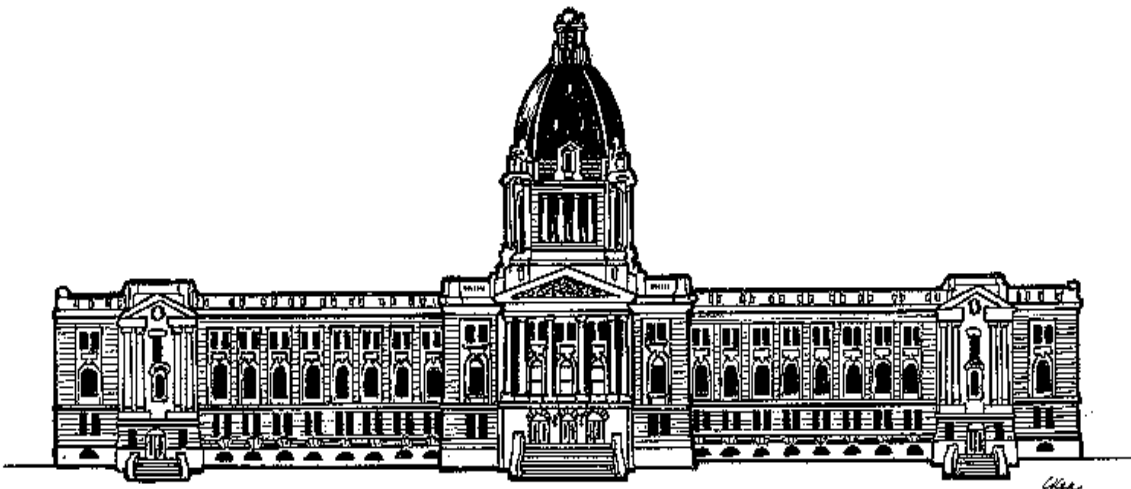




# **STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES**

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**Legislative Assembly of Saskatchewan**

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## STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

Mr. Dustin Duncan, Chair  
Weyburn-Big Muddy

Mr. Kim Trew, Deputy Chair  
Regina Coronation Park

Hon. Nancy Heppner  
Martensville

Mr. Tim McMillan  
Lloydminster

Mr. Jim Reiter  
Rosetown-Elrose

Mr. Randy Weekes  
Biggar

Mr. Kevin Yates  
Regina Dewdney

[The committee met at 15:05.]

**The Chair:** — Good afternoon committee members. We have a number of Bills under consideration for today and a number of annual reports that have been tabled that members will get copies of. We will begin this afternoon with consideration of Bill 28, The Vital Statistics Administration Transfer Act. And today we have Minister Cheveldayoff, and at this time if he wants to introduce his officials.

**Bill No. 28 — The Vital Statistics  
Administration Transfer Act**

**Clause 1**

**Hon. Mr. Cheveldayoff:** — Thank you, Mr. Chair. With pleasure I'd like to introduce to members of the committee, from information services committee, Kathy Hillman-Weir; she's a general manager, corporate governance and general counsel. And in the back is Pamela Fiske who's director of business development with ISC [Information Services Corporation of Saskatchewan] as well. Sitting beside Kathy here is Jacquie Messer-Lepage who's the chief privacy officer with Saskatchewan Health. And to my right is Ronn Wallace, the director of health registration and vital statistics branch.

**The Chair:** — Thank you, Minister. At this time, do you have an opening statement, Minister?

**Hon. Mr. Cheveldayoff:** — Just very briefly if I may, Mr. Chair. I think The Vital Statistics Administration Transfer Act, Bill 28, is something that makes a lot of sense, quite frankly. It works on the core competencies of the Information Services Corporation and will use the efficiencies that can be gained through the operation of ISC. It's something that it's a win-win situation. It is well received by the Department of Health.

As well as concerns that have been brought forward earlier on have been addressed as well. There's 18 full-time equivalents that will be transferring over from Health to ISC — no job loss. And we understand that it makes for a good business model all around and addresses all security concerns as well. With that, Mr. Chair, I'd be open to any questions.

**The Chair:** — Just before we get to the questions, just for the record I will note that members of the committee that are present are Minister Heppner, Mr. McMillan, Mr. Reiter, Mr. Weekes. And for the opposition, Mr. Yates and sitting in is Mr. Quennell and Mr. Broten.

The short title of this Act may be cited as The Vital Statistics Administration Transfer Act. Are there questions? Mr. Quennell.

**Mr. Quennell:** — Yes, thank you. I guess just a couple areas. I generally agree with the minister's comments about the concept making good sense.

Can anybody advise as to the sort of national scan? I believe that in some cases this responsibility in some provinces did not ever fall on the Department of Health, or it fell into other departments. And what's the current situation across the

country?

**Hon. Mr. Cheveldayoff:** — Thank you for the question. The information that I can provide to you is that indeed there has been a scan of provinces across Canada. In BC [British Columbia], vital statistics is part of the Ministry of Health. In Alberta it is part of the Ministry of Government Services. In Manitoba it's a division of Manitoba Finance. In Ontario it is part of the Ministry of Government Services, and in Quebec, it is in the Ministry of Justice.

So it seems like it's a real hodgepodge across the country, that it's in different areas for different services, and I can only assume that wherever the competencies are located that's where the governments have chosen to house the vital statistics.

**Mr. Quennell:** — So in some way . . . Oh sorry . . .

**Introduction of Guests**

**Mr. Broten:** — Thank you, Mr. Chair, and thank you, committee members, for the somewhat unorthodox opportunity to introduce some students during a committee session, but it is nice whenever students can come to the legislature that they have an opportunity to be recognized. So I do thank you for the brief moment here.

I would like to welcome a group of grade 5 and 6 students from Bishop Klein School right in the heart of the constituency of Saskatoon Massy Place. They're with their teachers today — Ms. Bley, Mr. Boyko, and Mrs. Long — along with chaperons Nicole Meckelborg-Francis and October Low.

So it's very nice that you could have the trip to Regina today to visit with us, and I look forward to meeting you in a few moments and chatting with you. Thank you, Mr. Chair.

**Hon. Members:** — Hear, hear!

**Bill No. 28 — The Vital Statistics  
Administration Transfer Act  
(continued)**

**Clause 1**

**Mr. Quennell:** — Without wanting to involve anybody in the gallery in the debate, Mr. Chair, I think the students should be aware that not everything we do in this Chamber is as fascinating as this.

I was going to pose the question/comment that what is being done here in this legislation in this province is a little bit cutting edge then, to take this out of a department and put it into a corporation that's responsible for registering information of other types.

**Hon. Mr. Cheveldayoff:** — Yes, I believe you're correct that this is cutting edge, and it is something that does make eminent sense. And I'll be the first to admit that this was originally proposed by the previous government and work was done both on legislation and background work by the previous government. And upon first reflection I immediately thought it

was a good idea and wanted to move it forward as quickly as possible.

So it's one of those rare moments where I think we're all in agreement in this Chamber — not to presume any further questioning — but I think it's something that does make sense. And further than that, I think it's a model that, if we do it properly, can be replicated and can be advanced to other departments within the Government of Saskatchewan, and an invitation can go out from ISC to take on additional responsibility.

**Mr. Quennell:** — The national scan seems to suggest that there's not a sort of a natural home in a department or a ministry, and I'm not sure that there is a natural home. That may be one of the reasons we find it in so many different places. I think the decision to move vital statistics from a department to ISC — and I thank the minister for his acknowledgement of where the background was done and when the background was done in this respect — also speaks to the strengths of the corporation, that both the previous government and the current government believe that this is workable.

That does take me to my next question, general question anyways, and that is as to corporate culture. The Information Services Corporation was created to deal with the Torrens lands system and another security, personal property security information, which is information that's kept to be accessible to the public when they're making important decisions about purchasing property or lending and taking security in property.

Not all the information that the Health department deals with in respect to vital statistics is of that public nature. And is there any concern at ISC or on the part of the minister about corporate culture in dealing with a different kind of information than they've been dealing with in the past?

**Hon. Mr. Cheveldayoff:** — Thank you. I'll pass that question to Ms. Hillman-Weir who's, again, a corporate governance and general counsel at ISC and has made assurances to me in that regard and is very well versed in this matter. So I'll turn it over to Ms. Hillman-Weir.

**Ms. Hillman-Weir:** — Thank you, Minister. Thanks for the question. You raise a very good point, and it's something that ISC is very well aware of and very attuned to as part of the implementation plan for this transfer. You hit the nail on the head when you note that this is very much a private registry of personal information as opposed to a public registry like the land titles registry and the PPR [personal property registry] that do exist for the purpose of making information public.

Part of the transfer and implementation plan will include a fairly rigorous privacy impact assessment which will include examination of both the transfer of the information and the employees and the practices and how we implement them in our environment.

Physically, we are planning to house the registry separate from some of the other registry areas and ensure that the records are distinct and embark on an education plan to ensure that employees understand the significant and very important distinction between operating a public versus a private

information registry.

We do think that our expertise in registries and customer service is universally applicable, though, to the operation of these registries, and we're hoping that that will be the real value that we can add.

**Mr. Quennell:** — Is the workload going to allow for there to be, to a certain extent, a distinct class or group of employees that deals with the vital statistics information as opposed to the other type of information? And if that's the case, would that assist in an understanding on the part of people dealing with the information as to the different nature of that information?

**Ms. Hillman-Weir:** — Absolutely. Initially there will be the transfer of the existing vital stats employees right over to the ISC, and the unit will continue to operate almost in a status quo fashion.

Over time, there's the potential, I guess, that employees could carry out multiple tasks, although one of the customer service strategies that we've employed is having employees specialize in certain areas no matter what registry they're dealing with. And so I think that that will first and foremost be driven by competency, capability, and understanding of the information that's being handled.

**Mr. Quennell:** — How many employees do you expect to be coming over to the corporation?

**Ms. Hillman-Weir:** — Eighteen.

**Mr. Quennell:** — Those are all my questions.

**The Chair:** — Ms. Higgins.

**Ms. Higgins:** — Thank you very much, Mr. Chair. Mr. Minister, I just have one question that kind of arises out of your comments. When you talked about this model and you felt that it would have other circumstance where it would fit, can you give us some examples of what you're looking at or what thoughts kind of crossed your mind when you made the comment?

**Hon. Mr. Cheveldayoff:** — None that we're presently looking at, and I qualified my statement by saying, you know, if this is handled properly, I think it's an opportunity for us at ISC to show that we can handle work from other areas where it makes more sense, where efficiencies can be gained. So I'm seeing this as a real test for ISC, if you like. And if it works out very well, then I could see us offering that to other departments and to other corporations to see if there are indeed any other fits. I don't know of any at the present time nor have any requests have come to my attention.

**Ms. Higgins:** — Okay. Thank you.

**The Chair:** — Okay. Seeing no further questions on this Bill, clause 1, is that agreed?

**Some Hon. Members:** — Agreed.

[Clause 1 agreed to.]

[Clauses 2 to 18 inclusive agreed to.]

**The Chair:** — Bill No. 28, An Act to effect the transfer of the administration of The Vital Statistics Act, 1995, The Change of Name Act, 1995, and other statutory duties of the Director of Vital Statistics to the Information Services Corporation of Saskatchewan, and to make consequential amendments to other Acts — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: The Vital Statistics Administration Transfer Act. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — And I would ask a member of the committee to move that the Bill be moved without amendment.

**Mr. Reiter:** — I would so move.

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

**Some Hon. Members:** — Agreed.

**The Chair:** — Agreed. Okay. I want to thank the minister and his officials this evening and would just like to thank the committee for their work on this, and I believe we will . . . So thank you to the minister, to his officials, and we'll just get ready for the next Bill to come up.

**Bill No. 27 — The Alcohol and Gaming Regulation  
Amendment Act, 2008/Loi de 2008 modifiant la Loi de 1997  
sur la réglementation des boissons alcoolisées  
et des jeux de hasard**

**Clause 1**

**The Chair:** — Thank you, committee members. And I want to welcome Minister D'Autremont and his officials this afternoon and would ask that he introduce his officials at this time.

**Hon. Mr. D'Autremont:** — Thank you, Mr. Chairman. I'd like to start off with introducing my officials that I have here today. On my right I have Barry Lacey, SLGA's [Saskatchewan Liquor and Gaming Authority] president and CEO [chief executive officer]. On my left is Fiona Cribb, acting vice-president of policy planning at SLGA.

**The Chair:** — Thank you, Minister. Do you have any opening comments that you'd like to make at this time?

**Hon. Mr. D'Autremont:** — Yes I would, Mr. Chairman, thank you. Committee members, Bill No. 27 will increase flexibility and opportunity for businesses involved in the liquor industry. It will strengthen the social responsibility, sale, and service of beverage alcohol and implement some housekeeping items aimed at reducing red tape and ensuring consistencies with current practices and processes.

One of these changes will allow businesses the opportunity to offer you-brew and you-vin services in Saskatchewan. Such you-brew and you-vin businesses will be able to offer supplies, space, equipment, and expertise to customers who want to make their own beer or wine for personal consumption on site in the store rather than in their homes. They'll be able to produce it on

site and consume it in their homes.

Since announcing this in mid-March, SLGA has received numerous inquiries from individuals interested in setting up you-brew, you-vin operations. We're hearing from people throughout Saskatchewan and also from people who live in other provinces. SLGA will be consulting with the existing wine and beer kit businesses and interested individuals to develop regulations related to these you-brew and you-vin operations.

Bill 27 will also strengthen the socially responsible sale and service of beverage alcohol in Saskatchewan. One of these changes involves the recorking of wine for patrons dining in liquor-permitted restaurants. This change will give patrons the option to take home their unfinished wine rather than feeling compelled to finish the bottle before they leave the restaurant simply because they already paid for it.

Another amendment related to social responsibility pertains to fines charged to liquor-permitted establishments that serve minors or over-serve patrons. Many fines will be increasing, particularly those related to the issues of public safety. The amount of the increase will depend on the infraction or offence. For example the current maximum fine for any person who gives or sells alcohol to a minor is \$2,500, but when this Bill is passed, that will increase fourfold to \$10,000.

And once the new penalty structure is in place, SLGA sanctions will involve more direct penalties and fewer warning letters for those liquor-permitted establishments that do not follow the terms and conditions associated with their permits.

Those are the main amendments contained in the Bill. We will also be taking this opportunity to implement a number of smaller housekeeping items aimed at reducing red tape for those businesses involved in the liquor business and making the Act consistent with current practices.

Mr. Chairman, committee members, that's a brief overview of the amendments contained in this Bill. My officials and I would be happy to answer any questions from committee members.

**The Chair:** — Thank you, Minister. We are dealing with Bill 27, The Alcohol and Gaming Regulation Amendment Act, 2008. Ms. Higgins.

**Ms. Higgins:** — Thank you very much, Mr. Chair. And, Mr. Minister, thank you very much for being here today along with your officials. I just have a couple of questions to do with the Bill. Do all of these changes come out of the liquor review, the regulatory review that was held, gee, it's got to be about a year ago now, isn't it?

**Hon. Mr. D'Autremont:** — That review started, I believe, in 2006 and carried on through 2007. The final report from that review was midsummer, I believe, September perhaps, 2007. And all of these issues were discussed in that review.

**Ms. Higgins:** — Thank you very much. When we look at the fines, you look at the increased enforcement and the increase in the fine limits, where does that put us with other jurisdictions in Canada?

**Hon. Mr. D'Autremont:** — Madam Member, this will put us mid-range of the fines across Canada, although I'm told that the larger provinces — Ontario and Quebec — may have higher fines than we do.

**Ms. Higgins:** — Okay. Can I ask you . . . I mean I'm familiar with a lot of the changes that you're putting forward. The recorking, how has that been received by restaurants across the province, or the opportunity for recorking?

**Hon. Mr. D'Autremont:** — To my knowledge, it was something they wanted to have happen. It was something that customers had been asking for. And since bringing this legislation forward, we have received, to my knowledge, no concerns being raised that it was an imposition on any of the restaurants. The recorking equipment is worth less than \$100, so you know, that's the price of two good bottles of wine. Yes, I believe it's something that they wanted, and it was something their customers wanted.

**Ms. Higgins:** — Also another area that I was curious about is the enforcement of regulation. You had talked about enforcing regulations, and I understand this has to do more or along the lines that some of it has to do with off-sales and brew pubs. Is this where we're headed, or no?

**Hon. Mr. D'Autremont:** — I'll let Barry answer that, but it deals with those licensed permittees such as taverns and brew pubs.

**Mr. Lacey:** — Thank you. The additional comment I would make to that is currently we have an administrative sanctioning processing whereby if a commercial permittee does not meet the terms and conditions of their permit, there's the ability for us, in addition to whatever mechanisms might be available under the judicial system, the court system, we have the ability also the administer administrative sanctions.

Currently SLGA and in the past SLGA has had a progressive process. The intention is to continue to have that progressive process with respect to those administrative sanctions. However currently we use warning letters, so for the first- or second-time offence, typically warning letters are issued first before we move to a financial penalty, an administrative penalty to the commercial permittee.

The intent on moving forward with respect to when the Act moves forward and gets approved is that we will reduce the use of warning letters and — particularly with issues concerning public safety — move more quickly to moving to administrative sanctions that relate to financial penalties or temporary closure of that commercial permittee.

**Ms. Higgins:** — So what is an administrative penalty? I need an example, sorry, just to clarify.

**Mr. Lacey:** — Sorry. An administrative penalty is a fine, or it can be closure of that commercial permittee for a defined number of days. So essentially not allowing the permittee to open for business 1, 2, 3, 4 days, depending on what that sanction is.

**Ms. Higgins:** — So then what other steps need to be taken for

the recommendations that come forward from the review? From my recollection, there were a number of areas, both policy regulation and legislation. Is there policy that still needs to be initiated, and is there regulations that still need to be changed to implement the recommendations from the review?

**Mr. Lacey:** — With respect to the penalty piece, all three pieces are impacted by this, so there is a legislative component or amendments to the Act. There is also some regulations that will need to be adjusted as well as policy as well. The warning letter piece is really driven by our policy, so that will require an adjustment to our policy, as an example. So all three are impacted.

**Ms. Higgins:** — So then for anyone out there that has concerns over the kind of change in enforcement, how quickly will we see any of the changes implemented when it comes to the enforcement, whether it's for an administrative penalty or however it's going to work? Because you talked about making a progressive process even more progressive, I guess.

**Hon. Mr. D'Autremont:** — I'd like to answer and relate it the other one, your earlier question as well. Let's use an example. An establishment perhaps has exceeded their legal limit of persons on site. The first time around, they would receive a letter of warning. That's weekend one. The next weekend they do exactly the same thing.

Previously there may have been a second letter of warning sent about that. We may now move quicker on that since it's the same type of offence, proceed more to the administrative penalty at that point. They knew it the weekend before, and they did it again the next weekend afterwards, so it would be a pattern developing there. And so the administrative penalty may be used at that point in time.

The time frame for preparing this will be getting the regulations and policy in place over this summer for implementation sometime this fall.

**Ms. Higgins:** — So then if I was approached by someone who felt that an operation in their community was receiving an unfair advantage because current regulations weren't being enforced because of the change that you're going through right now, what do I say to them? When can we see regulations actively being enforced?

Because you will have one business that feels that they are . . . I mean it's an unfair advantage if there's one operation where the regulations aren't being enforced, regulations for them being a somewhat different type of operation are being enforced. They're following the regulations where others aren't.

And there's been complaints about this gap that we have here and the change of regulations and when the new regulations will be enforced, or in play and enforced. So what do I tell this business operator? There's actually a couple of them that I have met with.

**Hon. Mr. D'Autremont:** — Well the current legislation is still in force. The current regulations are still in force. So they have to be in compliance with the current legislation and regulation. If they're not in compliance, then there are measures by which

SLGA can deal with that.

So the fact that we're in the middle of a process of changing the legislation and the regulations has no impact on what's happening today because this legislation is not in force and the regulations are not in force. So if they're in non-compliance today, then there are sanctions that SLGA can take.

**Ms. Higgins:** — So then for this proprietor, what steps should he take to have current regulations enforced, or what steps should be taken?

**Hon. Mr. D'Autremont:** — What should happen in this particular case is that SLGA should be notified of what the occurrences are and who are the offenders.

**Ms. Higgins:** — And then action will be taken? Is that what . . .

**Hon. Mr. D'Autremont:** — Well SLGA would have to investigate and determine if there are offences taking place.

**Ms. Higgins:** — Okay. Thank you very much. So then for these new . . . the legislation when it's passed this session, then we're looking at regulations being developed over the summer? And what process will the regulations take that complement this piece of legislation? Will there be a review or any type of a consultation that will be done with stakeholders, or are we just putting in place regulations for the legislation?

**Hon. Mr. D'Autremont:** — Thank you. The review for most of this legislation and regulations took place in the 2006-2007 review. The review, the regulations dealing with the you-brew, you-vin, will be carried out because that change was not contemplated at the time of the review. It was discussed, but no regulations were developed at that time dealing with this, so a review will take place. Stakeholders will be invited to participate to help determine how the regulations should be laid out.

**Ms. Higgins:** — So then we're still looking at a timeline of the fall for the regulations and the policy changes that were recommended in the review to still be implemented? Or is that prepared and ready to go now?

**Hon. Mr. D'Autremont:** — No, we're still looking at the fall for implementation. And we don't have any particular date in mind for the fall, but sometime this fall.

**Ms. Higgins:** — That would be policy and regulation, or are we spreading it even farther?

**Hon. Mr. D'Autremont:** — Yes. We want to do this all at one time so that there's consistency, and it's not just piecemeal — that this changed and that didn't change — so that the whole review, the whole policy amendment, the whole regulatory amendment and the legislation are all done at one time.

**Ms. Higgins:** — Okay. Thank you very much.

The you-vin and you-brew, I know during the review there were concerns that had been expressed. My understanding was from other provinces, who have implemented you-vin and you-brew, that there was difficulty in regulating and difficulty in enforcing

the requirements that go with the you-vin and you-brew.

So we've changed our mind and have moved ahead with this. So is there something that has made it easier to enforce, or we're just looking at taking on the difficulty?

**Hon. Mr. D'Autremont:** — Well I believe that this is a move ahead in this province, that this is something that individuals in this province were asking for, that businesses in this province were asking for, and don't really see any additional difficulties in regulating this compared to any other beverage alcohol business. It's no more difficult to regulate a you-brew or a you-vin than it is to regulate a brew pub or a tavern or a restaurant, for that matter, serving alcohol.

These are all issues that have to be dealt with carefully. We have to deal with them in a socially responsible manner, but that there's no unusual difficulties in dealing with you-brew or you-vin compared to any of the other establishments.

**Ms. Higgins:** — How many other provinces in Canada have gone the you-vin, you-brew route and how long have they been in place for?

**Hon. Mr. D'Autremont:** — Thank you. There are two other provinces that have gone this direction, being Ontario and British Columbia, and I believe that happened in the year 2000. So they've had basically eight years experience with it now.

**Ms. Higgins:** — And are any other provinces across Canada looking at going in this direction that we know of?

**Hon. Mr. D'Autremont:** — There are other provinces that are looking at, are studying the you-brew and you-vin. To our knowledge, they haven't had any decisions made yet and that their reviews are ongoing.

**Ms. Higgins:** — I just want to go back quickly. When we look at the process that you have for enforcement, also that would be kicking in this fall? Or there would be some type of letters that went out advising stakeholders of the change in approach? How is this being approached from SLGA?

**Hon. Mr. D'Autremont:** — Thank you. With any change in the legislation or in the law, there always is a lag time for the public or those involved in it to become aware of it. So there will be an education program in place to inform all the stakeholders, all the permittees, or anyone that needs to be informed, including the general public.

Some of these changes, particularly with minors, will have a direct impact on some of the practices they may be carrying out that are less than healthy for them. So there will need to be some education of them as well, so the enforcement won't start on the day that regulation comes into place. We will be doing an education part first.

**Ms. Higgins:** — Okay. Thank you very much. Back to the brew pub piece, there was some discussion in the review of making changes for the requirements for brew pubs to accommodate in a more appropriate fashion for the size of the community where the brew pubs were located. Is that in regulation? Those changes would be in regulation?

**Hon. Mr. D'Autremont:** — That's in regulation.

**Ms. Higgins:** — So until then, though, brew pubs will be held to account under the current regulations that are there.

**Hon. Mr. D'Autremont:** — Thank you very much. Those particular circumstances were part of the review process and may very well be changing under regulations. So what the ministry is doing right now, what SLGA is doing is carrying on in the same fashion as what it was carrying on with previously.

**Ms. Higgins:** — So then we're looking at the fall before the new . . . I mean, I need clarification because I'm getting calls, and people are somewhat frustrated. And I don't think they're going to be any happier to wait until the fall before we see the changes in place. So the only thing . . . and I realize the difficulty that it causes, but I would also say that there are a number of businesses across the province that have been very understanding knowing that the review was taking place. They were very understanding of the time it was taking, but they were expressing a real frustration with the change taking so long to implement and that there wouldn't be enforcement of the regulations, that there was a little bit of leeway there currently.

So I don't know whether they'll be any happier waiting until the fall. I'm sure they won't be. So I know I'll be getting some complaints, so I might just pass them on to the minister's office to deal with.

But I just want to express that there has been . . . I mean while you can say enforcement is taking place with the current regulations, we know that there has been . . . they've been pretty lax because we know that there has been changes proposed and changes coming, and that is causing some concern in the business community. So I would just express that the quicker you can get the regulations in place and, if they are all out of the review, then there should be the ability to move ahead more quickly than the fall because many are waiting for the results of this review to be implemented, so.

But other than that, Mr. Chair, I don't have any other questions, and we're pleased to see the review move ahead, and we're pleased to see the regulations or the legislation move forward and would encourage the minister to get the regulations and the policy changes in place as soon as possible also to avoid confusion in the business community.

**Hon. Mr. D'Autremont:** — Thank you, Madam Member. This has been an ongoing concern that you express. It was there while you were the minister as well, and we're proceeding — actually in the same fashion you proceeded on this particular file — knowing that changes may be happening, and there are concerns on both sides of that particular issue and hopefully the regulations will be able, if we make changes to them, will be able to address some of those concerns.

But to make a one-off is not where we want to go on this. We want to present all the regulations together at one point in time so that we can carry on with the education process, starting with the legislation in place and with the regulations and policy.

And as you know, with any changes not everyone is always

happy with every piece of it, but it's my belief, having discussed the legislation with the hoteliers association, with the vendors at their convention, that overall they see the benefit in making these changes.

**The Chair:** — Thank you, Minister. Thank you, Ms. Higgins. Seeing no further questions, clause 1, short title, is that agreed?

**Some Hon. Members:** — Agreed.

[Clause 1 agreed to.]

[Clauses 2 to 32 inclusive agreed to.]

**The Chair:** — Bill 27, An Act to amend The Alcohol and Gaming Regulation Act, 1997, to amend The Alcohol and Gaming Regulation Amendment Act, 2002 and to amend The Alcohol and Gaming Regulation Amendment Act, 2005 — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: The Alcohol and Gaming Regulation Amendment Act, 2008. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — At this time, I want to thank the members of the committee and to . . . At this time, I'd like to ask a member to move the Bill without amendment.

**Mr. McMillan:** — I so move.

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

**Some Hon. Members:** — Agreed.

**The Chair:** — Thank you. At this time, I want to thank the minister and his officials. And this committee stands recessed until 6 p.m. this evening.

[The committee recessed for a period of time.]

#### **Bill No. 1 — The Growth and Financial Security Act**

**The Chair:** — Good evening committee members. Welcome back to the committee. We have four finance-related Bills in front of us for consideration this evening. And we have the Finance minister and his officials, and at this time I would ask him to introduce his officials.

**Hon. Mr. Gantefoer:** — Thank you, Mr. Chair, and members. I would offer to introduce officials by Bill because they will change a bit if that's acceptable. Joining us this evening through all of this consideration is Doug Matthies, the deputy minister of Finance. We have Terry Paton on my right, the Provincial Comptroller; and Joanne Brockman who is the executive director economic and fiscal policy branch with the Ministry of Finance. And they will be participating and dealing with the issues surrounding The Growth and Financial Security Act.

**The Chair:** — Thank you, Minister. This evening we have Mr. Trew and Mr. Yates and also Mr. Van Mulligen on the opposition side. And on the government side, we have Mr. Weekes, Mr. Reiter, and Mr. McMillan. At this time we are considering Bill No. 1, the Saskatchewan growth and financial



security Act, and I would invite the minister if he has an opening statement on this Act, he could make that at this time.

**Hon. Mr. Gantefoer:** — Thank you very much, Mr. Chair, but certainly made the opening statement at the second reading speech, and I stand ready to be available to answer questions from the members.

### Clause 1

**The Chair:** — Okay thank you. Thank you, Minister. We have the clause 1, the short title. Mr. Van Mulligen.

**Mr. Van Mulligen:** — Thank you very much, Mr. Chair, and thank you for your hospitality. Let me just say at the outset that we are inclined to support this Bill. The Bill sets a framework for dealing with budgets in Saskatchewan so as to ensure that we will continue to have balanced budgets, deals with issues of deficits, provides for a stabilization fund which is called the Growth and Financial Security Fund.

We agree with that concept, makes sense in a province such as Saskatchewan where we have very volatile oil revenues. I think oil today is — what? — about a dollar sixteen a barrel? That neighbourhood, and a few years ago it was down to \$20 a barrel. So that's extreme volatility and that's volatility up, but we may also at some point see volatility down, so we're well advised to have a fund such as that.

There's also a provision for a debt retirement fund to provide some framework for debt retirement. We agree with that. There's a part that deals with efficient service in government, and we have no quarrel with that. You know, have some specific questions and we'll get into those.

So in terms of questions, first of all I want to ask a question about part II of the Bill, balanced budgets, and the requirements for a four-year financial plan. And section (3) states that "For each fiscal year, the minister shall prepare a four-year financial plan that covers the fiscal year and the following three . . . years." And then that section goes on in sub(4) to say:

. . . shall present the four-year financial plan to the Legislative Assembly at the same time that the minister presents to the Legislative Assembly the estimates for the first fiscal year covered by the four-year financial plan.

And try as I might, I can't find the four-year financial plan. Where can I find that?

**Hon. Mr. Gantefoer:** — Thank you. I wanted to check to be able to reference you to a specific page in the Budget Summary book on page 38.

**Mr. Van Mulligen:** — Okay well that's the question I had on that. You know, I went through that document and I missed that page and didn't see it, so thank you very much. And that deals with that.

Going on in terms of part II, there's a section 6 which deals with extraordinary events. And the section indicates the government is not required to . . . well if it runs into a problem because of "a natural or other disaster," it can in fact incur a

deficit.

Are you in a position to indicate to us what "other disaster" we might be looking at?

**Hon. Mr. Gantefoer:** — I think, member, what's envisaged in this section is something serious and catastrophic in nature. It may be a province-wide crop failure and, you know, the member would undoubtedly know at these prices, he could be talking in expenses and losses in excess of \$2 billion — so something very, very catastrophic. And as the subsection says, it's an extraordinary event. We have envisaged it to be very, very significant.

**Mr. Van Mulligen:** — Could it also extend to precipitous decline in oil prices?

**Hon. Mr. Gantefoer:** — Well I think if it was of that catastrophic nature. So if we went from the 117 or \$118 a barrel that we're seeing today down to \$35 a barrel in a course of six or eight months, I think you could, you quantify that as being catastrophic in terms of what would have had to precipitate that kind of a decline.

So it's not the things that are the variables, if you like, in a commodity market. That would be something that we would envisage the Growth and Financial Security Fund to equalize, as the member indicated earlier in principle agreement with that idea. This is to provide, if you like, an escape clause against something that is very, very catastrophic and very serious.

**Mr. Van Mulligen:** — The wording of that section speaks of, for example: "an expense or reduction in revenue that has occurred for the fiscal year . . ." and talks again in (b): "an expense or reduction in revenue that has occurred for the fiscal year . . ." So am I to interpret that then you could have, say, a precipitous decline in oil revenues towards the tail end of a fiscal year which you then book as or becomes your revenue assumption for the next year? Is that what you mean then, as opposed to this occurring during the course of the fiscal year?

**Hon. Mr. Gantefoer:** — No. I think it means in the fiscal year that is under review, that would change the circumstances of the province in such a way. The Bill even mentions things like because Canada is at war or under apprehension of war. I mean, we're talking of things of that magnitude that would permit an exemption to the balancing of the budget.

**Mr. Van Mulligen:** — But you're not referring to . . . In this budget, there is an assumption that oil revenues this year will average out at, I think, \$82, is it? Or \$86 a barrel, \$83 a barrel — somewhere in there? I forget the exact number. But let's take . . . say it's 83 for the sake of argument. If later on this year, oil prices start to decline and the oil industry said, look, you should book assumptions in your budget of say \$30 a barrel, would that then constitute in your mind another disaster? Because this budget is predicated and spending is predicated on this budget on \$83 a barrel, whatever that figure is.

**Hon. Mr. Gantefoer:** — I think that we'd have to evaluate the whole series of circumstance that would go to your scenario. You know, we've booked it at \$83 — 82.36. And we're now at 117. So certainly for some weeks and months perhaps we're

going to be significantly above what we booked, and that's a positive for the province.

If for some circumstance there was a dramatic tail off, and the prices started heading down for that 40 or \$50 as you indicated, it wouldn't happen overnight. And it may have a minimal impact because of the amount of period of time that . . . In this budget cycle, it might be not very good in the last quarter. But because there was two or three quarters of positive numbers, that might make this year, the current year we're in, as not in great difficulty.

But if we then had to start booking and the circumstances were such that we were \$30 or whatever for the next budget cycle, which would be a tremendously shortfall, that might be the year where you could argue that the catastrophic event actually did occur, at least the impact of that catastrophic event.

**Mr. Van Mulligen:** — Well let's just hope it never happens.

You also indicate in section 8, where you . . . there's a:

**Requirement to offset balance in the next fiscal year if expenses exceed revenues**

If a deficit results for a fiscal year from an event described in section 6, the Government . . . is required to achieve at least an offsetting surplus the following fiscal year.

So I'm a bit hazy on that point. What exactly do you mean by this section?

**Hon. Mr. Gantfoer:** — My understanding of this section that says if you have one of those catastrophic events that we were talking a bit, a moment ago and that because of that catastrophic event, you ran a deficit, that there would be the requirement under section 8 of making up that shortfall in the subsequent year. So there would be very little breathing space, if you like, for the government. In the year where the catastrophic event occurred, you could run the deficit, but in the subsequent year you'd have to make it up which would be a very, very challenging task I acknowledge.

**Mr. Van Mulligen:** — Is it possible given the legislation the way it's articulated, could an interpretation be made that if you have an event that causes a deficit in one year and try as you might you put together a budget for the next year, if the circumstances that caused the say, precipitous decline in revenues and/or increase in expenses that you could again trigger the clause 6 with respect to extraordinary events? Is it possible that these events could go from one year into the next?

**Hon. Mr. Gantfoer:** — It's difficult for me to go through the scenarios that may trigger these kind of subsequent and successive catastrophic events because they are of that magnitude of seriousness that this is not just a mere cycle change, if you like. I mean, we're spending a fair bit of time on speculating about, you know, not only one but subsequent catastrophic events besetting the province. I'm not entirely comfortable with going through those speculations and saying, what if, what if, and, you know, the end of the world scenario.

It's my belief that the onus and the intent of this section is to not allow an easy decision to go into a deficit position, that there is a significant onus of responsibility to ensure that balanced budgets are presented to the people of Saskatchewan going forward, and it envisages catastrophic events such as war and something of that nature. But we can go by and say, well what if two catastrophic events happened in succession or three or four, and, you know, we could make ourselves completely depressed by the scenarios I suspect at the end of the day. I think the intent of this is, is to make it very, very difficult to run deficits.

**Mr. Van Mulligen:** — I guess it's legislation that deals with hypothetical situations, and so I'm trying to understand that, but fair enough. I'd like to just go to part VI and specifically the section on limits on size of the public service. In estimates we dealt with the question of program reviews. There's nothing here that indicates how you will in fact determine population increases/decreases. Is that something that'll come out in the regulations, I assume? Any ideas at this point how that'll work?

**Hon. Mr. Gantfoer:** — Well I think, member, what we undertook first of all is to try to come up with an accurate FTE [full-time equivalent] baseline, if you like. And I think we talked about that in estimates a bit in terms of identifying exactly where each of the ministries were and full-time equivalents so that there would be some quantifiable way of measuring what the size of the public service indeed is. Once we get into the regulations, I suspect we'll be pointing to StatsCan or census figures and things of this nature, that would identify the population so that we're using comparative numbers that are independently arrived at and verifiable.

**Mr. Van Mulligen:** — We'll look forward to the regulations. Do you have in mind a process as to how this would work on an ongoing basis as to what parts of the civil service, if we were to experience a population decline, how you would deal with that? Who would, if you like, get the axe?

**Hon. Mr. Gantfoer:** — Well I think first of all again under the regulations part VII, clause 34(d), it talks about in the Act that the regulations will be used for prescribing the method of determining the size of the public service and the population of Saskatchewan specifically. So the member was right in terms of turning to the regulations for specific direction.

You know, the reality is, is the population has moved up and down over the years, but it hasn't done so in a very dramatic way that all of a sudden there's 30 per cent of the population or 20 per cent or even 10 per cent of the population has changed in a given year. We were pretty excited when the population increased by 2.9 per cent or 1.9 per cent this year. And so those are numbers, that in terms of making some kind of conversion to the size of the public service, are relatively small numbers that by and large could be managed in terms of their direction with minimal impact on individuals. So you're not going into a massive hiring or firing kind of program based on population shifts.

**Mr. Van Mulligen:** — Thank you. Mr. Chair.

**The Chair:** — Mr. Trew.

**Mr. Trew:** — Thank you, Mr. Chair, Minister. The Growth and Financial Security Fund, which replaces the Fiscal Stabilization Fund essentially, does that have to be counted in the balanced budget cycle? What I'm really asking is, could you make a withdrawal of \$300 million from the GFSF [Growth and Financial Security Fund] next year, and does that count as a \$300 million deficit on the year? Or is it just all forgiven? Is it in fact a slush fund?

**Hon. Mr. Gantefoer:** — Under section 21, just to reference it into the Act for the member's benefit, it provides for the ability to move dollars from the Growth and Financial Security Fund into the General Revenue Fund, if you like, for the purpose of balancing the budget. And that is the whole intent.

As the previous member indicated, in the principle of looking at this, the nature of this fund is to be available — for one of the reasons, for it to be available — in order to take the variances out of a commodity-based economy so that you could use monies that are actually on deposit in that fund in order to make up revenue shortfalls as the commodity markets could change.

And I think in principle that is similar to the Fiscal Stabilization Fund principle, as long as there was money in the fund. And I clearly delineate between a funded balance and a hypothetical balance because this is like a savings account in a family. And so if you need some money out of the savings account in order to balance your family's revenue, that that would be the similar principle that would apply.

**Mr. Trew:** — Thank you, Minister. I'm not going to go into the second part because it was dealt with the last time the committee met, other than to quickly reference I believe that we wind up paying, the province of Saskatchewan winds up paying a little more in interest to maintain a fully funded sock of cash, for lack of a better description. I mean presumably it's in a financial institute, but it's immediately drawable.

My question will be under this Act, when it's passed, if you have a 300 — using my original example — \$300 million withdrawal needed to balance the books that, say, two years out, would you call that a balanced budget?

**Hon. Mr. Gantefoer:** — It would be balanced in terms of the General Revenue Fund after the \$300 million, again using your example, was drawn and applied to the budget. In terms of that current year's operation, there would be a shortfall of the 300 million, assuming that you're just using the exact numbers to achieve the balance.

**Mr. Trew:** — Good, I think I've sort of played that one as far as is productive.

I guess I have to . . . I'm looking for some comment from you. I have a certain amount of unease because we had existing . . . I know we're not talking about balanced budget legislation although that's a part of it. We had existing balanced budget legislation in Saskatchewan that, amongst other things, said that you had to . . . there were certain things you could use the sale of Crown assets for. And going to the General Revenue Fund was strictly taboo. You know there was other places the money could go.

We now find ourselves in a situation where, in your budget, you've taken some money from the upgrader that was sold before the government changed. And to make that legal, you're going to need some retroactive legislation, if I understand the process correctly. My nervousness, Minister, is it really doesn't matter what legislation we pass around balanced budget; we're really from the show-me province — show me balanced budgets and then that satisfies much better than the legislative initiative.

**Hon. Mr. Gantefoer:** — Yes, the sale of the proceeds is at CIC [Crown Investments Corporation of Saskatchewan], and that's where it will stay until this legislation is actually passed. So I mean it's all very appropriate. And, you know, one of the other things that the members haven't talked about is the discipline that's instilled in this legislation that says if we have surpluses, half of the surplus will be applied to long-term debt, and the other half will be available to the Growth and Financial Security Fund.

So that there is, I think, advancements in terms of the Fiscal Stabilization Fund regime before. And maybe it's evolutionary. Maybe it's progress, as times change in the province and the ability to be able to impose on ourselves as a province an increased level of discipline in terms of how we're going to deal with the financial future of the province.

I think that, you know, when I look back in terms of when the Fiscal Stabilization Fund was first established and it was a theoretical fund, a credit card fund if you like, and that was where we were at at that stage. January 1, I believe, of '07 is when there was actually a funded fund, if you like. And so that again was an evolutionary progress, I think. And I see this as further progress moving forward. And who knows? As the fiscal position of the province improves, perhaps further changes will be made down the road.

**Mr. Trew:** — Thank you, Minister. Mr. Chair.

**The Chair:** — Thank you members. Seeing no further questions, the short title, clause 1, is that agreed?

**Some Hon. Members:** — Agreed.

[Clause 1 agreed to.]

[Clauses 2 to 38 inclusive agreed to.]

**The Chair:** — Carried. Bill No. 1, An Act respecting Saskatchewan's Growth and Financial Security and repealing certain Acts — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: The Growth and Financial Security Act. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That is carried. And I would ask a member to move that this Bill be moved without amendment. Mr. Reiter. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — And that is carried.

**Bill No. 10 — The Miscellaneous Pensions Statutes  
(Commencement of Pension) Amendment Act, 2008**

**The Chair:** — We'll move on to Bill No. 10. If the minister . . . We'll give a few moments for the minister to get the other officials ready. And if the minister wants to introduce the new official at the table, he can do so. And if he has a statement, he can do so at this time also.

**Hon. Mr. Gantefoer:** — Thank you, Mr. Chair. I'm pleased to introduce the new official, although he indicated when he sat down, it's the same old official. The new official is Brian Smith, the assistant deputy minister, the Public Employees Benefit Agency. And we're pleased that he'd be here tonight.

Just a very brief comment. I believe that this Bill takes nine pension plans and puts them in harmony with the federal regulations, in terms of the age requirements so that there isn't a specific age mentioned in the legislation, but it sort of makes the situation possible so that there's an automatic adjustment when the federal rules are changed. And I see this new official nodding agreement. So I think that's in general the purpose of the Bill. And I am eager to provide answers to any specific questions the members may have.

**Clause 1**

**The Chair:** — Okay. Clause 1 is a short title. Mr. Van Mulligen.

**Mr. Van Mulligen:** — The reason that we're making the changes is because we want to ensure that pensions which are controlled by the Legislative Assembly, therefore statutory pension plans, meet the requirements of the federal Income Tax Act. And the federal income tax, in this particular case, has increased the age at which people must dip into their retirement fund from age 69 to age 71.

In the past whenever there's been a change in the Income Tax Act, we've made the changes here. In this particular case, you're saying if they make a change in Ottawa, then automatically be reflected in legislation. Or at least the age will, and there may well be other changes that we haven't anticipated where we have to come back and seek a change. But I guess for me it raises the question, and I'm seeing more and more of this, as to when we are constitutionally obliged to do this.

**Hon. Mr. Gantefoer:** — I don't think, member, that we're constitutionally obliged to do this. I think it's a practical sort of way of dealing with realities of changing regulations affecting pension plans and the Income Tax Act across Canada.

We have the choice, I suppose, of leaving it as it is now and then every time a change occurs, potentially then amending nine pension plans in order to reflect the same reality or a different reality. And it just seemed to us that this made some good common sense as to create the situation as envisaged in the legislation where these changes would be automatic when the federal government makes decisions to change the Income Tax Act, specifically on the age requirements.

**Mr. Van Mulligen:** — Well I say constitutionally because it raises for me a question that what happens if we don't agree

with the federal change. What do we do then? Because we've set into motion here a process that means our legislation will automatically be adjusted to reflect what the federal government is doing.

And I don't have any strong reservations or concerns. I guess the case can be made that, you know, you ought not to push up the retirement age as something will backfill that and cause more pressure on people to actually work until that age, etc., etc.

But having said that, I can live with this particular change, but what happens at some future time if we as a people and as a government say we don't really like that change?

**Mr. Smith:** — Mr. Chairman, I'd comment that the Income Tax Act has rules, and for this specific topic the age is 71. There's no requirement for us to change to age 71. If we wanted to change to age 73 though, we could jeopardize the registration of the registered pension plans that are involved here, and the individuals who are contributing to the pension plan would lose their tax deductibility of their contributions.

So the Government of Canada has set a maximum. We could have limits below that, but we couldn't have them above that.

This provides for these individuals who, when the age is now 71, they can leave their pension assets in the plan for another two years before they start to pay income tax on the payments they receive from the plan. So there is the ability to disagree with the Government of Canada. If it goes beyond the rules for registration of a registered pension plan, we can jeopardize the registration of the pension plan itself and the tax deductibility of the employee contributions.

**Mr. Van Mulligen:** — It may not be that; it may be other changes. You know, I'm just blue-skying about potential conflicts down the road. Anytime you give somebody a blank cheque, then you want to make sure that it is in fact going to be used for some purpose that you intend, and it's not always clear here where we might be going in five years. I mean, the world is changing in a major fashion. I mean, Ontario is now talking about becoming a have-not province. But be that as it may, I'm just going to leave that subject.

Just want to ask one other question and that is, are you in a position to communicate to the members of the Legislative Assembly, in the future, changes that will be made to these pension statutes by virtue of changes in the Income Tax Act so that the members of the Legislative Assembly are made aware of changes that are taking place in legislation that they would normally have control over? Changes are being made, but they're not informed. Can you and will you undertake to inform members of the Legislative Assembly in some regular fashion about changes that are being made?

**Hon. Mr. Gantefoer:** — I think, member, I was trying to think of the name of it, but there's a publication that certainly I receive from the pension, from the members' pension. But I believe all the employees that have a government pension as well are communicated with on an ongoing basis about changes that may affect their situation. So certainly I would think the kind of information that you refer to would routinely be

communicated to all the pension holders in the province, not just the members of the Legislative Assembly. And I think that's our responsibility to communicate those kinds of bits of information on a timely fashion.

**Mr. Van Mulligen:** — So let me put it this way. Is it potentially possible that changes could be made in the Income Tax Act that affect for example The Municipal Employees' Pension Act that we might not necessarily notice in our own pension plan as members of the Legislative Assembly?

**Hon. Mr. Gantefer:** — I would hope that the ministry and certainly Brian Smith would be keeping an eye on these kinds of issues specifically, and if they were of significance, or of interest that that information would be communicated to the affected members, specifically if it's just one plan that would be affected. If it would be a general impact, that that would be communicated generally. So, certainly that would be within the responsibilities of the ministry and particularly Brian Smith to keep an eye on those issues and to make sure that the members of whatever plan, or all of the plans would be informed of changes that may affect them in a timely manner.

**Mr. Van Mulligen:** — But there's two levels of communication here. One, I am a member of a pension plan. Changes are made; they are communicated to me and so they should. Other people are members of their pension plan. Municipal employees are part of a plan. The Saskatchewan Pension Plan is a separate plan, and teachers' superannuation is a separate plan.

And it's good that when changes are made that they're communicated to those people that are members of those plans, but there is a greater obligation for us here as members of the Legislative Assembly because these are statutory plans and these are pension plans that are outlined in law.

And so the question again is, will I as a Member of the Legislative Assembly be given information about changes that Ottawa is making to the plans that I'm nominally in charge of, not just the plan that I'm a member of, and therefore I'm made aware of the change to that specific plan?

**Hon. Mr. Gantefer:** — Thank you, member. I was trying to make sure I understood the nature of your question and I think that it is — if I can paraphrase it to make sure I'm understanding the question — is that you, as your responsibility as a member of the legislature want to be and need to be informed of changes, not necessarily specific to your plan, but to plans that would affect other citizens because of your responsibility as a member to understand what those issues were.

And certainly those kinds of bits of information — if there's changes of significance that are going to impact people of Saskatchewan's pension plans by the federal government — that information will be brought in a timely fashion to the legislature because, if it's an issue that the legislature needs to react to either in adjustment of the budget or adjustment of legislation, that that information has to be brought forward in a timely way so that we can exercise our responsibilities towards the governance and oversight of the province.

**Mr. Van Mulligen:** — Thank you very much, Minister. I very much appreciate that undertaking. And that's all the questions I have, Minister.

**The Chair:** — Okay thank you. Seeing no further questions, short title, clause no. 1, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 7 inclusive agreed to.]

**The Chair:** — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: The Miscellaneous Pensions Statutes (Commencement of Pension) Amendment Act, 2008. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. And I would ask a member to move that this Bill be moved without amendment.

**Mr. McMillan:** — I so move.

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

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried.

#### **Bill No. 35 — The Income Tax Amendment Act, 2008**

**The Chair:** — We will move on to Bill No. 35 An Act to amend The Income Tax Act 2000, and I'm not sure, Minister, if you need to make another introduction or . . . okay, Minister.

**Hon. Mr. Gantefer:** — Thank you very much, Mr. Chair. I would like to welcome for Bill 35 and for 38 Kirk McGregor, the assistant deputy minister, taxation and intergovernmental affairs branch; and Arun Srinivas, senior tax policy and analyst, taxation and intergovernmental affairs branch. And they will be joining us for the next two Bills going forward.

In terms of a comment, this piece of legislation is very straight forward. It increases the corporate tax amount that is available for corporations to \$1.5 billion from the previous level of \$1 billion. And it's to create a higher threshold before the corporate capital tax applies.

I apologize, Mr. Chair, in the order that I had on the introductions were different than the order that you've called it and I was going from that direction.

This piece of legislation provides for three general areas of adjustment. It increases the disability-related income tax credits. It creates a new graduate tuition rebate based on eligibility criteria established pursuant to The Graduate Retention Program Act. And it creates a new child's activity fee rebate based on eligibility criteria established pursuant to the Act of family's benefits Act. So in both of the latter two cases, the

details of the program specifically are vested in other ministries, and this is the enabling legislation from a tax purpose point of view.

#### Clause 1

**The Chair:** — Okay thank you, Minister. The clause 1 is a short title. Any questions, members? Mr. Van Mulligen.

**Mr. Van Mulligen:** — This Bill is very technical. I don't think there's any new policy initiatives in here with one exception and that's the provisions for people with disabilities. The issue of active families, graduate retention program — those are both subjects of other pieces of legislation. The policy issues in there we're not debating the policy as such here tonight. The disability-related income tax credits, we certainly agree with and have no quarrel with that.

I guess about the only question I would have is whether the minister in his own words could explain the formula in section 3 of the Bill.

**Mr. McGregor:** — To the member, the formulas are somewhat complex. What they tend to do is they increase, they double the value of the credit, which is now going to be \$8,190, and then applies an income threshold in order that the person eligible for the caregiver tax credit is able to earn some level of income before that tax credit's reduced. The value of the credit is then multiplied by the lowest marginal tax rate at 11 per cent to determine the value of the credit to the taxpayer.

**Mr. Van Mulligen:** — I have no further questions.

**The Chair:** — Seeing no further questions, clause 1, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[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: The Income Tax Amendment Act, 2008.

Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. And I would ask a member to move that this Bill is moved without amendment.

**Mr. Weekes:** — I so move.

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

**Some Hon. Members:** — Agreed.

**The Chair:** — That's carried.

#### Bill No. 38 — The Corporate Capital Tax Act

**The Chair:** — Members, we have one final Bill for our consideration. That's Bill No. 38, An Act to amend The Corporation Capital Tax Act. And if there are any questions, unless the minister wants to remake a statement on this one.

**Hon. Mr. Gantefer:** — Thank you Mr. Chair. I pre-empted myself by making an opening statement prior to the last bit, out of sequence, so I apologize for that, and we stand ready to answer questions from members.

#### Clause 1

**The Chair:** — Clause 1 is the short title. Are there any questions? Mr. Van Mulligen.

**Mr. Van Mulligen:** — The Bill proposes to increase the threshold of capital that might be retained by a financial institution before they are classified as a financial institution and therefore subject to the corporate tax rate that's in account for most financial institutions because this is a small financial institution and we have a threshold in terms of defining that. We've now increased the threshold.

I guess the general question I would have, at what point does a small financial institution quit becoming a small financial institution and start becoming a large financial institution, especially when we're talking about the capital in question is — how much? — 1.5 billion. That's not really small in my books.

**Hon. Mr. Gantefer:** — Well I guess everything is relative, and it certainly is a very good question. I think the other issue that probably should be discussed and addressed is, in addition to where is the right threshold level, is it sort of a drop-over-the-cliff kind of an issue that once you hit that threshold, then indeed you're subjected to the full force of the capital tax that's in effect?

And there may well be an argument and a discussion that should occur — and I would venture to say will occur — not only about the appropriateness of what's small and is that a graduated number that moves over the threshold and, you know, in a more graduated fashion and then a drop-dead type of fashion? And also then does the full effect of the capital tax apply instantly? And I think those are discussions that are worthy of conversations with the financial institutions, and it certainly is the intent of the ministry to undertake those discussions going forward.

At this time, we felt this was appropriate. The world is changing and the size of financial institutions . . . Indeed what used to be small is now not, you know, is not large in a national and global sense. So we thought this was an appropriate adjustment at this time, but I think more work needs to be done in looking at the long-term direction of this issue.

**Mr. Van Mulligen:** — As I understand it, this particular piece of legislation applies to only one financial institution at this point in Saskatchewan.

**Hon. Mr. Gantefer:** — That's correct.

**Mr. Van Mulligen:** — I don't have any other questions other than to just ask, how would you report, or who would be reporting the potential conflict that's presented here by your government making this increase in the threshold for this institution, given your party's financial arrangements with this particular institution? Or perhaps that doesn't exist any more because I know that the Saskatchewan Party was the beneficiary of a \$75,000 repayable loan from that organization. That doesn't bother me. I mean, you have to do business with someone. The question is, is there some process by which you report this to the Conflict of Interest Commissioner, or how does this get reported?

**Hon. Mr. Gantfoer:** — Well in terms of how this legislation operates from the Ministry of Finance is public policy and of course is dealt with in that nature. I would believe that political parties have to report any issues they have with any financial institutions, and I suspect that most political parties have had dealings with major and minor financial institutions in Saskatchewan at different times over the course of their history. And that'll likely continue.

So I think there's a separate reporting process for the elections side of things that has to be followed. And I would suspect that that would be the case, as is currently the case, and certainly the situation in regard to this institution.

**Mr. Van Mulligen:** — I understand that. And generally we make legislation that, say, applies to all banks. And there's a number of banks, so you can't say that you're exhibiting any kind of speciality to one institution or another because you're dealing with a class.

But in this particular case, I guess what concerns me is that we're talking about a single institution that's captured in this category and for whom the change is being made. And I don't disagree necessarily with the change. When I was minister of Finance, we made a similar change in increasing the threshold.

I guess the question is that it wouldn't be apparent to anyone, including the Conflict of Interest Commissioner, that there was an arrangement between the party that now forms the Government of Saskatchewan and this particular institution because he wouldn't know from looking at that Bill that that's what it was or that arrangement had existed or continues to exist.

So my question is, who would be reporting to the Conflict of Interest Commissioner? Would it be you? Would it be someone else in your party or in the government? I just don't know.

**Hon. Mr. Gantfoer:** — Well, member, you know, this legislation is not specific to one institution although at this point one institution is in a position to be affected by it specifically. Other institutions could come forward and intend to establish offices or business in Saskatchewan, and it would affect them. So it's broadly based. It's not specific to one institution by definition.

In terms of, you know, are the political parties' requirements and their need to report . . . is to a separate process that then evaluates if there's, you know, if they're complying with the regulations and the rules according to what political parties

have to follow. And I think that's entirely appropriate.

**Mr. Van Mulligen:** — You know, again there's a potential appearance here of a conflict. Now whether there is or not is not something I can judge. But there's a potential appearance of a conflict. And the question is whether it should be reported. I just assumed that there would be some report made to the Conflict of Interest Commissioner in this regard.

**Hon. Mr. Gantfoer:** — Well thank you, member. I don't know what else to tell you in terms of making the comparisons. I mean this legislation applies generally to whatever institutions may be in a position to be qualifying. That's true.

In terms of the other side of it, that's my responsibility as the Minister of Finance to make good fiscal judgement based on the situation in the province. And as I indicated to you, it's our intent to negotiate with the financial institutions to look at this whole issue of the appropriate levels.

I note that the previous change of moving to the \$1 billion was I believe effective October 31, 2003. And so there's been an ongoing thing, from the \$400 million to the \$1 billion by the previous administration; now we're moving up again. So I think it's appropriate fiscal policy, and that's the perspective that I take in this regard, and the ministry takes.

And we will have ongoing discussions with the banking institutions in terms of . . . is this the appropriate way to approach it in terms of a drop-off, or is there a more graduated approach? And that might indeed, that basket may catch more participants. And certainly with the changing economy in Saskatchewan, I would suspect that there may be more junior institutions that may be interested in establishing in our province, and this would then apply to them as well.

**Mr. Van Mulligen:** — I don't have any question. I just naturally made an assumption that, given the fact that this legislation pertains to a particular institution, there's been a — how shall I say it? — at least a substantial relationship between the party that now forms the government and this particular financial institution. I don't know if that's still the case, but it seems to me that just to avoid any potential perception of conflict that should be reported to the Conflict of Interest Commissioner or to some responsible body. I just made that assumption, but maybe I'm wrong on that. I have no further questions.

**The Chair:** — Okay. Seeing no further questions on Bill 38, clause no. 1, is that agreed?

**Some Hon. Members:** — Agreed.

[Clause 1 agreed to.]

[Clauses 2 and 3 agreed to.]

**The Chair:** — Carried. Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: The Corporate Capital Tax Act. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — That is carried. I would ask a member to move that this Bill be moved without amendment.

**Mr. Reiter:** — I so move.

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

**Some Hon. Members:** — Agreed.

**The Chair:** — And that's carried.

Committee members, we've made it through our agenda, all the Bills that we've had to consider. I want to thank the minister and his officials for attending this evening, and want to thank all the members of the committee for being here at the committee. Mr. Minister.

**Hon. Mr. Gantefoer:** — Thank you, Mr. Chair. I too would like to express my appreciation for the members for their questions and thoughtful deliberations on these pieces of legislation. I would like to also indicate that when last we met on April 15 in the consideration of estimates, a member had posed a number of questions that we undertook to provide a response for. We have those responses this evening for committee members' consideration. So I'm not sure if we've been completely abandoned, but here they are.

And certainly, Mr. Chair, I'd like to thank the officials that are here this evening, as well as committee members. Thank you very much.

**Mr. Van Mulligen:** — Mr. Chair, I too want to thank the minister for being here tonight, thank the officials, and just observe that Saskatchewan is well served by the people that it has employed, and especially on the Department of Finance. So thank you very much, and thank you again for your hospitality. Thank you.

**The Chair:** — Thank you, Minister, for providing those answers. And at this time I would ask a member to move an adjournment motion.

**Mr. Weekes:** — Mr. Chair, I would also like to thank the minister and his officials, and would like to move to adjourn.

**The Chair:** — It has been moved by Mr. Weekes that this committee adjourn. Is that agreed?

**Some Hon. Members:** — Agreed.

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

[The committee adjourned at 19:04.]