basis. And the numbers that the member has in front of him, I believe, are the best numbers we have available today in terms of what it is.

**Mr. Cheveldayoff:** — Okay. The latest numbers that I have are 2006 numbers — \$4.3 billion. Is that the numbers that you have as well?

**Hon. Mr. Thomson:** — That's correct, and that would include in it the ... So the 4.2 number for 2006 is from the public accounts and is our best estimate to date.

**Mr. Cheveldayoff:** — 4.3?

**Hon. Mr. Thomson:** — Sorry. Yes, 4.245 ... [inaudible] ... nine five.

**Mr. Cheveldayoff:** — So we've got some rounding there.

**Hon. Mr. Thomson:** — Let's say 4.3. Okay, fair enough. The number that is available, though, that also includes obviously the PEBA [Public Employees Benefits Agency] plans as well as the teachers' plan.

I think it's important to again indicate that what we're talking about is a liability based on the old plans plus the teachers' and not in fact on the current plans which are fully funded.

**Mr. Cheveldayoff:** — Right. I know the minister had that discussion with the member from Canora-Pelly, and I think we've seen the results of that, the discussion of that.

I wanted to continue on talking about the total liabilities of the government. It's a question that I am often asked and have often . . . when I discuss the finances of the province with a number of individuals, so I'm sure that the minister is asked the same question. Again referring to what the auditor has published, we see the government's liabilities on a net basis at \$21 billion. And that comes together with 11.1 in bonds and debentures, the unfunded pension liability of 4.3, and then \$5.6 billion in other.

We've seen that number increase from . . . I'll use 1991 because that's the current term of this NDP [New Democratic Party] administration, but we've seen it go up from \$17.6 million to 20.7, then down to 18.9. And in the last 10 years or so, the net debt of the government to the overall liabilities have been going up from 18.9 to a high of \$21 billion.

Can the minister just give me an overview of the total debt of the province, the government's liabilities, and where he sees that going in the near future?

**Hon. Mr. Thomson:** — Well, Mr. Chairman, I have a different set of numbers looking at the public accounts for '05-06 than what the member's indicating. Numbers we have show total liabilities of approximately 14 billion and a net debt of about seven, so I have a different set of numbers than what the member's working from. So if he could perhaps just elaborate on what numbers he's referring to.

**Mr. Cheveldayoff:** — Thank you, Minister. I've got an extra copy of the Provincial Auditor's report, and those are the latest numbers that I have. On page 34, that's the overall government liabilities that I've been referring to. If the minister has more current information, I'd be happy to go by his numbers if he could provide me with a copy of them.

**Hon. Mr. Thomson:** — The key issue here . . . if I could break it into these two issues as we look at these numbers and the numbers provided us with that are contained in the report of the auditor. There are sort of three categories that he looks at. There's the bond and debentures which is our debt, our unfunded liability, and then this question of other. And the growth has primarily been in this category, other. And so what we need to do is identify what that is.

When we take a look at the, for example, the amount of actual debt in bonds and debentures, that number has decreased from its high in 1994 which was the year we balanced the budget. And it's down by some \$3.1 billion.

The pension liabilities have increased some in that time. It looks like they've gone from about 3.2 in that same time frame to 4.3, but I don't think that's entirely surprising given the aging of the workforce and the contributions that would be there and the entitlements.

The question is, what is this other that's reflected? And I don't have an answer to that today. We'd need to endeavour to find that out.

I would, however, say this, as we look at the overall financial situation of the province, we need to remember that our fiscal capacity is significantly better than it was. In 1991-92, the budget of the day was tabled, I think, at about \$4.5 billion. The

budget today that we're tabling is nearly twice that amount, a little less than, at \$8.3 billion.

So there's been a significant increase in the overall ability of the province to meet its financial commitments. Obviously the economy's also grown significantly in that same time period. So these are all measures that independently are important to look at in terms of what makes them up.

But the bigger issue is how do they interrelate with each other? Our fiscal capacity to pay, the economic ability to raise revenue, and then our ability to meet our conditions — that's why when we take a look at our overall financial situation in terms of debt, we see our debt to GDP [gross domestic product] now at the third lowest in the country at estimated 15.6 per cent.

**Mr. Cheveldayoff:** — Thank you to the minister. I've had a chance to look through this information. I realize I just put it in front of him, but on the footnote no. 26 it says that, "Liabilities are . . . owed to individuals and corporations outside of the Government." I think that's what it refers to in the other category. "As such . . . excludes amounts owed by the General Revenue Fund to the Liquor and Gaming Authority." And I was just going to further ask, I guess, what comprises that \$5.6 billion because it really doesn't go into a lot of detail in the auditor's report.

**Hon. Mr. Thomson:** — If it's okay with the member, what we'll do is we'll endeavour to reconcile what the auditor has identified and how we have accounted for it and provide him with that level of detail. I don't have a detailed answer here at this point. We're still working our way through this as well.

**Mr. Cheveldayoff:** — Okay thank you to the minister. My next sort of set of questions would ask you to outline what you would see as the growth in these areas in the next couple of years. Indeed if you could undertake to review this information and see if you have any projections for the next year or couple of years or if he has any projections with you now, I'd sure appreciate the information.

**Hon. Mr. Thomson:** — Mr. Chairman, this will make for riveting television. But in volume 3 of the 2006 report on page 323, there is a lovely chart that outlines what we are estimating will happen with the pension liabilities. And essentially shows it cresting by about 2015 and declining thereafter. We're expecting that by, it looks at about 2015 to peak around \$400 million worth of required funding. The issue on the public debt is one that we need to . . . obviously the legislature will debate as it looks at its fourth, its next four-year budgetary plan. But at this point, we would project it to be stable if not declining in terms of its overall debt level.

Obviously there are issues that may arise in between that time, but the debt has been relatively stable in terms of its overall dollar level for some years now. The question however as to whether a government more aggressively pays it down or maintains the current level is one that the legislature will need to debate when it looks at the next four-year plan.

**Mr. Cheveldayoff:** — Thank you, Mr. Minister, for those answers. And I indeed will check out, I think, page 323 that you refer me to. And it's positive to see that it does peak, I guess, in

2015 and then there is some positive reductions after that.

I'd like to move on to the topic of the corporate capital tax on financial institutions. And it's something that again we've addressed in a number of years talking about corporate capital tax in general, and I was very pleased to see that the government had moved on corporate capital tax in a general sense, but I know the minister has received correspondence from several of the major banking institutions in the country talking about the limits that the corporate capital tax on financial institutions has.

I've got a couple of copies that have been copied on a couple of the letters. I'm sure there's others that maybe have gone directly to the minister. But it talks about banks and their decisions on whether to expand in Saskatchewan or not. I've got the latest information from the government here as far as the components go, and the corporate capital tax is, I believe, around \$21.9 million that the '07-08 budget is expected to receive — you know, a substantial amount of money but, in light of an \$8 billion budget, something that I think should at least be considered whether we can meet the concerns of the banking institutions and reduce that or phase it out. And I know the minister has undertaken aggressive changes to the corporate capital tax in general, but I'm just wanting to know if he has given any more thought to reducing or eliminating the corporate capital tax for financial institutions.

**Hon. Mr. Thomson:** — Thank you very much, Mr. Chair. I have met with the Bankers Association on this at least twice, and obviously they have written myself, the department, and indeed members of the Assembly petitioning for a reduction in their rate and elimination to match Alberta.

I'm not inclined for a number of reasons to undertake that change at this time. And in particular I take a look at the package of reforms that we have introduced that benefit the banking sector as well as many others, not the least of which are the changes from the corporate income tax which is a significant one for the banks. I have indicated to them that, unlike Manitoba, we do not apply a payroll tax on their offices and their people who work here.

As such there should be no disincentive to establishing a branch, and again most jurisdictions in this country outside of the province of Alberta apply some kind of a capital tax on financial institutions. So the debate is no doubt one which the banks are interested in. I would need to hear a much more compelling argument from the banks as to why they should receive additional tax concessions before looking at moving forward with it. But I know that this is an issue that they are continuing to push and no doubt will continue to lobby on.

**Mr. Cheveldayoff:** — Thank you to the minister. Well I too, when I have met with the banks, and I have asked them to outline their reasoning and the contributions that they are making indeed to the province of Saskatchewan currently from a tax perspective and also some of the decisions that they're facing in the future.

And I've got a note from the . . . a copy of the letter that was sent from the Canadian Western Bank to the minister. And it indeed goes into detail talking about the \$827,000 that the

Canadian Western Bank has paid in capital tax and provincial income tax. When they give the example that their employees were paid \$1.5 million . . . so when you put that in perspective, that is a substantial tax. And that's at the point seven per cent rate. If they were to pay the . . . for small institutions. If they were to reach that threshold of \$1 billion in assets and have to pay the 3.25 per cent rate, it would indeed represent 103 per cent or just slightly more than the \$1.5 million that they would pay in salaries and wages.

I think the minister can understand that it is indeed a disincentive. And the example that was given to me that really stood out was if the Canadian Western Bank or the Royal Bank or any other financial institution would want to do a call centre in Saskatchewan, that would be subject to the corporate capital tax. So even something like that doesn't level the playing field for an institution simply because they fall under the financial portion of the corporate capital tax.

So I guess I was hoping to hear something a little different from the minister, that indeed he would see it on his radar screen, but I guess it would be fair to say that it would be something that the next administration or the next legislature would have to consider. Does the minister have any other comments on this regard?

**Hon. Mr. Thomson:** — Well I would offer this comment, that the issue with the Canadian Western Bank may well be one about what level the thresholds are set at. I think that we always need to be mindful of the ability for us to assess an appropriate level of taxation on extraprovincial corporations to make sure the Saskatchewan people are getting a fair return on the value of the investments that they are making here. If the issue is from the Western Bank's specific perspective one of threshold, then that's one that may be well be worth looking at.

But as I have said to the banking industry and indeed I say to people throughout the business sector, it needs to be evaluated across the board in terms of availability of labour, in terms of the different tax regimes that are in place, and in terms of the number of other business factors, the decisions that they make around locating a centre of one nature or another here in the province.

I think we are very competitive compared to Manitoba as we don't assess a payroll tax. We, unlike Alberta, do not have the health care premium that businesses are largely expected to pick up on behalf of their employees. We have a generally lower cost of land and such here in the province than in other places. Businesses need to make their decision based on the tax regimes in place.

One of the things I've tried to do as Minister of Finance and we've tried to do as a government is to make sure we've got an appropriate mix of taxes and an appropriate level of taxation to undertake the public services Saskatchewan people want. I see no reason why the banks shouldn't help to build the province rather than simply look to us to provide further concessions.

Now if there are issues that need to be dealt with around the thresholds, we can look at that. If there are other issues around competitiveness, we can look at that too. But my view at this point is that we have the right mix of taxes in place. We're

headed in the right direction, and I have not heard a compelling argument from the financial institutions as to why we should change the approach we have undertaken at this point.

**Mr. Cheveldayoff:** — Thank you, Mr. Minister. I guess from the bank's perspective they would argue that they do want to contribute to the growth in Saskatchewan, but they would rather do it in a corporate tax sense than a corporate capital tax and that they are considering some investment in our province but are taking a long time to decide.

The minister is correct in that the Canadian Western Bank specifically has some concerns regarding the threshold, and I know they had some concerns a couple of years ago when I had this discussion with your predecessor, Mr. Van Mulligen. And we had the opportunity to discuss it quite openly, and the decision was made, I think, on April 1, '06 to change that threshold, to increase that threshold. And that was welcomed, and what we've seen since that time is that this particular institution has significantly increased their presence here in Saskatchewan. So that's positive.

The minister has the recommendations that the Canadian Western Bank has talked about, an exemption for the first 500 million of capital allocated to Saskatchewan. And just by looking at their examples, I think that there is possibly some incentives that the government could put forward or make some commitments and as well as monitor what the banks are doing in the province. But I hear the minister and I understand what he's saying. But indeed, you know, we've made some movements in that direction. And that may not be high on his priority list, but I would suggest that it should be something that a future administration does look at.

**Hon. Mr. Thomson:** — Well, Mr. Chairman, if I might just add this. It is important as we take a look at these issues that we understand Saskatchewan is now moving into a period where we have a competitive advantage in terms of the cost of doing business — largely associated not only with the changes in the tax regime that we've introduced as an administration, but also in terms of the competitive environment in terms of the cost of assembling land and being able to meet pressures on payrolls.

I think any government needs to make sure they take that into account before giving away the farm simply to secure a call centre. And I think we need to be very careful of that, to make sure that we continue to take into account what the normal business environment looks like. Certainly we need to be competitive in terms of our tax regime, but there are a number of issues about competitiveness that fall outside the government's purview. And we need to recognize that banks, like any other business, will take that into account.

And part of our responsibility is to make sure we continue to have the right mix of taxes. But we also have to have enough revenue coming in to pay for the types of services Saskatchewan people want. And from the discussions I've had with the banks, I'm not aware of any one of the major banks that is looking at a significant change in terms of their staffing levels in the province that would be incented by a change in terms of the corporate capital tax.

That doesn't mean that it wouldn't necessarily be the case in the

future. If there were, I think it would compel any government to take a look at what would need to be done to secure that. But having met with most if not all the major banks, I'm aware of nothing that would be on the horizon that would otherwise be incented by this kind of a change.

**Mr. Cheveldayoff:** — Thank you to the minister for his frank answer. I guess I'm hearing something a little different from the bankers that I'm meeting with and the . . . You know, maybe it's because I'm asking that specific question.

But indeed the Canadian Western Bank does outline some things that they're indeed considering. And you know, they say it makes no business sense to us whatsoever, and hence we cannot recommend to our board any future growth in Saskatchewan as we are nearing the large financial institution threshold. So they've got a double concern there, the threshold as well.

But I guess for 20, \$21.9 million I think at some point, whether it's now or some point in the very near future, we can start being creative on how we capture that tax, whether it's corporate capital or indeed we meet the banks halfway and say, if you do indeed invest in our province, we will at least start to reduce that tax. And maybe you start reducing it by 20 per cent over each year for over five years, and you review that decision after every year to see if indeed they are making some commitments to our province. That's just my personal view, and I guess something that we will look to do and look to negotiate as part of future legislatures. I also . . .

**Hon. Mr. Thomson:** — Can I just comment on that? Mr. Chairman, the one thing I would say is I have, as I've met with the banks, asked them this very specifically: what is on their planning horizon in terms of being able to restore the losses that we've seen in terms of the cheque clearing houses, in terms of the bill processing centres, these kind of issues?

And I will tell you that none of them have told me that they would be in a position with this change, if we were to change the way the surcharge, the corporate capital tax works, to undertake it. That would simply be one more factor in their decision making. I think we need to understand one of the problems that the province faces today in terms of being able to secure a big change in terms of the way the banks operate around the cheque clearing centres and processing centres is the fact we don't have a Bank of Canada office here.

Without the ability to have a Bank of Canada located in Regina, it's very difficult for the banks to be able to undertake this. And this is one of the difficulties we have with the credit unions also. And so we need to understand that there are a number of different things that need to be taken in to account.

I appreciate that the situation with the Western Bank may be somewhat different and could be addressed through threshold, and I think it will compel us again to take a look at that issue. But we need to be very mindful of what type of expansion we're seeing. At a time when we're seeing banks pulling out of small-town Saskatchewan, at a time when we're seeing greater consolidation within the West, we need to be very careful to make sure Saskatchewan people are continuing to get their fair return on the resource. And that's the only argument I make.

The question about the level of taxation, the member may argue it's relatively small at 21.9. That is frankly not very far off of what the projected increase in the drug plan is going to cost us this year, which we're told by the opposition is completely unsustainable. It probably would be if we gave up another \$21.9 million worth of revenue.

We need to make sure we've got the right mix of program expenditure and revenue coming in. All I'm saying with respect to the banks, we need to continue to work with them. We need to continue to listen to them, but they also need to be in a position to be much more forthright if they want to change — present a more compelling argument than what I've heard today.

**Mr. Cheveldayoff:** — Thank you, Mr. Minister. I guess one thing I always try to do is not use the word small and million in the same sentence because before I became a member of this legislature I'd never seen it in that way, and I still don't see it in that way. So \$21.9 million is a lot of money. I guess the question I'm asking myself is, how can we grow that amount? Can we capture more in a different way?

And to be frank, the bankers that I have met with recently, they're talking about 50-\$60 per square foot lease rates in Calgary and in Edmonton and Vancouver. They're looking at Saskatoon and Regina and smaller cities around the province and saying, that looks pretty attractive. Labour costs and the graduating students from post-secondary institutions, as the minister knows and we agree on, are second to none in the country. And it's all starting to line up.

And then they say, well this corporate capital tax is something that doesn't work in your favour. But I realize it's something that you just can't do away with with the flick of a pen. But I hope that the Finance department does undertake more studies and sees if indeed that can happen.

I wanted to turn to the topic of TILMA [Trade, Investment and Labour Mobility Agreement] now. We've discussed it a bit in the legislature. It's been debated in question period a bit. And the Conference Board of Canada has provided the government with a study that we've recently been able to access from the government. And indeed that study says that there's potential for very profitable aspects that can help the province of Saskatchewan, both on job creation and on increases to the province's GDP.

It's something that I know I've heard the minister speak about it on a radio show about a year ago, and I seem to sense — and the minister can correct me if I'm wrong — some positive, I guess he saw some positive potential in that. It was quite some time, and I haven't read the transcripts for a while, but it seemed to me at the time that the minister was indicating that he saw some positive potential for our province with TILMA.

I know that we've undertaken to have hearings, public hearings that the Economy Committee will be undertaking in the month of June. I just wanted to get the minister's views regarding TILMA and further than that, or just . . . Let's start with that.

**Hon. Mr. Thomson:** — Government Relations is taking a lead on this, but nevertheless I'm happy to offer some comment on

where I believe things are at.

I do welcome the fact that the Committee on Economy will be undertaking a set of public hearings on this. I think it's important that people have a good understanding of what TILMA is. There's a fairly sizable debate in some sectors of the province today. I'd hardly argue that they're talking about it at Tim Hortons this afternoon, but they may well be. I suspect it's a bigger issue with the business community and the labour community trying to sort out what the actual issues are that are impacted.

Let me begin by saying it has always been my view that freer trade within the country and freer trade between Canada and its trading partners is usually beneficial to Saskatchewan — usually beneficial. And this is something that we will need to take into account as we look at Saskatchewan obviously being dependent on commodity trading and exports to drive our GDP. We foresee nothing that changes that. That then takes us to a debate really about what the nature of those agreements are, and I think this is where Saskatchewan people need to enter into the discussion.

I am somewhat cautious as it pertains to TILMA for this reason. When we embarked on the agreement on internal trade discussions almost a decade ago now, little better than a decade ago — it was probably 15 years ago — our expectations in terms of what that agreement would provide have not really been met. In many ways, Saskatchewan has not benefited as much from those trade changes as we might have anticipated at the time.

There's no doubt that Saskatchewan's economy is different as a result of that. Today we have virtually no brewing industry as a result of the AIT [Agreement on Internal Trade]. Today we have a very difficult environment in terms of our large printing companies. And you can work your way down the list of the number of industries that have been adversely affected by the AIT.

Fair enough. We can argue that within the western economy, there's been a transition. It's changing. Overall we're all growing from a large economy, and that's of some benefit. We need to understand which sectors are going to be impacted and how they're going to be impacted by any changes in terms of internal change.

I'm concerned by what I hear from two fronts on TILMA. First of all, I'm concerned that there is a growing sense among cities that they want to opt out and want an opt-out under it. Saskatoon notably has been arguing that they believe that TILMA will disadvantage them in terms of their ability to make certain regulations that affect the quality of life in the community. We need to better understand that, and I trust that the committee will ask the city to appear and explain some of their difficulties. So I worry about this in terms of our ability, if we are going to enter into an agreement, to generally apply it across the province. There's no sense in applying it if one sector or a major community the size of Saskatoon decides to opt out of it.

Second of all, I was very concerned to hear reported from the C.D. Howe luncheon that was held that the deal is

non-negotiable. I am told at that luncheon that the deputy minister from Alberta indicated there would be no changes to the agreement, that this is not in fact a case of provinces being able to enter into a set of negotiations as we did with the AIT but rather us simply being forced to decide on the bottom line to a deal that was negotiated without us being participants to it.

This concerns me. Obviously if Saskatchewan is going to participate in a trade agreement, we need to be a party in the negotiation of that trade agreement. And I think that that just makes general business sense, let alone whatever political sense there is to it. We need to be in a position to do that. If Alberta's position is that the deal is non-negotiable, then we need to make sure we take a very hard look at what the implications are so we understand which industries will benefit, which ones will be disaffected.

The third . . . I said there were only two points, so let's make this 2(a). The 2(a) point to this is I read in the paper that — that's right, sub (i) — I read in the paper now that Quebec Premier Jean Charest is advocating a similar kind of agreement between Quebec and Ontario. We need to have a real debate about whether we want a balkanization of our trade and labour regimes in the country or whether we should go back to what the premiers were pushing for initially at the confederation, the Council of Federation table, which is a new national agreement on trade and labour mobility and obviously mobility of capital.

So I think there are a lot of questions about this agreement. The overall economic impact, I would say, is largely at this point, from the studies I've seen, is not conclusive. It's, I think, suggesting that we would see less than a one point growth in our GDP. Saskatchewan's already predicted to lead the nation next year in terms of GDP growth. So we're seeing a sizable growth as it is. We need to, I think, very clearly understand which sectors of our economy are going to be disadvantaged, which sectors are going to be advantaged. And I think that that's a great discussion for us as legislators in a bipartisan environment to have with the community.

**Mr. Cheveldayoff:** — Thank you, Mr. Minister, for those frank comments. I appreciate your view. I too look forward to the hearings. Will the Department of Finance be making a presentation to these hearings based on the information received from the Conference Board of Canada and the financial impact that it will have on the province?

**Hon. Mr. Thomson:** — It's my expectation that the Department of Government Relations — I was going to call them Intergovernmental Affairs — but Government Relations will take the lead in terms of the province's view at this point. Finance is continuing to provide GR [Government Relations] with our advice and our interpretation of information. But we haven't formulated a position on this.

**Mr. Cheveldayoff:** — All right. So you'll be contributing to the Government Relations proposal, but they will be putting forward a proposal on behalf of the Government of Saskatchewan then as well.

**Hon. Mr. Thomson:** — Well I think the . . . Now as I understand it, what we're going to wait for is really the hearings to occur within the committee, but Government Relations will

serve as the lead agency for government in terms of compiling information and being in a position to respond to the committee's report. That's my understanding at this point. It may be a question you want to address to Minister Van Mulligen.

**Mr. Cheveldayoff:** — Thank you to the minister. I just found it very beneficial from our side when we made a report to the commission, the Vicq commission, on taxes. And I found it disciplined us to examine things and to make, you know, specific recommendations. And I would, I guess, personally see it as an advantage for the Department of Finance to make their own presentation.

But you know, we'll see what comes out of Government Relations, and indeed I saw some positive aspects from the Conference Board of Canada information that I've read. And I hope that we can come to some type of an agreement, and I look forward to those hearings.

I see that our time is just rapidly going away here. I've got a number of other things, so I think I'll get right to them.

I had mentioned last time we were in estimates about the Mennonite Mutual Fire Insurance Company and the superintendent of insurance from financial institutions. I understand he's not able to be with us, but I can see some people there that would probably be able to answer this question.

I met with representatives of Mennonite Mutual Fire, and they've provided me with some correspondence between the minister and their operations. And it talks about tax equity and the way that this particular institution is taxed in our province. And I understand that their position . . . and I also understand where the minister was coming from as far as not being able to go beyond what has already been done for Mennonite Mutual Fire Insurance.

One point that was brought up that was particular interest to me, it talked about the equity that Mennonite Mutual has, and it's in the neighbourhood of some \$2.8 million. And they feel that they just haven't been able to get a significant return on this equity because they're limited by legislation as to what they can invest that equity into, namely T-bills [treasury bills]. They have done some financial analysis and have said if indeed they were able to enter into the bond market or enter into equity markets in a very responsible way, over the last decade or in the last 18 years I believe, they would be in a significantly different position than they're in today. Is that something that the minister or the department would consider . . . is looking at that legislation and possibly opening it up, widening it to undertake financial options other than just treasury bills?

**Hon. Mr. Thomson:** — Mr. Chair, if I might I'd ask Mr. McGregor to offer some background in terms of how the current situation has come about.

**Mr. McGregor:** — Thanks, Minister. First, the superintendent of insurance would have liked to have been here today, but he's away from his office. He did provide and his staff provided me some information, first, that The Saskatchewan Insurance Act sets out the restrictions on the types of investments that insurers



are able to make. It points to differences in the level and the extent to which they can invest between mutual insurance companies and general insurance companies. And the company that the member refers to is categorized as a mutual insurance company at this point in time.

And so what the company, I think, is asking the superintendent and his staff to do is to move them from the mutual insurance category and list them as a general insurance company. And what that would do, as the member indicated, would lift the limits that they currently have on the types of insurance. They're, as I understand it, restricted in terms of very safe forms of investments, and general insurance could go beyond that in to pool equity funds into the bond market.

And the advice that I've been receiving from the superintendent's office is that they're quite prepared to discuss this with the company in question and are prepared to look at that over the coming weeks and months. What it requires is a change to the regulations. Section 81(2) of The Saskatchewan Insurance Regulations, 2003 would have to be amended in order to allow that board to be listed and that they are prepared to continue those discussions in the near future.

**Mr. Cheveldayoff:** — Thank you very much to the official. I appreciate that answer, and certainly I'll communicate that back to the individual who brought this to my attention, and I'll encourage him to pursue that with your department. It just seemed to me that it was a common sense way to address some of their concerns. They provide a service that is very valuable to a niche in Saskatchewan, and I think any way that we can help them out would be advantageous to everyone in the province.

Another specific question, and this has been brought to my attention by a First Nations individual in the province. And they're asking the question if there's a formal agreement between Saskatchewan Finance and the Department of Indian and Northern Affairs — Indian and Northern Affairs Canada — with reference to gas and tobacco purchases on reserve and how that is answered, how transactions are undertaken between the two levels of government. And just . . . it's something that I didn't have the answer to, and the person was just asking some very specific questions.

It's fairly open-ended. It's about . . . it doesn't specifically say if it's an audit agreement or not. It just talks about agreements in general. Is there an agreement? I guess, if not an agreement, is there an agreement to share information back and forth?

**Hon. Mr. Thomson:** — I do understand that we have an agreement with them to share in terms of completing audit work, and it pertains largely to getting access to the treaty numbers to be able to identify the individuals. And so that's the, as I understand, the only agreement. If the member has . . . if that doesn't answer the question, if there's something else the member wants to know, he can ask me, and we'll see if we can find another answer.

**Mr. Cheveldayoff:** — So is it a formal agreement that exists between the two levels? And is that something that an individual can access, can get a copy of that agreement?

**Hon. Mr. Thomson:** — I don't know. It is a formal agreement.

I don't know what our . . . We should be able to provide some kind of a . . . Let us check with our lawyers in Justice and see what the nature of the agreement is and what the disclosure can be.

**Mr. Cheveldayoff:** — Thank you to the minister. And I'll follow up by correspondence with him in this regard. And if he can undertake to provide me with an answer, that would be most helpful.

All right. Another area that I wanted to address, it regards small businesses in Saskatchewan. And it talks about those that are bulk fuel distributors. And myself and a number of my colleagues have received correspondence from individuals that are somewhat concerned about the Department of Finance officials and some of the procedures that they're pursuing.

An individual that I have become aware of that talks about the tax-exempt gasoline that is sold from a card lock, they . . . This is done by permit by the Department of Finance. And this individual is quite concerned about the clamping down on offenders by way of warning and then possibly taking their exempt permits from them. This is something that . . . I guess there's a problem that the Department of Finance perceives an abuse of the system. And certain small businesses have been — and maybe harassed is too strong of a word — but certainly have been questioned regarding their policies regarding how bulk fuel permit holders operate their business.

I don't need to review this in too much detail for the minister, I don't think, in that these are small-business people that have put out a substantial amount of capital. They are operating largely in rural Saskatchewan and need every bit of business that they can get. When a Department of Finance official, a revenue enforcement officer, comes to them and talks to them in that way that their permit may be revoked for some perceived things happening on a global level in the province . . . Like, the argument was made that — from the Finance official and I'm just paraphrasing from the information that I've received — that some individuals allow their children to go to university in Regina or Saskatoon and give them their card lock and enable them to do that.

That may indeed be the case in a small, small amount of transactions. I don't know. But what this individual is saying, if abuse like that was to take place, there's nothing to stop an individual from buying the bulk fuel, locating it on their farm or their premises and allowing individuals to abuse it in that manner.

So what I hear from this individual is someone who wants to be compliant, someone who has been compliant, yet he feels he's been harassed; I'm using their words. And I don't think that it's a situation that we want to be in with our small-business people across the province.

So could the minister comment on, first of all, the department's policies in this regard and if indeed this is happening across the province or are all small businesses being offered the same information.

**Hon. Mr. Thomson:** — Well we are estimating that we will forego over \$112 million worth of tax revenue as a result of

these exemptions that are built in. These are exemptions that are available only to farmers, commercial fishers, trappers, and loggers. And this is their ability to receive tax-free gasoline, diesel and, in some cases, propane. This is a huge amount of money that we are foregoing in terms of tax revenue on gasoline and other products — 87 million in tax-free diesel, 25 million in gasoline.

The integrity of the program relies on certainly, first and foremost, individuals to comply with the purposes of the program, and that is to allow them to have access to tax-free fuel for the purposes that I prescribed. One of the biggest problems with this program is leakage in that it is not easily tracked through in terms of who is accessing and who is not. If the argument is being made that our auditors are asking impertinent questions, I might apologize for the tone, but I won't apologize for the approach.

We need to make sure the integrity of the program is maintained. And if not, what we run a risk of is not being any longer able to truly defend why it is one group of citizens receive access to tax-free gasoline when others don't. And that does mean that gasoline shouldn't be used tax-free in a vehicle that may be owned by somebody in one of these categories and used for some other purpose. We just need to make sure the integrity of the program is maintained.

Now I believe that this is a program that does serve a particular need. I think it's an effective program, and that's why we've maintained it. But this is one of the biggest issues that we have in this program is making sure it does not become one simply based on a connection to this, that all uses are therefore tax-free.

It's the same as the farm plate, the F plate. We need to be careful to make sure that that's used for the purposes it is within the Auto Fund as opposed to other reasons. So this is not a general entitlement. It is a specific entitlement and as such, unless we go back to a much more stringent accounting of this or a rebate system of some variety, we are going to need to continue to put impertinent questions to individuals to make sure that they are complying with the program.

**Mr. Cheveldayoff:** — Thank you, Mr. Minister. I guess I was very hesitant in using the word harassment because I didn't want to imply that officials were harassing individuals. But I can tell by his answer that indeed it is something that is taken very seriously, and it is an aggressive approach.

I guess . . . Has this aggressive approach been used with all bulk card lock operators in the province, or is there particularly a few that have been signalled out? Because the individual that was contacted us or many of them that have contacted us are very concerned that they are doing all that they can, and . . . I guess if the minister could answer that question.

**Hon. Mr. Thomson:** — I'm advised that the officials tend to perform the audit on ones that are looking at an unusually large claim. Obviously we need to make sure in those cases we understand what the nature of their business dealings are and how that connects through with the exemption that they are dealing with.

I don't think we want to go back to the days when we used to

have random checkpoints along the provincial highways to see who was using purple gas and who wasn't. But that is one of the ways that the government used to undertake to make sure that fuel was appropriately used. Conversely we had in previous administrations, regimes where there were direct rebates. You know, you could submit . . . You paid the tax up front, and you submitted the rebate back. I don't think we necessarily want to go to that because the cost of administration is high.

We're just trying to find the right mix of what the tax regime should be, how we got a compliant system in place, and how to make sure that we continue to offer the benefit that we believe is, you know, is supported by those in the farming, fishing, trapping, and logging industries.

**Mr. Cheveldayoff:** — Thank you to the minister. Is there another way to monitor possible illegal use of exempt gas though? Because, you know, what I'm seeing here is a situation where card lock businesses are doing all that they can, and they make a very compelling argument. There's nothing stopping somebody from doing this on their own if they wanted to do that. But the example that was given to me is that it could be monitored more closely when the bulk fuel renewal forms are done on a yearly, on a yearly basis with individuals.

But I can sense in the minister's tone that there is some real concern here. But harassing the small-business people who are making their livelihood out of this and trying to be successful in a very challenging small-business environment in rural Saskatchewan, I just don't think that this is the proper way to do it. And so if the minister could outline for me if any other ways to monitor the illegal use of tax-exempt gas exists or if they're considering it, or if there's some thought that has to be given to this.

**Hon. Mr. Thomson:** — I'm advised by officials that in terms of our compliance, simply an annual review would probably not be sufficient. I'm told, because of the length of time we've been dealing with this program, we have a fairly good understanding of what the expected usage would be in each of these cases. And where we have a situation where an individual is above what we believe the appropriate usage is, the auditors question it.

There are other options certainly. We could go to a rebate program, require everyone to pay the tax up front and rebate it back. I think that that's too expensive to undertake from a compliance standpoint and an administration standpoint. We could go back to colouring and randomly checking to make sure that it's only used in appropriate vehicles. I've never been entirely convinced that that's an effective program.

And so what we use instead is to take a look at those cases where we believe, from taking a look across the province and across individuals, what we believe, what we're estimating is an appropriate usage level. If they exceed it, we need to ask tough questions to make sure that the integrity of the program is maintained. Again we're talking about \$112 million worth of foregone revenue — on a tax, by the way, that is paid by other citizens in the province. And so this program is in place to provide a specific exemption for specific usage, and we need to make sure that's maintained.

**The Chair:** — Thank you very much, Mr. Minister. I'll recognize Mr. Weekes.

**Mr. Weekes:** — Thank you, Mr. Chair. Mr. Minister, from my own experience, I'm not sure why the permit . . . why the bulk dealer is being audited. The farmer or fisherman has to apply or every year has to apply for their permit. And part of the process is that if they purchase any fuel at pumps or at a card lock, they are to remit the tax back to the government. So I believe it's incumbent upon the farmer or fisherman to do that. And possibly they need to be audited, but I'm not sure why the bulk dealer would need to be put through that cumbersome process.

Because a couple situations I'm familiar with that the bulk dealer has an annual . . . annually prints out to each customer what they purchased, both in bulk fuel and at the card lock. And it's obvious the amount that's submitted at the card lock, purchased at the card lock is supposed to be reimbursed to the government.

**Hon. Mr. Thomson:** — I'm going to ask Mr. Lambert to explain some of the detail around the actual audit of this situation.

**Mr. Lambert:** — Yes. One of the things that we do look at is if particular farmers for their type of operation, they're using a lot of fuel. And we have a pretty good idea, you know, on a fuel that would be used for different types of farming operations. We tend to focus on the ones that are using more than what we would expect for that type of operation. And then we do a sort of questionnaire. We send out a letter to them and ask them to just give us some information to support that usage. And if they have a perfectly logical reason, then that's sort of the end of the story. If there's something that we require more information on then we'll ask them to, you know, give us more information on that.

**Mr. Weekes:** — But that's my point. I'm not sure why the bulk dealer would be involved in that process when it's really up to the farmer or the fisherman to answer those questions and verify that information.

**Mr. Lambert:** — So we would . . . Well it would be both situations. I guess we want to make sure the bulk dealer is ensuring that he's only selling the exempt product to a valid fuel tax exemption permit holder. If he's selling to somebody who's not eligible, then of course we would want to check up on those situations. So that would be the case in dealing with the bulk dealer. The individual is more . . . You're right. If an individual is using a large amount of fuel, we want to focus on that individual farmer and get explanations from them.

**Mr. Weekes:** — Thank you.

**Mr. Cheveldayoff:** — Thank you. Mr. Chair, just a follow-up question that indeed the person that has contacted us I think makes a very compelling argument that not only bulk fuel permit holders would be able to take advantage of this. Certainly individuals would be able to misuse this situation if they wanted to.

So I would just ask that the Finance officials exercise some restraint when they're talking to these individuals and just be

aware that they are the, you know, small-business people in rural Saskatchewan for the large part. There's some in urban Saskatchewan as well. But the people that have contacted us have put every dime of their personal resources into these businesses and are really having trouble making a go of it. So when the flippant comment is made that we may revoke your licence or we may, you know, put the screws to you a bit, that really concerns the viability of their whole operation.

And again this is repeating comments that were put forward to myself and to members of the opposition, but we indeed can see that the government's problem in this regard as far as foregoing a large amount of tax, but I would suggest that it is an area that needs the support of the Department of Finance, and I hope indeed that the minister will communicate that to everyone in the department.

**Hon. Mr. Thomson:** — Mr. Chair, if the member wants to forward me the specifics around this particular situation, I'd be more than happy to review the details of it and to look at this particular case.

**Mr. Cheveldayoff:** — Thank you for that undertaking, Minister. I've been given this through a colleague of mine, and I haven't had a chance to talk to the individual myself or to get the okay to share more information than I have, but I will return the information to the member and I thank you for that undertaking.

Looking at the time, I see that the time allotted for Finance estimates has expired, and at this time I would like to thank the minister and his officials for their concurrence in answering the questions and for their attitude towards myself and the official opposition in any questions that we've had throughout the year. The information has always been provided in a professional manner, and that is very much appreciated.

And on a personal note, I would like to thank the Finance minister for his commitment and his passion for the province and his job as a Finance minister. It's been a unique position to come to this legislature and to talk to the minister about, first of all, post-secondary education — I think that's the first area where we shared responsibilities — and now Finance. It's something that I've taken very seriously, and I know that the minister has, and I know his commitment and passion for the province will remain strong, and I encourage him to . . . or I hope that he does well in his future endeavours. And again on behalf of the official opposition, it's been a pleasure working with you for the betterment of Saskatchewan people.

**Hon. Mr. Thomson:** — Thank you. Thank you very much, Mr. Chairman. I too, as this is likely my last appearance before this committee as the Minister of Finance for Saskatchewan, want to thank members of the committee for their work with me. I certainly want to thank the department officials who truly do provide remarkable service to our province.

And I want to thank my critic. I think we have been having a debate for probably the better part of 20 years, from university on. It has always been enjoyable, always been respectful, and I too want to wish him the best in whatever the future holds for him. Thank you again to you, Mr. Chairman, for your indulgence this afternoon, and best wishes to all.

**The Chair:** — Thank you very much, committee members. With that we are going to vote off the estimates for the Department of Finance at this time. Vote (FI01) in the amount of 7,703,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Vote (FI04) in the amount of 2,933,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Vote (FI03) in the amount of 9,083,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Thank you. It's carried. Vote (FI06) in the amount of 4,915,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's carried. Vote (FI05) in the amount of 17,882,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — It's carried. Vote (FI10) in the amount of \$415,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. Vote (FI08) in the amount of \$96,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — And finally vote (FI09) in the amount of \$243,860,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Okay. Thank you very much, committee members. We also have to deal with a number of statutory items that are before the committee. We'll vote off before we go to that, the entire vote 18 though, which is:

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2008, the following sums for Finance, \$171,812,000.

Is that agreed?

**Some Hon. Members:** — Agreed. Could I have a member of the committee move that?

**Hon. Ms. Higgins:** — I so move.

**The Chair:** — Ms. Higgins. Okay. Thank you very much, committee members.

[Vote 18 agreed to.]

**General Revenue Fund  
Finance — Servicing Government Debt  
Vote 12**

**The Chair:** — At this time I'd like to deal with a number of additional votes that need to be dealt with in these estimates. Vote no. 12, which is statutory, found on page 73 for members of the committee.

[Vote 12 — Statutory.]

**General Revenue Fund  
Fiscal Stabilization Fund  
Vote 71**

**The Chair:** — Also vote no. 71, which is a transfer to the GRF [General Revenue Fund] and not an expenditure.

**General Revenue Fund  
Lending and Investing Activities  
Saskatchewan Opportunities Corporation  
Vote 154**

[Vote 154 — Statutory.]

**General Revenue Fund  
Lending and Investing Activities  
Saskatchewan Power Corporation  
Vote 152**

[Vote 152 — Statutory.]

**General Revenue Fund  
Lending and Investing Activities  
Saskatchewan Telecommunications Holding Corporation  
Vote 153**

[Vote 153 — Statutory.]

**General Revenue Fund  
Lending and Investing Activities  
Saskatchewan Water Corporation  
Vote 140**

[Vote 140 — Statutory.]

**General Revenue Fund  
Lending and Investing Activities  
SaskEnergy Incorporated  
Vote 150**

[Vote 150 — Statutory.]

**General Revenue Fund  
Debt Redemption, Sinking Fund and Interest Payments  
Vote 175, Vote 176, Vote 177**

[Votes 175, 176, 177 — Statutory.]

**The Chair:** — With that, committee members, I'd like to thank you for voting off the estimates for the Department of Finance. Mr. Minister, I'd like to thank you and your officials for being here this afternoon. As usual, it's been a pleasure.

**Bill No. 45 — The Agricultural Societies Repeal Act****Clause 1**

**The Chair:** — Thank you very much, committee members. The next item of business before the committee is consideration of Bill No. 45. Thank you very much, Mr. Minister. I see you have your officials with you today. Could you please introduce your officials to the committee, sir.

**Hon. Mr. Wartman:** — Thank you, Mr. Chair. I would like to introduce Dr. Harvey Brooks who is the deputy minister of the Department of Agriculture and Food. And with us also is Rick Bjorge, and Rick is with the agriculture knowledge centre and has been involved with this file regarding The Agricultural Societies Act.

**The Chair:** — Thank you very much, Mr. Minister. Do you have any opening comments?

**Hon. Mr. Wartman:** — Well I just note that this Act has been in place for many, many years and really has become outdated. We have seen some significant changes. All the larger fairs and exhibitions including Regina, Saskatoon, Moose Jaw, Swift Current, Weyburn, Yorkton, North Battleford, Melfort, and Prince Albert have already incorporated as non-profit corporations, and we think that their actions really reflect more the current atmosphere of today.

And there are approximately 45 agricultural societies, fairs, and exhibitions that will be affected by the repeal of the Act. In discussions with them — and we have had long discussions — we believe that we can help them move towards incorporation. And the SAASE [Saskatchewan Association of Agricultural Societies and Exhibitions], the board for these folks, have indicated to us that they see this as the way forward as well.

So we think the opposition has had opportunity to look at this. They may have some questions or concerns. We'd be happy to address those, but overall we think this is the way to move us into the new period.

**The Chair:** — Thank you very much, Mr. Minister. I'll recognize Mr. Bjornerud.

**Mr. Bjornerud:** — Thank you, Mr. Chair, and welcome to your officials, Mr. Minister. I don't see any problem at all with the Bill. One question I do have, though. Will any of the funding for ag societies that the government or the Department of Agriculture puts in, will this change in the Bill affect that in any way, shape, or form?

**Hon. Mr. Wartman:** — No.

**Mr. Bjornerud:** — It's my understanding that SAASE had input into the changes that are here. I think the minister is on the record of saying that.

**Hon. Mr. Wartman:** — Yes.

**Mr. Bjornerud:** — Mr. Chair, I don't think we have any more questions of the Bill. I think everybody out there is of the opinion that it was overdue. So we would be willing to have the

vote.

**The Chair:** — Thank you very much, Mr. Bjornerud. Clause 1, is that agreed?

**Some Hon. Members:** — Agreed.

[Clause 1 agreed to.]

[Clauses 2 to 6 inclusive agreed to.]

**The Chair:** — Thank you. Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: An Act to repeal The Agricultural Societies Act and make consequential amendments to other Acts. Can I have one of the members move that we report the Bill without amendment?

**Hon. Ms. Higgins:** — I so move.

**The Chair:** — Thank you very much. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Thank you very much, Mr. Minister.

**Bill No. 52 — The Wildlife Amendment Act, 2007/  
Loi de 2007 modifiant la Loi de 1998 sur la faune****Clause 1**

**The Chair:** — The next item before the committee is Bill No. 52, The Wildlife Amendment Act, 2007. Thank you very much, Mr. Minister. Would you please introduce your officials to the committee. And if you have any opening remarks, proceed with your opening remarks.

**Hon. Mr. Nilson:** — Thank you very much. I'm pleased to have with me this afternoon, on my right, Dave Phillips who's the assistant deputy minister; and, on my left, Dave Harvey who's the chief of enforcement that deals with this particular legislation.

And I think practically what we're doing today is making some adjustments to make sure that the rules that are followed by the officers that are enforcing this legislation comply with the constitution. And we work carefully to make sure that that happens. So I'm ready for questions.

**The Chair:** — Thank you very much, Mr. Minister. And I'll recognize Ms. Heppner.

**Ms. Heppner:** — Well the minister will be happy to hear that I actually don't have any questions on this. We're fine with the way the Bill is, so.

**The Chair:** — Thank you very much, Ms. Heppner. Clause 1, is that agreed?

**Some Hon. Members:** — Agreed.

[Clause 1 agreed to.]

[Clauses 2 to 6 inclusive agreed to.]

**The Chair:** — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: An Act to amend The Wildlife Act, 1998. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Agreed. May I have a member move that we report the Bill without amendment? Moved by Mr. Lautermilch. Is that agreed?

**Some Hon. Members:** — Agreed.

**Bill No. 53 — The Miscellaneous Environment Statutes (Inspections and Investigations) Amendment Act, 2007**

**Clause 1**

**The Chair:** — Thank you very much, Mr. Minister. The next item before the committee is The Miscellaneous Environment Statutes (Inspections and Investigations) Amendment Act, 2007. Do you have the same officials with you for this?

**Hon. Mr. Nilson:** — Yes, I have the same officials with me. And the only comment that I would make is that this particular legislation deals with the same changes as was made in The Wildlife Amendment Act, 2007 except that it makes the changes in The Fisheries Act, The Forest Resources Management Act, and The Natural Resources Act.

**The Chair:** — Thank you very much, Mr. Minister. Ms. Heppner.

**Ms. Heppner:** — Thank you, Mr. Chair. This Bill is just a housekeeping Bill as the minister has stated, so we have no questions.

**The Chair:** — Thank you very much, Ms. Heppner. With that, is clause 1 agreed?

**Some Hon. Members:** — Agreed.

[Clause 1 agreed to.]

[Clauses 2 to 5 inclusive agreed to.]

**The Chair:** — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: An Act to amend certain Environment Statutes with respect to matters concerning Inspections and Investigations. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. May I ask one of the members to move the Bill without amendment? Ms. Higgins moves the Bill without amendment. Is that carried?

**Some Hon. Members:** — Agreed.

**The Chair:** — Thank you very much, Mr. Minister. With that we'd like to thank your officials for coming this evening. And with that we'll move on to the next item before the committee.

**Bill No. 46 — The Crown Minerals Amendment Act, 2007**

**Clause 1**

**The Chair:** — Thank you very much, Mr. Minister. The next item before us is An Act to amend The Crown Minerals Act. We have with us the minister responsible. Mr. Cline, would you please introduce the officials you brought with us as well, sir.

**Hon. Mr. Cline:** — Yes thank you. Good afternoon, Mr. Chair, to you and members of the committee. With me today is Trevor Dark, sitting to my left. He is the assistant deputy minister for petroleum and natural gas. And to my right is Mike Ferguson; he is the senior engineer for petroleum royalties.

**The Chair:** — Thank you very much, Mr. Minister. Do you have any opening comments that you'd like to make?

**Hon. Mr. Cline:** — No not really, other than to say that the two pieces of legislation that we have before us . . . that is, there are two. I realize you're dealing with one initially, but I do want to indicate that there are two pieces coming up this afternoon — The Freehold Oil and Gas Production Tax Amendment Act and The Crown Minerals Amendment Act, 2007.

They are virtually identical pieces of legislation. They both speak to the same issue, which is, if I may say, a very arcane and technical issue which has very little consequence other than the change makes it more administratively simple for oil and gas companies to operate but has no revenue or other significant implications.

So I'll just make those comments, and if members have any questions, I'd certainly be pleased to try to answer them.

**The Chair:** — Thank you very much, Mr. Minister. Mr. Stewart, do you have any questions?

**Mr. Stewart:** — Well just briefly. I wonder, Mr. Minister . . . I understand the Bill. What I'm not clear on is how the Crown . . . how these mineral rights came to be Crown acquired. What's the history behind that? Could you enlighten me?

**Hon. Mr. Cline:** — Yes. There was a piece of legislation in 1973 called The Oil and Gas Conservation Stabilization and Development Act, 1973 whereby the province acquired certain crude oil and natural gas mineral rights, and those rights became known as Crown-acquired production. The Oil and Gas Conservation Stabilization and Development Act, which as I said was 1973, was passed by the legislature in response to rapidly increasing world oil prices, something that we've seen in the last year or so as well. But members will recall, Mr. Chair, that in 1973 that is when we had the first — at least I think it was the first — what was called the energy crisis. And there was a fear actually that the world would run out of oil and gas.

The main thrust of the legislation was to obtain some control of oil and gas in the province to ensure sufficient supplies were maintained to meet the needs in Saskatchewan and ensure the people of Saskatchewan were not subject to the rapid world oil price increases. And the Act was designed to prevent windfall profits by the major oil producing companies.

One of the key powers given by the legislation was the

expropriation of freehold oil and gas rights held by the larger oil producing companies at the time. The province acquired the oil and gas rights of mineral owners with producing tracts aggregating more than 1,280 acres. Provisions for compensation to the freehold mineral owners were also set out in the Act.

I think the reasoning behind the legislation was that in 1973, you saw the world price of oil go up multiple times, and I believe that the thinking was that basically people had, oil companies had made a relatively small investment to acquire these rights. And when the world price went up rapidly, they would accrue all of the benefit of that price increase, and the people of the province, who are the ultimate owners of the resource, would get very little. And I believe the feeling of the government of the day was that they should take over those mineral rights from the companies, with some compensation to the companies, in order that the people of the province would get a bigger share of what they considered to be windfall profits on the part of the oil and gas companies.

And if my memory serves me correctly, I believe the Government of Alberta took some kind of step in response to the same issue, although I can't detail that right now.

**Mr. Stewart:** — So part of the reason was to shield Saskatchewan people from rapidly increasing oil and gas, gasoline prices. Is that correct? And how did that turn out?

**Hon. Mr. Cline:** — Well actually, yes, I don't think it so much shielded the people from the rapidly increasing oil and gas prices because we can see if that was the objective, it didn't quite work.

But what it did do is to say that, if we were going to pay these high prices anyway, that a lot of the benefit that came in mainly from export would be paid to the government and therefore would benefit the public, as opposed to all of the windfall profits going to the companies. That was the thinking.

Now of course and then . . . therefore there was a category put into the royalty scheme for a Crown-acquired production to deal with that production. But over the years for various reasons, the category became irrelevant because the oil ended up being treated the same way as other oil in any event.

**Mr. Stewart:** — Thank you, Mr. Minister. I don't want to take up any more time. That was largely for my own curiosity. But other than that, I have no questions on the Bill.

**The Chair:** — Thank you very much, Mr. Stewart. Clause 1, is that agreed?

**Some Hon. Members:** — Agreed.

[Clause 1 agreed to.]

[Clauses 2 to 6 inclusive agreed to.]

**The Chair:** — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: An Act to Amend The Crown Minerals Act. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Could I ask a member to move the Bill without amendment.

**Ms. Hamilton:** — I so move.

**The Chair:** — Moved by Ms. Hamilton. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried.

#### **Bill No. 48 — The Freehold Oil and Gas Production Tax Amendment Act, 2007**

**The Chair:** — We'll now move on to the next item before us, An Act to Amend the Freehold Oil and Gas Production Tax Act. Mr. Stewart, do you have any questions?

**Mr. Stewart:** — No, I don't.

**The Chair:** — Seeing none, clause 1, is that agreed?

**Some Hon. Members:** — Agreed.

[Clauses 1 to 3 inclusive agreed to.]

**The Chair:** — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: An Act to Amend The Freehold Oil and Gas Production Tax Act. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Thank you very much. It's carried. Can I ask a member to move . . . Ms. Higgins will move that we report the Bill without amendment. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. Thank you very much, Mr. Minister, for your time this afternoon. We will have the opportunity to spend some quality time with you this evening. And we will see you back around 7 o'clock.

**Hon. Mr. Cline:** — Thank you, Mr. Chair. I'd like to thank the officials for helping me and for the work they do throughout the year. And I'd like to thank you and members of the committee, and I look forward to seeing you again this evening.

**The Chair:** — Thank you very much. Committee members, if it would be your pleasure, we have a number of estimates that we're not going to deal with this evening that we could vote off now and shorten our evening. What would the committee's pleasure be?

**Ms. Hamilton:** — It would be our pleasure, Mr. Chair.

#### **General Revenue Fund Agriculture and Food Vote 1**

**The Chair:** — Okay thank you very much then. Next item before us will be the estimates for the Department of Agriculture and Food (AG01) in the amount of \$6,979,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Next is (AG05) in the amount of \$7,249,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Next is (AG08) in the amount of 118,335,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Next is (AG06) in the amount of 13,583,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Next is (AG07) in the amount of 21,665,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Next is (AG12) in the amount of 3,855,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Next is (AG04) in the amount of 3,966,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Next is (AG03) in the amount of \$14,637,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — And (AG09) in the amount of \$4,600,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Next is (AG10) in the amount of \$104,064,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Okay thank you very much. The full amount of vote 1 is \$298,933,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**General Revenue Fund  
Lending and Investing Activities  
Agriculture and Food  
Vote 146**

**The Chair:** — Next we'll go to page no. 170, and we have lending and investment activities, Agriculture, vote 146 in the amount of \$400,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Thank you very much, committee members.

**General Revenue Fund  
Agriculture and Food  
Vote 1**

**The Chair:** —

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2008, the following sums for Agriculture and Food, \$298,728,000.

Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Thank you very much. That's moved by Ms. Higgins, and it's carried.

[Vote 1 agreed to.]

**General Revenue Fund  
Environment  
Vote 26**

**The Chair:** — The next item we're going to deal with is Environment on page 57, vote no. 26. And we'll start with (ER01) in the amount of \$20,316,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — (ER11) in the amount of \$25,547,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — (ER09) in the amount of \$14,144,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Next is (ER10) in the amount of \$84,499,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Next is (ER15) in the amount of \$2,891,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Next is (ER04) in the amount of \$19,308,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Next is (ER08) in the amount of \$15,959,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Next is (ER14) in the amount of \$12,272,000. Is that agreed?



**Some Hon. Members:** — Agreed.

**The Chair:** — Next is (ER07) in the amount of \$9,605,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Thank you very much, committee members. The total appropriation is \$204,541,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** —

Be it resolved that there be granted to Her Majesty for the 12 months ending March 31, 2008, the following sums for Environment, \$202,892,000.

Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — And can I have a member move that?

**Ms. Hamilton:** — I so move.

**The Chair:** — Ms. Hamilton. Thank you very much. That's carried.

[Vote 26 agreed to.]

**General Revenue Fund  
Forestry Secretariat  
Vote 79**

**The Chair:** — The next item we'll deal with is the Forestry Secretariat, vote no. 79 in the amount of \$2,000,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Thank you very much.

Be it resolved that there be granted to Her Majesty for the 12 months ending March 31, 2008, the following sums for the Forestry Secretariat, \$2,000,000.

Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Can I have one of the members move that?

**Ms. Hamilton:** — I so move.

**The Chair:** — Ms. Hamilton. That's carried.

[Vote 79 agreed to.]

**General Revenue Fund  
Regional Economic and Co-operative Development  
Vote 43**

**The Chair:** — Next item before the committee is on page 137, Regional Economic and Co-operative Development, vote no. 43. (RD01) in the amount of \$2,371,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Vote (RD02) in the amount of \$720,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Vote (RD03) in the amount of \$4,951,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — (RD04) in the amount of \$3,360,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — (RD05) in the amount \$684,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Thank you very much, committee members. The total appropriation is \$12,086,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**General Revenue Fund  
Lending and Investing Activities  
Regional Economic and Co-operative Development  
Vote 144**

**The Chair:** — On page 170 we have one additional estimate for Regional Economic and Co-operative Development, vote 144, in the amount of \$5,600,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**General Revenue Fund  
Regional Economic and Co-operative Development  
Vote 43**

**The Chair:** — Thank you very much, committee members.

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2008 the following sums for Regional Economic and Co-operative Development, \$12,086,000.

Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Thank you very much. Can I have one of the committee members move that?

**Hon. Ms. Higgins:** — I so move.

**The Chair:** — Moved by Ms. Higgins. That's carried.

[Vote 43 agreed to.]

**General Revenue Fund  
Saskatchewan Research Council  
Vote 35**

**The Chair:** — And the last item we have to deal with is found on page 141, the Saskatchewan Research Council, vote 35 in the amount of \$8,992,000. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Thank you very much, committee members.

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2008 the following sums for the Saskatchewan Research Council, \$8,992,000.

Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Can I ask one of the members of the committee to move that? Moved by Mr. Lautermilch. That's carried.

[Vote 35 agreed to.]

**The Chair:** — Thank you very much, committee members. With your indulgence, we have completed the work we can do prior to this evening. We will now recess until 7 p.m. this evening. Thank you very much.

[The committee recessed for a period of time.]

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

**Subvote (IR01)**

**The Chair:** — Thank you very much, committee members. I'd like now to call the meeting back to order. The first item of business before us is vote 23, the estimates for the Department of Industry and Resources. We have with us the minister responsible, Mr. Eric Cline. Mr. Cline, would you please introduce the officials you have with you tonight?

**Hon. Mr. Cline:** — Yes. Thank you, Mr. Chair, and good evening to you and members of the committee. Sitting to my immediate left is Glen Veikle, who's the acting deputy minister of the Department of Industry and Resources. And to my right is Debbie Wilkie, the assistant deputy minister for industry development. To the left of Mr. Veikle is Hal Sanders, the executive director, corporate and financial services. Sitting behind the table are Trevor Dark, the assistant deputy minister, petroleum and natural gas, and George Patterson, executive director of exploration and geological services. And sitting behind the bar are Ed Dancsok, the director, geology and petroleum lands; Carol Lumb, the acting president of Tourism Saskatchewan, who's sitting on your right; and in the middle, Bonnie Baird, the research manager for Tourism Saskatchewan.

**The Chair:** — Thank you very much, Mr. Minister. Now

looking for questions. Mr. Stewart.

**Mr. Stewart:** — Thank you much, Mr. Chair, and I'd like to take this opportunity to welcome the officials. And we always have excellent dialogue and co-operation, and we do appreciate your efforts. I'm sure this isn't probably your favourite time of the year. Anyway, we try to make it as pleasant as we can.

Mr. Minister, a week ago or so, May 7, you released some new regulations for oil sands and oil shale resources. I have in front of me the news release, but it's beyond vague. I wondered if you could give me a little more information on what's being done and what's being changed here.

**Hon. Mr. Cline:** — Yes. In a nutshell, I'll start off by indicating that, as the member knows very well, Mr. Chair, in the South generally where oil and gas rights are acquired by petroleum companies, they acquire the right to drill for oil and gas by bidding on parcels of land to acquire the right from the Crown where it's Crown land to — or Crown mineral rights anyway — to drill. So they bid on that and it goes, the right to drill goes to the highest bidder. And then of course they have obligations to actually spend money to do the drilling because . . . And if they don't, they have to give up the land after a certain period of time.

But with respect to oil sands and oil shales, there was no such system in place. There was no system of public bidding, putting the land up for sale, and there was no bidding system. You simply applied under the old regulations, that I believe were around since about 1964, for the right to explore. And you didn't pay anything. And then once you acquired that right by applying for a bunch of land, you would have that right to the exclusion of all others.

So we felt, for obvious reasons, that the better way to develop oil sands and oil shales would be to do essentially two things. Number one, to open the process up to competitive bidding so that if you had some land available where people might want to explore for oil sands or oil shales, anybody could bid. And number two, that the right to explore would go to the highest bidder. So basically that's what we did. We brought in the system that we're all familiar with for oil sands and oil shales, a system that didn't apply before.

Now I do want to add that we are very pleased with Oilsands Quest, which is the company that acquired the rights to explore for oil sands in northwestern Saskatchewan — or you might call it northern Saskatchewan because it's near La Loche. We're very pleased with what they're doing. No problem with them; they're doing a good job.

And they entered that, you know, legitimately according to the regulations as they then were. Actually it was a predecessor company that came in and applied for that land and then sold the rights to Oilsands Quest. But we're very pleased with what they're doing. But in principle these rights should go to the highest bidder after a public bidding process. So that's what the regulations in essence do.

**Mr. Stewart:** — Okay. That is more or less what I had gathered. I understand the old process, or the process under which Oilsands Quest got the lands to drill, is more or less like

a mining claim situation. That's all that existed. Fair enough.

The flooding situation at Cameco at the Cigar Lake mine. I don't know where we can go with this without violating any Cameco corporate secrets that you may be privy to, but I guess I'm curious as to how much trouble Cameco's in with this thing. Because it looks like their investment partners are lining up to sue them for sort of messing up this thing. Can the minister give me any insight as to what's going on and how serious this is likely to get?

**Hon. Mr. Cline:** — Well I certainly can't comment on whether Cameco would be liable to any other parties, you know, in a lawsuit, or whether there would be a lawsuit. That would be for the courts to sort out and the legal advisers of the various parties that are involved at Cigar Lake.

But I would like to say first of all that flooding is, you know, a danger in mining, obviously, because when they're mining for potash or mining for uranium they're often mining at a point underneath the ground that is below bodies of water. So when they sink shafts, flooding is a danger and it will continue to be a danger because they're, you know, going around the geological formation.

And so I think the first point I'd like to make is that this is a danger. Cigar Lake is not the first mine that has flooded. There have been several floods in Saskatchewan, and some of them very serious. And indeed potash mining could not be developed in Saskatchewan for many years after potash was known because they had to figure out a way to mine the potash and at the same time control the flooding, and so the Blairmore Ring was developed which would be installed, I think, after using freezing technology.

McArthur River had a serious flood a few years ago, and that had to be obviously pumped out and freezing units put into McArthur River. I can't comment on whether there were things that Cameco or some other party should have done that they didn't do. It's not for me to say. And if others have some complaint, I guess they'll take it up in the appropriate way. But I do want to say that this does occur in mining, and I'm very pleased that no one was hurt when this flood occurred. I mean that's number one, that there was no loss of life or injury, and I think the appropriate steps were taken to deal with the situation once it occurred.

I also want to say that I have a great deal of confidence in the mining industry in Saskatchewan, by which I mean the companies and the mining engineers that work for various engineering firms and other technical people who do have a great deal of expertise in terms of how to deal with the serious risk of flooding. And I believe that Cameco and its partners will appropriately deal with the flooding situation they have at Cigar Lake. I know that they're attempting to plug, essentially plug the hole from which the water is coming.

All I can really say, other than what I've said, that is that this is a risk of mining; that we do have companies and an industry that are well equipped, probably as well equipped as anyone in the world to deal with it. And finally to get more specifically to the question — what might the implications be — I believe that this is such a large project with such a valuable commodity that

the mine will continue to be developed and ultimately will be successful and will be productive.

What will happen, I guess is . . . Well obviously it will be delayed, and the cost of constructing the mine will be increased. But I believe that the delay and the additional cost are just a fraction of the value of the very rich ore that will be mined in the Cigar Lake mine for a number of years when that mine comes into production. So I believe the implication is that the mine will be delayed and the construction of the mine will be somewhat more expensive than was anticipated. However the mine will proceed because I believe it's the richest ore body in the world. They're very close — McArthur may be richer — but it's very close to that in any event. So that's what I know about this situation.

**Mr. Stewart:** — Thank you, Mr. Minister. I guess there's not much sense in us wringing our hands about what may or may not happen. As you point out, it is an extremely valuable body of ore, and it will be mined at some point, I'm sure.

Clean up of abandoned uranium sites, I know that for sometime — for many years actually — the province is waiting for the feds to help out with that, and I understand some help has come along. And where are we at with that? Are we some ways along the course of actual work being done and how is the funding structured?

**Hon. Mr. Cline:** — Yes, that is moving along. I should explain that the cleanup fund that we have is about \$25 million. And one-half of that will be put up by the federal government and one-half by the province. And really this deals with the situation of what I would call generally orphaned, abandoned mines, by which I mean there's nobody that is left that owns the mine that could be held responsible for the cleanup of the mine. So somebody has to clean that up and that in this instance falls to the federal and provincial taxpayers, and that's what we're doing.

Now it's important I think when we're talking about this to point out that since then, since these mines that need to be cleaned up were mined in the 1950s and 1960s, we now have a different system in place whereby in order to get permission to open a uranium mine in the first place, or for that matter any mine, you have to have a plan to decommission that mine and clean up and have the land reclaimed. And of course Saskatchewan is now a world leader because of the abandoned industrial sites Act, the institutional management control framework that we brought in.

So today and any mines built, I think since the 1970s, were okay. But that wasn't always the case. So we're cleaning them up. Now the Saskatchewan Research Council, I believe, is responsible to actually conduct the cleanup. They are in the process of finalizing the plans to clean up, and I'll ask one of the officials to comment whether the actual physical work has commenced on these mines because I'm not sure.

**Mr. Veikle:** — The Saskatchewan Research Council has made an application to the CNSC, the Canadian Nuclear Safety Commission, that before any work really begins at those sites they would have to go forward with a plan that would be approved by the CNSC. And so we're just in the process,

beginning that process of having those discussions with the CNSC about what kind of a remediation plan we would put in place and exactly how it would work.

Right now the Saskatchewan Research Council is moving forward on the Gunnar site. There are actually 42 different sites up there. The most significant sites to be concerned about are the Gunnar and Lorado sites. The Gunnar site is on Crown land, and so they're making progress on that. We are still in discussion however with a third party as to the Lorado site and how that project would ultimately proceed.

**Mr. Stewart:** — Thank you. That is what I was looking for. Happy to hear that that's progressing. When I do talk with uranium mining companies, they're pretty happy to be here generally, but if they have a complaint it's that the environmental approval and licensing process is really slow. And I recognize that it's not all the Saskatchewan government; it's a large dose of federal foot-dragging involved as well.

But what is your government doing or has your government done recently to ease the environmental on licensing issues for the industry and recognizing, as I ask that, that preserving the environment is, has to be paramount? But it's unreasonable in my view to think that 10 years approval time is realistic.

**Hon. Mr. Cline:** — Yes. Well we agree with that, with what Mr. Stewart is saying, Mr. Chair. The federal environmental review approval processes are simply too slow, and that is a concern. It's important to note that that is a concern not only of the mining industry but of other industries as well, and it is a concern not only in Saskatchewan but in every province in Canada and the territories.

So in fact, I met with the Canadian Chamber of Commerce a few years ago, and this actually was their biggest concern, was the lack of efficiency of federal regulatory approval which of course would go beyond mining. So for the Canadian Chamber of Commerce to then identify this as their number one concern, as distinct from taxation for example, I thought was quite significant.

And then the Saskatchewan Mining Association, bringing it closer to home and closer to mining, will certainly say, I think that that would be their number one concern. They don't have a lot of difficulty with the province. They think that we're fairly efficient in terms of our processes.

Now I think it's important to point out that no one, including our government, is suggesting that environmental standards should be relaxed for mining. In fact we're on public record many times saying that we believe we should have the best environmental standards in the world if we're going to have uranium mining. And in fact, the International Atomic Energy Commission, I believe it is, was here a few years ago and said that in Saskatchewan, our uranium mines are the world model for uranium mining both in terms of the environment and occupational health and safety. I mean we're not perfect by any means, but we're the best in the world, and we always want to strive to be better.

So nobody's talking about relaxing the standards but taking the standards as they are, both federal and provincial, the industry

— and we agree — is simply saying, you know, there's got to be a more efficient and timely way to go through the process and make the decisions. And I think they're right.

The question was, what are we doing? What we are doing is relentlessly raising this issue with the federal government, along with all of the provinces and territories, every time we meet as ministers of natural resources. Also throughout the year, correspondence also, you know, talking to the federal government, and of course both the previous federal government and the new government have committed to what they refer to sometimes as smart regulations, that they will fix this problem, and we're hoping that it will be.

Our province is leading a national regulatory review for mining, and at this point duplication issues and those areas of greatest concern to the industry have been identified. So we've done a survey of what are the biggest issues, and in the fall we'll present a progress report to the mines ministers in the hope that we can move this forward.

I should add that in some areas we have taken over the federal regulatory role. For example, and I hope I have this right, I think in the area of labour standards, because in the uranium field the federal government has a dual jurisdiction, I think, we're doing most of the work, and things that have to be done by the feds are done by us on their behalf. And there's some other areas where the authority has been delegated to the province, but in the most crucial decisions such as, you know, approval of a mine for example by the federal regulatory authorities, that of course has not been delegated. The more day-to-day type decisions have been delegated to the province.

But I can assure the committee that this actually is the number one issue that we try to work on with the federal government year after year, and same with the industry. I mean they have people who spend their entire lives basically in Ottawa trying to make their way through the federal bureaucracy to speed things up and also to change the system to make it more efficient. So we'll continue to do that.

I believe that the federal minister, Mr. Lunn is, you know, is sympathetic to the need to make changes, and we'll see, you know, what kind of progress we make. So sorry it's a very long-winded answer, but it's a very important issue.

**Mr. Stewart:** — Now going to the . . . As interesting as this little chat has been, going to the estimates book, vote 23, I have some specific questions as we go through that. This strategic investment fund in investment programs (IR07), what exactly does that fund do or invest in?

**Hon. Mr. Cline:** — That fund exists to assist people who are doing work in areas that we think, if they're successful, could make a fundamental improvement to the economy of the province and where something they're doing really isn't just for their own private profit but will bring about an improvement to the Saskatchewan economy.

So there's an amount of money allocated which in this budget year is \$3.7 million, and it gives the Department of Industry and Resources some flexibility to work with people who might be doing something that will improve the economy. Some

examples would be the Northern Apprenticeship Commission mobile training was allocated last year out of this fund \$250,000. Well that would be where they're trying to take, you know, like a mobile classroom really to communities in the North to train northerners — probably mainly Aboriginal people — for jobs, you know, in northern mines mainly. It wouldn't be exclusively, but mainly. Well you can see that, you know, that would be a good strategic investment on behalf of the province.

Another one would be the forestry centre in Prince Albert. We believe that allocating money to that — and in this current year it's indicated that \$1.65 million will be allocated to the forestry centre — we believe that it's a good strategic investment on behalf of the province to try to figure out, for example, how to get more value add into, you know, the wood products and create things that would be valuable.

Another one, there's two amounts of money that are going to the Petroleum Technology Research Centre. And as members of the committee know, Mr. Chair, that is designed to figure out how we can inject vapour in — or CO<sub>2</sub>, there's two projects here — into the ground to increase the production of oil.

Now industry obviously would put money into that as well. But we participate because we think that if we could develop that kind of technology it would fundamentally improve the economy of the province. So those are some examples. Of course everything they are putting money into is public information; that's the Strategic Investment Fund. And it's there for people to come to if they say, you know here's a great idea that would make a big difference to the economy. And I can tell you that there are many more ideas than dollars available to put into them, but a small number of strategic investments are made through that fund.

**Mr. Stewart:** — My good ideas and your money, we can go far, eh? Moving on. The Maple Leaf Foods agreement, there's nothing estimated for this current '07-08 year, but I see fifteen and a half million dollars last year. Was that money actually expended?

**Hon. Mr. Cline:** — No, it was not. That money was . . . When Maple Leaf planned to build their new kill facility in Saskatoon, we agreed that we would contribute I believe up to 23 per cent, which I think was about 37 million. And the construction would have taken place over more than one year. And it was anticipated that last fiscal year I guess they would have constructed you know approximately half of it and that we would have contributed about 23 per cent of the cost. But as it turned out of course, a decision was made by Maple Leaf not only to not pursue that kill plant, but to shut down and streamline, change their business all across the country. And so that investment came to an end.

Now I should point out that we had, we had — because some of the funding was for the development of their plan and so on — we had paid them some sum of money, \$396,352 to be exact. That money was paid back because the money we were putting up was contingent upon actually obtaining that investment operationally in the province, and of course that's never going to occur. So the agreement was terminated, and the funds that we had put in were paid back.

**Mr. Stewart:** — Thank you. I see in (IR04), there's some money budgeted, revenue and program services talks about, it sounds like it talks about the duty to consult and accommodate. Is that an Industry and Resources responsibility or a First Nations and Métis Relations responsibility, or is it split?

**Hon. Mr. Cline:** — It's really, I suppose in one sense it's the responsibility of the Crown to make sure that appropriate consultation is engaged in with Aboriginal people where a development is going to impact the exercise of traditional rights. So it's responsibility of the Crown.

It is primarily in government administratively the responsibility of the Department of the Environment to carry out. But certainly Industry and Resources, First Nations and Métis Relations, and Justice to name three — and maybe sometimes there would be others — would certainly be involved as well, and it is a big concern of government. But this particular reference I think is not so much to the duty to consult as it is to carry out the transfer of mineral rights under the treaty land entitlement program, I guess.

What happens is under treaty land entitlement of course, the First Nations people were given sums of money which compensated them for land that they were supposed to receive which they never received. And so they have some funds, and with those funds, they can purchase land from a willing seller. Now they may purchase the land and have the surface. But the idea is that the provincial Crown which may own the mineral rights will transfer the mineral rights where treaty land entitlement, a purchase has occurred. And we administer that. And I think that's what this really refers to.

Now that isn't the primary responsibility of revenue and program services of course. Their primary responsibility is collect the royalties. But insofar as First Nations people are concerned, they would primarily be dealing with the treaty land entitlement and arranging transfer of mineral rights to Indian bands.

**Mr. Stewart:** — Thank you. Resource and economic policy (IR06), the description of the item talks about addressing climate change and promoting energy conservation and resource development. I would have thought that would be more of an Environment issue rather than Industry and Resources. Do you have any comment on that, Mr. Minister?

**Hon. Mr. Cline:** — Actually, we are primarily responsible — that is, the Department of Industry and Resources — for energy policy. And a big part of energy policy is addressing climate change in the sense that . . . And fairly soon — I don't have an exact date — the government is going to release the energy strategy. But that strategy, you know, for example would have something to say about renewable fuels and the use of renewable fuels which of course would cut down on greenhouse gas emissions and therefore address climate change. It also might, you know, have something to say for example about conservation as part of an energy policy, and that addresses climate change as well.

So certainly the Department of the Environment is very concerned about climate change. But we have the responsibility to lead the development of the energy policy, and climate

change will figure very prominently in that.

**Mr. Stewart:** — Thank you, Mr. Minister. I think that's all except for one issue. And it goes back to the duty to consult and accommodate with First Nations. We have received complaints from at least one Indian band around the Fort-à-la-Corne area who say that they have not been officially consulted with or accommodated. And you know that . . . I don't say this to be critical. I recognize that it's more of a First Nations and Métis Relations issue than it is Industry and Resources, but it would be a travesty if this oversight was to stop the development of Fort-à-la-Corne or even slow it down. So I wonder if you have anything to say about that or any comment.

**Hon. Mr. Cline:** — Yes, well I'd like to say that I certainly agree that it would be a bad thing if failure to consult held up development which could be beneficial to the province, including First Nations people that live in the area, and so we're very committed to ensuring that appropriate consultation occurs. So there shouldn't be any doubt that we believe that First Nations people have the legal right to be consulted when their traditional lands are going to be impacted by development, and so we're committed to that consultation. That would be my first point.

My second point is that we want the development to be beneficial to all the people of the province, including Aboriginal people.

Third point, we take the traditional rights of Aboriginal people on their traditional lands very seriously. We don't treat it lightly at all, and we want to see a balance between the need to develop and the need to respect those rights, and we want the Aboriginal people to be involved, you know, in the benefits that come from development.

With respect to the particular instance where it may be alleged that there hasn't been consultation — I haven't been directly involved with that myself; it's been led by the Department of the Environment — I think it's fair to say that there is a difference of opinion as to the degree to which there has been consultation and attempts at consultation.

And I'll leave it at that other than to say that I know that diligent efforts are being undertaken to ensure that appropriate consultation occurs and that's . . . I was looking into this as recently as just last week to know exactly who was doing what and who had called whom and so on. And while I believe there are differences of opinion, I think that sincere efforts are being made to ensure that appropriate consultation occurs.

**Mr. Stewart:** — Thank you, Mr. Minister. I'm pleased to know that you're on top of it and that it is being dealt with one way or another. I understand that it's a difficult issue when treaty lands from one band overlap with traditional lands from another, and it's not as cut and dried as one might think.

But I think that's all I have, and I'd be prepared to hand off to the member from Cypress Hills.

**The Chair:** — Thank you very much. Yes, Mr. Minister.

**Hon. Mr. Cline:** — Mr. Chair, sorry to interject. But just

before Mr. Stewart finishes, I do want to correct a statement I made when I was last before the committee, just in case Mr. Stewart has some additional question about it.

But when I last appeared before the committee, I indicated that with respect to the polygeneration project we were discussing, I had indicated that I believed that the federal government, the previous government, had committed \$10 million to that project. And I believed that the province had committed in its agreement with the federal government to match that. And it's true that the federal government had agreed to put \$10 million toward polygeneration. I was advised subsequent that the province had not committed to put \$10 million into that project. They had committed to put \$10 million through SaskPower into the clean coal project, but they never committed to putting \$10 into polygeneration. So I just thought I should correct the record lest there be any confusion about that. But that's . . . I just wanted to correct that because what I said wasn't quite correct last time I was here.

**The Chair:** — Thank you very much, Mr. Minister. I recognize Mr. Stewart.

**Mr. Stewart:** — I appreciate that, Mr. Minister.

I guess probably \$10 million from the province for that project, as huge as it is, won't be an issue. What may be an issue is to get SaskPower out of the way and let this thing happen. As I understand it that they have been dragging their feet for some time on this thing, and I know that they're anxious about giving up exclusive rights to generate power in the province, but particularly such a large project. But this thing is a project that would benefit the province a great deal, and if it's a matter of SaskPower co-operating I suggest that they should.

**Hon. Mr. Cline:** — Well I don't disagree that they should co-operate, but I don't think it would be accurate to say that what the proponents of the project wanted was for SaskPower to get out of the way. I think what they want is for them to get in the way, in a positive way in the sense that they want SaskPower to purchase the power that would be produced by the polygeneration. I mean there are many by-products of polygeneration, one of which would be electrical power. And I think what they want — and they've entered into discussions with SaskPower — is for SaskPower to purchase the power which I think is in the order of 400 or 500 megawatts, something like that.

And of course from SaskPower's point of view, they have to look at their energy needs or the energy needs of the province really and how much power do they need. And they can't buy power that they don't need because then everybody would pay a little bit too much for power, and they can't buy power at an unreasonable rate. Now having said all that . . . So I mean they have a legitimate interest to make sure they make a reasonable deal on behalf of their shareholder, which is all the people of the province.

But having said all that, I certainly agree that this is a very important economic development project. So this could be the largest economic development project in the history of the province and we need to try to co-operate to move it forward. And so I believe that SaskPower, on behalf of the people of the

province, needs to be at the table. And if there's any way that they can see their way clear to making that business plan work by being a participant, by purchasing power which will positively, you know, affect the cash flow of the project and make it go, then it seems to me they have to be at the table.

And so I'm not disagreeing fundamentally, Mr. Chair, with what Mr. Stewart is saying, but I can appreciate that SaskPower at the same time has a responsibility to all of its customers to make sure that they get a reasonable deal.

**Mr. Stewart:** — Fair enough. I can let it go at that. Thank you, Mr. Minister.

**The Chair:** — Thank you very much. I'll recognize Mr. Elhard.

**Mr. Elhard:** — Thank you, Mr. Chair. And, Mr. Minister, good evening to you and your officials. You may recall that I wrote a letter addressed to yourself, to the Minister of Environment, and also the Minister of Agriculture as a result of a visit to a constituent's Crown lease back in mid-February. I was invited to make that visit because of the situation that was unfolding on the leaseholder's land, where there was considerable drilling activity and temporary road construction and that type of thing. And as a consequence of that particular visit, I addressed a couple of different questions to yourself and your minister colleagues regarding the conditions and the concerns of that particular individual's situation. And I don't know if you recall the sum of the letter, the content of the letter, but basically I was writing to ask about the limitations and conditions that would be placed on a gas well development in environmentally sensitive Crown land.

The deputy minister wrote a rather extensive response, and some of which is pretty clear and explicit. But it doesn't quite jive with my own experience when I visited the well site. The well site as I recall — this visit was in the middle of February — the whole area was completely surrounded in snow or covered in snow, and because of the activity that was going on there was a quite a bit of snow built up and pushed back and so forth.

But I asked the question, and the response given to me was that in general, there is a setback requirement of 75 metres from a running water course to a well site. Now I didn't get out and measure the exact distance, but it was certainly within that range, 75 to 100 metres, from the water course.

But what troubled me, Mr. Minister, was that the actual site that had been cleared was on ice. I mean, we were on ice when we visited the site, which would suggest to me that there was water and had been water there, that it was a low land, that it was subject to flooding and probably when the spring melt happened this spring would be inundated with water.

And I noticed also in your response, your deputy minister's response, that a dike is required or was required in this instance. But I'm almost certain the dike was made of snow. And so I'm wondering, Mr. Minister, as a result of what I saw there and what the conditions of that particular well site approval might have been, does somebody from your department actually go out and inspect these locations?

**Hon. Mr. Cline:** — Yes. Our field people do go out and inspect these sites. And I'd also like, Mr. Chair, to agree with Mr. Elhard's suggestion that if he was standing on ice, it had been water.

**Mr. Elhard:** — Well I guess that would naturally, you know, bring forward the question then, is it the generally accepted practice of the department or the Department of Environment to allow drilling on water, on low-land flood plain?

**Hon. Mr. Cline:** — Now there I'm going to have to defer to one of the officials for an answer. So maybe Mr. Dark or Mr. Dancsok could answer that.

**Mr. Dark:** — If I might. In that particular case, we did send our field people from the Swift Current office out to look at that issue that you'd raised, Mr. Elhard. And certainly there was ice on the site at that point in time. We had looked at that with regard to the regulations, and our field people found and worked with the company to resolve that issue at that point in time.

**Mr. Elhard:** — May I ask how it was resolved?

**Mr. Dark:** — Certainly. It was determined that there was a dike required. The dike was built up, and as you said it was built of snow and packed snow at that point in time. And we normally, as you say, don't allow drilling in water or in water conditions, but at that time the water did appear after the drilling occurred.

**Mr. Elhard:** — So what could we have expected on that drill site this spring when, in low land like that, there was probably spring flooding and runoff that I would assume flood the site again?

**Mr. Dark:** — Again our field staff did go out this spring and inspected that site and felt that it was adequate to allow continuation of drilling at that point in time.

**Mr. Elhard:** — Although the decision was made to allow the continuance of that project, is that not generally considered inappropriate activity by your department? I've asked questions about drilling near lakes and, you know, that type of thing, and the response I've got generally is that you won't proceed with drilling within those kind of parameters of water.

**Mr. Dark:** — Certainly in that case, there was a 75-metre setback that I think the deputy minister had replied to you in that specific request. And again our field staff did go out and inspect that particular site at that point in time.

**Mr. Elhard:** — But it was in water.

**Mr. Dark:** — At that point it was in water, but again there had been a dike that had formed around the ice that had compacted at that point in time.

**Mr. Elhard:** — But the snow melts and the ice melts, and the site's in water. And I think that's contrary to your own rules as a whole, is it not?

**Mr. Dark:** — Right, and certainly in the spring, as I said that our field staff did go out and inspect that site at that point in

time.

**Mr. Elhard:** — I guess I'm not clear, Mr. Minister. I'm simply not clear how it could be found acceptable when it's in violation basically of your ordinary operating standards. If it's in water and you don't ordinarily allow drilling in water, how can this be acceptable?

**Mr. Dark:** — Certainly, sir, what we could do is I could have our operations people provide a very detailed report to you on that particular field study which they had done at that point in time, and I'd be pleased to do so.

**Mr. Elhard:** — I would appreciate that actually. And what I might also appreciate is a visit to the site by one of the department's personnel, and I would meet them there, and we could eyeball it for, you know, for our own satisfaction, our own mutual satisfaction because I just think that this is contrary to the department's own generally accepted practices and principles. And there might have been an exception made here, but I'd like to know that it wouldn't be a common occurrence.

**Hon. Mr. Cline:** — Mr. Chair, I can assure Mr. Elhard that it would not be a common occurrence. And we want the rules to be followed. I mean, my understanding is that when the drilling occurred, it was not in water but that the water subsequently came, which water subsequently turned into ice. That is my understanding of what occurred.

However in answer to Mr. Elhard's question: could a field person come out to the site and meet him there? Absolutely. We would be happy to have somebody come out and look at the site and meet Mr. Elhard and any person concerned — a farmer or whoever it is. And certainly we want to ensure that all of the rules are followed. And if some rule wasn't followed, then we would want to try to take steps to ensure that that didn't occur again.

**Mr. Elhard:** — Thank you for that assurance, Mr. Minister.

I looked at the restrictions regarding sale 310. Now I'm assuming that these were restrictions that were in place when this particular land was purchased by the company for exploration and development purposes. There are several different categories. There's heritage sensitive. I don't know that that actually applies in this case, but it certainly is environmentally sensitive land. I think all of the Ag and Food land in that area is environmentally sensitive. And I also wonder if it is not wildlife habitat protected as well.

Under any circumstance though, I mean, we can deal with that later. But where land is environmentally sensitive, there is some protection required — if not an actual plan of protection, at least some awareness. So can you tell me what kind of precautions go into deciding whether or not we want to take this land and allow it for development purposes?

**Hon. Mr. Cline:** — I'm advised, Mr. Chair, that we do consult with the Department of the Environment with respect to land that is put up for sale for oil and gas development. And in some cases, we will not put land up for sale if it's felt to be, you know, environmentally sensitive including for wildlife reasons. So that certainly is a factor that is taken into account.

With respect to this particular land, I'm not familiar with it, but obviously an assessment was not made that it was wildlife sensitive to the extent that you couldn't have drilling there. I mean, there is wildlife on, I guess, just about all land in Saskatchewan, and we still have drilling. So you have to, you know, you have to seek a balance and consider whether the wildlife is endangered, endangered as a species and so on and make an assessment from there.

**Mr. Elhard:** — Mr. Minister, when a lease is sold to a development project of this nature and if the land on which the lease is let is in fact environmentally sensitive, is there a requirement of the sale that the company developing this site or the wells on that site provide environmental oversight? I mean, do the companies themselves provide a resident environmental technician to help oversee the activity?

**Hon. Mr. Cline:** — In every case where the Department of the Environment has a concern, the developer is required to contact the Department of the Environment prior to the development in order to have an assessment done and approval from the Department of the Environment for the development to occur in what they consider to be an appropriate manner.

**Mr. Elhard:** — A further requirement, that the company provide an on-site environmental expert or technician to assist with the concerns that might arise as a part of that development.

**Hon. Mr. Cline:** — That could be a requirement imposed by the Department of the Environment. And if it was, then they would have to have somebody on-site, if that's something that the Department of the Environment felt had to be done given the circumstance.

**Mr. Elhard:** — Mr. Minister, just returning just briefly to the original set of questions, I would appreciate a timeline from the department as to when the lease was let to this development company, when they started drilling, so that I can determine when the water appeared and when the ice appeared, and I'll have a better understanding. But when I was on-site the middle of February, the well site was situated on ice, so that would presuppose water.

**Hon. Mr. Cline:** — Yes, I agree with that. And we would be happy to provide to Mr. Elhard — perhaps through you, Mr. Chair, so that the committee has a record of it — the timeline with respect to this particular development. So we'll send a letter probably to the Chair, with a copy to Mr. Elhard, and then it will be set out. Thank you.

**Mr. Elhard:** — I have just a couple of further brief questions on another topic entirely. I didn't look in the Estimates book for the department's full-time equivalents, but I do know that finding professional people is getting tougher and tougher all the time. And one group of professional people the department requires are those who are either geologists or very familiar with geology. I'm wondering how the department is doing in terms of their professional needs in those areas?

**Hon. Mr. Cline:** — Well I'm going to ask probably Mr. Patterson to make a comment. But I want to say the point is very well taken that in this busy, busy time of mining exploration, and especially in Saskatchewan where we've



become the number one mining exploration province — which is quite different than where we were five years ago, but that's another story — there is a great demand for geologists. And we are doing . . . I'm going to ask Mr. Patterson in a moment to comment on how we're doing because I know that we have lost geologists to the private sector who pay more generally than government does. We have many, many good, I would say, outstanding geologists that are very dedicated and work for our department, and including geologists with PhDs and master's degrees. For example, Mr. Patterson is actually Dr. Patterson, and there are others who are very, very highly educated and experienced in geology. So we are fortunate to have them.

But we are losing them. In fact I went out to Wood Mountain with one of our geologists, you know, over a year ago to look at the kaolin project of Whitemud Resources. And the next thing I knew, the geologist was working for Whitemud Resources. And that's fine. I mean he had met them and they had met him and they hired him. Well and one good thing about the geologists that I've known who have left our employ is that most of them have found employment in Saskatchewan. So that's what the market is like. They're very much in demand. It's very positive in the sense that they are in demand because it shows that there's a lot happening in Saskatchewan.

The department is doing some very good things, I think, in terms of trying to work with the geology students at the universities to get them on field trips in the summer, exploring northern Saskatchewan, learning about the department, learning more about the particular geology of the province. And the department sponsors a geological open house in Saskatoon each late November, early December where all the geologists gather to exchange information about what they've found lately. I go to that every year and one thing I've noticed is the involvement and the interest of the geology students in that. And I think the appreciation they have that our department takes geology very seriously and tries to amass a very impressive array of geological information which is then made available to industry and the public online or on, you know, CD-ROM and so on.

So it's a good question. It's a question that has within it the story of mining exploration in the province and a question that has got the attention of the department in the sense that they are trying to do things to create a place where geologists would want to work.

And I'm sure that Dr. Patterson here would have some additional details about how we're doing through those efforts to retain and attract geologists to the department.

**Mr. Patterson:** — Thank you. I think one of the . . . It's a multi-pronged approach. I mean, the first approach was that there is a wage supplement for the geologist of 14 per cent to help the department compete with industry wages. At the same time, with a lot of our students, we sponsor bachelor's degrees, master's and PhDs. Many of the people who are working with us now are actually doing a master's thesis at the same time as they're working on a project. The project and the thesis are one and the same.

Many of the people, the geologists in the department, also volunteer, and they volunteer with groups such as EdGEO, which is designed to try to encourage students to enter the

profession of geology. In fact one of our geologists is the Chair of that for Canada. Several of our people work with the professional geologists and engineers, again designed to make students aware of the opportunities in geology and try to encourage them to at least enter the field, hopefully with the department.

**Mr. Elhard:** — I think we've run out of time here. But without belabouring the topic, I'd just . . . I think that some of the ideas and some of the programs that you've talked about now are pretty creative and would entice that kind of response from geologists and geology students that you're looking for. I think they want that kind of challenge and those kinds of opportunities. So I congratulate you on doing that.

We'll have to replicate that experience in some of the other government departments that are experiencing the same kind of manpower shortage. And I guess if there's good stories to be told, we don't want those stories to be undermined by our inability to respond because of lack of personnel and a shortage of qualified individuals.

So thank you. I wish we had more time to discuss that, but I appreciate your response.

**The Chair:** — Thank you very much. I recognize Mr. Stewart.

**Mr. Stewart:** — Thank you, Mr. Minister, and special thanks to the officials. As always you've been very helpful.

**The Chair:** — Thank you very much. Committee members, with that we'll vote off the estimates for the Department of Industry and Resources. (IR01) in the amount of \$9,075,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. (IR07) in the amount of \$32,254,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That is carried. (IR03) in the amount of \$7,371,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That is carried. (IR05) in the amount of \$6,369,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That is carried. (IR16) in the amount of \$5,686,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. (IR04) in the amount of \$3,340,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That is carried. (IR06) in the amount of

\$2,584,000, is that agreed?

[Vote 146 agreed to.]

**Some Hon. Members:** — Agreed.

**The Chair:** — That is carried. (IR09) in the amount of \$8,016,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That is carried. And (IR10) in the amount of \$2,881,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Thank you very much. Resolved that by . . . [inaudible interjection] . . . oh pardon me. That's right. IR vote 23 in the amount of \$77,576,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Thank you.

Resolved that there be granted to Her Majesty for the twelve months ending March 31, 2008, the following sums for Industry and Resources, \$77,576,000.

Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Could I ask one of the members to move that?

**Ms. Hamilton:** — I so move.

**The Chair:** — Moved by Ms. Hamilton. Thank you very much, committee members.

[Vote 23 agreed to.]

**General Revenue Fund  
Lending and Investing Activities  
Agriculture and Food  
Vote 146**

**The Chair:** — Before we move on to the next item of business, there are two votes we need to carry out that we forgot this afternoon. It's for lending and investing activities for Agriculture and Food:

Resolved that there be granted to Her Majesty for the twelve months ending March 31, 2008, the following sums for Agriculture and Food, \$400,000.

Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Can I ask Ms. Higgins to move that?

**Hon. Ms. Higgins:** — I so move.

**The Chair:** — Thank you very much.

**General Revenue Fund  
Lending and Investing Activities  
Regional Economic and Co-operative Development  
Vote 144**

**The Chair:** — And:

Be it resolved that there be granted to Her Majesty for the twelve months ending March 31, 2008, the following sums for Regional Economic and Co-operative Development, \$5,600,000.

Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Thank you very much and once again moved by Ms. Higgins.

[Vote 144 agreed to.]

**The Chair:** — Committee members, with that I'd very much like to thank the minister for being with us tonight and going through the estimates and helping us to understand the very important work your department's doing. With that, thank you very much.

**Bill No. 66 — The Occupational Health and Safety  
(Harassment Prevention) Amendment Act, 2007**

**Clause 1**

**The Chair:** — Thank you very much, committee members. The next item of business before the committee is the Department of Labour and the Bill No. 66, An Act to amend The Occupational Health and Safety Act, 1993. We have with us Minister Forbes. Mr. Forbes, will you please introduce the officials you have with us today, and if you'd like to make any introductory remarks, do so at this time as well.

**Hon. Mr. Forbes:** — Thank you very much, Mr. Chair. This evening with us is, to my right, Bill Craik, deputy minister of Labour. Jim Nicol is here as well, assistant deputy minister; to my immediate left, Glennis Bihun, acting assistant deputy minister, occupational health and safety division. John Boyd, executive director of planning and policy division, is with us; Eric Greene, director of labour standards; Margaret Halifax, director of the office of the worker's advocate; Melanie Baldwin, board registrar, Labour Relations Board; and Mary Ellen Wellsch, manager of legal policy and legislation, at my left side here as well.

This is a very important Act that we have before us. It speaks to healthy and safe workplaces and specifically to expanding the definition of harassment and adding a special adjudicator section. And so we're delighted to be here with the committee tonight to discuss this further and to talk about some of the specific parts of it. So we would be very happy to answer any questions.

**The Chair:** — Clause 1, is that agreed? Thank you very much.

I'll recognize Mr. Hart.

**Mr. Hart:** — Thank you. Now that we are fully equipped for a lengthy evening, Mr. Chair, I will begin the work that this Bill deserves.

Minister, I guess I would like to say on the onset that we in the opposition certainly do not condone harassment in any form, and we feel that we need to do as much as possible to make sure that it doesn't happen, whether it's in the workplace or whether it's bullying and harassment in school yards. We certainly need to address that, but we need to make sure that legislation that we pass is workable and can be implemented, and so therefore that will be the tone of questions tonight and our discussion.

And I guess just to . . . because this Bill was brought in fairly late in the legislative calendar, we really haven't had a real opportunity to debate it. So what we will, what I intend to do this evening is to take a fair bit of time and discuss the various changes that are outlined or proposed in the Bill, and to discuss some of the issues and so on. So even though Mr. Chair would like to leave a bit earlier, we may in fact take a bit of time to do that.

So I guess my first question would be, what consultation did you and your department officials do when you were drafting the Bill or prior to drafting the Bill? Did you meet and discuss with stakeholders, employee groups, employer groups, members of the general public? What opportunity was there for input, you know, prior to the Bill being tabled here in the legislature?

**Hon. Mr. Forbes:** — I would that say in the course of the development of occupational health and safety regulations and the Act . . . and this of course is an amendment to the Act. It is a long road, and of course it started in the early '90s with the first section that was put in about in '93, that really spoke to harassment but focused the definition around human rights.

And over the course of the past years, we've seen this issue emerge more and more in terms of personal harassment, bullying in the workplace, and you referred to bullying in the schools, and just the tone of civil society. And I know from my own experience now as Minister of Labour that at recent ministers' meetings, this is a big issue — violence in the workplace, harassment in the workplace. How do we have safer workplaces? And this is a huge issue. So you have that national perspective, the provincial perspective, what has been happening.

We knew that the Occupational Health and Safety Council actually had discussed this and through their deliberations actually talked a little bit about some. They did come up with one consensus agreement around the restorative . . . some wording they would like see in the current regulations around restorative processes which is very important because . . . And that's the tone of this amendment . . . is to mediation, that if we can work it out through some of those processes in the workplace to make the workplace healthy and whole, that would be very good.

In terms of formal consultations directly related to this specific Bill, we did not have those. But what we did after we

introduced the Bill, it was . . . We have an Occupational Health and Safety Council that is formed based on legislation that advises the minister on questions such as this. We did have a meeting just a few weeks ago on this item. And I asked them for some advice focusing around the implementation of this Bill because, as you had mentioned, that of course we all want to have safe and healthy workplaces. So we asked for that. And they were quite in a problem-solving mode. They were pretty receptive to talking more about this. In fact we have another meeting scheduled on this issue. And it was, I have to say, it was a pleasure to have you along with me that morning, something unusual that we don't often do.

And so you could get a sense who those folks were, who they represented, who they represent, and how that council operates. And so we have left them with that, and they're going to be actively working on helping us in the implementation of this. I think that's very, very important.

**Mr. Hart:** — Thank you, Minister, for at least giving me an idea of what the process was prior to the Bill being tabled in the House. I think, certainly I feel that asking the Occupational Health and Safety Council for its input is certainly a positive step. You may want to expand that circle a bit. You may want to talk to representatives of employees and employers prior to any regulation changes or perhaps before proclamation.

I think this is a piece of legislation . . . and I think it's fair to say that it is breaking some new ground in Canada at the very least, and I think I would urge some caution in moving too quickly, that you need to take time to make sure that, first of all, the changes are workable and, secondly, that you talk to as many people or groups of people or representatives of the various stakeholders as possible to make sure that, you know, some of the problems that you and your department officials may not see, perhaps stakeholders could identify and perhaps they can be worked out.

But having said that, there are a number of, I think, fairly significant changes that the Bill is bringing forward. And the first change that is in section 2, that deals with the definition of harassment by adding action or gesture to the definition, I wonder if you could explain and how you envision that addition to the definition impacting in harassment cases. What do you envision as actions or gestures? I mean the current definition talks about inappropriate conduct and comment and display, but I believe action or gesture was added, and I'm looking for the rationale for that addition and an explanation of what is meant by that.

**Hon. Mr. Forbes:** — If I could just, I just want to go back to your earlier comments about the consultations. I did want to say that my door is always open. In fact we have had some groups who've come in and wanted to talk about it. But as well we've had some groups who've not asked for time, but that my door is always open for that.

I appreciate the question around the definition. Of course on one hand we say we've broadened it, but we've also focused it. So it's much, much tighter than that, so that simply offending someone is not necessarily harassment, but there are objective criteria to be met. The action has to affect the well-being of that person in an adverse way. The person doing the harassing

should have known that that would have caused harm and that harm has to threaten the health and safety of the worker.

Now there's a couple of components I want to speak to because you've talked about actions or gestures. And we know from the Quebec experience — and we will be drawing from that — that this is where an interpretive guide is so important: when you talk about what constitutes harassment, what doesn't constitute harassment, what are some examples of that, what are some that are not examples. And so that would be very important.

And the point that we don't rush into this is well-taken because what we want to make sure people have confidence in the system. And so the development of the interpretive guide will be a big part of that, and of course the council will be very helpful in that area. The training of the occupational health officers in this area will be very, very important and working with the occupational health and safety committees in the workplaces as well so people understand those process .

So I'm not sure if that's helpful to you in terms of the actions and gestures because that will all be more fully answered in the interpretive guide that needs to be developed of course before this comes into effect.

**Mr. Hart:** — I think that perhaps by including actions and gestures, it perhaps broadens the Act as being somewhat more subjective. In other words, the interpretation of the person on the receiving end of an action or gesture, particular gesture, I'm wondering if that doesn't include or involve a bit more subjectivity in determining really what was meant by particularly, you know, using the word gesture.

When you talk about a comment, well that's pretty well straightforward. And the way an individual conducts themselves, I think maybe that's not quite as subjective. But it seems to me throughout some of the changes, there seems to be a fair bit more subjectivity in interpretation. And it's a comment that I would have with regards to particularly including a gesture.

And by looking at the existing provision under the definition, there was a phrase which was removed, "is directed at a worker." That's no longer in the new, or it's not part of the changes. So it talks about "'harassment' means . . . inappropriate conduct, comment [or] display, action or gesture by a person." And then the old, under the existing provision, it said that these would have to be directed at a worker.

Now that was removed. What's the rationale for removing that particular phrase as directed at a worker? It seems that these actions under the new provisions perhaps could be just directed at anyone and could perhaps be constituted as . . . someone could assume that they're being directed at them. I'm not sure if I'm understanding that correctly, Minister, and I wonder if you could clarify that?

**Hon. Mr. Forbes:** — We did take out that phrase, and it may not be directed at anyone but still constitutes harassment. Of course when you're talking about safety in the workplace, you know it doesn't necessarily have to be directed at anyone but still if there's harassment taking place . . . I want to talk a little bit, answer your question, about that subjectively versus

objectivity because . . . I'll ask Bill to speak directly to that and if Bill wants to . . .

**Mr. Craik:** — In respect to your question regarding gesture versus words and whether one is clearer or less ambiguous, I think there are many examples where the use of a word just by the inflection in voice can make that word have normal meaning or sarcastic meaning. And sarcasm directed by a boss to a subordinate could in itself not be ambiguous. It would actually have a certain meaning.

Sometimes gestures might very well be completely unambiguous. There's many gestures that you know come to mind depending on one's background. Some are associated with ethnic slurs or comments and — not comments, ethnic slurs — and are virtually universally accepted as an insult. Typically they would be directed to a person in terms of the motion of the fingers or the hand, etc., and there would be no ambiguity whatsoever with respect to the meaning of that gesture.

At the end of the day, clearly the occupational health officer or the special adjudicator is still going to have to come to a conclusion as to whether a series of events, actions, words, and things combined amount to personal harassment. And it wouldn't normally be one single event, although we can probably contemplate single words said out loud that we would have that intent. And again the word — you could be walking away from someone — the word could be uttered, and yet there might be very little doubt in a room that the word was directed by the speaker to someone who he had just been speaking to. Other times it might be completely innocent and not be seen that way.

So quite frankly it's not a semantic question as to the meaning of words. It's an evidentiary question as to the way in which the word's given. The inflection of the word, to whom it's directed is an evidentiary question again. It's contextual in terms of the background, what's happened before and after. And I don't think I could agree that some gestures are more ambiguous.

There's a well-known commercial for Volkswagen where the same word is used by the same person towards a husband, except one time it's sarcastic, and one time it's a comment on the positive nature of a vehicle. The word's great.

There's other words I think that we can understand will have much more negative impact, how they're expressed, to whom they're expressed, and the context before and after will have all the relevance in the world to the occupational health officer or to the special adjudicator who is after all looking at a very complex interpersonal relationship normally that's gone bad.

So I think . . . I do agree of the premise of your question that it might be difficult. I don't think that, however, a gesture is necessarily more ambiguous. The gestures I'm thinking of almost everyone would clearly understand are insulting, offensive, and meant to offend.

**Mr. Hart:** — Well thank you for that. As I'd said earlier, it just you know, it seems that . . . I believe we need to be careful that we can be as prescriptive as possible because we are dealing with a very difficult subject, a problem that's, as I said earlier, in the workplace. It's in society. It's in the school yards. And

we need to find the balance where the perpetrators are dealt with, dealt with in a timely manner. And I believe the Bill has the provision, you know, that addresses that.

But also we have to be, I think, very careful that . . . It's a double-edge sword. And a disgruntled employee . . . whether the employee or employer is disgruntled with a fellow supervisor or an employer and an employee is disgruntled with a supervisor or another employee, we have to ensure as much as possible that those people who set out to use this legislation and use this definition of harassment for their own personal pettiness to settle a score with someone or for whatever reason, that needs to be also identified because, you know, if we open this up too broad and it's too subjective, we open it up to those kind of cases.

And I would like to believe that there aren't many people like that out there, but I'm sure there are some that would use this to their advantage, and it's a delicate line and a delicate balance that we're trying to achieve. And I would imagine that there be some additional regulations coming with this Bill. I'm not sure on that process. I'll leave that with you, Minister. But in the implementation of it, I can see that there may be some problems, but we'll continue to discuss them. I need to get a better understanding of what is meant by some of the changes and those sorts of things.

There's one phrase that talks about adversely affects the workers' psychological or physical well-being. I believe that's an addition to the existing definition. Could you explain how you . . . well I guess a physical well-being if someone is . . . what do you mean by physical well-being in terms of this definition? I can see if there's an altercation in the workplace or whatever — I'm not sure whether that's harassment — that may be something else, perhaps assault or whatever. I wonder if you could just explain the purpose of those additions, that addition of psychological and physical well-being. What is meant by that?

**Hon. Mr. Forbes:** — In many ways this is the heart of the matter before us and because this brings in the concept of psychological harassment. And this is the essence of the matter.

Now what we have before us, before the expanded definition, was this on the grounds, the prohibited grounds, on the human rights. And we would have many calls, many inquiries to the department, the occupational health and safety branch about harassment or a toxic workplace. And what was clearly . . . there were issues that needed to be dealt with, but we weren't meeting the needs, and we knew that there were issues here that needed to be addressed. So this is the heart of the matter that we're talking about before us now.

And of course this would again . . . we will be doing more in terms of helping people understand this terminology through the interpretive guide. But this is clearly an area that needs to be addressed in the workplace.

**Mr. Hart:** — Now that sentence goes on to say that a person knows or ought reasonably to know. In that particular portion, that phrase, I believe again could come back to some subjectivity. You know, what is an individual, what is expected of an individual, what are the reasonably ought to know. I

wonder again, you know, could you explain the intent of that particular phrase.

**Hon. Mr. Forbes:** — I'll ask Mary Ellen Wellsch, the director of the legal policy section, to help us with that. She spent a lot of time wordsmithing this, so I'll ask Mary Ellen to . . .

**Ms. Wellsch:** — Thank you. Actually we did spend a lot of time talking about particularly the word reasonable and who judges reasonable. And it's a well-known legal standard, an objective standard, whether it's reasonable that somebody ought to have known it. Whether a person knows that a worker would be intimidated is actual knowledge, but whether they would reasonably know is based on an objective standard and that brings in the objectivity to this test.

**Mr. Hart:** — So you're using a legal definition of reasonable, is that what you're telling me?

**Ms. Wellsch:** — Yes.

**Mr. Hart:** — Good. Thank you. Under section (2), there is . . . on the second page of the Bill there, it says:

To constitute harassment for the purposes of . . . [the various paragraphs]:

(a) repeated conduct, comments, displays, actions or gestures must be established.

What is meant by repeated? Is that twice? Twice is repeating or is it 25 times? What is meant by repeated?

**Hon. Mr. Forbes:** — More than once and on an ongoing basis.

**Mr. Hart:** — So okay, an ongoing basis. Like what, are we talking of a length of time like over a period of a day or two months or you know somewhere in between? Can you be a bit more specific about ongoing basis?

**Hon. Mr. Forbes:** — And I think that this is where the interpretive guide comes into play because it all depends on what the circumstance is and knowing . . . You know, obviously the first step that would happen here is, I would assume, that when someone feels that the situation is just not right and they're not sure whether, am I being harassed? You know, but I got a, you know, people feel like, not feeling comfortable where I'm doing my work. I'm feeling like this is something's off kilter. So you would talk to your boss about that or your supervisor. So then you may know a pattern start to happen. I think this is when you would start to take note of what is the circumstances, what is the comments being made, the gestures, the actions, that type of thing. So it's hard to say quantifiably. Is it four times over two days? Is it once every Monday morning? You know, it all depends what the phrases are. Is it just before payday, twice a month type of thing?

All of that comes into account on this. And this is why I think the interpretive guide comes into play an awful lot. But I would say though, what's really important to note is that there is also a circumstance where we talk about a single serious occurrence of conduct, also is in there. So if it happens just once but we all know it shouldn't have happened, then that can also be

harassment too. So there is that. We're trying to be as — capture more — as specific as we can, but also understanding that we are into an area that it's hard to be, without causing more problems.

**Mr. Hart:** — Section 3, clause 3(c), it reads:

“(c) ensure, insofar as is reasonably practicable, that the employer’s workers are not exposed to harassment with respect to any matter or circumstance arising out of the workers’ employment.”

And there again we have that reasonably practicable. Again I'm guessing that we're going back to the legal definition of those terms that have been established, I guess in law or whatever, to the average citizen. And looking at that, they may see a fair bit of ambiguity there and uncertainty there so it'll be . . . And you talked, Minister, about a guide that . . . there currently is a guide, and is there dealing with existing legislation or are you talking about writing or providing a new guide to employers and employees and to the general public dealing with this Bill? I'm not quite clear on this guide that you refer to.

**Hon. Mr. Forbes:** — Well there will have to be a rewriting of the current guide. We have the current guide. In fact I'll get Glennis to speak a little bit about the question about . . . [inaudible] . . . because the word reasonable . . . I need a drink of water. And because that is often a point of contention, but what does that really mean? And so I'll ask Glennis to speak to that a bit and also to speak about the current guide that we have. And of course we are further along the road than many other jurisdictions because we have some experience in this area already. But I'll ask Glennis to answer a bit of that.

**Ms. Bihun:** — Thank you. Reasonable is certainly a term that's not used only with reference to this regulation or Bill. It's also used as a regular part of the language related to occupational health and safety. So we do already have an interpretation for reasonable. Certainly that language — as we work towards developing the interpretative guide specific to the harassment prevention and updating the resources that we have to include the expanded definition and the additional provisions — will be clearly incorporating those interpretations and specifically on reasonable.

I believe that's a key component of the discussions that we will continue to have with the Occupational Health and Safety Council as part of the regular practice when we're developing what would be called interpretive guides or historically we've often called guidelines. Part of that process is to involve those stakeholders in reviewing any of those guidelines or publications so that we ensure that both employers and workers have an opportunity to review any of the explanations that were being provided. So there will be a back and forth process, if you will, as we work towards those.

**Mr. Hart:** — I interpret your comments to say that there'll be a period of public education dealing with these changes that will be required particularly in workplaces and I would think also the general public, particularly for those individuals who are very interested in this piece of legislation and the changes that are being incorporated. Would that be a fair assessment of what you see going forward with these changes?

**Hon. Mr. Forbes:** — Well definitely I think that's a key part — the education component of this. And this'll be all part of the planning process as we move forward, how we do that. And I think that the point is well made in terms of both within the workplace and outside the workplace because this is a pretty significant improvement in the Act, and so people will be wondering what is this all about.

**Mr. Hart:** — Section 3 that's amended here, clause 3(c) that I just read, the old clause 3 was repealed and the following is substituted. Could you explain the changes between the existing provision and this new provision? What are the major changes? I believe under the old provision there is this term of reasonableness in there, but what other changes does this new clause incorporate?

**Hon. Mr. Forbes:** — The reasonable practicable actually was in the . . . that part was actually in the old. But what was new is the phrase arising out of the workers' employment and being changed from . . . That is the new part, and the old part was at the place of employment so that was more inclusive in some of the actions that may arise from the employment, the place of employment, but take place maybe at another place but stem from the worker's employment. So that's, that's a new feature.

**Mr. Hart:** — So this clause and the following clauses in the existing legislation, they are referring to the employer's responsibilities. That's the way I read it and what it . . . As you've explained, Minister, prior to the proposed change, the actions would take place in the workplace where the employer has control and responsibility. But as you've explained, harassment may take place outside of the workplace in wherever, in the public place, on the street, and those sorts of things. It seems to me it's much more difficult or in fact maybe in some instances impossible for an employer to have responsibility for those sorts of things. So how do you envision an employer dealing with harassment that takes place outside of the workplace where they have really virtually no control over what happens? I mean we have laws of the land and, you know, the justice system and those sorts of things that, you know, come into effect, and they also apply in the workplace. But how do you envision employers dealing with these cases when they take place outside of the workplace?

**Hon. Mr. Forbes:** — Well I might get Mary Ellen to answer this question more. But we do . . . Part of this is recognizing that the harassment, while it stems from the workplace, there is a responsibility there because if the workplace is healthy then what was happening outside the workplace would not be happening. So you go back to, where does the cause come from, and so that's what's really important. And I think . . . and what's really important to keep in mind in this is the healthy and safe workplace that's a productive workplace. And if this kind of issues are taking place outside the workplace, I'm sure the employer would want to know that because clearly it's carrying on off-site back on to site. Then there's a problem, and it needs to be dealt with. And that's what this is trying to get to the root of these issues. And let's deal with them and make sure they're resolved. But I'll ask Mary Ellen to maybe speak to this a bit.

**Ms. Wellsch:** — Yes thank you. There are a couple of things I'd like to say about that, and one is that the employer's duty is

only so far as is reasonably practicable so that maybe just having a harassment policy that says it's unacceptable to phone up somebody at home and harass them — that may be as much as is reasonably practicable for that particular employer.

That may be the reason “reasonably practicable” was in here because there are certain . . . as you say there are actions that take place outside of the workplace that the employer simply cannot control. But the employer can control his or her own practices with respect to harassment outside the workplace.

**Mr. Hart:** — Well I think employers and, as I said, employees also . . . I think harassment can take place as we've seen between employees, not necessarily between an employer and an employee or between management persons and . . . I would think that employers when they look at this and they would say, okay where are my responsibilities, where's my liability for actions that I really have no control over.

So what I heard you say is that they would be absolved or fulfill their requirements by having a sound anti-harassment policy that all people in that workplace are fully are of. That would be sufficient in most cases to absolve them of responsibilities outside the workplace. Would that be a fair interpretation of the way you envision this section applies?

**Ms. Wellsch:** — I don't want to prejudge any of the situations, but that would be a good start. If the employer became aware of harassment that was taking place out of the workplace, he or she might be obligated to go further to say something to the harassing employee to prevent it from continuing. It would depend on all of the circumstances.

**Mr. Hart:** — Minister, the new section 48(1) deals with the special adjudicators. Could you outline the existing provisions that we have? We don't have . . . This is a new position, a designation special adjudicator. How are . . . My understanding is that a special adjudicator will deal with appeals.

Could you explain briefly how the current system works when someone lodges a complaint and then compare that with how you envision the new system with the special adjudicator and how that position will . . . what responsibilities the role and those sorts of things, so we have sort of a side by side comparison of what we have now and what you envision in the future with this special adjudicator position and the role of that.

**Hon. Mr. Forbes:** — Yes. I'll ask Glennis to give a more detailed explanation of that because I don't want to miss any of the steps.

But I think this is an important part. It's, as I said earlier, one of the two key functions to this because we wanted to make sure that this person was specialized, well versed, well trained in this area, because of many of the questions that have been raised tonight in terms of the interpretation, that they do fit into the definitions of the Act.

And as well, the timeliness of this, we want to make sure that people have reasonable resolve of their issues, and this doesn't go on. But also the restorative nature of the concern, so the workplace becomes whole and healthy again, there's a restorative function there as well. But I'll ask Glennis to go

through the current process and what the new process would look like.

**Ms. Bihun:** — Thank you. The current process allows for any person who is directly affected by an officer's decision within 21 days to appeal that decision. Following receipt of that appeal — and it's an appeal to the director of the division — following receipt of that appeal, the director invites all parties affected by the division to provide written submissions that they wish her — me — to consider during her review of the decision. The director will then render a decision that may uphold, amend, overturn the officer's decision.

Following receipt of the director's decision, again any party affected by the director's decision has 21 days in which to appeal that decision. That appeal goes to an adjudicator. Those adjudicators are appointed through orders in council and are not resources or staff of the department but appointees. Those adjudicators will schedule hearings with the affected parties to the director's decision and hear oral and any additional evidence. They again will render a decision and may in turn choose to uphold, overturn, or amend the director's decision. Once again there's an opportunity to appeal an adjudicator's decision to the Court of Queen's Bench. That's the end of that appeal process.

The allowance for a special adjudicator in the harassment scenarios would mean that an officer's decision would be appealed directly to a special adjudicator's position. So the appeal to the director would not be part of the process. That's the primary difference. The other key difference would be that this would allow for this to be, the special adjudicator to be a full-time, part-time, half-time dedicated resource to hear these files which would address the concern that these files need to be heard and dealt with, resolved in a timely fashion.

**Mr. Hart:** — So basically with the new provision of special adjudicators, we're shortening up the appeal process. We're removing at least one step out of there. Under current provisions on average, I guess, what type of a time frame are we looking at when we deal with these kind of cases under the current system, because there's extra steps? I know the Bill is talking about a one year deadline after the director receives notice of appeal. Under the current provision, are most of the appeals being dealt within a one year time frame, or are there a number of cases that are taking quite a bit longer? What's the history of that?

**Ms. Bihun:** — On average the director renders about 15 appeal decisions each year. We are experiencing a somewhat elongated turnaround in those appeal decisions. And I believe that having a special adjudicator that would also have dedicated skills and knowledge in resolving these types of concerns would also aid in the quality of the resolution in the mediation process. So you're correct that the Bill does speak to a one year time frame for the adjudicator to deal with it.

**Mr. Hart:** — Currently the adjudicators that are appointed by order in council, who are these people? I mean I don't want names, but I mean you know, where are you drawing on the resources to . . . and what type of qualifications do these people have there, you know, and their experiences that are being appointed as adjudicators to deal with these cases? If you could

just give me a sense of who these people are.

**Ms. Bihun:** — The stakeholders are asked to submit nominations for consideration for appointments to adjudicator positions. Currently there are eight adjudicators: four who have been nominated by employer organizations; four who have been nominated by worker organizations. Their backgrounds range from . . . I believe there's two lawyers. There's one with a health care background. There's an electrician. So different sectors, different technical skills and different experiences towards dispute resolutions and processes.

**Mr. Hart:** — But these adjudicators would deal with all issues arising out of occupational health and safety. They wouldn't be dealing with harassment as a sole responsibility. I believe, that's correct. I see you shaking your head so . . .

**Ms. Bihun:** — Yes, that's correct.

**Mr. Hart:** — So whereas the special adjudicator position would be dealing specifically with harassment cases. That's the intent of this?

**Ms. Bihun:** — Yes, that's correct.

**Mr. Hart:** — You mentioned, Minister, that — or I believe you or one of your staff people mentioned — that you envisioned seeing this special adjudicator position as what? One person to start with on a full-time, part-time basis? And why the change? Or first maybe I should . . . I'm getting ahead of myself here. I believe that's what the intent is. Is that correct? It would be an appointed person on a full-time basis dealing specifically with these cases. Is that the intent?

**Hon. Mr. Forbes:** — Well we envision some type of office or group within — or unit — within the occupational health and safety branch. At this current time, we have the equivalent of two full-time officers spending a lot of time on harassment issues. So we would see this . . . there would be obviously more. We would see more work needs to be done in the educational component. That's a very important part. And clearly this a priority for us.

So we're in the stages right now of designing and what this may look like. But clearly we want to make sure that it's resourced appropriately because we feel that it's important that — particularly around the timeliness and the confidence — that there are qualified people who are in this area, so that both from the employer and the employee side they feel that this is a competent group of people who are working in this area.

**Mr. Hart:** — Are there not any current agencies that are equipped to deal with this, take these additional responsibilities on? I'm thinking perhaps of the human rights commissioner or somebody like that. Would they have the resources to be able to deal with this, rather than having another special agency within your department set up? Something perhaps a little more arm's-length from the department? You know, I'm just throwing that out there. I'm not really sure. But I'd like your comments on that.

**Hon. Mr. Forbes:** — I think this is an important question that you've raised in the sense of this because we're moving beyond

the human rights grounds that form first the areas for harassment. But it's important to understand the work of what occupational health and safety does. The branch's mandate is to make sure the workplace is safe. And that's our mandate.

And so when we do that, and when we see a circumstance as this, it's important that we are restorative. Our mandate is restorative, to make whole, so that it's a healthy and safe workplace. The mandate of many of the areas that you've raised, Human Rights Commission, that type of thing would be . . . It's a different thing. They are looking at it through a different lens than we are.

And so that's why, while they're very competent people in that area for sure, but this is why we're looking at very specialized people in this particular area in terms of occupational health and safety.

**Mr. Hart:** — What process do you envision for finding those particular people? Are you going to be as you have with the other adjudicators? Are you going to be asking for names to be put forward? What type of process will you be using to come up with that individual or individuals that will be required to fill this position?

**Hon. Mr. Forbes:** — In this particular case because . . . Now again we're not sure whether it's a half-time or whether it would be a full-time position or what the makeup of the unit or office would look like. But we envision this going through the Public Service Commission process, advertising through that, not necessarily through the stakeholders and how we gathered the regular adjudicators, but more specialized in that area because we, at this point, I envision that it would be someone who would be dedicating a large portion of their time to resolving these issues. And it would be a priority of their work.

**Mr. Hart:** — Minister, the coming into force of this Bill, the Act will come into force on proclamation. What type of timelines are you looking at, are you and your government looking at, in proclaiming this piece of legislation? It's not uncommon for Bills to go unproclaimed for a long time, for a short time.

I guess I'd like to get a sense, and you know particularly pertaining to my earlier comments that I think you need to . . . I would urge caution and making sure that all the work is done. You know as you indicated, there was really wasn't any outside consultation prior to the Bill being tabled. And we realize once the Bill is passed, it would have to be brought back for amendments and changes but, you know, I think some of that work needs to be done. It's probably preferable to have the work done earlier rather than later. But I'd just like to get a sense from you as to what you and your government are looking at as far as the proclamation of this Bill.

**Hon. Mr. Forbes:** — Well at this point we haven't set a date for proclamation, and obviously that would be presumptuous on us to do that, but there are clearly some things we have to do before we get to that stage. We know — and we have said this, and I have said this to the council, and we have said this in the media conference as well — the Quebec experience. They had 18 months between their Bill being passed and proclamation. Our own experience in Saskatchewan between the Act, the first



harassment piece being passed and coming into force was, I understand, a few years.

We clearly have experience, though, in this area so we would rather move more quickly. But I think the key is that there's confidence in the process. We've identified tonight that we need to have a strong interpretive guide, and so we'll be working a lot with the Occupational Health and Safety Council making sure that's right.

The training of the occupational health officers is very, very important. Resourcing of the unit or the office is also key. Also the grace period will have to be determined in terms of when we do announce the proclamation date that people are aware of this. And what's really very, very key to this also is the education component. And as well, each of the local committees when they're working on their own harassment policies is very, very important.

So for me, as minister, the key is to make sure that there's confidence in the system, that people feel that it will be fair and it will meet the needs to make sure that workplaces are safe and healthy. So I think that this is one that we will make sure it's an appropriate timing. And of course as I've said earlier too, working with the council will be an important process within this.

And also bringing along stakeholders, if they feel they need to raise points with me, I'll be very open to hearing them. But we do want to . . . We see this as a priority too. We are not . . . This is a priority within the department and with the government.

**Mr. Hart:** — You mentioned working with the Occupational Health and Safety Council, and in your news release you mentioned that you were going to be consulting with them and asking for their input on the implementation of the Bill. And as you mentioned earlier, the council met here 10 days ago or whatever. And have they at this point in time brought forward any recommendations to you as far as implementation?

**Hon. Mr. Forbes:** — At this point they, at the meeting I understand, that they were more in a problem-solving mode. They needed more information. They have set the next meeting date for June 4, so they'll be meeting again to talk about this issue at hand. At that point, I think we'll have a more firmer timeline, but there's a fair bit of work to be done here, so we'll be utilizing them fully.

**Mr. Hart:** — Just to get a sense of the implementation, the occupational health and safety committees or safety officers in the workplace will be tasked with these additional responsibilities of identifying and watching for harassment in the workplace under the new legislation. They will not only be dealing with the safe workplace issues but harassment issues and all the other duties that they will already have, and this will be an additional duty. Is that how you see the implementation of the new legislation that we're dealing with here tonight?

**Hon. Mr. Forbes:** — I would make two comments, and I might ask Glennis if she has more to add on the role of the officers. But clearly what they'll be looking for within workplaces is their policies and are they implementing their harassment policies. That's really important. And it's also important to

know that they respond to complaints. They won't be in workplaces watching and, you know, saying how things are going. They will be responding to complaints. And I don't know if, Glennis, you have more to add.

**Ms. Bihun:** — Certainly an officer's role is both proactive and reactive. The proactive component during the workplace inspections, where they're doing a review of the employer's policy and how effectively that's been implemented, so are all workplace parties knowledgeable and is the policy put into practise. The other side is the responding to complaints wherein any worker can at any time contact the occupational health and safety division or an officer should they have questions or concerns related to harassment, so the reactive component and the follow-up that goes with that.

The remedies traditionally that occupational health officers have available are of course to stop ongoing harassment and work with workplaces to make sure that employers are in compliance with their policies and implementation of those policies.

**Mr. Hart:** — Do you envision any decrease in the officers' activities with regards to safety in the workplace? I have received some correspondence from employer representatives who feel that that may be a problem, that because of these additional duties, it may detract from, you know, the primary duties of a safety officer, you know, dealing with safety issues in the workplace.

As we know, our injury record in Saskatchewan, although it has declined, is still the second-highest in the country. And there is some concern that with additional responsibilities and so on that it may detract from the safety aspect of the occupational health and safety committees and officers and all those people that are dealing with safe workplaces.

Have you got a sense of that issue? What's the Quebec experience? How did they . . . Their implementation procedure, was that . . . In Saskatchewan, are you looking at following something that Quebec did, or did they do something entirely different? I'm not really familiar with Quebec, but I know they did move in this area, and I'm just wondering if you looked to see what happened there and were you looking at any future problems with regards to safety issues.

**Hon. Mr. Forbes:** — I would make a couple of comments. And the one is that clearly our priority is still to make Saskatchewan workplaces as safe as they can be. And we've made great gains in the last four years with our phase 1 of our healthy and safe workplace strategy. And of course, we're entering into phase 2. And part of that again, interestingly, was about interpretive guides and that type of work.

Clearly this needs to be resourced. This is a new priority. But as we tackle the issues of ensuring that workplaces are safe . . . For example, just in the past few years now, we have the dedicated prosecutor in this area. That's a new initiative. The occupational health and safety regulations that we're guiding through the process, that the council have brought forward, will go a long way in terms of reducing the injury rate.

The point from Quebec, we'll take a lot, we'll look a lot at what

their experience has been. But what's interesting with them is their . . . where they placed harassment was within their labour standards as opposed to within their occupational health and safety area. So we felt it was better within the occupational health and safety. We've already had the experience of harassment being within the OHS [occupational health and safety] regulations, and we felt stronger within the OHS regulations. And Saskatchewan people — employers and employees — see harassment falling within that definition or that area. So clearly we will be looking to see how we maximize our resources.

The workplace is a complex area. We know that there are many . . . and there are studies done in terms of the workplace and the impact of harassment on productivity, people, you know, how they . . . Well it's hard on our workers, and it's hard therefore on productivity. This is a huge area, and I think that it's one that it's time that we move a little further on that. We know we could do better, and we're going to do better in this area.

**Mr. Hart:** — Minister, I received a copy of a letter that the Saskatchewan Chamber of Commerce sent to the Premier. It was signed by their president, Dave Dutchak, and I believe you were copied on that letter. And I'm guessing that you perhaps have read it or . . . No?

Well just to summarize the . . . I guess they feel that they don't understand the need for additional legislation, and I think they're coming more into the enforcement of current regulations and current legislation. And one of their concerns is detracting from the focus on safety and that sort of thing. And I believe you've addressed at least some of that.

But they also talk about the need for a public education program to . . . and I'll just quote one of their recommendations, their last recommendation "to engage in a public education program; to communicate expectations around behaviour in the workplace focused on inclusion, tolerance, mutual respect, and dignity for all members of society."

And I would hope that you would take that recommendation of theirs and incorporate that in the implementation plan of the new legislation that we're dealing with here tonight because with the number of aspects of this whole issue that are fairly subjective and — as I'd outlined earlier — you know, could lead to, I guess false accusations of harassment and so on . . . And you know, I mean, I don't want to dwell on that to diminish the need for a mechanism and a system that works and deals effectively with the genuine cases because they need to be dealt with. I want to make that very clear. They need to be dealt with, and they need to be dealt with effectively and in a timely manner.

But as I'd said earlier, there is that possibility of opening a door for those people who want to use it, you know, and really have no grounds other than a personal vendetta against someone else in the workplace, and we need to guard against that and so on, and I would hope that those cases are at the absolute minimum and so on. And I think we can do that by this education process. And I think you'd said earlier that you felt the education process is a very important piece of implementing this new legislation, and I would encourage you to devote as much time and the required resources to make sure that that would happen,

Minister.

I guess just one final question before I wrap up on this. I would . . . Minister, we dealt in this session with the Carriere case for quite some time. It seems to me that . . . and I think that case demonstrated that we can have the most effective and best legislation regulations in the country and dealing with this issue of harassment, but if we're not going to enforce the legislation and regulations, these cases will continue.

And I guess I would ask, how do you and your department, how will you determine the enforcement of these within, outside of government? And I understand your Minister of Public Service Commission is looking at making some changes to enforce the new legislation and those sorts of things. But what mechanisms are you looking at putting in place to make sure that they're enforced? I wonder if you could address that.

**Hon. Mr. Forbes:** — Well I would say that in terms of how will we know if we're achieving our goals in this area, which is a very important question . . . And I'll just speak to occupational health and safety. There will be probably several ways that we can tell if we're achieving what we have set out to do. And of course first and foremost is through the Occupational Health and Safety Council. They're our eyes and ears through both the employers and the employees to this. And of course you know that's very, very important.

And the other one is that, you know, part of . . . and as we've said, as I said earlier, that is a national, international issue, and of course we see provincially the number of phone calls, inquiries that we get to our office. Will that continue to be at the number of calls that we get, and of course will we be seeing that we're meeting the needs of some of those inquiries in terms of their workplace?

We are definitely on a learning curve here, and we want to make sure that we're as effective as we can be as we move forward in this area. And so that's why again I'll go back to relying heavily on the council in terms of how is this working in the workplace. And again you know . . . and this is the beauty of the council and the work that they do, is because they do a periodic review of how our work is . . . how are the regulations and the Act affecting the workplace, because it's important.

And again this is a tough one to measure because . . . as opposed to falls, you can have that, and WCB [Workers' Compensation Board] measures that. But of course you know this is an area that's brand new and how do we measure this? But we know, we know that toxic workplaces is harmful for everyone, and it's not good for the workers, and clearly the employers pay for that through loss of productivity. So we think this is an important piece for us to move forward on.

**Mr. Hart:** — Mr. Chair, that would conclude any questions that I would have on this Bill.

**The Chair:** — Thank you very much, Mr. Hart. Seeing no further questions, we'll move on to the clause by clause consideration. Clause 1, is that agreed?

**Some Hon. Members:** — Agreed.

[Clause 1 agreed to.]

[Clauses 2 to 11 inclusive agreed to.]

**The Chair:** — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: An Act to amend the Occupational Health and Safety Act, 1993. Could get a committee member to move that? Moved by Ms. Higgins. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Agreed. That's carried. Could I get one of the members to move we report the Bill without amendment. Ms. Hamilton.

**Ms. Hamilton:** — So moved.

**The Chair:** — Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. Thank you very much, committee members, for your work on this particular piece of legislation.

**General Revenue Fund  
Labour  
Vote 20**

**Subvote (LA01)**

**The Chair:** — We'll now move on to the next item before the committee which is estimates of the Department of Labour, vote 20. Mr. Minister, do you need a few minutes to change officials?

Thank you very much, Mr. Minister. We have before us your estimates, vote 20, Department of Labour. Do you have any opening comments you'd like to make this evening?

**Hon. Mr. Forbes:** — No. I'm prepared to answer any of the questions that are before us.

**The Chair:** — Okay thank you very much. With that I'll open the floor to questions. I recognize Mr. Hart.

**Mr. Hart:** — Thank you, Mr. Chair. Minister in our last discussion of Labour estimates, Mr. Federko of the WCB had indicated that he would provide me with some information on retroactive payments for permanent, functional impairment as a result of appeal decisions, and I was wondering when we could reasonably expect to have that information. He said it was a less onerous task than the written questions I'd asked him. And I just . . . by way of this question is just a reminder that I'd appreciate to have that information . . .

**Hon. Mr. Forbes:** — As soon as possible. I'm . . . Yes.

**Mr. Hart:** — Minister, on May 1 you had a press release. And you said that you're going to ask the Minimum Wage Board to study the idea of raising the province's minimum wage to the low-income cut-off and then tying it to the consumer price

index. Just for the record, what did you mean by the low-income cut-off? What measurement are you referring to there?

**Hon. Mr. Forbes:** — Stats Canada has a process by which they establish a wage based on the size of city and location in Canada. And I may want to ask John Boyd to come forward, and he might be able to give us more information. But roughly speaking, what that means for Saskatchewan . . . At the end of the year I believe it was 8.65; we may be a few months behind right now.

Now the vulnerable . . . the Pearson Commission on Improving Work Opportunities for Saskatchewan Residents in recommendation no. 1 asked that we take a look at establishing or tying the minimum wage to that and then indexing it every year thereafter to the Canadian consumer price index.

And so the Minimum Wage Board now is in the process of conducting hearings and consultations with stakeholders. And this would be an opportune time to talk about that, to examine the viability of setting it at a certain benchmark. This, in many ways, would be something I think would be worthy of study because clearly if you're making a wage below that, then you could well be argued that you're making a wage of poverty, that keeps you in poverty. And it's unfortunate if you're working full-time, 40 hours a week, full-time, how is it that your wage is still keeping you in poverty? And so this is a good time for the board to take a look at this question.

**Mr. Hart:** — I wonder if you could have one of your officials explain what the definition of the low-income cut-off . . . what constitutes this measurement? What factors or guidelines are used to determine that? And particularly we'll speak about the Saskatchewan context and is there variability between Reginas and Saskatoons and the, you know, small rural communities and that sort of thing? I wonder if you could just, briefly just explain that.

**Hon. Mr. Forbes:** — I'll ask John Boyd.

**Mr. Boyd:** — The low-income cut-off is a measure, as the minister said, developed by Statistics Canada. It's not a measure of poverty. It's a measure of what an individual or a family of two dependants up to, I believe, it's 11 dependants would reasonably expect to spend in different geographic areas. And they don't differentiate from one provincial jurisdiction to another. It's on the basis of community size.

And so there's a measure for communities, cities of over 500,000. There's another measure for communities of 100,000 and above. There is a measure for smaller communities. Then there's a measure for rural areas. And the measures, the low-income cut-offs are the same across the country. So the low-income cut-off, say, for the city of Regina would be the same as, say, the city of Victoria. So it's not specific to individual provinces.

And so there's a measure for an individual. So if you're a single person living in rural Saskatchewan or any rural province, there's a specific amount that you would reasonably expect to spend to live. And then if you're a family of two, it's a different amount all the way up to, you know, a large family with several

dependants.

**Mr. Hart:** — Well, Minister, you mentioned that the figure at the end of last year was 8.60 or 8.65. So for using all these variables and, you know, a different figure for families versus single versus larger centres versus small centres, how did you arrive at that figure of whether it was 8.60 or 8.65 — whatever that figure was? How did you then arrive at saying well, if we follow this procedure, this is where the minimum wage would be? How did you arrive there?

**Hon. Mr. Forbes:** — Now that's the number, that's the figure that's used for a single wage earner in Saskatchewan. So it would be — of the different groups that John was speaking of — it would be the lowest amount of those I understand. But this is the one that Lynne Pearson in her report had used and asked us to take a look at, and so that's why we're asking the Minimum Wage Board to examine the viability of that.

**Mr. Hart:** — So then if I understand it correctly, then in order to set a minimum wage for the province using that process, you would be taking the single worker living in either Regina or Saskatoon as the measuring criteria for the minimum wage? Or are you envisioning having a minimum wage for single workers versus family workers, you know, a whole suite of minimum wages as such which could be somewhat confusing?

**Hon. Mr. Forbes:** — And this is the bait that Pearson and her group tackled. It was an interesting thing because sometimes people say students should be included, maybe not. And then you know for sure that the vast majority of . . . especially when it comes to full-time workers who are on minimum wage that they are mostly women and many of the single parent families who are headed up by a single worker, are women making minimum wage.

There are the disparities, and actually Pearson in the report actually talks about this, some of the cost factors of living in rural Saskatchewan versus the cost factors of living in urban Saskatchewan, the transportation issue is an issue.

And so this is why it's important for the board to take a look at this. This is one that we were asked to take a look at. This is what they're tasked with, and so I'm sure they'll have many presentations to them about the complexity of this. It's one that, well, at the end of the day they have to come down on balancing those interests out.

**Mr. Hart:** — The board will be coming forward with their recommendations within a two-year period, is that what we're looking at? I guess the question is when will we receive the next recommendation from the Minimum Wage Board?

**Hon. Mr. Forbes:** — I would anticipate sometime in either late summer or early fall. And I think this would be quite appropriate because the last raise, the wage was in March, so I think that employers would hope that if there is another raise that it would be annual, and so it would make sense that that would give lots of notice for them. But again I'm not sure what their recommendations will be, so we'll have to wait and see.

**Mr. Hart:** — Minister, I believe under the current minimum wage, single workers will find, if they're working the regular

40-hour week, will find themselves in a taxable position. Would you not want to look at perhaps increasing the basic personal allowances and removing these low-income wage earners from the tax roll? That way not only the employers would be bearing, you know, some of the increased costs of an increase in the minimum wage, but also government would also share in that burden.

And it just seems somewhat ludicrous to have people working for minimum wage and still paying provincial taxes. You know, we certainly can't deal with the federal taxes. And I haven't done a recent tax calculation to see whether they would trigger federal taxes, but I believe provincial taxes they would trigger, and it seems to me that's another option. And I wonder why you wouldn't have also asked the board to look at that particular option, at least determine the effect of it.

**Hon. Mr. Forbes:** — I have to say, Mr. Hart, I'm disappointed I didn't bring the report with me because I'd read you the paragraphs in the report that Pearson actually tackled this issue. And it was very clear that that in terms of the minimum wage earner and the issue of getting more disposable income to them, the most effective way was in terms of the wage itself, and they talked about this. So what I will undertake to give to you is the detailed explanation of that because I don't want to misquote that, and it was quite thorough in her report. She looked at it and at that idea.

I would say that as a government we have cut personal income taxes. We think that's an appropriate way but we also . . . At this particular issue that when you're targeting low-income workers and getting them disposable income, that the best way is to make sure the wage is fair and that it's a decent wage. That's you know a primary tool to make sure that their needs are met.

**Mr. Hart:** — Minister, quite often what happens in the workplace when the minimum wage is increased, employers are also looking at increased wages for those workers who are earning perhaps \$1 or \$2 above the minimum wage because quite often wages are set based off of the minimum wage which then . . . Employers are not only looking at additional salary costs for the minimum wage earners but for a number of other employees.

And I mean certainly there are, you know, quite a number of employers under current economic conditions that I guess would, if forced to, would have to admit that you know they could probably look after those costs. But there are still a great number of small-business owners who find these additional costs in salary you know quite burdensome to their businesses. When the last go-round, when we looked at the issues of minimum wage and available hours and all those sorts of things, we heard from quite a number of small-business owners who really felt that you know these kind of increases were quite a burden.

I mean they certainly value their employees, but they said well, why is it that only we as employers have to bear the full brunt of increased salary costs, when by allowing a greater basic personal exemption we could accomplish the same thing, and we could share the extra costs between employers and government? And they were advocating quite strongly to at

least look at that and evaluate it.

Now you mention Ms. Pearson's report, and I have to admit I haven't seen that. But it seems to me I would like to, you know, certainly look at that and see the rationale of why it may not work. But I need to be convinced that it isn't a viable solution to providing decent salaries for the lowest wage earners in our society. I guess maybe not the decent salaries but the take-home pay, the amount of money, as they say in the jeans, as such. That's what's important. And we can accomplish that in a number of ways, in a couple of ways as I've outlined.

**Hon. Mr. Forbes:** — Well I now have the page in the report, page 32, and it's just a short part, and maybe I'll just read it into the record because I think it's important. And I quote:

The Commission explored the possibility of using the tax system to increase disposable income for low income workers. Unfortunately, it appears that this is not a particularly viable option. When the tax exemption is raised, it is applicable to all taxpayers, not just those who are low income. We were informed that for every \$500 of exemption for individuals, the cost to the provincial treasury would be between \$25 and \$26 million. Instituting a \$500 exemption would translate into only a \$55 per year benefit for each low income individual.

So you can see that for \$55 it's very expensive for the provincial treasury to do that. It would be approximately 25 or \$26 million. And then the benefits, the vast majority of the benefits actually fall to the higher income individuals. So they determined that this was not workable and inefficient.

**Mr. Hart:** — But, Minister, I think some of those problems could be rectified or alleviated if it was a targeted program, that would target people that earn below a certain figure, and I don't have all those figures with me tonight. That would be aimed at low-income wage earners, if their income fell below a certain level whether it's — you know, I'll just pull a number out of the air — 25,000 or something like that, that they would be eligible for an additional personal exemption which would then effectively remove them from the tax role, but yet would prevent high-income families or individuals from accessing that tax benefit. I think that may be a workable solution. I mean, you certainly have the resources of the officials of the Department of Finance to look at that and run those scenarios. And I think perhaps I would suggest that maybe you may want to have the board have a look at that particular proposal also.

**Hon. Mr. Forbes:** — I think though, that really at the end of the day, what we're talking about is a fair wage for a fair day's work, and that's what's really important because, you know, I think as a government we've done an awful lot in terms of helping all different sectors of the economy in terms of tax cuts. In fact just last fall we cut the PST [provincial sales tax] by two points — a big thing for everyone including business. And so I think the low-income workers, I think that they would like to see themselves not categorized as low-income or at-poverty or below a living wage or all those terms. They'd just like to see themselves as people working and getting paid a fair wage.

And we know, and if you watched CBC [Canadian Broadcasting Corporation] on Friday night, you saw that the

income gap is growing between those who are well paid and those who are not well paid. And I think that while I recognize — and this is why we have a Minimum Wage Board to determine the balance — I think though we still need to make sure the most efficient, well the most effective and efficient way to get money into people's jeans is to give them a fair wage.

And what is a fair wage? And we're trying to wrestle with that. And of course Pearson in her report said take a look at LICO [low income cut-off]. It seems to be a way of finding that balance. And then after that if we could get into indexing it, then we don't have to have these political discussions because we know that there is a cost of living, and it does go up, and many of us who are in either unions or other professional groups get recognized for that. But somehow those low-income workers don't get recognized for that.

And while we can devise schemes and maybe the government could pick up the tab, actually I think in many ways those people who are benefiting from the work that's being done should be paying. I understand though that there are challenges out there, but we see in this booming economy that Saskatchewan has right now, if there's ever a time to have a fair wage established, this would be the time. We're very close to that. We should take a look to see if it's viable. Other times it may not be, but here things are booming. We are doing well. And often Saskatchewan has been looked upon as being a low-income province, you know, and now is the time to say no. We pay fair wages for a fair day's work. And that's all people want.

**Mr. Hart:** — Well I think, Minister, we're trying to accomplish the same thing — a fair income for those people that are at the lowest level of earning capability, whether they be young people starting out and acquiring skills or whether there be someone for whatever reason that cannot gain employment that traditionally pays a higher salary. I don't think we're arguing or disagreeing on the need to provide a fair and reasonable income for those people. It's the matter of how we do it and who bears the cost, whether it's all being borne by employers or whether there's a sharing in the additional cost.

The program that we're proposing or at least proposing that we take a serious look at is increasing the exemptions for the low-income earners that could be indexed so that, as the cost of living goes up, those exemptions grow. We could be looking at perhaps indexing the resulting minimum wage that is set and those sorts of things.

Again you know, we need to provide the employment opportunities for individuals. And as you said, a thriving economy is the best recipe for that. And if through some innovative measures that a provincial government can put in place we can enhance that growth within our economy and relieve some of the burden off of our . . . I think it's our smaller . . . whether it be start-up businesses or there are certain industries that where the margin is quite small, and they really feel the effects of increased minimum wages, whatever. But if we can make those or create more employment opportunities where the employers have an ability to eventually provide, you know, a higher salary and an opportunity for our people that seem to be at that lower end of the income schedule, I think we should be looking at them and perhaps not just looking at the

one option but looking at all options that are out there. And I would urge that perhaps you have the board have a look at some of these ideas.

**Hon. Mr. Forbes:** — Well in many ways, this is what the role of the Pearson commission was — to take a look at many of the challenges that low-income workers faced.

Whether that be training . . . And we've done an awful lot of work in that area. And I think many of the employers in this province . . . and I know I've talked to many of them who appreciate the work that we've done in that area. Child care is another area that we've taken some strong action — the barriers that low-income workers look at. We're looking at how we can help First Nations and Métis people access work to the end that even with the adult basic education on reserves now, we're making sure that we have a strong workforce that's out there. And we were delighted to see . . . And of course when we talk about the Building Independence program, how can we transition people from social assistance to the workplace, and we really focused primarily on families.

But we were delighted as part of this budget to be able to help, in terms of health care, some pretty basic minimal . . . But it's a start in terms of health care for singles and couples without children. How can we help them? And so many people might say, well we're benefiting the employer on that part.

We think we are, but we still have to tackle the question of the wage. How much do you get paid an hour? And that's a bottom line, and that's one that we know. And whether you see the signs on Albert Street or wherever, it's the question people, when they're looking for work, want to know: how much am I going to get paid, and can I make it at the end of the paycheque to pay my bills? And they can't wait till April to get their refund.

**Mr. Hart:** — Well, Minister, I guess we're probably not going to agree on the best way to tackle the problem. I think we agree of the objective of providing reasonable incomes or take-home pay, money in the jeans, or however you want to term it, for people working at that salary level.

Mr. Chair, I think that pretty well concludes any questions I would have for the minister and his officials, and I'd just like to thank the minister and his officials for the information that they provided and the discussions that we've had over the last number of sessions in Labour estimates. I certainly appreciate the co-operation of both the minister and his officials, and I thank him for that.

**The Chair:** — Thank you very much. With that, (LA01) in the amount of \$5,083,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Thank you, that's carried. (LA06) in the amount of 6,857,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That is carried. (LA04) in the amount of \$879,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. (LA07) in the amount of \$599,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — (LA03) in the amount of \$2,344,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried. (LA08) in the amount of \$603,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. (LA09) in the amount of \$451,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — For a total appropriation of \$16,816,000 for the Department of Labour, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** —

Be it resolved that there be granted to Her Majesty for the 12 months ending March 31, 2008, the following sums for Labour, \$16,816,000.

Can I have a member of the committee move that? Moved by Ms. Higgins. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That is carried.

[Vote 20 agreed to.]

**The Chair:** — All right. With that, committee members, we have one . . . Mr. Minister, I'd like to thank you and your officials for coming this evening and participating in the committee. We would like to thank you. And at this point, we have one matter of committee business to conclude this evening.

**Hon. Mr. Forbes:** — If I may, Chair, I'd like to thank the committee members for their questions, and my officials for their answers and their help with this. And thank you very much and I appreciate this. Thanks.

**The Chair:** — Okay. Thank you, committee members. The last item of business tonight is the eighth report of the Standing Committee on the Economy that we need to put before the committee tomorrow. I would like one of the members to move this motion:

That the eighth report of the Standing Committee on the Economy by adopted and presented to the Assembly.

Can I have one of the members move that? Mr. Lautermilch. Is there any discussion? Seeing none, all those in favour?

**Some Hon. Members:** — Agreed.

**The Chair:** — That is carried. With that, this committee stands adjourned. Good night.

[The committee adjourned at 21:53.]