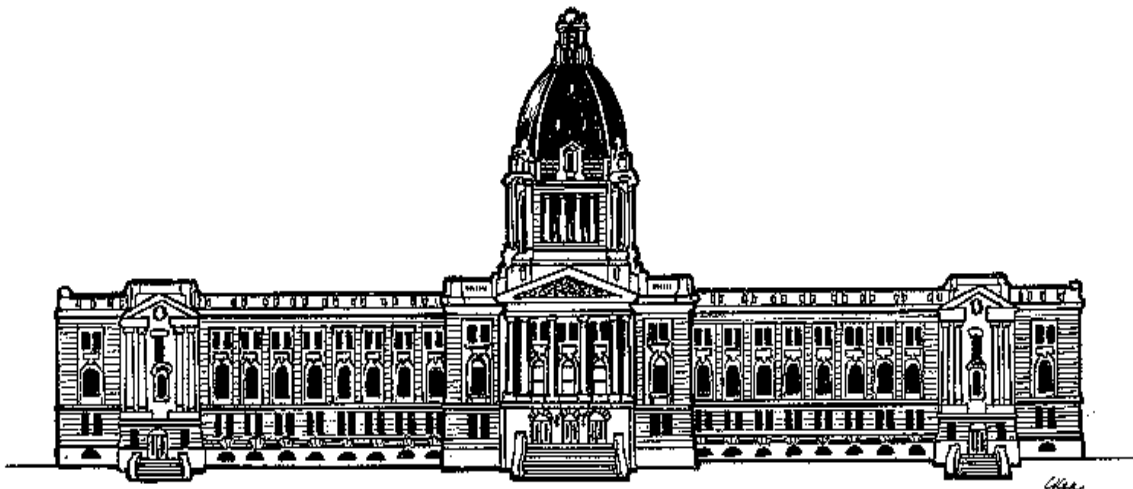




STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

Hansard Verbatim Report

No. 15 – March 31, 2009



Legislative Assembly of Saskatchewan

Twenty-sixth Legislature

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 15:07.]

The Chair: — Good afternoon, committee members, we're ready to get going. Joining us today, we have our full complement of committee members: Mr. Weekes, Mr. McMillan, Mr. Reiter, Ms. Heppner, Mr. Trew, and Mr. Yates.

And we have a number of items, estimates votes that have been referred to the committee. And I'll read those for the record: vote 175, debt redemption; vote 18, Finance; vote 12, finance debt servicing; vote 13, Government Services; vote 82, Growth and Financial Security Fund; vote 74, Information Technology Office; vote 151, Municipal Financing Corporation of Saskatchewan; vote 80, Office of the Provincial Secretary; vote 33, Public Service Commission; vote 154, Saskatchewan Opportunities Corporation; vote 152, Saskatchewan Power Corporation; vote 153, Saskatchewan Telecommunications Holding Corporation; vote 140, Saskatchewan Water Corporation; vote 150, SaskEnergy Incorporated; and vote 176, sinking fund payments, government share.

**General Revenue Fund
Government Services
Vote 13**

Subvote (GS01)

The Chair: — Our agenda for this afternoon begins with the consideration of the estimates for Government Services. This is vote 13, found on page 87 of the Estimates book. I want to welcome Minister D'Autremont and his officials here this afternoon to the committee, and I would invite the minister to introduce his officials and make any opening statements at this time.

Hon. Mr. D'Autremont: — Thank you, Mr. Chairman, it's a pleasure to be here this afternoon before the committee. I'd like to introduce to you and to the members of the committee the officials that are here today with me from the Ministry of Government Services. Mr. Ron Dedman, to my right, deputy minister of Government Services; further to the right, Mr. Phil Lambert, assistant deputy minister of commercial services; on my left is Ms. Deb Koshman, assistant deputy minister of corporate support services. And to my rear is Mr. Allen Mullen, executive director of accommodation services; and Ms. Shelley Reddekopp, director of financial services.

I'd like to thank them for appearing with me before the committee today and for answering the tough questions about the ministry's financial estimates. I could make a lengthy presentation here, Mr. Speaker, however I'm going to keep my remarks short so that we can have a better Q & A [question and answer] session.

Government Services for 2009-2010 budget focuses on two main priorities: renewal of government-owned facilities and providing effective and efficient support services to government on a cost recovery basis. As well the ministry has taken a leading role in helping to reduce the overall environmental footprint of government.

This budget includes an increase in building capital of \$6

million, most of which will go towards major projects at the Saskatchewan Institute of Applied Science and Technology or SIAST. Several sections of the building in Moose Jaw will be renovated to provide a safer environment for students and staff. Our accommodation services division will continue to manage other infrastructure building projects for clients including the Saskatchewan Disease Control Laboratory, the Saskatoon Provincial Correctional Centre, and security upgrades at our provincial courthouses.

This budget allows us to continue to make energy performance investments to reduce energy consumption in government buildings. We are committing more than \$2 million for a range of energy performance investments such as energy efficient lighting, climate control systems, high efficiency motors, and more energy audits. Mr. Chairman, Government Services takes energy conservation seriously every day of the year.

The last area that I would like to mention is the apprenticeship program. This program was established two years ago, and as a result eight people are now working at the ministry in various trades such as carpentry, painting, electrical, mechanical, and refrigeration. In the 2009-2010 I am pleased that this successful program will be enhanced by an additional eight positions. FTEs [full-time equivalent] have been reallocated from other areas to this high-priority area.

These are just a few of the aspects of the budget estimates for the Ministry of Government Services. I now welcome the questions of the committee members. Thank you.

The Chair: — Thank you, Minister. Again this is vote 13 found on page 87 of the Estimates book, central management and services (GS01). Mr. Yates.

Mr. Yates: — Thank you very much, Mr. Chair. I'm going to — just to give you some format of how I'm going to ask my questions — I'm going to ask them as we go through the various sections. So I'm going to start with central management and services. Have there been any changes made in the minister's office or in the deputy minister's office in the last year?

Hon. Mr. D'Autremont: — Thank you. I think there's been one change in my office or the minister's office, and it would have been about a year ago. So I'm not sure if it was prior to the last budget or just afterwards. And that was that an admin assistant was changed in my office. As well we have a new deputy minister, Mr. Ron Dedman, and a new executive assistant in his office.

Mr. Yates: — Thank you very much. Have those changes resulted in any additional expenses to the department?

Hon. Mr. D'Autremont: — No, there would be no additional expenses.

Mr. Yates: — Are there any other changes that you would like to identify for us in the area of central management and services? I see a general small increase in each of the budgetary areas. Is there anything of significance in there?

Hon. Mr. D'Autremont: — Thank you to the member. That's simply the normal salary increases that are in place with the collective bargaining agreement.

Mr. Yates: — Thank you very much. Then I'd like to move on to accommodation services and ask if there have been any changes in the responsibilities of Government Services. Have you added any additional buildings or responsibilities over the last year that you're responsible for?

Hon. Mr. D'Autremont: — No new additions, but the Correctional Centre, Regina Correctional Centre, has been completed. There's a new portion to that building, but it's not a new building.

Mr. Yates: — Thank you. It's my understanding though that the upkeep and maintenance of the new correctional facility is now the responsibility of Government Services and not of the Department of Corrections and Public Safety . . .

Hon. Mr. D'Autremont: — That's correct. So it wasn't a new building, but we did take over the responsibility of the maintenance, the cleaning staff, and that has come from Corrections and Public Safety to Government Services and that was seven FTEs.

Mr. Yates: — Thank you. Were there any increase or decrease in the number of employees as a result of taking over that service?

Hon. Mr. D'Autremont: — No. There was no change in the number of employees. In fact it was the same employees, just who was signing the cheques I guess.

Mr. Yates: — Could you explain to me why that particular change was made?

Hon. Mr. D'Autremont: — This is similar work to what would normally happen in any other government buildings. It just made more sense that they, rather than being under Corrections doing the maintenance, that they be under Government Services where this work is normally done.

Mr. Yates: — Thank you. Were there any other similar changes made anywhere else in government?

Hon. Mr. D'Autremont: — No, there were not.

Mr. Yates: — Did this change include the other correctional centres as well — Saskatoon, Prince Albert and Pine Grove?

Hon. Mr. D'Autremont: — No, they did not.

Mr. Yates: — Thank you. Is there any plan to do so in the future?

Hon. Mr. D'Autremont: — There is a possibility that there could be changes in the future, but we want to evaluate how it works in Saskatchewan. And as the Saskatoon Correctional Centre is under reconstruction, there's a new portion going in there. So we want to look at what's happening first in Regina to see how it works, if there's any problems, and then it will be evaluated for the other facilities.

Mr. Yates: — Thank you very much. How long a period of time is that evaluation period going to be for?

Hon. Mr. D'Autremont: — It'll be a year anyways.

Mr. Yates: — Thank you. Does the particular change, the nature of the environment, cause any particular problems for the department in pursuing and doing the work in the correctional facility?

Hon. Mr. D'Autremont: — No, it doesn't. These were experienced people working already in the facility through Corrections and now working for Government Services.

Mr. Yates: — Thank you very much. My next questions are going to have to do with the legislative buildings which I understand fall within the responsibility of the ministry as well. I would like an update if you would on the project on the exterior of the building and what the status is and what was found as a result of the work done over the last year.

Hon. Mr. D'Autremont: — Thank you. Over the last year we had a test project to evaluate the exterior of the Legislative Building. That was conducted over approximately, I think, six months or so.

The exterior structure, the scaffolding that was in place to do that review has been taken down and now we're waiting for a report to come back from PLC, I believe was doing the work, along with conservators because this is a heritage building, to give us an indication of what they have found and what any methods that there are to correct any deficiencies that may be in place. So this will probably take some time to get that report prepared and given to Government Services.

Mr. Yates: — Thank you very much. Has there been any preliminary indications as to whether or not there needs to be significant work?

Hon. Mr. D'Autremont: — Some of the research showed that some what they found behind the stones was better than they had expected, and in other locations it was worse than they had expected, so I don't know what the percentages were, you know, what the difficulties were. That's why we still need to receive that report.

Mr. Yates: — Thank you very much. My next question has to do with the fourth floor of the building. For a number of years we've been considering updating the fourth floor. Do you have any update today for us on that issue?

Hon. Mr. D'Autremont: — Well thank you to the member. As the member well knows I am very interested in that particular issue myself. It all comes down to financing and priorities and just as the previous administration just never seemed to quite find the money to carry on with this project . . . A significant amount of work has been done to prepare the site for potential refurbishing. We're still waiting for the money to actually be approved. So we're hoping to do that in the future, but it wasn't one of the government's priorities.

Mr. Yates: — Thank you very much, Mr. Chair. This is a very important building to the people of Saskatchewan and over the

last roughly 100 years, I guess, that the building's been with us. There have been changes and improvements made, and I think that we're going to continue to need to make improvements and changes. So you can rest assured that on a regular basis we'll be raising this issue.

I have one other concern within the legislature. Much of the equipment and desks and chairs in various offices are now oh probably 20 to 30 years old. Much of it is not ergonomically — by today's standards — ergonomically efficient. Is there any plan to over even a number of years start to update some of the furnishings in the building?

Hon. Mr. D'Autremont: — Thank you, Mr. Member. I'm pleased to hear that the priorities of the NDP [New Democratic Party] members have changed somewhat now since they are in opposition from government, that now the fourth floor has become a priority for them, that it hadn't been for the last many years. So that's good news. So when, at some point in time, we have the ability to proceed with that, I expect then full co-operation from the opposition side on this issue.

We do regularly review and look at the furnishings in the building, and we continue to replace these furnishings on a regular basis. Obviously we don't do the entire building on a regular basis; but on a continual basis the furnishings of the Assembly are updated.

Mr. Yates: — Thank you very much. And we always will be supportive of making improvements as they are affordable. We've had in the last year, I guess, unprecedented revenues, and so perhaps we can look forward in the next year to some improvements.

Hon. Mr. D'Autremont: — Thank you, Mr. Member. We certainly have had a substantial revenue increase in the province of Saskatchewan over the last year and a half. However, there was significant infrastructure deficits left behind from the past 16 years that we are concentrating our efforts on at replacing, including things like a children's hospital in Saskatoon, hundreds of millions of dollars into highways across this province, revenue sharing with the municipalities of \$100 million, plus in the latest budget a, you know, 90 per cent of 1 per cent of the PST [provincial sales tax] being shared now with the municipalities. So they have significant infrastructure deficits. The province has significant infrastructure deficits. So we continue to move forward with those as a priority.

But the building, this building, the Legislative Assembly, is indeed a very important building to the people of Saskatchewan, and we will continue to consider this and move forward on refurbishing the fourth floor and the furnishings in this building.

Mr. Yates: — Thank you very much. Mr. Minister, can you give me an update of what projects you see across the department this year as a priority to the department in either refurbishment or new construction.

Hon. Mr. D'Autremont: — Well thank you, Mr. Member. The ones that we're currently working on are the completion of the Regina Provincial Correctional Centre. That was a \$51.5 million project, replacing the 1913 portion of that facility. And

so we are completing that one.

The Saskatoon Provincial Correctional Centre, which houses 90 inmates, is a \$5.6 million project, and it's about 95 per cent completed as of this date.

The Saskatchewan Disease Control Laboratory, which was built in 1958, is currently being replaced. And this is a \$52.3 million project. And we anticipate they will take commissioning and occupancy later this summer for a completion in 2009. It's about 70 per cent complete at the present time.

Mr. Yates: — Thank you very much. Now those are all projects that have been undertaken previous to this fiscal year. Are there any new projects being anticipated this fiscal year?

Hon. Mr. D'Autremont: — Some of the other projects that we're working on is the nursing education program which is being done both in Regina and Saskatoon at SIAST, the Parkway place in Regina here, for a cost of \$6 million to provide for the training and the education of nurses since that program has been greatly expanded to meet the needs of the people of Saskatchewan; as well as a \$300,000 program in Saskatchewan at the Kelsey Campus as well. As well at the Kelsey Campus in Saskatoon is a \$15.9 million project that is slated for completion in June 2009. It's renovating the building formerly owned by SaskPower, and that project is about 80 per cent complete at the present time.

You've already talked about the Legislative Building and the project that was taking place here. That was \$5 million.

Cooper Place, we're working on it and extending . . . a 43-year-old building. There are significant work being done there, and that's a long-term project. And we're providing \$2.4 million . . . No, sorry, that's \$2.4 million over the original estimates of \$15.9 million. And this will be ready . . . We've already done floors 3 to 11, and we're completing the main and second floors. And that should be happening this month, I believe, perhaps March or April 2009.

The Walter Scott Building, there's work being done there. And that's a \$15 million project. The Meadow Lake Court House is a new project. That's a \$19.6 million project with construction, will have started already in January 2009 for occupancy in August 2010. The La Ronge Court House is a new project as well. Funding will continue on the design because that hasn't been provided yet, I don't believe. Am I correct on that . . . [inaudible interjection] . . . Okay I missed some. Oh yes, and some capital upgrades. Again at the Walter Scott Building, current project is \$16.3 million. SIAST Palliser emergency generator is . . . I don't have a dollar figure on that. It provides backup power. And the Weyburn Court House elevator is a one and a half million dollar project, that I'm sure the chairman is interested in. The Paul Dojack Centre sewage lift station is taking place here in Regina.

Mentioned the Saskatoon Provincial Correctional Centre, there's mechanical replacements there. SIAST Palliser Campus in Moose Jaw, there's the T-block stairwell which is being repaired and at SIAST Palliser again in Moose Jaw, the mezzanine replacement. These facilities were not up to code, and there was a concern there with the possibilities of injuries

occurring, so these are being upgraded as well.

Also we're acquiring a building for SIAST, the Kelsey heavy equipment building, in Saskatoon. The Palliser Campus, the HVAC [heating, ventilating, and air conditioning] replacement, it has something to do with the boilers.

The Lloyd Place water lab refit, and 1840 Lorne Street — the original construction was done in 1958 and again in 1974. And this is a \$23 million project to provide upgrades to the life safety systems, accessibility, electrical and mechanical systems.

I mentioned the Paul Dojack Centre already. Patterson Place here in Regina, originally constructed in 1923, it's a provincial heritage building. So there's upgrades happening there. And the Gemini warehouse acquisition on Henderson Street has been leased by the government since 1976.

And then there are some appropriated maintenance projects as well, if you're interested in those.

Mr. Yates: — Thank you very much. I have had some questions asked of me whether or not there were going to be upgrades to cafeteria services in any of the government buildings in this budget year.

Hon. Mr. D'Autremont: — There has been a new board appointed for the cafeteria board, and they are taking a look at the cafeteria operations, and we're waiting to hear back from them to make any determinations. One of the issues that is of concern with the cafeteria operations is utilization of those cafeterias by staff or people from outside of the building. They struggle with their financial situation, and so the new board is taking a look at that.

Mr. Yates: — Thank you. What is the mandate of the new board to look at these? What are they looking at?

Hon. Mr. D'Autremont: — Well the mandate of the new board is they're looking at how the cafeterias operate. Can they be operated in a manner that is sustainable and financially secure?

Mr. Yates: — Thank you very much. Can we expect this report by this fall, or when can we expect feedback on the cafeterias in government buildings?

Hon. Mr. D'Autremont: — Well I would certainly hope to see it sooner than this fall. But the new board are employees of government, and so they do this as an adjunct to their regular employment, so it's not their main focus. So sometimes it takes a little longer to get the report from them or to allow them to have the opportunity to do the research and studies that they need because this is not their regular employment. They're doing this more or less . . . volunteer is probably the wrong term, but as part of their workplace environment but not as their priority and circumstance.

Mr. Yates: — Thank you very much. Will that report be shared with the members of the legislature? And will it be shared in its entirety without sections blacked out?

Hon. Mr. D'Autremont: — This report will be a report to the

minister, and determinations will be made after that.

Mr. Yates: — Thank you. Will the minister commit to sharing that report with the committee without any blacked-out sections?

Hon. Mr. D'Autremont: — The minister will commit to delivering the results from the report.

Mr. Yates: — So I take it from that, you're not prepared to share the report in its entirety with the members of the committee.

Hon. Mr. D'Autremont: — There will be results that are arrived at from this report. And the members of the House and the public will see the results from the report.

Mr. Yates: — Thank you. Will we be aware of any changes made prior to them being made?

Hon. Mr. D'Autremont: — I'm not sure how the process is going to work in that sense. There are a number of organizations that need to participate in any changes that take place — the board, the employees, the management of the cafeteria. So we need to be able to discuss the possible alternatives that are presented by the board. So the people who are affected need to be a part of this, probably before the legislature needs to be.

Mr. Yates: — Thank you very much, Mr. Minister. I would urge you though to share that report with the committee. I think that it may be an opportunity for input from us as well as to what the viability may be.

Hon. Mr. D'Autremont: — Mr. Member, the current viability is that the cafeterias — there are four cafeterias in general — lose significant money every year. And I don't believe it's the role of the taxpayer to subsidize the meal expenses of either politicians or the people working in Government Services.

Mr. Yates: — Thank you. I don't disagree with you on that point. I'm just suggesting that if we all saw the report, we'd all be working with the same information.

With that, Mr. Minister, I'd like to move on to now talking about transportation services. I'm going to start by talking about the vehicle fleet. I would like some feedback, if I could, on what the government's plans are over the next 12 months for seeking out tenders for new vehicles in light of the current situation with the North American auto makers and the uncertainty today whether or not they may even be in business a year from now.

Hon. Mr. D'Autremont: — Well certainly there is some uncertainty there within the, certainly the North American auto industry. We are in regular contact with the various manufacturers. In fact since becoming minister, I have sent letters to every manufacturer asking them to present themselves and to offer bids on the vehicle purchases that we need.

We have received responses from the three North American auto manufacturers, but it seems most, if not all, of the offshore manufacturers are not particularly interested in tendering for

whatever reasons. I'm not sure why that is, but they seem to be somewhat reluctant to place tenders on purchases that we need, and as a result of which is why you don't see a large number of offshore vehicles in the government fleets.

Part of the reason may very well be that as a requirement, because we are a large province, the vehicle fleet is spread across the province. We need to be able to have access to repair facilities for those vehicles across the province and not just in a few locations.

Mr. Yates: — Thank you very much, Mr. Minister. I'd like to go on the record as saying, we would definitely support that the vehicles being purchased be those who support the Canadian economy and be North American vehicles as has been largely the past practice. But having said that, we're in an environment where at least two of the three big auto makers, there is some uncertainty about the long-term stability. So is there a plan this year to go ahead as any other year with vehicle renewal and purchases?

Hon. Mr. D'Autremont: — Yes, we will again be calling for tenders on vehicle purchases. We'll be moving ahead in a fairly regular manner on this throughout the period of the year. We'll have to wait and see how the auto industry plays out. It's obviously very turbulent times there.

I think it was just yesterday I heard in the news that Chrysler and Fiat had come to some preliminary agreements. Not sure what that will mean for Chrysler or for the North American industry. GM [General Motors] is still facing some difficulties with the Obama administration demanding some dictates, so I'm not sure just what kind of impact that will have. But the fleet continues to need to have a renewal process take place, and we are moving ahead with that.

Mr. Yates: — Thank you very much. The government, in its election platform for 2007 and in its policy direction, has indicated that all future purchased vehicles would be fuel-efficient. Can you tell me what steps you are taking to ensure that vehicles purchased are fuel-efficient; and in particular if there is going to be additional steps to ensure that vehicles operated by executive members of the government are in fact fuel-efficient?

Hon. Mr. D'Autremont: — Absolutely, Mr. Member. We continue to ensure that the most fuel-efficient vehicles for their use are provided to Government Services, and therefore to executive government and to the Crown corporations.

I know where the member is asking of, he's concerned about the vehicles that are being driven by the cabinet ministers, since he has asked questions about this previously. They are the most fuel-efficient vehicle in their class, Mr. Member. And further to that, they are significantly less costly than others in that particular class.

Mr. Yates: — Thank you very much, Mr. Minister. Could you indicate to me what other vehicles fit in that class?

Hon. Mr. D'Autremont: — Most, if not all, of the other four-wheel drive vehicles would fit into that class. So you're looking at vehicles like GM Envoy, you know, Ford — I'm

just going off the top of my head here on this — Ford Explorers. There would be a significant number of offshore vehicles that would fit into that class as well.

You have to remember that these vehicles are utilized not just in Regina or Saskatoon or on the highway in between. These vehicles are utilized throughout the province. I know in talking to my colleague, the member for Kelvington, the Minister Responsible for First Nations, she definitely indicates that this is an important vehicle for her to have access to.

I know for myself, in even just travelling around the province, that there is oftentimes, especially this past winter, where the availability of four-wheel drive was an important consideration.

Mr. Yates: — Thank you very much, Mr. Minister. My understanding is that at least three or four vehicles that would fit into that class of vehicle actually are more fuel efficient than the vehicle that is being driven. There are two models of Jeep, I believe, that are more efficient, as well as the Ford Escape. And I'm just wondering if future purchases will in fact look at going, moving to those more efficient vehicles?

Hon. Mr. D'Autremont: — Well in actual fact, Government Services did a test pilot project with the Ford Escapes, and it turned out that they were less fuel-efficient than what the Jeeps were. So this was not a good recommendation for those vehicles.

We also take into account the financial purchase price of those vehicles when purchasing the vehicles. And so it's part of an entire package, lifetime cost cycles — not just the fuel efficiency or the initial purchase price, but the lifetime costs.

Mr. Yates: — Thank you very much. I notice the increase in the total budget for vehicle services of about \$1 million. Can you give me just a brief explanation as to what is in that increase?

Hon. Mr. D'Autremont: — The changes there are, as you say, roughly \$1 million. Collective bargaining agreement, so salary increases takes a large portion of that.

Inflationary cost of fuel and operating costs. The price of fuel, we've seen it go up and down fairly rapidly. It's on the way back up, it seems, even though the price of oil seems to be on the way back down.

And also, there was significant renovations done to 500 McDonald Street where I believe CPA [Canadian Petroleum Association] operates out of. Yes.

Mr. Yates: — Thank you very much, Mr. Minister. My next questions have to do with the disposition of surplus vehicles. I would like to ask a few questions about why the change in policy.

The previous policy was that the vehicles were sold on an online auction. People had the opportunity to bid and the highest bidder received the vehicle. Now my understanding is that this has been privatized to a third party. And if you could give us some explanation, I would appreciate it.

Hon. Mr. D'Autremont: — Thank you very much. We had a concern that Government Services was not realizing the total value of the vehicles when they were being sold through the Government Services way of doing things. So we wanted to look at a couple of other options to test the market and see what kind of results we would receive.

We put out an RFP [request for proposal]. There were seven companies that responded to that RFP. We picked the two best respondents out of that one to do an online auction and the other to do a live auction. So both of those have actually been done now. The last one was carried out this past weekend. So we're now evaluating what the results have been for those sales. We have to take into consideration the particular market at the present time and how that impacts that as well.

The two companies that did receive the contracts was Hodgins auctions of Melfort to carry out the online auction and Adesa auctions of Saskatoon that carried out the live auction. In actual fact, we had some very good participation in both of those particular auctions. So we're looking to see what the financial results and all the responses to that were.

Mr. Yates: — Thank you very much. My understanding previously was that our costs of operating the government fleet of vehicles was the cheapest in Canada. And if I'm wrong, please correct me. And if we've had such a . . . You know, I'm talking from purchase until disposition, the total cost was the least expensive of any of the Canadian jurisdictions.

Could you explain to me how moving to a system where we're going to have to pay the third party a portion or some amount of money to carry out the auction is in fact going to save money?

Hon. Mr. D'Autremont: — Well thank you, Mr. Member. The fact that we're selling these vehicles, it's a question of where can we get the best return. Obviously doing this through Government Services is not free. We have all the costs associated with doing the advertising, with all of the cleanup of the vehicles, the preparation for the site, etc. All of that has been, in our two tests, was transferred over to the private sector, those costs.

So now we're looking to make the determination of do we get a better net return by doing it through an online auction or a live auction, compared to doing it in the previous manner out of Government Services. And I can't give you an answer today on which is better yet. This is part of what this pilot project will hope to provide to us.

Mr. Yates: — Thank you very much. The first part of my question had to do with the operation of the fleet, whether or not we have the lowest operating cost overall fleet in the country. That is my understanding in the past. Well if I can get an answer to that question, then I'll move on.

Hon. Mr. D'Autremont: — Thank you, Mr. Member. One of the studies that we have carried out within Government Services was of the transportation and the fleet. The response back from that review was that this was a very good operation. It was one of the lowest in Canada; however there were a number of recommendations in there of how we could do it better, doing it better within the current structure. There are

better management tools that we could be using to operate the fleet that would give us a better understanding of the cost flows and where the pressure points work in the system, and give us a better management tool to better manage the fleet.

Mr. Yates: — Thank you very much, Mr. Minister. Are you prepared to table that study with the committee so we can review it?

Hon. Mr. D'Autremont: — Again, that was a study that was done for the minister, and I'm told those are not available.

Mr. Yates: — Thank you very much. Would you at least provide a summary of that review for us?

Hon. Mr. D'Autremont: — I just did: that the operation was good, but there were management tools that needed to be put in place that would improve the efficiencies and the operation of the current structure, better tracking of the vehicles, and the vehicle costs.

Mr. Yates: — Thank you very much. I have a number of other questions, I guess, around the whole issue of the transportation area, but I've got about four more dealing with vehicles. Were there any positions or individuals that lost their jobs as a result of moving away from Government Services' online disposition of vehicles to a third party?

Hon. Mr. D'Autremont: — No. This was a pilot project, so there's been no job losses.

Mr. Yates: — Thank you very much. So there's no fewer employees as a result of this. Can you tell me what we are paying the third party to carry out the disposition of vehicles?

Hon. Mr. D'Autremont: — Since this is a tendering process with seven different participants that put their name forward, so each one of them would have presented somewhat different, based on their qualifications and their criteria. These are commercially sensitive.

Mr. Yates: — Thank you very much. Is it a percentage or is it so much per vehicle or can you give me any indication at all?

Hon. Mr. D'Autremont: — Well I don't believe in providing a flat rate because then there's no incentive to the seller to work as hard as possible to get the best result. The private sector works best when they have an investment and an opportunity to maximize their returns, and a percentage does that.

Mr. Yates: — Thank you very much. Not revealing the individual's tender in any way, can you tell us what the online auction, what was paid, the final total cost to the third party?

Hon. Mr. D'Autremont: — That will be part of the study and it's not available yet. The last auction was just this past weekend.

Mr. Yates: — Thank you very much. During the tender process do you, as part of the tender, evaluate the business practices of the individuals participating in the tender process to ensure that there is no risk to government as a result of going into a business deal with the particular businesses?

Hon. Mr. D'Autremont: — Certainly they are there. The business reputations and the backgrounds, whether or not they're in debt, etc., for any operation is certainly considered.

Mr. Yates: — Thank you very much. As I had indicated in question period, there are concerns. At least one of the companies involved had their trading on the TSX [Toronto Stock Exchange] suspended for a period of time within the last 12 months. Were those types of things taken into consideration?

Hon. Mr. D'Autremont: — That wasn't knowledge that Government Services had. However it was a circumstance where, I believe, it was for only a couple of days only, where there was some questions raised about a particular member of the management team. And when that was clarified, they resumed trading without any difficulties or changes.

Mr. Yates: — Thank you very much. My colleague has a few questions he'd like to ask in this area as well.

Mr. Trew: — Thank you very much. Thanks, Mr. Chairman. Minister, I'm curious about the SPM [Saskatchewan Property Management] vehicles. I'm very curious who in Canada runs a lower cost operation than SPM in Saskatchewan.

Hon. Mr. D'Autremont: — Thank you, Mr. Member. It's Government Services now. And certainly there was nobody else in Saskatchewan that would run a lower fleet.

Mr. Trew: — No, the question is who in Canada operates a lower cost fleet than Government Services?

Hon. Mr. D'Autremont: — We don't have that information with us today, but we can certainly get that for you, as to which the other provinces were that we're comparable with.

Mr. Trew: — I just want to let you know, Minister, I was a minister responsible for this file. And at that time, Saskatchewan enjoyed getting, capturing the highest value of vehicles on sale of any province in Canada. They monitored the use of vehicle and could tell when a vehicle was due for an oil change. They had a maintenance monitoring system that was absolutely the class of the country. And I'm disturbed because what I'm hearing today is that somehow or other there's some holes, and I'm always looking for ways to do it better.

But I don't know how when you could operate vehicles . . . They purchased them 600 at a time by tender. They did the tender with GM and Chrysler and Ford, whoever had the appropriate vehicles, the class of vehicle, and they would purchase by that tender direct with the manufacturer. SPM had, as I say, the records that was the class of all of Canada and people knew — the people of Saskatchewan knew — that these vehicles were maintained.

Now we can't control if one is involved in an accident. Of course then that was made known. That was available to purchasers — truth in advertising, so to speak — so that the people of Saskatchewan and even beyond could buy from Government Services with confidence that what was represented was accurate, was in fact the accurate thing.

And I don't know how on earth you would, I don't know how

you could have a more fair system than that because certainly Government Services wouldn't want to get more than fair market value for a vehicle. Certainly I can't believe that you would be wanting your constituents or mine or others to pay well above market value. So you want people to pay a fair price. So again I just ask, who has a lower cost of selling used vehicles than Saskatchewan, than Government Services? Who in Canada currently is selling vehicles and realizing a higher return?

Hon. Mr. D'Autremont: — Thank you, Mr. Member. Market value is what people pay for their vehicle. So it's not above market value; it's not below market value. It's whatever people are prepared to pay is what market value is. And I think it's incumbent on government to get the best return possible for the government vehicles that the taxpayers have paid for. It's not our job to be subsidizing the sales to people who may buy used government vehicles.

One of the things, though, that may have changed since the time the member was the minister a number of years ago is that the previous administration did away with sales and salvage. Once that was done, there was a different method then started to be used for the disposition of government vehicles. So you know, from the time that that member may have been the minister in the past, circumstances may have changed since that time, because I don't remember exactly how many years ago it was that the member was a minister.

So, Mr. Member, we attempt to get the best return possible for these vehicles. The report, the review and report that was done on central vehicle agency was done shortly after becoming government. So we hadn't made any changes in the system at that point in time, so the evaluation was made based on the previous operations when that member was a member of government. So the recommendations that have come out of this review are based on those practices.

The recommendations are that CVA [central vehicle agency] does a very good job of operating the vehicles; however, that there were some areas where improvements could be made. And that did include the tracking of the maintenance of those vehicles which was — according to the review's recommendation by an independent third party, a well-known third party — that there was things that needed to be corrected in this area to better manage the fleet.

Mr. Trew: — Well clearly we could dance around this mulberry bush the rest of the afternoon, but I know that my colleague has been generous in letting me in. Suffice to say I'm very skeptical that you will find a better return on your vehicles and/or that you would find a better way of operating a fleet, when you start from the point of having the most efficient fleet operation in all of Canada.

And I remind you, Minister, you've been unable to point out one jurisdiction anywhere in Canada that is operating at a lower cost than Saskatchewan has been. It seems to me that when you start off from the position of the best out of 10 provinces and 3 territories, you got sort of one direction to go down. You've only got one direction to go, and that is down. Please, I'm urging, measure your changes very carefully. Thank you, Mr. Chair, I'll defer the floor.

The Chair: — Mr. D'Autremont.

Hon. Mr. D'Autremont: — Thank you, Mr. Chairman, Mr. Member. While an organization may be doing well, it doesn't mean they're doing it perfectly. And there was some room for improvements at the CVA fleet, and those are some of the things that we're moving on. While it's a good operation, there certainly is some areas in which change is needed, improvements can be done. And those are the things that we're looking at.

And I don't think we need to be afraid of trying something different to see if it works, providing it doesn't cost the government a significant amount of money for any losses. And so that's why we're doing a pilot project for the disposal of some of the used vehicles to determine whether or not there is an advantage to doing that, or whether the system that is currently in use is the proper method and needs to be carried on.

Mr. Yates: — Thank you very much, Mr. Chair. I just have one further question on this issue prior to moving on to air services. We are going to have a review done of, what you refer to as pilot project. When do you expect to have that review concluded. And will you, prior to be making any permanent changes, be sharing that review? Who will you be sharing that review with?

Hon. Mr. D'Autremont: — We'll have another sale coming up here shortly that will be done under the method that has been previously used by Government Services for the disposal of CVA vehicles. So we'll have had an online sale; we'll have had a live auction; and we'll have had the standard Government Services CVA sale. So that'll give us three different auctions to compare in a close proximity of time, so that the marketplace is basically the same for all of those. Then there will be a report coming to me from Government Services on that.

Mr. Yates: — And who will you share that report with?

Hon. Mr. D'Autremont: — Again, that's an internal document.

Mr. Yates: — Thank you. If the outcome of that review is to move to a permanent new method of disposition, will you make that public prior to moving to that methodology?

Hon. Mr. D'Autremont: — Whichever method after the report comes forward is determined, certainly it will be made public as to what we're doing.

Mr. Yates: — Thank you very much. I want to move on to air services now. Our time is moving rather quickly. I see an increase of about \$500,000 in air services. Can you give me an update what those costs are for.

Hon. Mr. D'Autremont: — Thank you. This is basically inflationary costs — the salary increases, fuel costs, etc.

Mr. Yates: — Thank you very much, Mr. Minister. Are there any changes in cost being billed back to ministries or third parties? Are there external clients in this budget?

Hon. Mr. D'Autremont: — No. There's really no change from

what was previously going on, so I'm not quite familiar with just exactly what you're asking here.

Mr. Yates: — The amount of money billed back to each government agency or department for the use of air transportation, the standard cost?

Hon. Mr. D'Autremont: — Yes. The only additional cost that'll be transferred back to the ministries would be the inflationary costs.

Mr. Yates: — Thank you very much. With that I'd like to move on to government support services. And I'd like to ask a number of questions around the distribution centre, and what's going on in the distribution centre. We have been informed that, as of October 1, the distribution centre will be privatized and that there are a number of jobs that will no longer be there, and there may be individuals who in fact lose their jobs.

First off, can the minister indicate to me when this was tendered and when the decision was made to change this service?

Hon. Mr. D'Autremont: — This announcement was part of the budget process, so as of today there has been no tendering, no RFP put out for that, but that will be happening shortly.

Mr. Yates: — Thank you very much. So there is no current commitment made to any company or individual in regards to these services?

Hon. Mr. D'Autremont: — No, there is not. We will be putting an RFP out. We will be looking for two companies to provide those services to government to take place October 1, 2009. We will carry on with the current system, winding it down until that point in time.

Mr. Yates: — Thank you very much. Why two companies?

Hon. Mr. D'Autremont: — Better distribution across the province, and some continued competition between the two people who receive the RFP.

Mr. Yates: — Thank you very much. Can you tell me how many employees will be losing their employment as a result?

Hon. Mr. D'Autremont: — Well it's my belief that no employees will lose their job as a result of this, but there will certainly be a transfer of those employees to other areas. There are, I believe, at the distribution centre 11 FTEs with 13 people being affected there. They will be able to exercise their collective bargaining rights to go through the proper process, and we believe that there is space within Government Services for all of those people, if they so desire.

Mr. Yates: — Thank you very much. Will the minister then guarantee today that nobody will lose their employment as a result of this change?

Hon. Mr. D'Autremont: — A guarantee is pretty hard, but it's our understanding that there are spaces within Government Services if they wish to take those positions. And obviously I'm not sure how the bumping rights work within the union, so that will play a role in it as well. But there are positions available.

Mr. Yates: — Thank you very much. As a result of these changes, I guess, what drove this particular change in policy and direction?

Hon. Mr. D'Autremont: — Similar to the changes that were made under the previous administration with sales and salvage, this is an efficiency, member. Over the last period of time, there has been decreased usage of the distribution centre. Many of the ministries have purchase cards, so we receive the product from the private sector, handle it and warehouse it, and distribute it then to the ministries.

With a number of the ministries having the purchase cards, they've simply gone to the private sector and made their purchases so that they were distributed directly to the ministries. That is what will be occurring now. Through the RFP tendering process, two companies will receive the tenders. And so when ministries need services, they will simply go to the private sector, to one of those two companies, for the service delivery directly to the ministry. Rather than coming into Government Services warehouse to be stored and held there until some future date and then distributed to the ministry, the ministries can order it directly.

Mr. Yates: — Thank you very much, Mr. Minister. What about products and products that the distribution centre had that are not readily available, necessarily, in every . . . Like you had a wide range of products from cleaning supplies to office supplies to specialty items like pins. Any company that undertakes the tender have to provide that broad delivery of goods?

Hon. Mr. D'Autremont: — Okay. Thank you very much. All of these products come from the private sector. Government doesn't manufacture any of them, so somebody is already supplying government with those services.

On the question of pins, those will be dealt with by the provincial secretariat. They'll be looking after those now for the members.

The rest of the products, even the specialty items, come from outside of government. We don't manufacture them. That will be part of the tendering process. The companies that submit tenders for this RFP will have to provide for a broad range of products.

So what we envision is that they will form partnerships amongst themselves to supply various products. So that when they submit a tender they will have covered off the broad range of products that Government Services is looking for.

Mr. Yates: — Thank you very much. How many other services in Government Services is the ministry looking to privatize over the next year?

Hon. Mr. D'Autremont: — We're not privatizing any of them.

Mr. Yates: — Thank you, Mr. Minister. What do you call closing down an operation and having the private sector do it?

Hon. Mr. D'Autremont: — The private sector is already providing all of those products to the government. Now what they're doing is that they're providing it directly to the ministry

without Government Services warehousing it.

Mr. Yates: — Thank you, Mr. Minister. Well that's privatization by any name, but I guess we can agree to disagree.

And at this time I'd like to move on to an area that is new within the department. I'd like to spend some time on the issue of P3s [public-private partnership] and the P3 secretariat. If the minister could begin by giving me an overview why he feels that they need to have a separate secretariat and what the intentions of the department are.

Hon. Mr. D'Autremont: — Thank you, Mr. Member. Well a P3 secretariat, while certainly publicly discussed is new to Saskatchewan, it's not new to the Saskatchewan government. Under the previous administration, they had a P3 secretariat hidden away in Crown Corporations Committee for approximately four or five years. It was there I believe from 2001 or 2002 to about 2005, 2006. And it also surprisingly had four people involved with it which is what we will be having as well.

Governments across the world actually have been utilizing the P3 method to look at providing services to government, particularly in those kind of services that are capital cost related. And that's why they're very popular with the governments in places like Great Britain. Tony Blair and Gordon Brown have done extensive work with P3s. There are approximately 60 countries across the world that are utilizing those now.

You know when we take a look back at a lot of the promises that the previous administration made, things like the Humboldt Hospital and the Preeceville Hospital, that while continually promised — and various government ministers would go out and, you know, make announcements in front of the plywood board that's all painted up with the picture of the new facility and make a big promise — those kind of projects never happened.

In fact is the Preeceville Hospital went from, I believe it was about 4.5 million to over \$10.5 million by the time it was finally approved by this government for completion in the near future. Mr. Member, utilizing P3s in those cases have the potential to make sense.

One of the things that we're doing is we're taking our time evaluating the P3 process to make sure that it's efficient, effective, and accountable to the people of Saskatchewan. That if the normal process of government, either paying for and building its own building, or whether it's in contracting with the private sector to build the building for which the government then leases — all of those methods will be evaluated as well to determine what the overall cost is.

One of the things that previous administrations failed to do was build in the lifetime costs of a project. You knew what the capital costs were for that project, but you didn't build in or tell anyone what the lifetime costs of those projects were — what the maintenance costs were, what the operating costs were. With a P3 project, all of those costs are evaluated and looked at.

So we're going to need to understand that entire process. And

we need to also be able to understand what the lifetime costs are for government-owned buildings and for leased buildings, including the maintenance associated with them and the operating costs, to evaluate what is the best way to deliver services to the people of Saskatchewan. And there's certainly very many different kinds of P3 operations ranging from virtually the old model where it was the design, build, and the government simply paid for it and took it over, to concession type of situation where the private sector delivers the entire service to government.

I don't know if we'll ever go to the concession model in that sense of providing the service to government, but that's certainly the full, broad spectrum of what a P3 could be. There are many examples across Canada of successful P3s. And yes, there are some examples of some that are less than successful. That is why we're prepared to take our time on this process, and make sure that we understand what it is and how best to do it.

Mr. Yates: — Thank you very much. The formal establishment of a P3 secretariat is, I would suggest, a very significant departure from the way business has been examined in the past, particularly if there's not an intent to go down the road of a full participation in a P3 model. To establish a stand-alone budget line for a secretariat suggests very strongly that the government is moving to the P3 model in infrastructure, future infrastructure development. And the P3 model is a form of privatization. The government no longer owns the infrastructure — a third party does.

And could the minister tell me and tell the people of Saskatchewan why we learned of this by a single line item in the budget, and there was no press release or discussions about the issue of P3s prior to it being in the budget?

Hon. Mr. D'Autremont: — Well thank you, Mr. Member. We're prepared to take a slow and deliberate look at P3s and that's what we're proceeding to do. This is a new project for us.

You know, we're not prepared to rush into these projects until we know and understand exactly what's involved and make the evaluation as to whether they're financially viable, and which one would provide the best return to the people of Saskatchewan. You know, I can think back at a number of rash decisions that were made in the past that ended up costing the people of Saskatchewan significantly more money than the \$600,000 in this budget for a P3 secretariat.

You know, you look at the \$2 million lost in Guyana. You look at the \$16 million that your government lost at NST [NST Network Services of Chicago] running cable in Chicago. You look at the \$35 million lost at SPUDCO [Saskatchewan Potato Utility Development Company].

You know, perhaps if the previous administration had taken a slow and deliberate look at these financial investments, they would never have happened in the first place. And that's why we're prepared to do this slowly and deliberately to make sure that whichever decisions are made when it comes to capital construction in this province, that we have looked at and are doing the best possible return to the people of Saskatchewan, just not some fly-by-night operation.

Mr. Yates: — Thank you very much. Mr. Chair, I would suggest that if we had taken that slow, cautious look at enhanced driver's licence, we wouldn't have spent \$700,000 on a project that was scrapped in just the last couple of days.

But moving on, Mr. Minister, I'd like to talk about the P3 secretariat. It is a significant move towards a P3 funding model for future infrastructure to have it actually be a line item in your budget. And it would indicate to me and to the people of this province that you're moving down the road to a model of P3 privatization.

Now, Mr. Minister, can you indicate to me where private business in the province of Saskatchewan would be able to borrow money at a cheaper rate than the Government of Saskatchewan? And how they would be able to deliver an infrastructure project cheaper than the Government of Saskatchewan?

Hon. Mr. D'Autremont: — That's why we're evaluating this situation, is to make that determination whether those are financially and fiscally available to this. As I had mentioned earlier, you know, this P3 announcement was indeed in the budget. It wasn't hidden away in CIC [Crown Investments Corporation of Saskatchewan] like your administration did in 2001-2002, where you had four people hired for a P3 secretariat in CIC that nobody knew anything about.

We're upfront about this; it's in the budget. It's certainly not hidden. And unlike your administration, which kept these kind of things completely hidden and secret, similar to the problems at SPUDCO.

Mr. Yates: — Thank you, Mr. Chair. Well, Mr. Minister, we never saw a P3 initiative under the former government. You may say that there were people in CIC that were working on such a project; I'm not aware of any such project existing. And, Mr. Minister, there was no line item. There was no discussion about P3s. And here we have a line item and a secretariat that can have only one purpose and that would be to move down the road of P3s.

So, Mr. Minister, at this time will you come forward and let the people of Saskatchewan know what the mandate is of the P3 secretariat and when it will be fully made public.

Hon. Mr. D'Autremont: — Thank you, Mr. Member. Let me give you an example of how a P3 can work. There was a building that was leased for government use and at the end of the lease term, government has the ability to purchase this building. It's the SIAST Kelsey heavy equipment building that was developed and leased 10 years ago by your government. Built into that contract was the ability for the government to purchase that building. That's the definition of a P3.

So while you may not be aware of it, your government was already doing it. If privatization is the ... If P3s are a privatization tool, was your administration then planning on privatizing part of the Crown corporations because they had a P3 in CIC?

Mr. Yates: — Thank you very much, Mr. Minister. Well I'm not aware of any P3 in the CIC, not now or not in the past, but

clearly now we have a line item that talks about a P3 secretariat.

I want to once again ask when the full mandate of the P3 secretariat's going to be made public so we can have a full public examination of what role this secretariat is going to play in the future.

Hon. Mr. D'Autremont: — The role of the P3 secretariat is currently being developed and, as I said earlier, we're not rushing on this. We want to make sure that we fully understand all aspects of P3s: how they are developed, how they are financed, how the contracts are written. We don't have full staff on place yet. So we're not rushing on this.

There are no immediate plans in the future that we need to proceed with on a P3. We want to make sure that we are doing this right and properly and that we know where all the pitfalls might be before any projects are even considered for a P3. We also need to be able to evaluate the different cost structures that may be in place before proceeding with any P3, or any other project that may not be a P3.

Mr. Yates: — Thank you very much, Mr. Chair. Does the creation of a stand-alone P3 secretariat with a line budget item indicate that this government is in fact going to go down the road of P3 implementation in the province?

Hon. Mr. D'Autremont: — We don't know that yet. That's why we're studying it. That's why we're reviewing it. That's why the P3 secretariat is in place — to gain a better understanding of what P3s actually are. Once that has been developed, then decisions will be made, based on a case-by-case basis, whether or not any program or project would even qualify as a potential P3 project.

Mr. Yates: — Thank you very much, Mr. Minister. On November 13, 2008, then minister, Ken Krawetz, quoted in the Saskatoon *StarPhoenix* admitting that P3 schools might not be the right fit for Saskatchewan.

The very next day, we have information that the ministry which Mr. Krawetz is responsible for in fact contacted the group partnership in BC [British Columbia], which is the department responsible for the promotion of P3s in British Columbia, and they publicly encouraged Saskatchewan to privatize their public schools. Can you tell me why these contacts are being made if in fact there is no intent to go down the road of P3s both in the school system, the health system, and other government operations?

Hon. Mr. D'Autremont: — Thank you very much. That's one of the reasons why we're taking a slow look at this, to get a better understanding whether or not any kind of P3s are of value to Saskatchewan. And that's why Minister Krawetz said that we might be looking at it — not that we are or that we will be doing P3s for schools, but to get a better understanding of what the process is, what the pitfalls are, what the benefits are.

One of the issues that became very clear to me when I became Minister of Government Services was how delinquent the former administration had been in providing maintenance to government facilities and buildings. We have almost a \$400 million shortfall in capital costs in maintenance for government

buildings.

One of the benefits that are there for P3s is that those maintenance costs are built into the contract, that those are paid for and maintained on an ongoing basis and you know that upfront when you sign the contract over, let's say 25 years, what those costs are going to be. It's very easy for governments, as we have seen in the past, to simply eliminate the maintenance portion of budgets, and your buildings deteriorate significantly, increasing the overall costs or significantly decreasing the lifetime of those particular buildings.

Under a P3 type of agreement, those kind of maintenance costs can be built in on the long term. They are carried out or the contract is in breach and there are means and penalties there to deal with those.

Mr. Yates: — Thank you very much, Mr. Minister. One of the longest established moves to the P3 model was in fact in Great Britain and under the government then of Margaret Thatcher. After a significant number of years and examination of the P3 model used in Great Britain, it became clear that it wasn't cheaper, and in fact that the P3 model was undertaken for ideological reasons versus cost-efficiency reasons.

Can you assure the people of this province that we won't be moving down this model as an ideological reason rather than an economic one?

Hon. Mr. D'Autremont: — Thank you, Mr. Member. Well certainly, Margaret Thatcher was a great prime minister in Great Britain; did a lot of good things for England and Scotland and Wales. And fact is, the Falklands are still part of the British Commonwealth and not part of Argentina now because of Margaret Thatcher's iron will.

When you come to P3s and ideology, I think you've got your time frame out a little bit, Mr. Member. It was actually Tony Blair and the Labour Party that instituted P3s in Great Britain, is the information I have. And it's been carried on, both throughout Tony Blair's time in government and by Gordon Brown, who is currently the Prime Minister of Great Britain. P3s are still part of their mandate. They evolve from time to time. And there are, as I mentioned earlier, a whole gamut of different kinds of P3s that government utilize. So 60 countries across the world are utilizing P3s.

In this country, British Columbia is certainly one that uses them quite extensively. Ontario uses them. The federal government uses P3s. I know that Quebec and I believe Nova Scotia either do or are looking at utilizing P3s. Alberta utilizes P3s. So there is quite a widespread acceptance of the various different kinds of P3s that are available to be used.

Mr. Yates: — Thank you very much. Will the government undertake a commitment that before entering into any P3s, that they will do the necessary due diligence which would include a value-for-money audit that could, in fact, be audited by a third party to ensure that the government isn't entering into any P3 arrangements as an issue of ideology, and in fact will be audited by an independent third party that in fact will save the people of Saskatchewan money?

Hon. Mr. D'Autremont: — Thank you, Mr. Member. Certainly this government is more than prepared to do due diligence on all the projects we may going ahead with.

This province would certainly have been better off if the former administration had spent some time doing due diligence on a number of the projects that I had already mentioned. You know, one that comes to mind is Channel Lake where significant millions of dollars disappeared in that contract with SaskPower that . . . This was an operation where there was a sale taking place within SaskPower and it just seems that, between one fax machine and another fax machine, \$5 million was lost by the previous administration. If they had done their due diligence on that project and many other projects, this province would be hundreds of millions of dollars ahead.

Mr. Yates: — Well thank you very much. That's a very unique view or revisionist history. But what I asked was whether the government, before undertaking any P3 initiative, would in fact do an independent value-for-money audit, completed by an independent third party, that would be released to the public prior to going down the road of any P3 projects in the province.

Hon. Mr. D'Autremont: — We will be doing due diligence on any project, major capital project that this province may be involved in. Whether it's being done as a P3, whether it's being done as a government purchase, or whether it's being done as a lease agreement with a private entity, we always will be doing our due diligence. And what we'll be doing is as well is the lifetime costs of those kind of facilities to make the determination as to which will give the best return to the people of Saskatchewan.

Mr. Yates: — Thank you, Mr. Minister. At this time are there any P3 arrangements in which the Government of Saskatchewan is participating in for new construction over the next 12 months?

Hon. Mr. D'Autremont: — The best answer I have on that, Mr. Member, is no, nothing that I know of.

Mr. Yates: — Thank you. Are there any third party agencies which the government is encouraging to enter into a P3 arrangement for new construction which will have government funding?

Hon. Mr. D'Autremont: — Nothing that I know of.

Mr. Yates: — Will the new residence at the University of Saskatchewan be a P3 project?

Hon. Mr. D'Autremont: — Well I guess that comes down to a definition of a term of what a P3 is. I'm not very familiar with the project so I can't describe the financial arrangements they may have.

Mr. Yates: — Thank you. Did the government in any way pressure the University of Saskatchewan into agreeing to a P3 deal?

Hon. Mr. D'Autremont: — Again nothing that I know of. That has nothing to do with Government Services. That would be between the university and whoever is doing their residences.

Mr. Yates: — Thank you. You're correct. The funding would have been coming through Sask Housing, not through Government Services. But I was asking if you were aware.

Hon. Mr. D'Autremont: — No, I'm not.

Mr. Yates: — Thank you very much, Mr. Minister. What skills are you looking for in individuals that you are going to hire to run the P3 secretariat? What particular backgrounds are you looking for, and why have you chosen those particular backgrounds?

Hon. Mr. D'Autremont: — We have selected the . . . I'm not sure what the official term is for . . . associate deputy minister is a former deputy minister within the government, Mike Shaw, and was lastly associate deputy minister at Health, so is very familiar with government operations, I believe has close to 35 years of government service in Saskatchewan. We have a temporary secondment from ITO [Information Technology Office] who, I have to say, is very well organized and a very good person, very capable, and an administrative staff that's there temporarily.

Mr. Yates: — Thank you very much. And what would the fourth position be?

Hon. Mr. D'Autremont: — Yes. There's no fixed, definitive answer to that. It's what skills are needed for the position. This is an early stage and there is nobody yet contemplated for that position.

Mr. Yates: — Thank you very much. How did you determine then you needed four positions?

Hon. Mr. D'Autremont: — Well ideally what we were looking for is management skills, a legal background, a financial background, and an administrative staff.

Mr. Yates: — Thank you very much. Could you explain to me the process that will be used for any consideration of a P3 project, including the process within the secretariat, and then the processes used by the government prior to making a decision?

Hon. Mr. D'Autremont: — Yes. The purpose for the secretariat is to evaluate the P3 process. The job of the P3 secretariat is not to be making the determination on which projects would or would not go ahead. We're still in the process of developing the P3 secretariat and to develop the skills and what we need to be looking at for the P3 process.

Mr. Yates: — Thank you very much. Then can you explain for the people of the province of Saskatchewan how a P3 project may come about in the province of Saskatchewan. Is it brought forward by a department to the P3 secretariat? Is it brought forward to a department to the cabinet, and referred to the P3 secretariat? Or do we even need the P3 secretariat?

Hon. Mr. D'Autremont: — Okay. Perhaps if I was to give you an indication of what the P3 secretariat is doing currently, it would give you an idea of what's happening. What we're doing is we're researching the global P3 literature and identifying best practices, assessing the current procurement practices that we

already employ in Saskatchewan. And the P3 secretariat will be developing policy proposals for cabinet consideration, and drafting a management framework for the assessment and procurement of potential P3 projects, and to establish an organizational capacity to support the policy and framework.

Mr. Yates: — Thank you very much. One of the key mandates you just said was to develop a framework for potential P3s. That would suggest to me that a decision has been made that we're going down that road. Or why would that be one of the mandates?

Hon. Mr. D'Autremont: — It's difficult to assess the process unless you have a framework with which to do that. To do an evaluation between the current process, to do an evaluation as to the lease arrangements that are in place for many of government buildings today or to assess how a P3 might operate, you have to understand what the context is and what the factors involved are, what the pros and what the cons, and what costs are for each of those separate entities. And you need a framework within which to do that.

Mr. Yates: — Thank you very much. Could the minister tell me the types of infrastructure that may be utilized by a P3?

Hon. Mr. D'Autremont: — Well from my limited knowledge of P3s that I've gained over the last little while, any of the major capital projects could potentially be a P3. Although it has been recommended to us by other jurisdictions that are involved in P3 that smaller capital projects . . . It varies between jurisdictions on what their recommendations are. But anything less than between 25 and \$100 million, their suggestions are, would not necessarily qualify as P3 projects.

Mr. Yates: — Can the minister tell me what other jurisdictions they've met with regarding P3 projects?

Hon. Mr. D'Autremont: — We've had discussions with British Columbia. We've had discussions with Alberta. We've had some discussions with, I believe, Canada and Ontario.

Mr. Yates: — Thank you very much. Can you tell me: does the governments of British Columbia, Alberta, and Ontario, have a P3 secretariat?

Hon. Mr. D'Autremont: — They may not have a secretariat exactly as this, but they have other structures within their government that deal with P3s. You mentioned one of them earlier — Partnerships BC in British Columbia. They have a different name for this in Ontario. And I don't recollect what the name of the Canadian one is. There is a Canadian one — I just don't recollect what the name of it is — and . . . [inaudible] . . . does it through one of their government agencies as well.

Mr. Yates: — Thank you very much. Can you tell myself and the people of the province what, in any of these provinces you're aware of, that is in fact, are part of P3s.

Hon. Mr. D'Autremont: — Could you repeat that?

Mr. Yates: — Can you identify what the governments of British Columbia, Alberta, Ontario, or Canada have done in a P3 model, what they've undertaken?

Hon. Mr. D'Autremont: — Well I certainly don't have a list here with me as to which ones would be P3s, but I know that there are some schools in Alberta. I believe there are long-term care facilities in British Columbia. I know that they're doing highway projects in British Columbia as well as hospitals. They were looking at a bridge project in British Columbia. I think the financing has changed on that. Alberta, I think I mentioned that they were doing some schools. I'm not familiar with which ones either Canada or Ontario are doing.

Mr. Yates: — Thank you very much. One of the concerns that's been raised about the concept of P3s, both in Canada and across the world, has been the lack of public accountability and transparency. What can you do to ensure the people of this province that we will have total transparency and accountability if we undertake any P3 projects?

Hon. Mr. D'Autremont: — Well in the limited studying that I have done on the P3s personally, the British Columbia model, to me, would show much more accountability than even the government process here does currently or has in the past because the lifetime costs are built into the project. They're reported both to the legislature and to the public on a regular basis for the projects. So you're looking not just at the capital cost and then the annual operating and maintenance costs for a particular building, but you understand how that builds into the long-term future for that building so you can easily track those costs. Whereas under the current model of executive government, the projected costs for next year, you know for one year at a time. But you know this year's budget for the projected costs of a particular building, but you have no idea what those costs are going to be five years down the road. Whereas under a P3 model, those would already be well known.

Mr. Yates: — Thank you very much, Mr. Minister. Can you indicate to me, if you're looking at a long-term agreement, what protections are built in to those types of agreements for the people of Saskatchewan to ensure that they're not left holding the full cost?

Hon. Mr. D'Autremont: — That's why we're not rushing into this. And we need to be able to fully understand how the contracts are developed and what safeguards are built into them so that all of the commitments that are made within the contracts are met and that the people of Saskatchewan get the best possible return out of them. We don't need a situation where all of a sudden maintenance work isn't being done, like a number of buildings across this province are in the circumstances, where either you have to find immediately significant millions of dollars to maintain those or you need to be starting to prepare to develop and provide for a new building because the maintenance hasn't been carried out in the past.

Conversely you need to look at how you can finance a project at the costs of today rather than waiting, like the Preeceville Hospital or the Humboldt hospital, where those costs have escalated two to three times over the time period of the promises having been made but without government following through on those promises. So that those costs have escalated dramatically over that time period, and you still don't have the service.

Mr. Yates: — Thank you very much, Mr. Minister. Can you at

this time make a commitment that if we enter into any P3 model, that there'll be full transparency and public disclosure, and the government won't use the nuance that it can't be released for competitive business reasons as companies bid to undertake P3s?

Hon. Mr. D'Autremont: — Whichever method we go to in providing capital structures within this province, there will be accountability to the public. It's my view that the P3 model offers the most transparent method of any of the models because the full costs are known at the beginning of the project rather than simply escalating as time frames go on. And you know what's going into the project. So I view the P3 model, as I currently understand it — and I'm certainly looking at what comes from the secretariat as they develop the procedures and the processes and the understanding of a P3 — that the P3 process gives us the best accountability.

Mr. Yates: — Thank you very much. Before undertaking any P3 initiative, will in fact the public be able to see what the cost would be if it were a government-owned, -operated, and -financed operation versus that of a P3?

Hon. Mr. D'Autremont: — That's what the P3 secretariat is working to develop currently as part of the understanding of how a P3 process work, is to be able to bring together all the various facets and financial costs of the current model of government ownership and maintenance and operation compared to current model that we utilize as well — that your government utilized — of leasing and payments and maintenance and operations, and comparing that to a P3 operation.

So we need to be able to develop the framework to measure and monitor and provide those kind of figures to the ministries upfront when we're doing considerations of a capital project.

Mr. Yates: — Thank you very much. But I don't have an answer for the actual question I asked. My concern is that there be a public disclosure of the numbers, of the proposals in a way that the public can determine for themselves whether or not it is a good business decision to enter into a P3.

One of the major concerns around the country and across the world is that for reasons of business competitiveness often the information's not made public so that you cannot in fact, the public doesn't know or cannot compare whether or not they're actually getting value for dollar.

Hon. Mr. D'Autremont: — Well when you're in the negotiating process, if you were looking at any of the three models . . . whether you're looking at a design-build model with government paying, you're obviously going to be in negotiations with various groups. Whether you're in a lease model where somebody builds and the government leases, you're obviously going to be in negotiations with various suppliers there. Or if you're into a P3 model, you're going to be in negotiations with various suppliers. In all of those cases, you cannot release that information prior to or while those negotiations are going on.

But in all likelihood, that information could be provided after the determination has been made as to which would be the best

process for the people of Saskatchewan so that the people of Saskatchewan could have a broad understanding without getting into the very commercial sensitive issues that, you know, what's A charging for a building versus what's B charging for a building, but a broad accountability that people could understand and recognize as to which was the best method to go ahead with.

Mr. Yates: — Thank you very much, Mr. Minister. Could you explain to me how moving forward with the P3 secretariat, moving in this direction, squares with the promise, as I understand it, made by your government or your party, moving into the 2007 election, that you wouldn't privatize Crown corporations or public assets. And this is a form of privatization. How do you square that circle for me?

Hon. Mr. D'Autremont: — Well, Mr. Member, the building that I talked about earlier, the Kelsey heavy equipment building purchase, under many of the models across the world that utilize P3s, that particular purchase or lease and purchase was a P3 arrangement. Your government did that.

So when you're talking about ensuring that we're not going ahead with P3s without access, without people understanding and knowing all of the nuances and the financial arrangements, you know, I just don't remember this project being brought forward and let known to the public. And this was 2001. This was under your administration. And it strikes me . . . And perhaps there is some notifications that were provided to the public, some advertising to say that the NDP government of Saskatchewan in 2001 is doing P3s. You know, I missed it if that's out there.

So, Mr. Member, your government was already doing these things. Your government had a P3 secretariat in place within CIC in 2001, 2002. So I'm not sure why you're so afraid of this — of a P3 secretariat — why you're so afraid of projects going ahead to the betterment and to the best interests of the people of Saskatchewan. It seemed to be perfectly acceptable when your administration did it — the very same things — and yet why, all of a sudden, has it become such a monster under the bed when somebody else is doing these?

I think perhaps there's some other hidden agenda here that you're driving at but not prepared to raise or bring forward that deals with the capital construction of the province of Saskatchewan. Certainly the maintenance side of capital of the buildings within Saskatchewan was seriously let to deteriorate during the 16 years in which you were government. And the people of Saskatchewan now have to pay that or have to rebuild that infrastructure.

You know, I'm surprised that the member from North Battleford — who continues now to raise the North Battleford hospital — after being the minister of Health for approximately, I think, four years or so, all of a sudden that particular facility is in such dire and desperate need that it needs to be immediately replaced. And I don't disagree that it needs to be replaced. The maintenance on that building is the absolute worst in the entire fleet of buildings that Government Services operates. And that is after 16 years of your administration and 16 years of neglect on the maintenance of our capital assets in this province.

And yet you seem to be so afraid of any new method that may allow us to provide services to the people of Saskatchewan, to be able to provide capital infrastructure to the people of Saskatchewan, to replace the very buildings that you had basically abandoned for 16 years.

So, Mr. Member, I'm not sure what your agenda is here, but our agenda is to rebuild the crumbling infrastructure of Saskatchewan in whatever means provides the best service to the people of Saskatchewan.

Mr. Yates: — Thank you very much, Mr. Minister. I can tell you what our agenda is. Our agenda is to ensure that the people of the province of Saskatchewan get value for their money. And our agenda is to ensure that whatever road or actions that are undertaken by the government are in the best interests of the people of the province of Saskatchewan.

We need to ensure that we don't enter into deals, long-term deals that obligate the people of the province of Saskatchewan to significant financial output that are not good business deals that don't make sense. And there are many, many concerns about P3s and how P3s have been undertaken for ideological reasons versus good economic reasons.

Now, Mr. Minister, we have a responsibility to ensure that the dollars of the people of the province of Saskatchewan are well spent. It's not a concern about or worry about any particular issue other than our responsibility to ensure that we as the people of Saskatchewan get true value for our money, that what we undertake makes sense, and in fact that the projects that we see undertaken are appropriate, and that the contracts we enter into don't obligate us to expenses that would far exceed what the expenses would be if we operate it ourselves.

There have been, and always will be, concerns about long-term contracts where you cannot predict necessarily what the deterioration of a particular building or road will be in a way that takes into consideration all the costs. So in one case, you may in fact have problems you don't expect, and then a particular company walks away from a building leaving the government holding the responsibility. Or on the other hand, it may do much better than you think, and you pay far more than what the value is.

Our concern is to ensure that if we go down this road, as the government undertakes moving this direction, that the public of Saskatchewan, the people of Saskatchewan are protected, that we don't expend money that isn't necessary, and that in fact that we have quality infrastructure for the people of the province of Saskatchewan. And as the official opposition, we have a responsibility to ensure those things for the people of the province.

Now, Mr. Minister, as we look at the concept of P3s, there are varied opinions about the success and failure of P3s in many countries across the world. There are some that have banned P3s altogether. There are others that think it's an appropriate way to undertake infrastructure. We need to ensure that before we go down those roads, that the people's interests are protected.

And I have a responsibility, as do all members of this House, to

ensure that the dollars that are . . . the property and the money of the people of Saskatchewan are well spent. And so we are going to have to ask difficult questions at times to ensure that those dollars are spent in an appropriate way, and we're going to have to continue to do that. And I hope that that doesn't offend the minister in any way, but that is our responsibility as the official opposition — to ensure that money is well spent.

The Chair: — Seeing no further questions, we'll move to the vote then. This is vote 13, starting on page 88. Vote 13, central management and services (GS01) in the amount of \$44,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. (GS02) accommodation services in the amount of \$10,466,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. (GS05), there's no amount on that one. (GS06), \$406,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. (GS03) in the amount of \$1,376,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. (GS04) in the amount of \$1,942,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. (GS10) in the amount of \$650,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. (GS07) in the amount of \$27,363,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That is carried. And the amortization of capital assets, and there's no amount on that.

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2010, the following sum for Government Services, \$42,203,000.

Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — I would ask a member of the committee to move that motion, that we agree on that amount, \$42, 203,000. Moved by Mr. McMillan. Is that agreed? Oh sorry, Mr. Reiter, Mr. Reiter. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried.

[Vote 13 agreed to.]

The Chair: — I see that we are a few minutes past the time, but I want to thank the minister and his officials for being here this afternoon. Mr. Yates.

Mr. Yates: — Thank you, Mr. Chair. I would like to thank the minister and his officials for coming this afternoon and answering our questions. We do appreciate it and thank you.

The Chair: — Mr. D'Autremont.

Hon. Mr. D'Autremont: — Thank you. I'd like to thank the committee as well, especially the opposition for their good questions and spirited debate. I miss getting into the debate. So I'd like to thank my officials as well for coming in this afternoon and assisting me.

The Chair: — Thank you, Minister. And this committee stands recessed until 7:00 p.m. tonight.

[The committee recessed for a period of time.]

[19:02]

The Chair: — Good evening, committee members, and welcome back to the committee. We just have one substitution. Mr. Bradshaw is chitting in for Ms. Heppner, and we're also joined by Mr. Quennell from the opposition to pose some questions.

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

Subvote (IT01)

The Chair: — I want to welcome back to the committee Minister D'Autremont for a return performance and if you could at this time . . . I will just refer, before we get to your statement, I want to refer members to page 107. This is vote 74 on Information Technology Office beginning on page 108 with central management services (IT01). And at this time, I want to welcome Minister D'Autremont, and if he would like to introduce his officials and if he has any opening comments, he could make those at this time. Minister.

Hon. Mr. D'Autremont: — Thank you, Mr. Chairman, committee members. I'll introduce my officials at the end of my comments.

This budget affirms that Saskatchewan has the unique distinction of being the only province in Canada to table a balanced budget. I know that Manitoba is claiming to have also tabled a balanced budget, but they did so by withdrawing money from their — what we call the growth and financial stability fund — their fund that they have set aside. So their budget without that withdrawal, it would not be balanced.

Not only was it a balanced budget; it was a budget that was made possible as a result of an economy that continues to be the

most vibrant in the country. In fact the Conference Board of Canada is predicting that Saskatchewan will lead the nation in economic growth in 2009. While Saskatchewan is not immune to the impacts of a global recession, this budget contains several key initiatives that will enable our province and its economy to remain strong and steady.

First and foremost, this year taxpayers will receive the largest ever property tax cut in history. The government is providing ratepayers an unprecedented \$103 million in education property tax savings by reducing the education tax portion for property owners by 14 per cent. And the MLA [Member of the Legislative Assembly] for Rosetown had a significant part to play in that.

In addition, millions more in revenue sharing will go to our municipalities. That's money that will be spent on infrastructure projects that create jobs and make our communities better places to live.

We are also ensuring the health of our citizens by funding the first ever children's hospital in Saskatchewan by investing millions more into our health system.

And despite lifting the tax burden off the backs of taxpayers, we are not compromising the province's fiscal stability. This budget will leave the government with a four hundred and twenty-five and a half million dollar surplus at the end of 2010, and more than \$1 billion in the Growth and Financial Security Fund. However while our future looks bright, there's no doubt that Saskatchewan faces the same financial challenges as other jurisdictions. This budget addresses those challenges in a very realistic and common sense way.

In a perfect world, there would be lots of funding for everything. But the real world choices have to be made. The choice our government has made is to fund programs and initiatives that grow our economy and provide opportunity and security for Saskatchewan people. At the same time, we have put Saskatchewan in a strong position to deal with any future problems that we may face as a province.

Now I would like to take a moment to discuss some of the issues related directly to my role as the Minister Responsible for the Information Technology Office. The consolidation of executive government IT [information technology] services under the umbrella of the Information Technology Office began four years ago and is now complete. It began under Minister Andrew Thomson, and while I was in opposition, sitting in the chair over there, I agreed with that move that he made.

Currently the ITO serves more than 1,200 users in 23 ministries, or about 92 per cent of all government computers and computer users. This consolidation has resulted in many benefits, including better security for government computer systems and networks, better protection to safeguard private information held by government, savings of about \$13 million per year, and increased productivity and efficiency.

With the completion of the consolidation project, the ITO will now focus more of its energy on projects that directly benefit Saskatchewan people. It will also strive for an even greater efficiencies and cost savings while improving its service

delivery processes. We want to provide the best service possible to government ministries at a cost that is reasonable to taxpayers. The ultimate goal of course is to enable government organizations to provide top quality, cost-effective programs to Saskatchewan people and other clients.

An important step in that direction will be taken this year by targeting approximately \$1 million in savings to upgrade many of the outdated software applications the government uses to deliver services to its citizens. Much of that funding will go to small- and medium-size IT firms throughout various tender opportunities. The ITO will also be closely involved in a number of IT-related projects being undertaken by other government ministries.

For example the Ministry of Energy and Resources is redesigning and replacing its outdated oil and gas systems. The Ministry of Social Services will continue to develop a new tracking system that will allow it to better protect and safeguard children in care. And the Ministry of Justice will begin work to replace obsolete computer systems at the maintenance enforcement office.

In addition a number of ministries are collaborating on the development of an enterprise revenue management system. The system will make it easier for the private sector to do business with government and make sure secure transaction services are available online.

I'm also pleased to say that the government is taking major steps this year to provide province-wide access to high-speed Internet services. Under the \$129 million infrastructure plan announced by the Premier in November, high-speed Internet service will be available to 100 per cent of the province. As well cellphone coverage will be expanded to 98 per cent of the citizens of Saskatchewan.

This budget also allocates more than \$13 million to the enhanced Internet connectivity in our schools and libraries. Expenditures of this kind go hand in hand with our desire to foster industry growth and create opportunities for young people. As one of Saskatchewan's fastest growing sectors, information technology is an excellent option for young people to build their careers and lives right here in Saskatchewan.

The ITO will further enhance the work it is doing in this area by continuing its support and sponsorship of programs like the co-operative education program and the Paul J. Hill school of business at the University of Regina.

The final topic I want to touch on is one that has wider implications than just information technology. This year the ITO will be embarking on a very ambitious and important project to become a world-class green IT organization. This project aligns directly with the government's mandate to reduce greenhouse gas emissions. The ITO is currently in the process of assessing its environmental footprint. Once that is known, the important work will begin of setting goals in the area of energy use reduction, reducing consumables like paper, greening the IT procurement process, and fostering a culture of conservation.

I'm particularly proud of this initiative because it was conceived, researched, and moved forward by the ITO

employees themselves. A green IT initiative on this scale is, as far as I know, a first for Canada. Saskatchewan is once again set to become a leader in progressive policy initiatives.

Now I would like to introduce my officials, and then we would be pleased to speak to any questions members have about the ITO estimates in this fiscal year. With me today are, on my left, Don Wincherauk, deputy minister; on my far right, Rory Norton, assistant deputy minister; immediate right, Richard Murray, executive director of policy and planning. And in keeping with ITO status as the youngest ministry in government, also with us today is one of ITO's young professional, Darren Hoeving. Darren is the ITO's new director of business development. Thank you very much.

The Chair: — Thank you, Minister. Central management and services (IT01). Mr. Quennell.

Mr. Quennell: — Thank you very much, Mr. Chair. I only caught part of the minister's afternoon performance, as the Chair referred to it. But I'm here for at least part of the repeat performance, having missed the matinee.

I just made a few notes while the minister was speaking, and maybe I'll touch on a couple of those before I forget them, and then I'll go back to some of my other questions.

The minister referred to the spread of high-speed Internet in the province, of which I think everybody in Saskatchewan is pretty proud. That's delivered by SaskTel though. Or is there an ITO role that we should be aware of?

Hon. Mr. D'Autremont: — ITO is involved in the CommunityNet side of the operation. So we deliver the service to government entities throughout the province, to schools, and that kind of infrastructure. I think that covers it. Oh, health care facilities as well.

Mr. Quennell: — Okay. That's what I have on the record. And the green IT initiative — I take it from the minister's remarks that that's in the very early stages.

Hon. Mr. D'Autremont: — There has been some initiatives already in place where we've been looking at the energy consumptions of the various computers that we're bringing in place. But as I became the minister, one of the early opportunities that I had was to attend an employee meeting gathering where they were discussing issues that ITO could provide and move forward on. And it really centred around how could ITO be a greener entity. And the employees came up with a number of ideas that we're taking a very serious look at, and are looking to move forward.

Some of those are looking at our procurement practices and how best that we can use those. Quite often in the past with government procurement process was that you kept repeating the process over and over again for every new RFP that took place. Companies had to resubmit virtually the same information every time. So we're looking at how we can make that a better operation, how we can cease to force companies to keep reduplicating their procurement process.

We're also looking at, when we do lease computers, that we are

checking their Energy Star rating to make sure that we're getting the computers that have the highest possible Energy Star rating. And we continue to refurbish and recycle computers as they become obsolete or are less than optimal in their performances.

[19:15]

And so we're also looking in one of . . . [inaudible] . . . a very large item is reducing the number of servers that we have in government. I don't remember the number right offhand, 100-plus servers we had and we're down to what number now? . . . [inaudible interjection] . . . Yes, we've reduced it by about 450 servers which is a huge energy saving.

And not only have we reduced the number of servers, but we reduced the physical side and energy consumption of the servers that we continue to operate. I've seen some of these servers and, you know, they're about the size of this desk and they're down now to the size of your VCR [videocassette recorder] player, and it's a huge change and those are some . . .

Mr. Quennell: — Some people may not know what a VCR player is.

Hon. Mr. D'Autremont: — Yes, some people may not know what a VCR player is. Sort of like half as thick as your toaster, but double the size, you know. And so we're also looking at what is called the virtual servers now, which is you don't actually have the physical box on location but you have a very large unit that is proportioned out to various entities as their server.

Mr. Quennell: — Has there been any money set aside for this analysis of these options?

Hon. Mr. D'Autremont: — The study will cost us about \$50,000 and we're working with Gartner, which is one of the very well-known, internationally known companies that deals with IT services and making them more efficient. And once we have the study completed, most of the investment will be done internally from savings. We've already reduced our energy costs, through these initiatives, by \$235,000, and our energy consumption has dropped by 2500 megawatts.

Mr. Quennell: — Now if you can get government to cut down on the amount of paper that's produced, that would be an accomplishment too. But what is the lifespan of a government computer? You're talking about renewal, recycling, refurbishment.

Hon. Mr. D'Autremont: — Yes, keep your ears tuned. We're working on the paper reduction one; it's coming. And government computers are normally renewed on a three-year basis.

Mr. Quennell: — So only about a year and a half after they're obsolete.

Hon. Mr. D'Autremont: — Yes.

Mr. Quennell: — Right. Just briefly I'm looking at the notes on page 107 and the last sentence, "The Office promotes

Saskatchewan by streamlining and enhancing the government's website to create a one-stop 'electronic embassy'" That's the electronic embassy that starts with the government web page with the smiling face of the Premier, I take it?

Hon. Mr. D'Autremont: — That could be it or it could have a different front page. But the concept here is that you would go to one site and from that site you would be able to branch out to access government services. And I'm not sure if you're familiar with BizPal. That gives you some information, but that's just the beginning of the story. What we envision by the gateway project is to actually be able to do government services online. So if you needed to apply for a dog licence, you could do the application online and print it off online.

Mr. Quennell: — If that was a provincial service, as opposed to municipal one in that example.

Hon. Mr. D'Autremont: — That's correct. That's a municipal one. But we're hoping to get municipalities bought into this concept as well.

Mr. Quennell: — Moving forward — and I'm pretty sure we don't have a lot of time — I have no problem with the fullness of the minister's answers, but I'm kind of watching the clock because I know the committee has lots of work tonight.

In respect to the reference to leading initiatives to coordinate, develop, and share geomatics information, if maybe — and the minister may be capable of doing this; he seems familiar with this file — but maybe the officials, a brief explanation for the record and the enormous TV viewing audience as to what geomatics is and what those initiatives are for ITO, particularly in this year.

Hon. Mr. D'Autremont: — For those in viewerland that are wondering what geomatics is, it's mapping services. So now I'll turn it over to Richard Murray to answer the question.

Mr. Murray: — Thank you. Our office has an office of geomatics coordination who set geomatics policy for the various ministries that have geo experts. So as you can imagine, Environment, Agriculture, Highways would all be heavily involved in this area. Energy and Resources, absolutely.

There's a couple of initiatives under way that we're participating in along with, jointly along with federal government and the provincial ministries. One is the acquisition of air data, so satellite data down to a certain fine resolution. And that project is about halfway under way, and the data is being collected now.

And then there's a project under way where we're providing more ready access to geo data for members of the public or the general public at no charge. So we're hoping to coordinate that effort on behalf of all the ministries.

Mr. Quennell: — What's the cost of that? I was thinking you were going to say cost recovery, because we so often do, but you didn't. You said no charge. What's the cost to government of providing that at no charge?

Mr. Murray: — You know, I'm sorry; I don't have that

number with me. But I can certainly provide it.

Mr. Quennell: — I take it it's not more than six figures because the whole office is a . . .

Mr. Murray: — Half a million dollars is the cost of that.

Mr. Quennell: — Okay. Is there some thought that, at some point, that's going to have to become more cost recovery as it becomes more in demand?

Hon. Mr. D'Autremont: — This is a very important project, particularly for business. And certainly you identified the energy industry. It's very important to them, but it's also important to the mining industry. And so as this moves ahead and becomes more complete, there may be that possibility.

Mr. Quennell: — The next reference actually under this heading is the Saskatchewan! Connected initiative and, as I think everybody here knows, I was the minister when that was put in place. And we made one of the announcements on the riverbank in Saskatoon. There were still some bugs in delivery, I think, even a year and a half ago. And I wonder how the initiative's working now.

Hon. Mr. D'Autremont: — Thank you. Well we're dealing with computers here so there's always a few bugs in things. But what you're talking about is the free Wi-Fi [wireless fidelity] network that's available mainly in downtown Regina, Saskatoon, and the universities as well.

Mr. Quennell: — And Moose Jaw and Prince Albert, I think.

Hon. Mr. D'Autremont: — Moose Jaw and Prince Albert. And while the numbers are not huge, they have continued to grow over time. And there are approximately 12,000 users now on — this is a daily basis? . . . [inaudible interjection] . . . Per month. Geez, I was being generous here. It's 12,000 users basically at the last measurement per month.

And so there are a significant number of people that utilize this service on an ongoing basis. But you have to recognize that it's also a very limited service, that if you're looking to download a lot of . . . It's good for text, but if you're looking for digital downloads, this would not be up to the needs. And I know for myself, as more of a power user in computers that yes, you have to go with the full wireless system if you want to do everything.

Mr. Quennell: — And those month-by-month numbers, how would they compare — I'm sure I asked this question last year — but how would they compare with last year's numbers?

Hon. Mr. D'Autremont: — Up. They're up about 500 people per month, so growth but it's very limited.

Mr. Quennell: — And at the time that we brought it in, if it wasn't the only, it was certainly the largest free Wi-Fi in the country, I assume. Is that still the case?

Hon. Mr. D'Autremont: — Yes, we believe that's still likely true. I don't think it was the first because a lot of small Internet cafes and those kind of were providing a service, but as far as more of a broad-based, yes it was the largest. And our

information is it continues to be.

Mr. Quennell: — I believe Toronto had done something but then it wasn't free any more, or maybe I'm thinking of a . . . [inaudible] . . . municipality. Any thoughts about extending it beyond the current downtown, so the four larger cities and the university and I think the SIAST campuses as well — any thoughts about its extension?

Hon. Mr. D'Autremont: — Not at the present time. It has, as I said earlier, it's a limited application. It's not very fast. For getting your emails without any digital attachments it works, but if you are trying to look at Facebook this isn't going to provide the service you want. So I think this is mainly aimed at younger people, and talking to my kids it's all about Facebook and those kind of social networking. And Wi-Fi just doesn't cut it.

Mr. Quennell: — Well I'm happy the minister gets to talk to them off of Facebook.

Any new government clients since we last talked? I think there was some extension plan through government last year in estimates and you I think referred, the minister referred to ITO providing 90 per cent of the computers, so it sounded like there's been some expansion over the last year.

Hon. Mr. D'Autremont: — That's correct. There was one ministry left that was not yet, I think at the last time we talked, and that was Government Services. And they came on board right in the new fiscal year, so April . . . [inaudible interjection] . . . Well the minister was holding things up.

Mr. Quennell: — And my last question which I don't think will surprise the minister — I think he asked it a number of times — I know it's been a desire for the Information Technology Office to have a secure location for its mainframe computers at some cost. And the minister when he was the critic pressed the government to do just that. And I guess I'll ask the question I asked last year: has the minister changed his mind and is he still pressing for this? Is it going to happen or it doesn't . . . I assume it didn't make the cut this year. But if it's in the works, then that would be interesting to know.

[19:30]

Hon. Mr. D'Autremont: — Thank you. We have one of the best and most secure locations in Saskatchewan. However I still believe that we need to move ahead and to have a more secure site, and we continue to work on that. And I have to convince my colleagues of this, and we hope to be able to do that in the coming years ahead.

Mr. Quennell: — Well there's only two possible answers. One is that the minister hadn't been able to convince his colleagues, and the other one was that he had quit trying. So I think now I know which one it was. So thank you very much to the minister for answering my questions, and thank you very much for the officials. I know I dragged out one here last night that I didn't ask any questions to in Justice and Intergovernmental Affairs, and promised that he would have a chance to speak tonight and he has. So thank you very much.

The Chair: — Seeing no further questions, we'll move on then with the vote. Page 108, central management and services (IT01) in the amount of \$2,073,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. (IT03) in the amount of \$4,997,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. (IT04), no dollar amount on that one. (IT07) in the amount of \$250,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. And then amortization of capital assets, a non-voted amount of \$21,000. And at this time I'd ask a member of the committee to move the motion:

That resolved that there be granted to Her Majesty for the 12 months ending March 31, 2010, the following sums for Information Technology Office in the amount of \$7,320,000.

Mr. McMillan: — I so move.

The Chair: — It's been moved by Mr. McMillan. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried.

[Vote 74 agreed to.]

The Chair: — I want to thank the minister and his officials for being here this evening. And I believe we will take a short recess while we wait for our next minister to . . . Minister D'Autremont, I recognize.

Hon. Mr. D'Autremont: — Thank you, Mr. Chairman. I'd like to thank my officials for coming in this evening, and I'd like to thank the committee members for their very good questions.

The Chair: — Thank you, Minister. And as I said, we'll take a short recess while we wait for the next minister and his officials to get set for the committee hearing.

[The committee recessed for a period of time.]

**General Revenue Fund
Office of the Provincial Secretary
Vote 80**

Subvote (OP01)

The Chair: — Committee members, we'll move along to the next item on our agenda. This is vote 80, Office of the Provincial Secretary. This is found on page 123 of the Estimates book.

I want to welcome Minister Elhard and his officials to the

committee this evening. And at this time I would invite him to introduce his officials and make any opening statements, if he has one prepared. Minister.

Hon. Mr. Elhard: — Thank you very much, Mr. Chairman, and good evening, committee members. I'm pleased to be here tonight on behalf of the Office of the Provincial Secretary, and I'm joined today by several officials from this ministry. To my far right is Wanda Lamberti, the executive director of central management services. To my immediate right is Rick Mantey, the deputy provincial secretary. To my left is René Boudreau, the director of our francophone affairs branch. And behind us is Gwen Jacobson, acting chief of protocol for a few hours yet before our new protocol officer takes his position. She's with the protocol office and has been acting as chief of protocol for several months.

I'm pleased to have this opportunity to provide this committee with a brief overview of the Office of the Provincial Secretary and the related details in the 2009-2010 budget. The Office of the Provincial Secretary operates in an environment based on relationships with governments, with organizations, and communities. These relationships provide opportunities to honour our history, to celebrate our achievements, and to promote the diversity and character of our great province.

The 2009-2010 budget enables a number of important initiatives and allows us to continue to fulfill our mandate to promote Saskatchewan as a destination of choice and to commemorate our collective heritage by recognizing the contributions of our many citizens.

The budget of just over \$5 million for the Office of the Provincial Secretary includes an overall increase of \$871,000. The increase will allow for a number of new initiatives as well as provide funding to enhance existing programs. \$250,000 has been allotted for the logistical planning of the Council of the Federation, which will be hosted by the Premier in August here in Saskatchewan. This annual meeting is an opportunity for premiers to discuss shared interests and concerns in order to better work together to benefit the people that we all serve. It also presents an opportunity to show premiers from across the country what Saskatchewan has to offer in terms of economic growth and opportunity.

There's also been a substantial increase for providing enhanced services in French. In Canada and Saskatchewan, there is growing support for bilingualism. We have a unique opportunity to address labour shortages, caused by the economic growth in our province, by attracting bilingual and French-speaking people from around the world.

The francophone affairs branch has been allotted an additional \$255,000 to launch a French-language service centre this fall. This will be a virtual centre, administered by the branch, providing access to government services through an online portal, a toll-free telephone line, and outreach services in communities across the province. This model allows us to offer quality, citizen-centred services in both urban and rural communities, while avoiding a costly system-wide initiative.

The francophone affairs branch has also received additional funds to address one of their most significant challenges, a

dramatic increase in the volume of translation requests from government ministries and agencies. A \$30,000 increase has been provided to cover the costs for increased volumes of translation, and a \$40,000 increase for the market adjustments of salaries for translators employed within the branch. This increase brings their salaries to a level that is comparable with the current market rate.

There's also been an increased need for funding for international visits. Foreign and international relations continue to be a vital cornerstone of our province's outward-oriented economy. This past year, the number of diplomatic visits has significantly increased. An additional \$125,000 has been earmarked for the logistical planning done by the protocol office in order to host international guests who are visiting our province in an official capacity. This is a significant undertaking that facilitates opportunities for us to develop and strengthen relationships that will help us meet the challenges associated with our growing economy.

The protocol office plays another very significant role. That office oversees provincial programs that provide opportunities to promote Saskatchewan's identity and to honour the great achievements of our people. An increase of \$30,000 has been allotted to the protocol office in order to enhance some of these programs in this fiscal year. This includes enhancements to the Athabasca Gallery in the Legislative Building and the 25th anniversary celebration of the Saskatchewan Order of Merit. The Order of Merit is our province's highest honour, bestowed on individuals who have been nominated by the people of Saskatchewan for significant contributions to the province of Saskatchewan. The remainder will cover increases in the ministry's overall operating costs and salaries.

In conclusion, this budget will allow the Office of the Provincial Secretary to meet the goals outlined in its ministry plan, fulfilling the mission to share our cultural, linguistic, and governance values with the people of Saskatchewan and the world, and showcase Saskatchewan as a province that has much to offer.

Mr. Chair, we would be pleased now to answer any questions you or committee members may have on the Office of the Provincial Secretary's budget. Thank you.

The Chair: — Thank you. Again, committee members, this is vote 80, central management and services (OP01). And Mr. Nilson.

Mr. Nilson: — Good evening and thank you very much. I think we can continue our conversation from a couple of weeks ago. There's some similar topics, but appreciate the explanation of the new funding. Can you just explain a bit how the Office of the Provincial Secretary works physically. Where are the people located and what do they do?

Hon. Mr. Elhard: — Mr. Chair, to the member, I've often asked myself that question — how does this ministry work? — because of the uniqueness of the Provincial Secretary's office. As the member will know, the Provincial Secretary is an elected member. The deputy is at this point, has an office within the Legislative Building, but the rest of the staff is located at 1855 Victoria. We have office space at that building. Now that

encompasses most of the operations of the office, but we also have responsibility for Government House, which has some employees located there, and of course the Lieutenant Governor's office is also part of our mandate, and it too is located at Government House.

Mr. Nilson: — So how many employees are located in the legislature?

Hon. Mr. Elhard: — The only individual that would be considered an employee is our deputy minister. And I'm sorry, his executive assistant as well.

Mr. Nilson: — And the rest are on Victoria Avenue and at Government House. So then, as far as the job is concerned of the deputy, the deputy also has another job. Is that correct?

Hon. Mr. Elhard: — Mr. Chairman, to the member, the gentleman to my right, who acts as the deputy provincial secretary, serves as the deputy cabinet secretary and also as Clerk to Executive Council. His role as deputy to the Provincial Secretary is something that he was asked to undertake at no extra remuneration.

Mr. Nilson: — So you anticipated my next question because I was trying to figure out where this really glorious salary would be located, and it didn't look like it was in this department. So that answers my question.

So then let's look at some of the different activities. The Lieutenant Governor's office has received an increase substantially more than the two and half per cent or 4 per cent that other departments have received. Is there an explanation for that increase?

Hon. Mr. Elhard: — Mr. Chair, the Lieutenant Governor's office has received a considerable increase this year, but mostly related to costs associated with staffing — \$41,000 has been deemed necessary for reclassification of staff, \$18,000 is for mandated salary increases, and we have a \$36,000 charge for the executive air standby fee that is levied to the Lieutenant Governor's office by Government Services. And then we have an additional \$14,000 for the ongoing information technology maintenance of the congratulatory message database.

Mr. Nilson: — So, but these are all the increased amounts for existing expenses because they're not new expenses, so that the executive air standby fee has gone up by \$36,000 in this year.

Hon. Mr. Elhard: — I'm informed — and I should have remembered this actually — that last year the Lieutenant Governor's office didn't pay the standby fee for use of executive air, but a change in government policy dictated that that would be the case this year. So the \$36,000 is a new charge directed to the Lieutenant Governor's office, although that office has had use of the government aircraft in years previous.

[19:45]

Mr. Nilson: — Okay. Well, that's interesting. And I guess for the ITO, is that a new charge then too or just at a higher charge? Because ITO, I think, has done this kind of work for a number of years.

Hon. Mr. Elhard: — Mr. Chair, to the member, I'm informed that this cost, this \$14,000 cost is the charge required to rebuild the software. The previous software, the existing software was obsolete. There is a need to revitalize it, rebuild it, and the cost is associated with that exercise.

Mr. Nilson: — Okay. Thank you. Well I think we got some more information in this area. Does the Lieutenant Governor's office now have the primary role in managing Government House?

Hon. Mr. Elhard: — The answer to the question is no. The Lieutenant Governor's office is located there; he has his own staff. And the management of Government House is being undertaken by separate individuals.

Mr. Nilson: — And so there isn't any sharing of the administration of that particular facility at all?

Hon. Mr. Elhard: — We had a situation temporarily where someone from the Lieutenant Governor's office did take some responsibility for Government House as part of our reorganization there, though that responsibility was removed from the individual. And we have hired somebody specifically for the day-to-day management of Government House.

Mr. Nilson: — I know that both of us have been around the legislature for a long, long time, and we know how much effort the provincial community, especially the Regina community, spent in trying to revitalize and expand Government House. Was there any thought given to the important psychological spot that Government House now plays in the community, when you made a substantial — say 20 per cent reduction — in their budget this year?

Hon. Mr. Elhard: — Well most of the reduction in the budget of Government House has to come from the reorganization of personnel at Government House.

The unique role that Government House plays now, today, and has played historically, is not only going to be maintained, but we hope to increase its profile and make better use of Government House, both in terms of public functions and special awards and celebrations and those types of things. But the other thing we want to do is increase our visitorship to Government House.

What we have seen over the last number of years, particularly in the years following our centennial in 2005, is a significant drop in the numbers of people who were visiting Government House. And we felt that that was an unfortunate set of circumstances. We needed to address that issue, and maybe one of the best ways to do that was to have Government House in the hands of an individual who was very familiar with tourism and marketing and programming and those types of initiatives.

And that was the type of change we made when we streamlined the management of Government House. We brought somebody to the position as an executive director now who will undertake the role of general management, but also the role of program coordinator and certainly promoter for the facility. And we really need to . . . That is, I think I've come to describe it as the jewel in the crown of the Queen City. And I know that's, you

know, a little bit flowery, but I really feel personally that that building has such a significant and unique place in the history of the province and in our psyche, as you termed it, that we need to better utilize the facility.

Mr. Nilson: — So why doesn't it feel like that you've done that when we see the announcements and kind of what happened here? I mean practically I know quite a number of people in the city feel as if somebody's kicked them in the stomach around what's happened at Government House. Maybe because it was a bit of a surprise. But you know, so far I haven't seen anything or heard anything that would allow me to console those people who raise questions with me.

Hon. Mr. Elhard: — Mr. Chair, it's early in the process to pass judgment on the changes that we have made there. I think the evidence, the proof of our decision will be clear as the spring and summer unfolds. The future of the facility, I think, is not only in good hands, but has the clear support of the government and those who are still operating there. The Lieutenant Governor's office is very interested in the role that the facility plays and so are the people that remain as part of the tour guide contingent.

And certainly the new individual that's going to be coming on as the executive director is very enthusiastic about this position. And we think that she will bring a level of competence and guidance and efficiency and direction that is important right now as we re-establish the presence of the facility and the credibility of the facility in the mind of the public generally.

Mr. Nilson: — Okay. Well I'm going to hold my judgment for a few more months but I know that there's a significant concern about this. And the budget reflects, you know, a fairly major hit there.

Now maybe if I can ask some questions about the protocol office. And it appears that the amount of money that you've added there — it looks like \$350,000 approximately — is primarily related to the different special events this year. You know you've indicated the international visits, I assume that's the diplomats and others that come. Are we hosting again all of the ambassadors this year? Or is that something that's anticipated? Or what is it that the extra 125,000 is for?

Hon. Mr. Elhard: — Mr. Chair, and to the member, I'm prepared to answer your question in some detail. But I just want to go back to the topic that you had raised previously.

I think the argument is made — if I hear you correctly, and from those who have expressed some concern — that because the funding isn't there for the complete complement of positions that existed, that somehow it's an attack on Government House. And I use that word cautiously because I know that's not what you're saying, but there's some concern around that.

The other argument I've heard is that with all the money the province has got, surely we could continue to fund Government House at the same level and for the same number of positions we had previously. Yes, there is money in the provincial coffers, but I don't think any taxpaying citizen would think it appropriate for government to just spend money because we

have it. I think every taxpaying citizen in the province wants us to be as careful to get full value for the money we're going to spend and to be very cautious and prudent about those expenditures.

And when we see an opportunity to make some changes — certainly in the staffing levels, but also in the direction and some of the programming initiatives that we want to undertake — I think that if we don't do that, we're somehow derelict in our own responsibilities. And I think that that's what we've achieved here.

We have put in place a change in direction, a change in the staffing complement. We've hired somebody who has new competencies that we haven't had before. And we are determined to see our visitorship numbers turned around. That will be the evidence of the success of our plan. And it might take a year or two to achieve that, but having said that, if we just let things go on as they were going, we might have continued to see an additional drop in visitorship. And I don't think that would have served anybody very well as well.

So, you know, I understand where there might be some hesitancy and some concern. And there might be individuals who think this is the wrong signal, but on the whole I think these are the types of changes that are incumbent on us to make when we have an opportunity and see a need to make those changes. And I'm prepared to give the changes some time to prove their efficacy, frankly.

Now going to the protocol office and the funding issues that you last addressed, we have an interesting mix here of both increased expenditures and a reduction, and for the most part we have a \$250,000 increase. It's one-time funding that will go to cover the cost of hosting the summer meeting of the Council of the Federation, that's the meeting of premiers that will be hosted here in Saskatchewan. And that is one-time funding.

We also have \$125,000 added to our budget to cover the cost of increased international visits, and I would be happy to go into some detail on the importance of that expenditure.

We have added \$30,000 to the protocol office to help us celebrate the 25th anniversary of the Saskatchewan Order of Merit and that's a rather impressive milestone. And I think it's worthy of some additional recognition, and we're going to celebrate it a little more aggressively and importantly this year. And that will add a little bit to the cost.

We have a \$25,000 increase to mandated salaries. We have a \$71,000 increase related to the transfer of a position from Government House to the protocol office, and we have \$157,000 reduction for one-time costs associated with our hosting of the 2008 Western Premiers' Conference. I don't know if you recall, but last year we were asking for additional funding or special funding so that we could host the Western Premiers' Conference in Prince Albert. We achieved that amount of money, and this year we are reducing our budget by the equivalent amount.

Mr. Nilson: — So the Western Premiers' cost, you said 175,000. Get all the premiers here, it costs 250,000?

Hon. Mr. Elhard: — Not quite, it was 157,000 versus 250, so there's about a \$93,000 discrepancy. I shouldn't call it a discrepancy. It's an advantage; a \$93,000 advantage.

Mr. Nilson: — So our Eastern premiers are much cheaper. We should maybe invite them more often. Now so I guess the point about any budget — whether it's this very contained budget for Provincial Secretary or the whole provincial budget — is about making choices.

And so I know that, you know, you like to have big parties and everything when premiers show up or the Council of the Federation. I note that's a fairly recent development. Some people, some constitutional experts, kind of wonder at its legitimacy, if I can put it that way. But every time you do a \$250,000 party, it sort of gains more legitimacy. But it doesn't really have any constitutional status in our country. So you've made choices to fund that, but some of the things that I think local people would really appreciate that have long-term haven't been funded.

Let me ask a question about the francophone services. I'm supportive of the work that's done in this area, and I know that it's a fairly large sum of money to go into this one entry service point on French language. Is this based on a model that's been used in another province so we have some experience around this already? Because I think the people would like to hear that if that's the case.

[20:00]

Hon. Mr. Elhard: — Once again, Mr. Chair, I'd like to go back to the previous question asked by the member. I don't think I can characterize a \$250,000 expenditure for the Council of the Federation as a party, but nevertheless I have a little trouble with the title, Council of the Federation. It's a little bit grandiose, and I think it's a fairly recent phenomenon. It used to be the Premiers' Conference and now it's the Council of the Federation. So whatever the legitimacy of it is, is beyond my expertise and preparedness to discuss tonight.

But, you know, \$250,000, to get all the premiers and the territorial leaders into Saskatchewan and have them focus on issues where we actually, as the hosting province — and it happens to be our turn to host it — where we have the opportunity to highlight our leadership role as a province, I think is a very important avenue for us and a good opportunity for us to talk about who we are as a province and what our successes are and where we want to go. And so there's lots more foolish ways to spend \$250,000, I think. The publicity you get, the airtime you get, the attention you get for that kind of money, you couldn't buy on a national television network.

Now because I see we're rapidly running out of time, I want to get back to your question on the francophone affairs language, French-language service centre. That's a very important initiative for our ministry. It's an initiative that has been desired by the francophone community. I think they've talked about it for at least a decade. They've wanted an opportunity to have service delivery in their own language, and this is going to be an interesting sort of compilation of attempts by other jurisdictions to provide that service.

So the Northwest Territories, I believe, has something very similar to this which is going to be a virtual service centre. It's going to be computer driven. They've had it and used it with some success there, whereas Manitoba has provided French services to their population in four fixed locations and now are expanding it to two additional locations. But Manitoba's approach has been a bricks and mortar approach. They've actually either built or bought buildings where they could provide this type of service to their francophone community.

We're not buying new buildings. We're creating a virtual service centre where people can contact the service centre for information and direction and advice of both provincial and federal francophone matters. And so I think for the money we're spending here, not only have we met a longstanding need, we're doing it as reasonably as possible. And I think it will serve a significant purpose for the francophone community.

Mr. Nilson: — I think our time has elapsed and I want to thank you for the information that you provided. Thank you.

Hon. Mr. Elhard: — Thank you very much for the questions and for this opportunity to present to the budget of the Provincial Secretary before the committee. It's been a pleasure being here.

The Chair: — Thank you, Minister. We'll move into the vote, vote 80, central management and services (OP01) in the amount of \$1,315,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. Provincial Secretary (OP02) in the amount of \$3,709,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — And that is carried. And I would ask a member of the committee to move:

That be it resolved that there be granted to Her Majesty for the 12 months ending March 31, 2010, the following sums for Office of the Provincial Secretary, \$5,024,000.

Mr. Bradshaw: — I so move.

The Chair: — It's been moved by Mr. Bradshaw. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — And that is carried.

[Vote 80 agreed to.]

The Chair: — Minister, I want to thank you for appearing before the committee and for your officials being here with you this evening, and for answering all our questions. And we will just take a short recess as we wait for the next minister to come forward.

[The committee recessed for a period of time.]

Bill No. 57 — *The Land Titles Amendment Act, 2008*

Clause 1

The Chair: — Members of the committee, the item before the committee is Bill No. 57, *The Land Titles Amendment Act, 2008*. Minister Cheveldayoff, I want to welcome you and your officials to the committee. And if at this time you could introduce your officials.

Hon. Mr. Cheveldayoff: — Thank you, Mr. Chair. Good evening to members of the committee. Joining me today from the Information Services Corporation are Kathy Hillman-Weir. Kathy is the general manager, corporate affairs, and general counsel for the corporation. And Mr. J.D. Roberts, business service counsel.

Today we are talking about Bill 57, *The Land Titles Amendment Act*. The Act provides assurance provisions, providing greater protection in circumstances of fraud; also several other provisions to include functionality of the system, including provisions to address fractional ownership of titles.

I'm happy to entertain any questions, Mr. Chair.

The Chair: — Thank you, Minister. We'll now consider clause 1, the short title, and if there are any comments or questions. Mr. Quennell.

Mr. Quennell: — Thank you, Mr. Chair. I don't know if the minister would believe me, but it's the case of on occasion I have sympathy for the minister and tonight, when he has to discuss real estate law, is one of those occasions.

In the second reading speech that the minister gave in respect to this legislation, he refers to two cases of fraud in the last 30 years that this legislation is to address. Maybe this is actually, I expect, a question to the officials. But if an explanation could be made for the record, as to why the title assurance that already exists within the land titles system is not sufficient to handle those rare cases, those two similar cases, and any cases that might arise in the future, and in what way this addresses that deficiency, I think that will be helpful for members of the public who are looking at this record at some point.

Ms. Hillman-Weir: — Hello. I'll address your question. Primarily the loss circumstance that is not addressed in the existing provisions of *The Land Titles Act* is the case of a mortgagee or a lender who, under the current provisions, is not able to in all cases successfully make a claim when there's been a case of mortgage fraud. So in the case where you have a situation where perhaps the title's in the hands of a purchaser, or a bona fide purchaser or a fraudster has taken title and then obtains mortgage proceeds fraudulently, the mortgage lender is not always able to make a claim under the assurance provisions of the Act.

And so what this does is it expands and extends the assurance provisions of the Act so that lenders can rely on title and don't need to look behind title to assure themselves that the owner is the registered owner. It does place on those lenders corresponding obligations of due diligence to ensure that they take appropriate measures to ensure that the parties they are

lending to are indeed real people and that their mortgages are enforceable. And those due diligence requirements will be articulated and placed in regulations.

Mr. Quennell: — So primarily this comes from a concern that the current title assurance contained in the current legislation sufficiently protects both sellers who are not also lending money for the purchase price and purchasers, but doesn't always properly protect mortgage lenders. Is that correct? Okay.

Secondly, the part of the minister's comments tonight and his speech and the Act referring to fractional ownership in mines and minerals, I might ask to have a further explanation of what's involved there and what's intended and how that facilitates the energy industry in particular and the mineral industry. But if the minister would entertain a question that's not entirely on point.

The minister and I both represent seats in Saskatoon, and there's been discussion about developments along the riverbank and strata condominiums, and maybe a requirement for a change in the law and perhaps even *The Land Titles Act* that would be similar, in concept anyway, to this idea of fractional mines and minerals.

I wondered if the minister could advise if the government has any intentions along those lines, and if it does, whether we might see legislation in this sitting of the legislature.

Hon. Mr. Cheveldayoff: — I thank the member for the question. Yes, you are entirely correct that we have had conversations with Mr. Lobsinger about the River Landing project that he is putting forward in Saskatoon. He has expressed concern that existing legislation in the province does not permit him to do several things that are required by his financiers, and he has asked that we consider bringing forward new legislation. And right now, officials are examining that and are to come to me with a proposal.

At that time, it's my intention to engage the opposition to talk about your thoughts and how we could move this forward in an expedited manner to ensure that something like the River Landing project which would be . . . I believe it's in the neighbourhood of some \$207 million and would certainly enhance our city. So I'm waiting for officials to provide that information to me since it would be outside of the regular process of the legislature here in how legislation is introduced and passed. I would ask, you know, for your concurrence at that time.

So we're looking for that information coming forward, and I think that it would modernize and benefit us here in the province. How it relates specifically to fractional ownership would be something that I would need counsel to answer on my behalf.

Mr. Quennell: — Well I thank the minister for entertaining the question because I'm not sure it does actually relate, but it was the closest analogy I could find to raise the issue. Since we rise, I think, May 14, would the minister have any idea as to when he might be coming forward to the opposition with a proposal?

Hon. Mr. Cheveldayoff: — Again thank you for the question. And since I've done you a favour, I will expect a favour back in the not too distant future. But I think we both agree that anything we can do to help our city council and help our city is something that will be well served for all of us. With the scheduled sitting — I believe we rise April 9 and then have a break for Easter — I'm told that very shortly after the Easter break is when we can expect to have information that we can share with you at that time.

My commitment to you would be as soon as physically possible, as soon as I get that information to share it with the opposition.

Mr. Quennell: — My understanding about fractional ownership in mines and minerals might be in . . . If I'm wrong that's as good as anything, because then I can be corrected and we can still have the elucidation for the use of the record and for the public. But I take it that there is now currently no real provision to allow different persons to have shares in ore deposits or oil deposits. And this is to allow different persons, corporations or individuals, to divide up the mineral title under a section, piece of land. Is that correct? Am I even close?

Ms. Hillman-Weir: — There actually is currently no restriction on the size of the fractional share of ownership in a mineral title. And what we've heard from the resource sector and people involved in that industry is that sometimes those fractional shares become so small and there's so many numerous owners that it's difficult to deal with the many owners when it comes to leasing or pursuing activity on those properties. And so one of the requests that we've received from that sector is to impose a reasonable limit that would make it more manageable, and encourage and allow more activity in that sector in Saskatchewan at a lower cost to the industry.

Mr. Quennell: — So in fact this would be potentially a limitation on my ability to dispose of mineral rights, to split them up in too many different proportions.

Ms. Hillman-Weir: — Yes, and the fractional restriction will be established by regulation and will be arrived at through consultation with stakeholders and industry representatives.

Mr. Quennell: — Now a question that's sometimes asked about legislation is who asked for it. Is it the industry that asked for it — the oil, gas, and mineral industry?

Ms. Hillman-Weir: — Yes.

Mr. Quennell: — Okay. So the industry as a whole sees a problem. Obviously some of the individual players do split up their holdings into too small amounts. So there's going to be a tension between what the industry as a whole wants and some of the players in the industry want? And the government's going to have to work those out before it sets the actual fractional limits?

Ms. Hillman-Weir: — It's hard to say and . . .

Mr. Quennell: — Is any of that discussion going on, or is that discussion going to wait for the enactment of the legislation?

Hon. Mr. Cheveldayoff: — I have talked to the Minister of Energy and Resources about this, and he has brought forward concerns that were brought to him by the industry, and I believe that numbers in the fractional range of one-sixteenth to one-twentieth is what there seems to be some agreement on. So that's an area where he feels that the industry does have that agreement and that's the type of regulation they'd be looking at going forward.

Mr. Quennell: — I noted in the minister's remarks — to return to the title assurance question — that the advice of the Law Society of Saskatchewan and the Canadian Bar Association was sought. This is not exactly on line with what's being proposed here. It isn't exactly on line with what the Law Reform Commission of Saskatchewan or even the Law Reform Commission of Manitoba recommended. I appreciate it addresses the same concerns. I take it that the Law Society of Saskatchewan and the Canadian Bar Association, Saskatchewan section, were largely in favour of what is being recommended or has now been recommended to the legislature?

Hon. Mr. Cheveldayoff: — Thanks for the question. I am told by officials that yes, indeed, that is correct, that the Law Reform Commission has been consulted and is supportive.

Mr. Quennell: — It would be the Law Society because . . .

Hon. Mr. Cheveldayoff: — Law Society.

Mr. Quennell: — I think the Law Reform Commission's recommendations might have been a little bit more sweeping on the title insurance side. Is that fair to say?

Hon. Mr. Cheveldayoff: — Yes.

Mr. Quennell: — But intending to address the same issues. I'm not being critical of the government's decision not to accept those recommendations. I think those are all my questions.

Hon. Mr. Cheveldayoff: — Thank you, Mr. Chair. If I may just wrap up. Thank you to the member for his questions. And also thank you to him and his colleagues for their speeches regarding this important Bill. We again, to reiterate, look forward to bringing additional legislation before the House and before the member, and we'll make sure we do that in a timely manner.

Thank you to you, Mr. Chair, and to my officials, and I appreciate the opportunity to bring this Bill before the legislature.

The Chair: — Seeing there are no further questions or comments, we'll move to clause 1, short title. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 25 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent

of the Legislative Assembly of Saskatchewan, enacts as follows: Bill No. 57, *The Land Titles Amendment Act, 2008*. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. I would ask a member to move that we report Bill 57, *The Land Titles Amendment Act, 2008* without amendment.

It's been moved by Mr. Weekes. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — And that is carried. And I want to thank the minister, Mr. Cheveldayoff, and his officials for appearing this evening and answering all the questions. And we will take a short recess while we wait for the next officials to arrive. Thank you, Minister.

[The committee recessed for a period of time.]

The Chair: — Committee members, we'll continue for this evening. We have the Minister for Crown Corporations again with us. And there's a number of different officials from different Crown corporations, so before we get to the individual votes, I think I'll just ask the minister, Minister Cheveldayoff if he could just introduce all the officials that are with him here this evening.

[20:30]

Hon. Mr. Cheveldayoff: — All right. Thank you, Mr. Chair, a pleasure to be here before the committee this evening. I'm joined by Ron Styles, president of CIC; Doug Kelln, president of SaskEnergy, Ms. Pat Youzwa, president of SaskPower. And behind me are Blair Swystun, senior vice-president and CFO [chief financial officer] from CIC; and Mr. Greg Mrazek, CFO from SaskEnergy.

And also in the seats, looking like MLA [Member of the Legislative Assembly] wannabes is Sandeep Kalra, VP [vice-president] finance, SaskPower; and Mr. Kevin Doherty, VP corporate relations. I should just mention that both VPs are new to SaskPower and new to our province. Kevin is returning, and Sandeep is here fulfilling the role of VP finance, and they're both off to a great start. It's good to have them here, and thank you for the opportunity to introduce all.

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

The Chair: — Thank you, Minister. I think what we'll do this evening, members of the committee, you can find the votes on these items — although there's not technically a vote by committee members — beginning on page 166 of the Estimates. These are the lending and investing activities of the various Crown corporations. And I believe we'll just start on the list.

We have Saskatchewan Opportunities Corporation, vote 154; this is loans (SO01). It's a statutory vote in the amount of \$18.3

million. And Mr. Trew has some questions. Mr. Trew.

Mr. Trew: — Thank you very much, Mr. Chair, Minister, and officials. Welcome all, and I mean it sincerely. And I know that the officials who have some seniority won't mind my saying a special welcome to the two who it's your first time here. And I hope that your stay in Saskatchewan is long and that you're able to contribute and that we're able to contribute to your quality of life as a province. So I'm delighted that you're all here.

Minister, Opportunities Corporation, can you tell me what the money is being spent on or borrowed for?

Hon. Mr. Cheveldayoff: — Right, thank you, thank you for the question. As the member I'm sure knows, the Saskatchewan Opportunities Corporation operates the research parks in Saskatoon and Regina. The money we're looking for here, \$18.3 million in '09-10, will be used for the completion of the Regina Research Drive. The building number two is nearing completion and needs additional funds for that.

We have infrastructure projects in Regina, tenant improvement projects, and the further advancement of design for new development once the suspension of new building development activities has been lifted. So we're in a situation where the research parks are growing. They're full. They're moving forward, and the money that's needed is in keeping with an average budget estimate for SOCO [Saskatchewan Opportunities Corporation].

Mr. Trew: — Thank you, Minister. I actually had an opportunity this past weekend to drive by that new building. I was out on the university campus on a different matter — a happy one — but the building looks very impressive on the outside, and I'm very confident that it will be built to the same standards as the other ones in the Regina Research Park there.

The money that is being borrowed — I'm just looking I think for a confirmation, or tell me where I've got it wrong — this money comes back to the corporation in the form of operating grants and that sort of thing. It doesn't just disappear. It comes back and then comes back into the treasury.

Hon. Mr. Cheveldayoff: — That is indeed correct. The money, the rents, comes back into the treasury. And yes, that's a confirmation of that question.

Mr. Trew: — No, that's all I was looking for, Minister, and I thank you for that. And I know that the research parks, Saskatoon being the older of the two, the more senior of the two parks, but both of the research parks I know have just over the years provided a tremendous return for the people of Saskatchewan. And just when you think that they've sort of topped out, they find new ways of multiplying the returns. The research is so incredibly important and particularly, I think, in the area of petroleum research. But I don't say that to diminish the Saskatoon research park because it has done an amazing amount of work over the years. So I guess that's sort of my declaration of support for that work, and I thank the minister for those responses.

Hon. Mr. Cheveldayoff: — Thank you to the member. Just to comment, SOCO, the Opportunities Corporation, works closely

with the universities, the respective universities, the U of R [University of Regina] and the U of S [University of Saskatchewan], and indeed the board is comprised of members that are put forward by those two universities. And they do very well in ensuring that that leading edge research takes place there and that there is a critical mass in a very, very concentrated area undertaking that research. And I hear time and time again of the benefits of being located there, and we look forward to continued positive benefits from that institution for our province. Thank you.

The Chair: — Seeing no further questions, we will take that vote 154, loans (SO01) statutory in the amount of \$18,300,000 has been considered by this committee.

[Vote 154 — Statutory.]

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

The Chair: — And we will move on to Saskatchewan Power Corporation. This is vote 152, loans (PW01). It's also statutory in the amount of \$598.7 million. And before I get to Mr. Trew, if there are any, Minister, if there's any of your officials that will be assisting you in answers and speaking on the record, could you just have them, because of the number of officials that we do have, if they could just identify themselves in their first answer. And, Mr. Trew.

Mr. Trew: — Thank you very much, Mr. Chair. Again SaskPower nearly \$600 million, as close as darn is to swearing — darn — can you tell me, Minister, what the money is being spent on?

Hon. Mr. Cheveldayoff: — Thank you very much for the question. Indeed it's something that, you know, we take great pride in the budget that is coming forward for capital in SaskPower, It's a record volume, a record number, and it's something that, you know, we are very, very excited about because of the growing economy in the province and the need to meet the needs of that growing economy.

We can certainly, you know, go through all of the information. I can talk about several of the highlights. But we're going to be entering a new phase here where we're going to be looking at record growth in the province, and much of the transmission has been built in the '50s, '60s, and '70s. And we need to refurbish and also look at new generation going forward.

I can just very generally talk about some of the areas that we're going to be looking at providing capital towards. There's a transmission line from Poplar River to Pasqua, from Coronach to just east of Regina, something that will benefit southern Saskatchewan. We're looking at the spillway upgrade to Boundary dam power station. We're looking at an overhaul of Boundary dam power station number two. We're looking at building transmission lines for the much of the growth that's taking place in the Yorkton area regarding the James Richardson International and Louis Dreyfus canola crushing plants that are happening there.

We've got a transmission line in the Agrium-Vanscoy area. Also at the very site that I was able to make the announcement at the Queen Elizabeth power station unit 2, there's an overhaul happening there; the E.B. Campbell hydroelectric station. There's a refurbishment in the North, and we know that much of the growth that's taking place in our province is in northern Saskatchewan. We have a refurbishment of the Island Falls hydroelectric station and also some line upgrades there as well.

I think that covers a lot of them. There's Poplar River power station, the ash lagoon expansion, and also new-generation that will happen in Queen Elizabeth in the North Battleford area, and also at the Ermine switching station. So that very briefly gives you the highlights of what we're looking at as far as capital construction and refurbishment.

Mr. Trew: — Thank you, Minister. About 300 megawatts of new in total — I'm going by memory — is that accurate?

Hon. Mr. Cheveldayoff: — Three hundred and forty megawatts so the member's very close in his estimate — 340 between North Battleford, Queen Elizabeth, Saskatoon, and Ermine.

Mr. Trew: — And that's all new-generation capacity, new to SaskPower?

Hon. Mr. Cheveldayoff: — Yes. That's right, new-generation capacity.

Mr. Trew: — And this is build, own, operate, SaskPower.

Hon. Mr. Cheveldayoff: — Yes. It's entirely build, own, operate in these circumstances.

Mr. Trew: — Congratulations. I know, Minister, you're looking surprised, but I recall about a year ago you saying that you were not going to build, own, operate electrical generation. But I'm pleased. I don't want to beat the government up or anybody up on this, but I know that this would have been done because the business plan would dictate that's the way to do it. If not, knowing the ideology of the government, it would not have been build, own, operate by SaskTel.

Hon. Mr. Cheveldayoff: — Well to further answer the question, certainly the member may know that very quickly on becoming government and becoming Minister of Crown Corporations, we had some important decisions to make on a very, very short timeline because of, well, 2011 being an election year and not many major decisions were made. And I think all senior executives at Crown corporations and through government want to wait till they have some indication of what that new administration would look like. On becoming a minister and our government looking at the situation, we very quickly realized there was short-term, medium-term, and long-term decisions that had to be made. It was very evident that our economy was leading the country in growth and has continued and even increased in that stature, and very important to us is not only to ensure that the generation is there in the long term but also in the very short term.

[20:45]

So having gas powered generation is something that we could make a quick decision on. It enables us to meet our commitment to provide safe and reliable power.

And it addresses the idea of ideology because I would submit that we're not driven by ideology here at all. When it makes sense to have SaskPower build, own and operate, we'll do that. But where it does make sense, where we reach out to partners in the private sector, we will surely do that. And that's what we're doing in some of that short- to medium-term projections where we're looking at requests for proposals. We're asking the private sector and their companies and their shareholders to come into Saskatchewan and to help us meet that growing demand for power.

So we'll look at all options as far as ownership models going forward, and I think I'm comfortable with that, and I think the people of Saskatchewan will be comfortable with that.

Mr. Trew: — Thank you, Minister, Mr. Chair. Minister, SaskPower is borrowing . . . Can I call it 600 million? I know it's 598.7 million but for purposes tonight, can I just round it up a couple of million dollars to 600 without offending you?

Hon. Mr. Cheveldayoff: — Sure.

Mr. Trew: — Okay thank you. SaskPower's borrowing very close to \$600 million. Who is going to be paying that back? How does that borrowed money get paid?

Hon. Mr. Cheveldayoff: — Well what we have here with SaskPower is a corporation that is tasked with addressing the growth that our province is undertaking, and in doing that, there's some benefits and there's some challenges as well. The benefits of having a growing economy in our province means that . . . and in this case the factual number is 7,400 new connects onto the SaskPower grid, becoming SaskPower customers, that will indeed enhance the capital asset base of SaskPower. What we're seeing right now is a corporation that has a base of about \$4.5 billion, and it's going to be growing. And I'm told in the neighbourhood in the next 5 to 7 years, we're looking at a corporation that'll have a capital base of some \$16 billion.

So not unlike what's happening in the private sector, but to be sure, the growth is reflected right here in this corporation. So as the borrowing increases, so does the capital asset base of the corporation. And I know that the member has some questions about the debt/equity ratio, and I can tell him that indeed those ratios are maintained and will be very strong going forward because of some of the decisions that we've made as a government.

Mr. Trew: — Thank you, Minister, Mr. Chair. Minister, do you have a view respecting what is an appropriate equity level for SaskPower?

Hon. Mr. Cheveldayoff: — The industry average is in the 60 to 70 per cent range, and all Crown corporations operate within debt/equity ratios that are governed by industry standards. Some are in the margin. Some are below those debt/equity ratios. I'm very comfortable in a growing corporation like SaskPower to have an aggressive debt/equity ratio, and I'm told that the

debt/equity ratio in 2008 was 60.7 per cent, and that will be increasing to 62.5 per cent in 2009.

So a small increase, but when you're talking about asset base in the billions, it is an increase nevertheless. But the long-term target for debt/equity ratio is about 60 per cent, and that's the target that you like to maintain. There are times when it is a priority to grow and to expand and when you're in growth mode to see that go above the 60 per cent. But I'm told within the 60 to 70 per cent debt ratio is something that is very well accepted within the industry.

I also have some numbers from Manitoba Hydro and from BC Hydro that provide some context for us here. And as members will know, I had a chance to go to Manitoba and talk to members there, and talk to the minister in charge of Manitoba Hydro. And they operate on a debt/equity ratio of about 77 per cent. So they realize that they're outside of that industry norm of 60 to 70 per cent, but it's because they're being very aggressive on hydro. And they benefit from some of the decisions made earlier by their governments in the '60s and '70s to be aggressive on hydro.

BC for another example, BC Hydro is at a debt/equity ratio of 70 per cent. So again they're at the top of that 60 to 70 per cent level. But again if you're in growth mode and you've got more customers coming on — and in Saskatchewan we know that many large industrial customers are coming on to the line — that will help SaskPower and that will help them certainly meet this increased debt load.

Mr. Trew: — Thank you, Minister, Mr. Chair. Minister, you said that SaskPower's debt/equity ratio is going to 62.9 by the end of this year.

Hon. Mr. Cheveldayoff: — 62.5 by the end of '09.

Mr. Trew: — 62.5, okay. Except it's not okay, in that I have a written question, 321, where you said SaskPower's debt/equity ratio is to be 63.4. Oh what date did you say, because this is December 31, 2009 — 63.4.

Hon. Mr. Cheveldayoff: — This will be end of calendar year '09. I don't know offhand where the other number . . . I'm suspecting it would be for the end of the fiscal year, possibly, or the end of March 2010 if that's indeed the case.

Mr. Trew: — My question, written question 321, asked the government the following question, which was answered by yourself: "To the Minister of Crown Corporations: (1) What is the expected debt/equity ratio after all borrowing in the 2009/10 budget is taken into account for . . ." And I listed the Crowns, but number (3) was SaskPower. And the answer written is "SaskPower's debt/equity ratio is 63.4%."

Hon. Mr. Cheveldayoff: — I'm told by officials that they will have to recheck those numbers and look at the exact timing specifications, but there seems to be a discrepancy between 62.5, and I believe your number was 63.4 that you indicated was answered in that particular question. So we'll undertake to get that information as soon as possible.

Mr. Trew: — Thank you, Minister. I just want to point out, it's

not my number. Both of these numbers are your numbers.

Hon. Mr. Cheveldayoff: — As I've indicated, I'm taking your word at it. There's a discrepancy and that will be addressed, and we'll make sure that the time period that was indicated is specifically outlined.

Mr. Trew: — Okay. Does SaskPower do a return on investment of the money that is borrowed? Do they do a business plan that says, our ROI [return on investment] will be, and can you tell me what it would be in this nearly 600 million that's being borrowed?

Hon. Mr. Cheveldayoff: — Thank you very much for the question. Yes indeed, there is a complete business plan, and there would be a return on investment target of 8.5 per cent. And that has been the target throughout our administration and well back into the previous administration as well.

Mr. Trew: — Thank you, Minister, Mr. Chair. Now that's the global on the 600 million. And the reason I'm saying that is, I know there's \$10 million for replacing wooden power poles. There's no particular return. There might be some savings in that you don't have to send a crew out when, you know, there's a problem. But I don't believe that there's an ROI on that.

And I'm not being critical of it. I'm just saying it by way of understanding. Certainly for the 340 megawatts of new gas power production, I absolutely accept that the average ROI that you're looking for is eight and a half per cent. Can you help me, because not all of the borrowing goes to revenue-producing assets.

Hon. Mr. Cheveldayoff: — Thank you very much. Indeed the return is on equity. So we've got 40 per cent equity and 60 per cent debt, and that's how that is calculated.

You know, the return on replacing power poles and doing that, you know, much necessary maintenance is of course over time. When you defer maintenance, you end up paying for it on the bottom line. And when you make an aggressive stance towards maintenance and say you're going to dedicate \$10 million to power poles, there are intangibles. It's a little more difficult to calculate the exact return, but I think a combination of areas where you do enhance the return on equity as well as ensure that maintenance is done in a timely manner will well serve the corporation.

Mr. Trew: — Thank you for that, Minister. Mr. Chair, I'm done my questions.

The Chair: — I recognize Mr. Taylor.

Mr. Taylor: — Thank you very much, Mr. Chair. And welcome, Minister, and officials. It's a pleasure to see you.

Just in terms of borrowing, I guess a little better understanding the — well for lack of a better word — the terms under which borrowing is done. Can you explain the terms that the borrowing is done, what sort of a repayment plan you might have in place, what kind of interest rates are being charged.

[21:00]

Hon. Mr. Cheveldayoff: — All right. Thank you very much for the question. SaskPower's borrowing is done on a long-term basis, and it's done by the Department of Finance. And indeed it's done on a 20-year term as a rule, and prevailing market rates for the debt right now is about four and three-quarter per cent. It's done for economies of scale through the Department of Finance to ensure that rates can be as low as possible, and it's not done all at once either. It's done on a basis of making sure that the capital markets can absorb that debt and done on a basis where judgments are made when to be aggressive into the debt market.

Mr. Taylor: — In that case, is the Department of Finance doing it for all CIC projects at the same time? Or is it specific to SaskPower at once, SaskTel at another occasion or, as you say, on a need-to-go basis? Is it done in general?

Hon. Mr. Cheveldayoff: — Thank you very much for the question. Indeed the answer is that it varies depending on cash needs. It could be done specifically for a very large corporation like SaskPower on an individual basis, or it could be done having several corporations go together and ask for the borrowing needs to be addressed by the Department of Finance. So indeed it can go either way. Most of what I've seen since I have become minister is dedicated to a particular corporation.

Mr. Taylor: — But certainly what we're seeing now, and with the growth projections that you've indicated, we're seeing more Crown borrowing anticipated this year, next year, and the year after than we've seen for quite a number of years. Knowing that, is the Department of Finance preparing for, sort of, multiple borrowings over the course of the year or single borrowings based on the CIC requirements?

Hon. Mr. Cheveldayoff: — Thank you for the question. Indeed there's more attention now on the Crown corporations and the debt and the self-servicing debt that we do have. Part of the reason is because of the debt reduction that has taken place on the GRF [General Revenue Fund] side. Certainly we've made substantial progress on that regard.

When we do Crown debt, it's always done on a multiple basis over a year and it's usually done in a tranche of 50 to a \$250 million; \$250 million would be the cap. And depending on the terms available and the capital markets again, it's something that the officials at Finance are expected to be very judicious on and ensure that the best rate possible is obtained for the government and for the Crown corporations.

Mr. Taylor: — Tell me, Minister, if borrowing is done in Canadian dollars or US [United States] dollars.

Hon. Mr. Cheveldayoff: — The vast majority of the borrowing is done in Canadian dollars. It wasn't always that way. Back in the early '90s, it was done in American dollars as well, and there have been times when it's been done on the European markets as well. But when it's done in Europe, there's usually a hedge that accompanies it to ensure that you don't have the currency fluctuations with the Canadian dollar. But today for the most part, it is done in Canadian dollars.

Mr. Taylor: — Minister, currency exchange is not a critical factor in the business plan. And I'm assuming if they're done in

Canadian dollars . . . You talked about the capital markets. Certainly world capital markets have changed substantially in the last 12 months, anticipating any challenges borrowing in the markets as they are today?

Hon. Mr. Cheveldayoff: — Thank you. It's been done in this manner since . . . Well in the late '90s and the early part of this decade, it was done with some US involvement, but the vast majority has been in Canadian dollars. And going forward we don't anticipate any problems whatsoever. I've met with some of the debt issuers and talked about our needs going forward, and indeed they're very impressed with the Saskatchewan economy and the backing that can be given to those debt issues.

Mr. Taylor: — Just two other questions, and forgive me for going on about this. Obviously you can see, although we're under SaskPower on our agenda and my questions are related to SaskPower borrowing, it is CIC borrowing and it could apply to the next items as well. So I won't be asking the questions a second, third, or fourth time. I'm just wondering if there was any analysis about, not just this year's borrowing, but the expectations, the anticipated CIC borrowings in the future — a big part of it is under SaskPower — any analysis done on how the borrowing might affect the province's credit rating?

Hon. Mr. Cheveldayoff: — Thank you for the question. Indeed credit ratings are very important to the Government of Saskatchewan and to the Crown corporations. It's something that's examined on a yearly basis to ensure that debt is indeed self-sustaining. And that's why in earlier answers to questions I talked about the many new customers coming to SaskPower and the ability to finance a larger debt portion.

Although debt/equity ratios are very important and that's why in giving the comparisons to other companies like Manitoba Hydro at 77 per cent, BC Hydro at 70 per cent, we're in that 62 to 63 per cent range, and that's something that we feel is quite manageable, is within industry norms, and it's something that we will be talking to bond rating agencies about going forward.

Again, you know, the growth of the Crown corporations and the accompanying growth in debt that works with it is something that will be of higher relevance to the bond agencies, and it's something that we will be working in conjunction with the Department of Finance on. It's positive though to see on the GRF side that we are decreasing that long-term debt and being able to address the needs of growth in our Crown corporations.

Mr. Taylor: — And, Minister, one last question from me at this time and it has to do with the dividend. You have indicated for SaskPower there'd be no dividend paid this year. The funds that would normally go into a dividend are being reinvested. Your comments at a meeting that I attended with you in North Battleford were that there may not be a dividend the year after or even perhaps the year after that. No decision's been made yet, but there could be no dividend paid for a couple of years.

Have you done any long-term analysis generally through the Crowns about the effect of the borrowing on the dividend generally, and what is your thought on the payment of dividend from CIC to the GRF in future years?

Hon. Mr. Cheveldayoff: — The primary concern that I've had

since becoming minister is the infrastructure needs of the Crown corporations, and clearly they're very, very large. They're beyond just being able to self-sustain it by the corporations. So I very much wanted to be in a position where we could make an announcement such as this, where we could reinvest dividends back into the corporation. To do that in a prudent manner would entail doing it on a yearly basis. And we can see our way to do that this year. We don't know what the entire financial position will look like going forward. Indeed we are doing projections, and it's the first time within SaskPower, certainly to my knowledge or from what I've heard from officials, that we are doing 10-year projections out to look at what our needs are going to be.

As far as capital goes, we're looking at capital needs of about \$5 billion in the next five years, and we will ensure that that's done within the acceptable range of debt and equity. And it's my intention as minister to hopefully see our way to suspend dividends for a longer period of time. But we anticipate making those announcements on a year-by-year basis going forward.

Mr. Taylor: — I said that was my last question but you just prompted me to think of one other last question.

Hon. Mr. Cheveldayoff: — All right.

Mr. Taylor: — Anticipating \$5 billion worth of investment required, how much of that will need to be borrowed? We're looking at this 600 million this year. What are your anticipated borrowing requirements in the next four years?

Hon. Mr. Cheveldayoff: — The debt/equity ratio that overall governs the operation will be something that we will maintain. That 60 to 70 per cent debt/equity ratio that I mentioned earlier will apply and going forward, so each year as we look to do our capital outlay, we will look to borrow between 60 and 70 per cent to finance that.

At the same time that that is happening though, the capital asset base of the corporation is indeed growing. You know, if it was a private corporation, the shareholder value of the shares itself would be growing. In this case, since all Saskatchewan residents own it, their asset is also growing as well as taking on additional debt, and that's the 4.5 billion to \$16 billion number that I brought forward before. Because of aggressive growth and because of aggressive intake of new customers, SaskPower will be a growing corporation. They'll be a growing asset for the people of Saskatchewan.

Mr. Chair, if I could I'd like to address an earlier question by Mr. Trew regarding the debt/equity ratio specifically for SaskPower. And thank you for providing the information here as well. On a calendar basis for 2009, January 1 to December 31, the debt/equity ratio will be 62.5 per cent. On a budget basis from '09-10 budget — and that's what question 321 refers to — that debt/equity ratio will be on the 63.4 per cent basis. So a difference of point nine per cent.

And in what is happening there, again 2010 will be a very aggressive year for SaskPower as well, And we'll be undertaking aggressive capital build-outs and we'll see an increase in that debt/equity ratio to 63.4 per cent. The difference in the numbers here of course is that one-quarter in 2010 in the

latter number. So I hope that clarifies things.

The Chair: — Mr. Trew.

Mr. Trew: — Thank you, Mr. Chair. Actually now I'm every bit as confused as I ever was, Minister. If I heard you correctly, you said that the 63.4 was in the operating year to March 31, or that the question was to March 31, you know, the fiscal operating year of the Crowns and that the answer, 62 point — what was it? — 62.5 was to the end of the calendar year.

But the written answer said, using the date, December 31, 2009, which is the year-end for the Crowns. And then it lists the projected debt/equity ratios and SaskPower's debt/equity ratio is 63.4 per cent. That's at December 31, according to the written answer. So I'm very confused by your very recent edification.

[21:15]

Hon. Mr. Cheveldayoff: — There'll be no contextualizing here. But what we have here is a question from you that asks specific questions regarding several Crown corporations. And I can see where there might be some confusion here because the answer to no. 1 regarding SaskTel specifically outlines a date of December 31, 2009. The nos. 2, 3, 4, 5, and 6 that do not specify a specific date are done referring to the date that you asked in your question of 2009-2010.

So indeed I will go back and reiterate: January 1 to December 31, 2009, 62.5 per cent; April 1, '09 to March 31, 2010, 63.4 per cent. I can certainly see where the confusion comes because of the multiple questions asked, but I think it's quite clear now.

Mr. Trew: — Mr. Chair, Minister, it is crystal clear now. And thank you for that last explanation because that does show that SaskTel, question 1 is one answer, and the others are based on a different time. And that's not clear in the written answer, but it is crystal clear now — indelibly. So thank you.

The Chair: — I recognize Mr. Yates.

Mr. Yates: — Thank you very much, Mr. Chair. I have two questions. One, we have 7,400 new connects to SaskPower and we're looking at a borrowing of approximately \$600 million this year. My question goes to, what can the both residential and commercial consumers in the province of Saskatchewan expect for a rate increase as a result of this borrowing, if any? And over what period of time do you expect to amortize this investment?

Hon. Mr. Cheveldayoff: — Thank you very much for the question. Of the \$954 million in capital expenditures, about 400 million of that is for power generation. That is amortized over a 25-year period.

Transmission — we're looking at expenditures there to be amortized over about 30 to 40 years, and that's the time indeed that it will take, you know, customers to contribute to the overall capital needs of the corporation. It will be amortized again in 25 years on the power generation side and 30 to 40 years on the transmission side.

Mr. Yates: — Thank you very much, Mr. Chair. The second part of my question was, what would the consumers expect to see as a rate increase, if any, as a result of this borrowing?

Hon. Mr. Cheveldayoff: — Thank you very much for the question. Rates are determined on three areas primarily — the operating costs, the costs of financing, and depreciation of the assets which is done over the life of an asset.

We'll have many factors at play here. We'll have certainly increasing sales that are taking place because of the growth and because of the aggressive capital expansion that takes place, and sales volumes will increase to help pay for that.

Going forward it will be analyzed on a yearly basis; whenever possible we try to analyze the needs and the need for rate restructuring in a yearly basis. But what we've seen here over the last couple of years, indeed in 2007, the previous administration did not see fit to apply for a rate increase. It's been done on a yearly basis, but we're faced with a situation now where we haven't had a rate increase for about 26 or 27 months.

The rate review panel . . . The rate request before the panel right now is 13 per cent and that is done over that 27-month period. So indeed it is a long period of time. And also you know, to be fair, there was the election in the middle of that time period. And we know that the large decisions around the time of elections aren't always taken in an immediate fashion, and that was the case by the previous administration.

So going forward, it'll be done on a yearly basis and we'll ensure that those costs or those increases are as low as possible. And that's why we're looking at all types of generation to ensure that we can get the best cost available for Saskatchewan consumers and SaskPower customers.

Mr. Yates: — Thank you very much, Mr. Chair. We have heard from the minister that we're going to see approximately \$5 billion over the next five years, and a lift from apparently about 4.5 billion on the base to 16 billion over an extended period of time. I didn't quite catch how many years. But surely in your business plan in this development you need to have factored in, in order to deal with this increased debt, some increase in the rates in order to deal with it.

And I can't believe you would have put a business plan forward without at least some projections and analysis looking at what the needs are going to be and what the rates would be outgoing. If you have projections, as an example that we're going to have \$5 billion over the next five years and 16 billion over a period of time on the base, you must have some projections.

And what can consumers expect to have to pay for power as a result of these capital investments next year and perhaps five years from now or 10 years from now?

Hon. Mr. Cheveldayoff: — Thank you for the question. I can assure the member that my crystal ball is not entirely clear on this one. I wish it was, and I would be doing things probably differently than I am today if I could see the future. But there are a tremendous amount of variables going forward.

What we can do is estimate what the needs are going to be by canvassing our major customers, industrial customers. And that's something that SaskPower is doing on a more aggressive basis than ever before. We have seen projections of 3 to 4 per cent on an annual basis. And that is something that, you know, we haven't seen in this province before. The projections earlier were in the, more the 1.6 to 2.1 per cent range.

But the other variables include the cost of fuel, the cost of the gas, the decision of how much gas we do use for power generation. Certainly the debate in this post-Kyoto era is something that we have to look at going forward. Many decisions are going to be made going forward as far as carbon and the price that carbon will add to the bills of SaskPower customers. Some of that will be done at the federal level. Some of that will be done in the international level at Copenhagen in December. So many, many variables.

And it's very difficult to determine with any accuracy exactly what rates are going to look at. I've said before in the House, and I'll say it again here, that any type of generation that we have going forward is going to indeed cost more, because it will cost more than burning coal the way we've done in the past. And I know previous ministers, Mr. Nilson when he was minister, certainly indicated that people will pay more for that generation.

But our commitment is to keep those rates as moderate as possible and to try to have increases, when necessary, to be done on a regular basis. Again the last increase wasn't for 27 months, but we're going to try to keep it regular and try to keep it as cost-effective as possible. And to this point we've been able to do that when we judge ourselves against other jurisdictions that rely on carbon-based energy production.

The Chair: — Seeing no further questions on this matter, Saskatchewan Power Corporation, vote 152, loans (PW01), this is a statutory amount in the amount of \$598,700,000 and that has been considered by this committee.

[Vote 152 — Statutory.]

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

The Chair: — We will now move on into Saskatchewan Telecommunications Holding Corporation, vote 153. This is loans (ST01) statutory in the amount of \$150,000,000. Mr. Trew.

Mr. Trew: — Mr. Chair, Minister, SaskTel Holding is borrowing \$150 million. That's not chump change. Can you tell me what SaskTel is going to be using \$150 million for?

Hon. Mr. Cheveldayoff: — Thank you very much for the question. With the Chair's indulgence I'll just ask the member, I would like to release the SaskPower officials, if that's indeed okay, going forward.

Mr. Trew: — If I can just . . . Thank you. With the minister and the Chair's indulgence, I want to thank Ms. Youzwa and

the other SaskPower official, and thank the minister for his dealings with the SaskPower estimates. So thank you.

Hon. Mr. Cheveldayoff: — Thanks very much. And to the member's question regarding SaskTel, SaskTel estimates borrowing about \$150 million, primarily to support capital programs within the province. SaskTel's \$329.1 million capital plan includes the rural infrastructure program which will also receive some funding from CIC, but that's the program where we've made a commitment to provide high-speed Internet to 100 per cent of the province and increase cellular coverage to cover 98 per cent of the population in the province. A very aggressive build-out, and will indeed increase the borrowing needs of SaskTel.

We're also looking at the wireless network technology transition, where we're going to be deploying the GSM [global system for mobile communications] network. We're moving from CDMA [code division multiple access] network in SaskTel to GSM, to ensure that SaskTel can provide the latest products and can do so in a manner that's consistent with other jurisdictions across North America and across the world. That is a capital intensive, but again, SaskTel has been at the forefront and will continue to do so going forward.

[21:30]

Also digital interactive video — the Max program — will be receiving some financing as well from capital borrowing. Max is a program that's very popular across Saskatchewan. In fact I'm always surprised when I go to the SARM [Saskatchewan Association of Rural Municipalities] convention. I hear from communities across the province, and they ask when the Max provision will be coming to their community.

With the growth that's taken place in Saskatchewan, and the movement, I think, of people from the Calgarys and Edmontons and Winnipegs of the world to rural Saskatchewan, and the advent of high-definition technology, that's another area where Saskatchewan residents are going to want SaskTel to be quite aggressive. The borrowing is largely undertaken to address those three topics.

Mr. Trew: — Thank you, Minister. Can you tell me a little bit more about the timing of when high speed will be available, as you say, to all of Saskatchewan? I know we're dealing with this year's budget. But is it a one-year effort or multi-year effort to get that high speed to all? And then the same question with respect to the 98 per cent cellular coverage. And then I'm interested . . . Let's deal with that first and then I've got another question.

Hon. Mr. Cheveldayoff: — Right. We'll break it up into two areas. There's certainly the high-speed Internet. What we're going to have there is a satellite backup to ensure that topography and terrain restrictions that we often run into in Saskatchewan, they're a concern, but they can be overcome by having a satellite backup. We're just in the final stages of an agreement with a provider, and then we hope to make an announcement on that very quickly.

Our commitment to Saskatchewan people with the entire rural build-out program is to have it operating within three years of

that announcement. So definitely by 2010 on the high-speed Internet area, we want to make sure that that happens.

The cellular build-out, we're looking at some 50 additional towers. There'll be an aggressive construction this summer as well as next summer, so we've got them split up into two areas. But our commitment again is within a three-year time period to have those additional towers in place.

As we move from an analog system to a digital system, and we move from CDMA to GSM, there's going to be some challenges along the way. But in doing that, by expanding and by showing this commitment to the capital needs of SaskTel, I think people in Saskatchewan are quite excited about it and rightly so.

Mr. Trew: — Thank you. The GSM network, are you talking a three-year timeline on that as well?

Hon. Mr. Cheveldayoff: — Yes. That is a three-year time requirement there as well. The world is moving towards that network very quickly, and SaskTel will be very aggressive, ensuring that they are at the forefront of that network change.

Mr. Trew: — Okay. Thank you, Minister. I expect that'll take some further coin beyond what you've got budgeted this year, but I guess we'll cross that bridge once we get to it.

Hon. Mr. Cheveldayoff: — Yes, indeed it will take additional capital dollars. But I can tell you that in 2008, SaskTel had its most successful year ever on a financial basis. And that has provided some opportunities to be aggressive when necessary in ensuring that they keep up with the technology changes.

Mr. Trew: — Thanks, Minister. You spoke in, I thought, rather glowing terms about the Max system which my seatmate tonight — the member for Dewdney, Kevin Yates — and I were kind of shaking our head because it seems at odds with what we thought we were hearing from the now government when you were in opposition, and about SaskTel shouldn't be in the business of providing television, providing cable services. That's what we would have sworn we heard.

Tonight you spoke in very glowing terms about Max and its popularity and being at the SARM convention and councillors asking when it's coming into their neck of the woods. I didn't hear in that whether it's coming, whether it's in fact going to be expanding. And I'm providing an opportunity, Minister, for you to share what you might know in terms of SaskTel's Max services going out from the major centres.

Hon. Mr. Cheveldayoff: — Thanks very much for the opportunity, and I want to very much clarify where I feel my responsibility is as Minister of Crown Corporations and minister in charge of SaskTel. I believe my most important responsibility is to the people of Saskatchewan to ensure that services are provided and to provide it to as large a group of people as possible. And we've talked about being able to have record penetration into the high-speed Internet and also into cellular coverage.

It doesn't stop there. I want to ensure that Saskatchewan residents, no matter where they live in our province, have the

same ability to access the technological products that are out there to help them with their businesses, to help them with whatever they're doing on a personal basis. And now whether it's SaskTel or whether it's the other private providers — and certainly I've met with others and encouraged them to do more business in Saskatchewan — whether it's Access or whether it's Shaw or whether it's SaskTel, it doesn't really make a big difference to me, as long as we encourage all providers to provide that service to as many Saskatchewan residents as possible.

Certainly I've made the indication to private providers when I've talked to them personally about wanting to know where their direction is, where they want to invest in this province. And I think between the private sector providers and the public sector provider, we can ensure that we provide services of a higher quality than any other jurisdiction in Canada or in North America. And I think we're doing that right now.

And again I'm not ideologically bent on this, whether it's public sector providing or private sector. I want to make sure at the end of the day that Saskatchewan residents receive the best quality service. And I will do that by providing a business case when necessary for SaskTel to do it, and I will do it by encouraging those private sector providers to spend more of their shareholders' money in Saskatchewan in the fastest growing economy in the country. And I'm sure that both can happen at the same time — that shareholders can get a good return in Saskatchewan, can invest those dollars, and that SaskTel can make the business case.

Going forward on Max, it will be done on a business case basis, and it will be done in conjunction with other providers out there to ensure that people receive the best coverage possible.

At the end of the day, I'm quite comfortable as minister being able to say that that's what directs me, that's what governs me on a daily basis, and that's why I've been hearing a very positive response from people like SARM and SUMA [Saskatchewan Urban Municipalities Association] and people across the province.

Mr. Trew: — Thank you, Minister. The \$150 million borrowing this year, I know it's increasing SaskTel's debt/equity ratio from 27.3 to 36.6 per cent by your written answer to me earlier. I'm wondering, Minister, how you project that out in terms of SaskTel customers and their monthly billings. How is that 150 million going to be paid back?

Hon. Mr. Cheveldayoff: — Well thank you very much for the question. It certainly would be very similar to the answer that I gave in the SaskPower example, in that there are many variables going forward that have an impact on those rates. The difference with SaskTel is that it does operate in a competitive environment. It is governed by CRTC [Canadian Radio-television and Telecommunications Commission] to a certain extent in various areas, and the competitive marketplace will dictate what indeed those rates are.

Something that's very positive for our province going forward for example is the wireless spectrum auction. You know, there's positive and negative I guess when you're looking at it from SaskTel's point of view to acquire that wireless spectrum

auction. It cost us a little bit more money because of the aggressive bidding that took place, but what indeed that signifies is that the private sector is also looking to be very aggressive in Saskatchewan because of our growing economy and our growing population. So at the end of the day, that will spell good news for consumers because it'll be a competitive marketplace that will ensure that rates are kept as low as possible. But at the end of the day, Saskatchewan residents can be sure that SaskTel will compete for their business, and I am confident we'll do very well.

Mr. Trew: — Thank you, Minister. Mr. Chair, I just want to close the SaskTel portion by saying that I have long held the view that SaskTel is just the sweetest little telco in North America, and I hope that that continues for many years to come. It's been a leader in technology. It's been a leader in service provision. And I think the people of Saskatchewan have responded by making it just overwhelmingly their provider of choice of telephony services. And as I say, I just hope that that can continue for many years to come. That concludes, Mr. Chair, my SaskTel questions tonight.

The Chair: — Seeing no further questions, the committee has concluded its consideration of Saskatchewan Telecommunications Holding Corporation, vote 153, loans (ST01) statutory in the amount of \$150 million.

[Vote 153 — Statutory.]

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

The Chair: — Next on the list is Saskatchewan Water Corporation, vote 140. This is loans (SW01) statutory in the amount of \$33,300,000. Mr. Trew.

Mr. Trew: — Thank you very much, Mr. Chair. Minister, \$33,300,000 is a significant borrowing for SaskWater. Can you tell me what that money will be used for?

Hon. Mr. Cheveldayoff: — Thank you. Well SaskWater, as you know, addresses the needs of both residential customers and industrial customers, and that's what the corporation was tasked to do at the outset. Very much though a concentration towards residential build-outs is what SaskWater is doing and will be doing into the future.

There are some major, major industrial projects that they are addressing as well. And the industrial projects run up the capital need very quickly. So a large portion of that money will be spent on the industrial side as well in this particular year.

Mr. Trew: — Can you be a little more specific than “a large portion”? Is it half and half, or . . .

Hon. Mr. Cheveldayoff: — Thanks very much for the question. The vast majority of the money is on the industrial side. As I indicated, the industrial projects are very, very capital intensive. And it will be spent.

And the major industrial customer, the name of that customer is

not public at this time and has not yet received the approval to proceed. So the money is being put forward in anticipation of an agreement being signed with this particular customer, but that has not been done yet. The remainder of the money will be done to service residential needs across the province.

Mr. Trew: — Thank you. That's really not very specific at all. I'm looking for some dollars, Minister. I appreciate what you're saying about the major industrial customer not being named. But you know, is it \$25 million going into the industrial? And the balance . . . I'm just looking for some numbers there. Where is the money going?

Hon. Mr. Cheveldayoff: — All right. I'll be as specific as I can be. This particular industrial customer will be needing . . . The needs will be approaching the \$30 million mark. So the vast majority will be spent to ensure that the needs of this industrial customer are met.

And that's one of the concerns that we have going forward, that industrial customers can look to the private sector or look to SaskWater for very similar services. And the capital needs of large industrial projects are very, very onerous, but at the same time we're seeing increased need from the residential side. And that's why we're undertaking a review right now to see where SaskWater's expertise can best be used going forward.

Mr. Trew: — Thank you, Minister. I'd asked too about return on investment at SaskPower a couple of votes earlier. What's the ROI for this industrial project?

Hon. Mr. Cheveldayoff: — Thanks very much for the question, and it'll be a very similar answer to that which was provided under SaskPower. The return on equity would be about 8.5 per cent, you know, roughly in that range.

Mr. Trew: — Thank you, Minister. So then for the . . . Somewhere between my number now, the balance of the money, the 3 to \$4 million roughly that's going for residential hookups — what's the ROI there?

Hon. Mr. Cheveldayoff: — It would be a similar return expectation, approximately 8.5 per cent there as well.

Mr. Trew: — Okay. Thank you. Now the debt/equity ratio for SaskWater is going from 55.2 to 68.8 per cent. That's, you know, a 13.6 per cent increase in the debt/equity ratio. Are you concerned about that, Minister?

Hon. Mr. Cheveldayoff: — Thank you very much for the question. Well certainly, when you see an increase in the debt/equity ratio that is substantial, it is cause for concern. And one of the concerns is just the scope and magnitude of these industrial projects and how they impact the balance sheet of a modest Crown like SaskWater.

And indeed, going up to 68.8 per cent is very much at the upper range where we'd want to be. Our target for long-term debt ratio is about 60 per cent. But again, the size and the scope or the magnitude of something like this, this project, will have an impact on the economy of the province in a positive way. And you know, SaskWater has indeed committed to this particular project.

But going forward . . . And that's why we engaged Meyers Norris Penny to look at the options available going forward. And we'll be considering that study in the context as well of communities across the province and their concern that safe and reliable water has not been addressed for many, many years by the provincial governments of Saskatchewan.

So again, this particular project is large and does skew the debt/equity ratio. But you know, going forward, we will be looking at considerations to see how best to address the need of an ever-increasing profile of water in our province.

Mr. Trew: — I'm hearing that you're concerned. I'm hearing that a 68.8 per cent debt/equity ratio, SaskWater is near the upper end, or at the high end of where you would like the debt/equity ratio to be.

I think I'm paraphrasing a bit, Minister. I'm not trying to put words necessarily in your mouth. But benevolently, I will say I think I heard you saying that high debt reduces your ability to deal with other issues in that Crown. If you're packing too much debt it makes it difficult to respond to ongoing operational . . . or, heaven forbid, some crisis comes up. It makes it one more hurdle to react.

I'm not prejudging that SaskWater will be handcuffed and unable to respond to anything, but I am saying that this high debt/equity ratio really is a cause for concern. And I'm hoping that you're going to be dealing with that. Where do you see the debt/equity ratio being next year and the year after?

Hon. Mr. Cheveldayoff: — Well thank you very much for the question. And I'm glad to hear that the member is also concerned about the situation at SaskWater, and that's the very reason why we've undertaken the Meyers Norris Penny study. And what it indicates is that SaskWater can provide a valuable service on both sides — on the residential side, on the industrial side. It can do it quite well on the industrial side certainly. And we would like to do more of that if capital was available without bounds, but just by this one particular instance it shows what can happen to the debt/equity ratio of a modest Crown.

Like, we're very confident in this project going forward. It's got a very strong impact on the long-term finances of SaskWater. But then at the end of the day you have to ask yourself if this service can be provided by the private sector in the province. And it's certainly . . . And I think the member will agree that there is services provided there. Where is the greatest need for SaskWater going forward and how do you address that very significant need?

And that's what we're studying right now and we're using the Meyers Norris Penny study as a basis. But we're also looking throughout government as how we can address those needs on the residential side going forward.

Mr. Trew: — Thank you, Minister. It's interesting though. I've learned tonight that, I mean, this is significant coin put into I'll describe it as one basket — you know, \$30 million in one industrial project is the way I'm taking it. That's pretty significant. I'm sure hoping that the due diligence has been done on the eight and a half ROI . . . the eight and a half per cent ROI is real. And I'm not suggesting that it is not in that

comment. I just sure hope it's a solid proposal.

Hon. Mr. Cheveldayoff: — Well it is — to answer the hon. member's hope that it is a very strong proposal — but there's many others out there too. And at some point you have to make the decision whether you can address all of those needs or if you have to prioritize. And again that's indeed where we're going right now.

Mr. Trew: — Minister, can you tell me what the increased debt will do to SaskWater rates? There's clearly a need to deal with the debt that SaskWater has acquired — not all this year — that SaskWater's acquired over a number of years. But this is a significant jump this year. What's that do to the SaskWater rates in the future? I'm talking the near future. I'm not talking the next century. I'm talking the next short number of years.

Hon. Mr. Cheveldayoff: — Thank you very much for the question. And, you know, certainly because of the magnitude of this project, the vast majority of the new debt that's taken on will indeed be serviced by this particular project. Because those rates, the business case will be very strong and very solid and to ensure that there is a return and a marginal profit that can be made for SaskWater in this instance.

The other customers and certainly the residential customers, their rates will be governed more by operating costs and by the increases that take place on a more average basis. They will be done on a moderate basis as much as possible going forward, but again costs in this area are increasing and we need to look at how to best provide that service.

Mr. Trew: — Thank you. I think this is my last question, and it has to do with the individual SaskWater supplies. You have a number of communities that are supplied by SaskWater. But I'm going to say, an individual operation, what dictates any price changes in that one — pick one, any one — but that one operation? Is it based on, it's got three major pumps and one of them goes, so, you know, that's a major cost to SaskWater, ergo the rate's going to change? Or how do you determine when the water rates have to be adjusted?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. Interesting question. It's very much driven by the cost of service on an individual project. And for instance the distance that the water will be transported is certainly a large part of the cost, as well as the type of line, the type of construction that is necessary. Also, the origin of the water. Is it potable to begin with? Is it non-potable water? Those are all variables that have a tremendous impact on the overall price.

And again, SaskWater tries to do it on a break-even basis, or to generate a very, very modest profit, and that's governed by the entire cost of service on an individual basis.

Mr. Trew: — Thank you. Thanks, Minister. That concludes our questions on SaskWater for this evening.

The Chair: — Seeing no further questions, the committee has concluded its consideration of Saskatchewan Water Corporation, vote 140, loans (SW01) statutory in the amount of 33.3 million.

[Vote 140 — Statutory.]

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

The Chair: — We will move on to our final, I believe our final item on our agenda. This is SaskEnergy Incorporated, vote 150, loans (SE01), statutory in the amount of 218.8 million. Mr. Trew.

Mr. Trew: — Thank you, Mr. Chair. Minister, SaskEnergy has gone from \$53.1 million borrowing in 2008-09 to 218.8 in 2009-10. That's a better than fourfold increase in borrowing. Can you tell me what that money will be used for?

[22:00]

Hon. Mr. Cheveldayoff: — Thank you very much. Well in very general terms again, SaskEnergy is faced with both the good news and the challenges regarding a very much robust and growing economy in our province. New customer connections are at a record number, and the cost of servicing those connections requires a substantial capital outlay but again can very much contribute to the overall strength and the profits of the corporation going forward.

We will see a transmission expansion in the province, system improvements, storage development as well, and — you know, we can get into the specifics of each of these areas — business development initiatives such as flare gas capture, CO₂ pipelines and waste heat recovery.

In all, SaskEnergy is a very busy corporation addressing the needs not only of a growing province and increased number of residents, but also addressing the needs of a growing oil patch in Southeast Saskatchewan and a growing business community across the country. Again we will see the capital asset base of SaskEnergy increasing, and to necessitate that, some other borrowing will have to be done as outlined in this proposal.

Mr. Trew: — Thank you, Minister. I want to start by saying the flare gas initiative that I know SaskEnergy has been very active in that for a few years now, and I believe in conjunction with some of the work done at the petroleum research park here at the U of R campus, I just want to say, that is excellent work. It's important on all fronts, but we're in a time of what many of us see as an environmental crisis for the world, and I think it's important that we capture all of the flare gas we can and put it to a productive use as opposed to simply burning it off, and so congratulations on that front.

Storage, is this the storage just south of Regina being enhanced, or am I just dreaming that. You said you're spending some money on storage. Please tell me.

Hon. Mr. Cheveldayoff: — As much as I'd like to say, the member is just dreaming again as he sometimes does from his seat maybe in question period there, there actually is an element of truth to his question.

The storage includes the Regina, Landis, and Bayhurst areas.

And so indeed storage development is capital intensive, but it's something that SaskEnergy has done very well. We've had previous conversations about the high output storage, and as well as the other caverns that SaskEnergy has.

The member mentions the flare gas initiatives. And it's an area that I've had a chance to visit and to go out to Kisbey and to see it first hand. And you just can't help but think what a win-win situation both for the environment and for SaskEnergy and for those companies that choose to invest in it. Also very recently I had a chance to go to the University of Regina and talk about a \$300,000 initiative to get the impurities out of gases. It moves around the province. We're engaging the PTRC [Petroleum Technology Research Centre] and the expertise at the University of Regina to help us with that initiative. So it's a good partnership that benefits all.

Mr. Trew: — Thank you, Minister. Can you tell me what the top two or three spends are out of this \$218 million? Can you tell me what they are and the dollar amounts?

Hon. Mr. Cheveldayoff: — Thanks very much for the question. The new customer connects that I spoke of earlier are in the neighbourhood of about \$25 million, so a substantial part. The core capital, the core needs of the corporation itself regarding pipelines would be about \$56 million. And gas marketing itself, where we will purchase gas at advantageous prices and sell it later on at a profit, gas marketing in general is about \$75 million. So right there I think we're up to about \$150 million in those three general areas.

Mr. Trew: — Thank you very much, Minister. Mr. Chair, I think that concludes our questions on SaskEnergy. After you've done your business, if you'll recognize me briefly, I'd appreciate it.

The Chair: — Seeing no further questions, that concludes the committee's consideration of SaskEnergy Incorporated, vote 150, loans (SE01), statutory, in the amount of \$218,800,000.

[Vote 150 — Statutory.]

The Chair: — And at this time, I would recognize Mr. Trew.

Mr. Trew: — Mr. Chair, I thank you very much. I want to thank you for your diligence chairing the evening. But particularly I want to thank the minister and officials all for the contribution you make, not just tonight because I know that you all put in significant days and weeks and months on behalf of the people of Saskatchewan, on behalf of the government and governance, but for the greater good of all. And that work is genuinely appreciated although we don't always show it in ways that might be as credible as we would all wish it to be. But thank you, Minister. Thank you, officials.

Hon. Mr. Cheveldayoff: — Mr. Chair, to respond to the member, thank you for your questioning. It was done in a very professional manner, and most pleased to answer those questions. I hope they have helped you in doing your job in critiquing and analyzing the Crown corporations. And I think we'll both agree that by doing this, we're ensuring that those corporations are serving the people of Saskatchewan. So thank you to you and your colleagues. And thank you, Mr. Chair, to

all members.

The Chair: — Minister Cheveldayoff, I also want to thank you and your officials and the members of this committee. And seeing we're a little bit early from when we were scheduled to go, I would ask that a member of the committee move a motion of adjournment.

Mr. Reiter: — I so move.

The Chair: — It's been moved by Mr. Reiter that this committee adjourn. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried. This committee stands adjourned. Thank you.

[The committee adjourned at 22:08.]