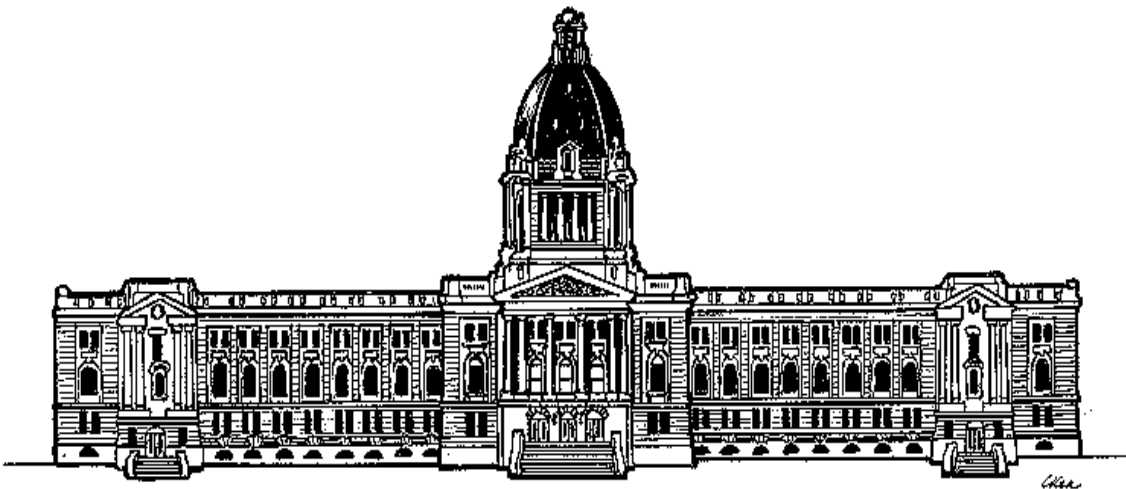




STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

Mr. Tim McMillan, Chair
Lloydminster

Mr. Buckley Belanger, Deputy Chair
Athabasca

Mr. Denis Allchurch
Rosthern-Shellbrook

Mr. Fred Bradshaw
Carrot River Valley

Mr. Dan D'Autremont
Cannington

Mr. Warren McCall
Regina Elphinstone-Centre

Mr. Randy Weekes
Biggar

[The committee met at 19:00.]

**General Revenue Fund
Government Services
Vote 13**

Subvote (GS01)

The Chair: — I'd like to welcome everybody to tonight's meeting of the Crown and Central Agencies Committee. Tonight we have Mr. Bradshaw, Mr. D'Autremont, Mr. Allchurch. And Mr. Chisholm is substituting in for Mr. Weekes. We have Mr. Belanger and Mr. Wotherspoon. And before us tonight is Government Services and we will be considering the votes, vote 113. We've got two and a half hours set aside for discussion of that vote. With that, I would ask the minister to introduce her officials and we will start the questions. Thank you.

Hon. Ms. Tell: — Thank you, Mr. Chair. I'd first like to take the opportunity to introduce to the members of the committee, the officials from the Ministry of Government Services who are with me here today.

Ron Dedman to my left, deputy minister. Debbie Koshman, assistant deputy minister of corporate services. Greg Lusk, and Greg is seated behind me here, executive director of commercial services. Shelley Reddekopp who is the director of financial services, corporate services. And behind them, Helen, right at the very back is executive director of facility management for accommodation services. And we have Al Mullen who is to my right here, executive director of asset management for accommodation services. And I thank all of them for appearing here tonight on probably one of the most beautiful nights this year, insofar as weather is concerned.

The Ministry of Government Services manages an extensive portfolio of property and provides centralized support services to other government agencies or ministries. It provides efficient and effective services for the day-to-day operation of government, such as the appropriate office and program space, reliable transportation, and mail service.

All our services allow other ministries to focus on their specific mandates to serve the people of Saskatchewan. The ministry's 2010-2011 budget focuses on our main priorities: infrastructure renewal, and cost-effective support services to government.

During the 2010-11 fiscal year, Government Services will implement office space and cleaning standards to help control costs and manage the environmental footprint of government. It will continue to manage government's infrastructure assets in a sustainable manner to support other ministry program delivery.

Last summer the ministry carried out a review of the central vehicle agency. As a result, the CVA, as it's more commonly known, is currently undertaking a major renewal and changing how it conducts business. It has begun the process of managing its valuable assets and services from a corporate and strategic point of view. The CVA will be introducing systems and process improvements which are needed for it to be a modern and effective service for government. It is right-sizing the fleet,

making sure that the vehicles assigned are the right ones for the job required. And it will soon implement a new fleet card and fleet management system to enhance the controls and improve reporting capabilities. These improvements will allow for more effective and efficient management of government's ground transportation fleet.

While the CVA is working at modernizing and gaining efficiencies, other business areas of the ministry are also being examined. We are introducing the lean management process and are confident that more operational efficiencies will result. The ministry's 2010-2011 budget focuses on providing cost-effective support services to government.

My officials and I would be pleased to answer your questions on the ministry's financial estimates. Thank you.

The Chair: — Well thank you for your statement. Before we go into questions, I should correct. I said it was vote 113. It is vote 13, and that was my mistake. And I'd like to clarify that before the question starts.

I would like to recognize Mr. Belanger.

Mr. Belanger: — Thank you very much for your introduction of your guests and of course the introduction to what the Government Services does for the province. What was your budget this year, and was there any cuts to your particular portfolio?

Hon. Ms. Tell: — The overall budgeted appropriation decrease is 16.6 million from the 2009-2010 restated budget. And I can get into the details if you wish, if you wish me to get . . . Okay.

We adopted a common office space standard which will assist the ministry in controlling the accommodation costs and impact, as I referred to earlier, the environmental footprint of government. Implementing revised cleaning standards for provincially owned office facilities will reduce building operating costs and assist government in meeting budget targets. The revised standards will include an office waste removal strategy and a stringent recycling program. It's expected that the efficiencies will be gained with the revised standards.

Capital funding has been reduced by a total of 14.8 million. The majority of this reduction, which is 12.5 million, relates to CVA vehicle purchases. Government Services FTEs [full-time equivalent] are reduced by 37.5 from the restated figure. The ministry plans to achieve the majority of these reductions, however, through attrition, and student hiring will not be affected.

Mr. Belanger: — So just to clarify, the vast majority of your reduction of 16.6 million was really towards the capital spending aspect, which is primarily renewal of your CVA pool vehicles, so to speak. Is that correct?

Hon. Ms. Tell: — Yes. And 12.5 of that has to do specifically with the vehicle renewal or CVA.

Mr. Belanger: — So every year your department basically

purchases vehicles for different departments to use right across the government and across the province. And typically the \$12.5 million, what kind of vehicle inventory would that purchase?

Hon. Ms. Tell: — We're anticipating with the reductions stated, the 12.5, is that we will probably be purchasing 4 to 500 vehicles per year. But not in the current year; in the years going forward. Historically we have purchased over 700 vehicles per year.

Mr. Belanger: — So the plan is really to reduce anywhere from 2 to 300 vehicles per year as a result of a \$12.5 million cost. That does sound like a tremendous amount of vehicles — 700 vehicles per year. Typically how does your department handle the purchases? Is it done by tender, or is it done by soliciting from a number of agencies or companies that might be able to provide those vehicles? And is the vast majority of purchases done within the province, or is it wide open to Canada, so to speak?

Hon. Ms. Tell: — It's a tendering process done throughout the province of Saskatchewan, within the province of Saskatchewan.

Mr. Belanger: — So basically no other company from outside the province is allowed to compete for the tender to provide the Saskatchewan government with the, well in this instance, the 4 to 500 vehicles per year that you'll need in your out years.

Hon. Ms. Tell: — Even though there is not a restriction on that particular aspect of it, historically it has been Saskatchewan-based companies, whether they have a subsidiary office here or whatever, that basically it's within the province of Saskatchewan.

Mr. Belanger: — Okay. And I think there's some folks that are basically watching, the students that watch the proceedings, and they're going to be watching tonight. They watch different departments, and tonight happens to be Government Services night. But they want to kind of, as I walk them through it, they want to learn how the system works. A lot of students are into it from some of the northern schools.

But the 10-week process that you undertake here, you've never had anybody from the other provinces complain about what some might view as a protectionist measure by the Saskatchewan government, either through the AIT [Agreement on Internal Trade] agreement or even through NAFTA [North American Free Trade Agreement], the agreement on interprovincial trade? There's no discussion, no arguments there from any of the neighbouring provinces or any other provinces, for that fact?

Hon. Ms. Tell: — Yes. I'm going to let Mr. Dedman take this particular question.

Mr. Dedman: — There's been a long history of how CVA operates, and the requirement is that a manufacturer must have a number of outlets across the province to bid for supplying cars or vehicles in the province. So generally or historically the tenders come in. They're tied to local dealers, but the manufacturers provide a lot of assistance, depending on how

anxious they are to have the CVA purchase go to them. Again historically the CVA buy, which might be 6 or 700 vehicles, was very helpful to manufacturers in keeping their production lines filled, and so they would sometimes give us very good prices in order to get access to that block of business.

Mr. Belanger: — So to properly encapsulate what you've said, basically these are national companies. There's no company that makes vehicles in Saskatchewan. But because they have outlets and agencies here, that typically they don't really make a big deal of it as long as they're purchased through their subsidiary companies, of having arguments from other provinces. Now in reference to the actual CVAs . . . And I just point out that the answer I had is, your response was, yes it is true.

There's been changes this year about the CVA rules and processes for CBOs [community-based organizations], non-government CBOs to actually operate and have CVAs at their disposal. What has changed? Because I understood now they have the right to purchase some of the CVAs that are available, but there's no renewal for them. Could you maybe elaborate and explain the changes to all the CBOs that are out there?

Hon. Ms. Tell: — With respect to the CBOs or NGOs [non-governmental organizations] that have . . . And I must state that it hasn't been all the CBOs and all the NGOs that have been in receipt of government-owned vehicles. We have determined through an extensive review of the Central Vehicle Agency that that was not a core service to government or government services or, in this case, specifically CVA.

And as you stated, you're right that they have an opportunity. There's negotiations ongoing, discussions ongoing with the ministry and the affected CBOs and NGOs to determine the best fit for them. And we're working with everybody on an individual basis. Not one size will fit them all. So some require, you know, consideration in a specific area. We are more than willing to work with them.

The other thing that I would like to state is that the CBO, the affected CBO has provided, it has paid government for the use in the service of a particular vehicle. So what we're expecting from the affected CBO is that they will either continue on paying government and, at the end of it all, own the particular vehicle, or turn the vehicle back and make other leasing arrangements. The thing is, is that they have had to pay for the use of any particular vehicle. So at no time was the vehicle provided to the affected NGO or CBO for free. It was never intended that way, nor did it unfold that way.

[19:15]

The concern for government is that the opportunity for a CBO or an NGO to participate in having a leased vehicle owned by government was not something that was universal and across the board. And so we have no idea how a CBO or NGO ended up getting on this particular list.

There's no policy surrounding it, who can be added to, who can, you know, what CBOs and what criteria would be required for them to be added to the particular list to receive a CVA

vehicle. So in the best interests of the operation of Central Vehicle Agency and, in particular, the fairness piece across the NGO and CBO sector, it was our opinion that we needed to get out of the business. Our business, our core business is to provide services to government. And that's what we've done here.

Mr. Belanger: — Thank you. Just for clarity I want to make sure. I'm just kind of bouncing around here. But just quickly, the 10-week process you mentioned in terms of buying new CVAs, what time frame is that? Is it a hard time? Like is it in the fall; is it in the spring? When do you actually purchase your vehicles?

Mr. Dedman: — One of the advantages or one of the reasons we got good prices was that we would prepare the tender documents early and we would have them out early, and we wouldn't require the delivery of those vehicles on set dates so that they would come to us at various times during the year. And that was advantageous from Government Services' perspective as well because 700 vehicles arriving at one time, that was a lot more complicated than getting them 50 or 60 or 100 a month.

Mr. Belanger: — So there's no 10-week period that the vehicles are delivered or the vehicles are ordered. It's kind of 10 weeks over the process of a year. Okay.

Getting back to the NGOs and the CBOs. And in terms of the core service discussion, so I'm trying to take the place of a CBO and typically . . . Correct me if I'm wrong on this assumption because I'm making this assumption that . . . Say I'm a CBO and I apply for money from the government, and the government provides me this lump sum of money to operate my CBO. And in that lump sum of money obviously there's going to be CVA lease fees attached to that, and so the government allocates my CBO the money.

I then turn over to CVA and say, okay, I need a vehicle from your ministry. You say, okay fine, you've had a vehicle all this time. No criteria set. I agree that's a pretty important point to make. So you will now pay my department for that CVA based on the budget that you got from the government. So in that sense it's kind of a roundabout way of getting the CVA to the CBO, but at the same time making sure we have independence from your perspective as a Ministry of Government Services.

Now in the transition — and I understand that — in the transition of saying to the CBOs now either (a) you can purchase that CVA off of us, or you can make other arrangements for other leases of vehicles, has there been any discussion on . . . And I guess I should have asked the question first. How many vehicles are we talking about? And in the broad-based discussion with all these CBOs that you give them CVAs on, has there been any discussion of the same advantage you have as a department to block negotiate the purchase of 500 vehicles? Is there any opportunity to position the CBOs to block lease a number of vehicles that you currently give to them? I hope the question is understood.

Hon. Ms. Tell: — I'll try and answer this question. If I miss something, just please let me know.

There's 108 organizations that we're talking about here that are affected by this, with approximately 296 vehicles that's owned amongst the 108 organizations. With respect to the vehicle and block purchases I don't think . . . And I know that the officials have been having ongoing discussions with the affected CBOs, trying to work out defined, very personalized arrangements to ensure that the transition period is as smooth and as least disruptive as possible. And I don't think any of us have entertained the fact that if a number of CBOs wish to get together to purchase a number of vehicles or to make lease arrangements with a dealership in the local community — I don't know if that's happening — but that certainly isn't something that we would stop them from doing. They are more than welcome to do this.

The transition period that we're referring to here is to assist them to move to whether they purchase the vehicle outright, finish off the lease until they own the vehicle . . . and it's a period of time here that we're talking about them gaining independence over their vehicle and not government owning the vehicle anymore. So you know, as I said earlier — and perhaps I missed your point when I'm talking about if they wish to get together — there's some CBOs or NGOs that there's a substantial number of them in a similar business and that own, you know, a significant number of vehicles, or that we provide, have provided for them. And I suppose if they wish to, you know, make arrangements to the local dealer, wherever that may be, to get a better deal on leasing another vehicle or purchasing vehicles, I would guess that that would be up to them. And I'll just talk to my deputy minister here for a minute. And to my knowledge none of them are doing that at that particular point in time.

Mr. Belanger: — Okay. No, the reason why I'm asking is because obviously as a CBO — now I'm going back to using me as an example — if we have the opportunity to outright purchase or lease, the money's got to come from somewhere from our budget. And I don't think the budget, in the transition process, I don't think there's a budget allocated. And I might be wrong, you could correct me. The budget allocated to the CBO itself is going to allow for the transition process that you have undertaken with them.

I am assuming that's where the issue is. So if that's where the issue is, then is there collaboration from your ministry to all of the other agencies that are out there that have some responsibility, some of the NGOs and CBOs that have CVAs — sounds like a lot of alphabets here, but — that have these CVAs? You would assume that there'd be that collaboration to ensure the transition is smooth, is as smooth as possible because you don't want to disrupt the NGOs and the CBOs.

So my question is that, has that collaboration taken place where you would tell the ministry of, say for example Health, listen, your outreach patient centre CBO here that's doing this service, well they have a CVA from us, a vehicle from us. We want them to buy it off us. So can you jack up their CVA cost to outright purchase this vehicle off of us? Has that kind of collaboration taken place?

Hon. Ms. Tell: — There are a lot of factors that go into discussions with CBOs. And again we're talking about a very individualized plan for each affected CBO. But generally we're

giving them the offer to buy the vehicle over time and to ensure that the budget line item in their particular budget will remain relatively unchanged. So they've had to pay leasing costs to the government of Saskatchewan or the CVA up until this point in time, so now they're going to continue making those payments. And we're trying to keep those payments as close to what they've allocated as possible so that there'll be very little disruption to them financially over time.

Mr. Belanger: — Now I'm just trying again to be the devil's advocate for the CBOs out there that may have questions of this sort or the board of directors. So we haven't gone to any department, other departments to say, look, we're getting rid of these vehicles that we typically give to these NGOs and these CBOs. Okay. We're not going to ask you to increase the allocation for vehicle lease, but we do plan on selling it to them.

And on the flip side . . . because I think the transition process has got to be as smooth as possible. Because it's, you know, it's not a major, major policy problem, but it is a problematic one in the sense of, how do you operate your CBOs within their means? So they then turn around and say, okay, well we're not getting those increases in our CBO budgets to compensate for the transition of the CVA issue, and we got the concession of the lease being relatively the same, and so we're okay there.

But what happens two or three years from now when the CVA, in theory, outlives its usefulness? It is there that you are hoping that the CBOs then negotiate their own annual lease from a number of other companies.

But then earlier on you said, we're not assisting them in kind of block leasing vehicles. And I'm suggesting that perhaps somehow in the transition process, with the officials that you have at your disposal, can actually help the CBOs develop a matrix or a model on how they can all do this together. That's one of the important points I think a few of the CBOs and NGOs have made to me. Because being a devil's advocate, they're saying, well after the vehicles we have outlive their usefulness, we're pretty much on our own. So some of the companies we can go talk to, they can give me a rate. They can give a different CBO a different rate down the road and another one down the road. And all of a sudden the rates are all different.

It would have been nice if we had a system that we developed in concert with the province to assume not just the CVAs, but also the model for negotiating a large-scale CVA leasing program. That's some of the points that they raise. Is that a fair thing to ask for your department to undertake?

Hon. Ms. Tell: — I understand what you're saying with respect to the purchases of vehicles over time, not necessarily this week or this month or next year, but when the vehicle . . . when the affected CBO requires vehicles.

And I suppose in relation to that, my answer is nothing is stopping the CBOs, the affected CBOs here, and it isn't all of them across the province, from getting together and figuring out a plan on how they're going to — you know, depending on the age of the vehicle right now, I mean, there are going to be staggered ages: some have newer vehicles; some have older vehicles — nothing is stopping them from getting together as

part of realizing that government is no longer going to be providing CVA vehicles to these particular CBOs or any CBOs for that matter.

So I question whether government, and seriously question the fact that government should be involved in those ongoing discussions with the affected CBOs. I am sure that these CBOs are very capable of running very good organizations and could certainly be able to figure out how they could best move forward with respect to purchasing vehicles as a group. And, you know, as I said earlier, we certainly would encourage them to do so. However, government's involvement in ensuring that that happens or figuring out a way to do it or administering it is not going to be within the purview of our government.

[19:30]

Mr. Belanger: — I guess my only point is that, obviously I share with you the confidence that CBOs and NGOs can certainly lead their particular organization and could probably lead it a lot better than government. You know, I'll certainly, I agree with you on that front.

My only point is in the transition process, like you said, you've got 108 organizations out there that have 296 vehicles. You as a minister are afforded a block, kind of matrix or model to purchase vehicles for Saskatchewan ministries. You have that at your disposal. My only point is, to help the CBOs to achieve that independence, could you not afford them the expertise in the matrix or the model for doing it — how you purchase and lease your vehicles — be afforded to them to look at and possibly adopt as their own, thereby making their process a lot smoother, which everybody wants. Can you undertake that to make that happen?

Hon. Ms. Tell: — Well, as I said earlier, negotiations and discussions with the affected CBOs are ongoing. And as part of those discussions, if there's a CBO or NGO that wishes to engage in that particular conversation with government, I mean, I'm sure that discussions could be had in relation to that. However, to date I am not aware of any CBO that has stated, can the government . . . or ask for assistance of government in the transition period. And, you know, I would suspect that if there was something that they wanted from government or felt they needed from government that they certainly would feel free to ask for that assistance. And to date, there has been no request of that sort.

Mr. Belanger: — Would you be in a position to possibly suggest that, seeing that that support would be available because eventually we want to get out of CVA, we want to get out of providing your CBO with a vehicle. However, as we do, as senior government does, we will share with you the model that on how we undertake this, so if you all want to get together, the model is yours to have if you wish to adopt it. It's a very simple gesture and a bit of advice. They don't have to use it of course, but it wouldn't take much for you to say that because obviously you would have the expertise within your department. Is it fair to suggest that perhaps you can make that idea available to them?

Hon. Ms. Tell: — I don't think there would be any harm at all in offering that to them. My concern, and I will speak to that

directly, is we are out of the business and moving out of the business of providing vehicles to CBOs and NGOs. And I want to make sure that that transition does occur and that there is an end to this relationship with respect to vehicles.

So insofar as providing them information, you know, to assist them going forward, if they choose not to use it, I suppose they choose not to use it. And as long as that does not prolong this relationship any longer than it should, and we don't incur any further administrative costs, I don't see any issues with respect to providing them the information. What they do with it is up to them.

Mr. Belanger: — And that's fair enough. I understand that you want to get out of the business of providing vehicles. And in the transition as a clawback, if you will, some of the things that I would look for as an NGO or a CBO saying, look, if you guys are going to get out of the business, my vehicle's good for a couple years. We obviously know that you guys have a model on how you deal with this. Could you show us how to do the model? Because if it becomes our model and completely gets you guys out of this, we would adopt the model as our own, thereby meeting our CVA needs or our vehicle needs for years to come. That's my point.

Hon. Ms. Tell: — Yes. And certainly, I don't think that information is proprietary at all. So I mean, we will share with them whatever they ask for and to assist them in moving forward.

Mr. Belanger: — Now getting back to the CVAs just in terms of the vehicles themselves, are all the CVAs that you provide to the NGOs or the CBOs themselves, do they come with a gas card or is that separate?

Hon. Ms. Tell: — Yes. When they are utilizing central vehicle agency vehicles, yes they come with a gas card.

Mr. Belanger: — Has there been any abuse of those gas cards?

Hon. Ms. Tell: — Yes. Would you like me to cite them specifically?

Mr. Belanger: — No. Just asking the question if there's a figure? And is there X amount of figures in terms of number of CBOs? Is there ten CBOs dealing with \$1,000 or a hundred?

Hon. Ms. Tell: — The dollar amount, I mean there are . . . When you have services like that, you're going to have abuses, whether intentional or not intentional. And the amount of the not appropriate use of the CVA vehicle gas card varies from year to year, and we address the variance or the questionable purchase on an individual basis.

Mr. Belanger: — Do you have a figure?

Hon. Ms. Tell: — Well for 2009-2010, I'm just going to try and determine that number right now.

First of all I'd like to state that the gas card, the purchases made on the gas card are monitored on a very regular basis. Now I have to say too that the system that we're utilizing and one that is going to be changing is part of the fleet management system.

Where this is a paper-based monitoring system, we're looking at something that would give us a real-time monitoring system so that we can catch some of these questionable purchases right at the time that they're actually being made. 2008, \$4,500; 2009 — and there's two incidents for 2009 — one of \$7,000 and the other one of \$37,000. And they have all been reported publicly.

Mr. Belanger: — I'm just jumping into the property that the ministry is responsible for. What type of facilities are we talking about? It's obviously not, for example, hospitals or highways depots. Or is that all-inclusive? I'm just going to jump to the property aspect.

Hon. Ms. Tell: — Just give us a moment to regroup here. Certainly prepared to delve into more detail on this, but to start the discussion in this particular area, 64 per cent of our space is program space, 36 per cent of our space is office space. Now the program space is obviously SIAST [Saskatchewan Institute of Applied Science and Technology]. What else? . . . [inaudible interjection] . . . highways, you know that type of thing, courthouses. And the office spaces is obvious; it's for the ministry.

Mr. Belanger: — Again as you mentioned at the outset, are these some of the areas that you want to look at in terms of trying to find some efficiency of services? Would you consider, as an example, privatization of some of these, some of these facilities as part of your effort?

Hon. Ms. Tell: — Well you know in keeping with that statement, I mean, 73 per cent of the government buildings are owned by government, 27 per cent of the space leased is leased by government. So obviously the 27 per cent leased are buildings that are owned by other people and leased to government.

Mr. Belanger: — Have you set a target for changing the current ratio of government-owned versus government-leased facilities?

Hon. Ms. Tell: — No, there's no intention to sell any government-owned buildings.

Mr. Belanger: — The other point I'd raise and just, and I'll turn it over to my colleague in a few minutes here, in terms of the day-to-day operations like the maintenance of the facilities and so on and so forth, how do you characterize that as being government delivered? Like obviously in the building here as an example, I'm assuming all the employees here are, like the maintenance staff and the cleaning staff, are all government employees. But other areas you may have private facilities that are maintained by the private lessors. Is there a breakdown of staff in that regard?

Hon. Ms. Tell: — If the building such as this one here, is obviously government-owned and there's government employees that perform the maintenance and cleaning. Generally speaking in the leased buildings, if it's owned by someone else, then generally they bring in their people that they choose to, to provide the cleaning service. That's not to say with respect to government-owned buildings that we on occasion don't have to bring in an electrician or a plumber, so to speak, depending on the nature of the problem. But generally

speaking, the government-owned buildings have government employees.

Mr. Belanger: — Thank you.

The Chair: — Ms. Atkinson.

Ms. Atkinson: — Thank you very much, Mr. Chair, and welcome, Minister, and your officials. I want to talk about the CBO vehicle lessee arrangement with CBOs, many of which have contacted my office. And my first question is, how much does your ministry expect to save by no longer providing vehicles, older vehicles, to the CBOs, the 108 CBOs in the province?

[19:45]

Hon. Ms. Tell: — Looking at the vehicle situation with CBOs today, the cost of them paying lease fees to the Government of Saskatchewan, and with respect to the reduction that we will experience as a result of not purchasing more new vehicles, it's almost a wash as it is today.

The issue with respect to buying new vehicles, obviously we're not having to incur the capital cost of buying more new vehicles. Obviously we have to maintain emergency and maintain a certain number with respect to our fleet. We figure that a capital cost amortized over a period of time is about \$800,000.

Ms. Atkinson: — Thank you. As I understand it, revenue is generated to Government Services by the CBO vehicle lease. Is that correct?

Hon. Ms. Tell: — That is correct.

Ms. Atkinson: — And in terms of the previous year, can you tell us how much revenue was generated by this CBO vehicle lease?

Hon. Ms. Tell: — I'll just take a minute to get that.

Ms. Atkinson: — While you're doing that, getting the information, can you tell me of the 296 vehicles, how old were those vehicles? And how many kilometres were on those vehicles?

Hon. Ms. Tell: — The age and the kilometres on each particular vehicle obviously varies from CBO to CBO. I do have in front of me a breakdown of that information, and I could recite if you wish each CBO and what they have currently and what the kilometres are on each vehicle.

Ms. Atkinson: — Well I'm interested in particular because I understood that for many CBOs the vehicles they receive from central vehicle agency were older vehicles with more miles on them. These would be vehicles that might, for the government's purposes, be towards the end of their life and about to be auctioned. So I'm just curious at what stage — from the policy point of view because there was an understanding — how old are the vehicles? Or how many clicks did they have on them before they went to the CBOs?

And I think there may have been regional colleges that had CVAs and there might have been health regions that had CVAs. But I'm particularly interested in the transition houses, the early learning centres, you know, the community people that transport kids.

Hon. Ms. Tell: — Mr. Dedman's going to go through this.

Mr. Dedman: — Our policy of providing vehicles was generally consistent across the piece. So while many CBOs have older vehicles, they did generally start out as new vehicles.

Ms. Atkinson: — They didn't?

Mr. Dedman: — They did start out as new vehicles. If there was a vehicle added, that generally would come from an existing vehicle in the fleet. But there was no sort of use the . . . I think your question is, did we use the vehicles in ministries and then give them to the CBOs? No, that wouldn't have been the case.

Ms. Atkinson: — Okay. Because there might be some people that might have a different opinion. But I just wanted to clarify that. So let's use the Early Learning Centre here in Regina because you have the list. How old is that vehicle? How many years have they had that vehicle? How much revenue do they give to the province? Because I understand that they lease these vehicles. They pay for them. Can you just give me that information?

Mr. Dedman: — So the Regina Adult Learning Centre, is that the one?

Ms. Atkinson: — You can give me the adult one too.

Mr. Dedman: — Okay. Oh wait a minute, I'm sorry. They're both together here. So the Early Learning Centre has four vehicles. They have a 2001 Dodge Ram 15-passenger with 147,000 kilometres, another 2001 Dodge Ram 15-passenger with 114,000 kilometres, a 2001 Ford 15-passenger van with 170,000 kilometres, and a 2002 Ford 8-passenger van with 133,000 kilometres.

Ms. Atkinson: — Okay.

Mr. Dedman: — Just by looking at our sheet, these were purchased new.

Ms. Atkinson: — Okay. And do you have any sense of what the Regina Early Learning Centre would be doing with these vans?

Hon. Ms. Tell: — I mean, in a very general way, part of their function would be transporting children.

Ms. Atkinson: — And do you have any understanding that . . . about the legal and liability issues about staff transporting children in their own vehicles?

This is the issue that's been raised with me that, from a legal and liability standpoint, you cannot transfer children to and from school, to and from their appointments in your own personal vehicles. You have to have some ability, some leased

vehicle or whatever. So I'm wondering, these four vehicles that the Regina Early Learning Centre has, how much revenue did you collect for these four vehicles in a year?

Hon. Ms. Tell: — On those specific four vehicles, we do not have that information; however, we certainly will provide that to you.

Ms. Atkinson: — Okay, perfect. Now it looks as though you have all 296 vehicles in 108 CBOs. And the data, is that something that you can table with the committee?

Hon. Ms. Tell: — Yes. Well, we will be tabling these on Thursday anyway as a result of written questions.

Ms. Atkinson: — Okay, yes. I thought so. But I was wondering if you could table them tonight with the committee since we're in estimates.

Hon. Ms. Tell: — I don't see any issue with doing that.

Ms. Atkinson: — Perfect. Thank you. Now I did ask the question about how much revenue was generated by the CBO vehicle leases. And do you have that or not?

Hon. Ms. Tell: — In its total picture?

Ms. Atkinson: — No. Just for CBOs. Not for ministries, not health regions, not regional colleges, just the CBOs.

Hon. Ms. Tell: — About 2.6 million from the CBO sector.

Ms. Atkinson: — And was it your . . . I guess this is to the officials. Is this 2.6 million per year, was this basically on a cost-recovery basis?

Hon. Ms. Tell: — Yes. The answer from the officials is yes it was.

Ms. Atkinson: — So government was not subsidizing this? Is that correct?

Hon. Ms. Tell: — That's correct.

Ms. Atkinson: — Okay. So the decision by government to get out of the vehicle leasing business to the CBO sector is a philosophical one and not a business case one. Is that correct?

Hon. Ms. Tell: — I'll speak to that philosophical issue in just a minute. But I do want to say that to buy new vehicles would cost approximately \$800,000 per year and amortization costs would be \$80,000 per year. So although it may appear at first blush that the monies coming in from the CBOs would completely cover those costs, I suppose in the long-term it would. However it's up to government to come up with the capital costs in order to . . . and then amortize the capital.

Now with respect to the philosophical issue, and the one thing . . . And I spoke to that with the other member earlier and that was as we did a review of CVA and who we're providing vehicles to, you know, and asking questions as to why a government is providing this service to people other than what their core responsibilities may be. And we looked at it and

realized that not every CBO or NGO had an opportunity or was on this list to receive government-owned vehicles, whether they're providing leasing back to the government or not, that they still . . . There was only the 108. And we could not find any policy, anything written that would determine, that spell out the criteria for how and why there was only 108.

So our opinion is and was at the time and still is, that the providing government-owned vehicles was only to 108 CBOs or NGOs. And we believe that there is a fairness issue here, that we were not providing vehicles to all CBOs and NGOs throughout the province of Saskatchewan. And while I would certainly . . . Certainly that's not where we're looking to go.

[20:00]

However the question was asked as to why we are only providing the vehicles to a certain 108. What was it about the 108 that they had the opportunity to purchase or to lease vehicles from government? And we really couldn't find the answer to that question. So to continue a practice where not all CBOs in the province of Saskatchewan were treated the same with the opportunity to use and lease CVA vehicles from government, it was determined, and also from a philosophical standpoint, is that that is not core to the services provided by Government Services.

And we provide services to other government ministries. And we believed it wasn't the business of the Government of Saskatchewan to provide — albeit they were paying money back to the Government of Saskatchewan for that service — it wasn't up to the Government of Saskatchewan to incur and to provide the vehicles to whether it's 108 CBO-NGOs or whether it was the, you know, how many NGOs and CBOs that we have in the province over . . . I mean there's many, many of them, so we certainly weren't going to go there. So in the issue of fairness and in the issue of a philosophical, the philosophy of the ministry and of the government, is that we would discontinue the service.

Ms. Atkinson: — Minister, had there been requests for CVA vehicles from other NGOs in say the last two years and that you weren't able to fulfill the requests? So I'm asking about, had there been CBOs that have come forward that transport kids or provide human services that had requested the ability to access the CVA pool, and you hadn't been able to accommodate their request?

Hon. Ms. Tell: — There have been no CBO or NGOs that have been added to the list over and above the 108 since 2006. We have added vehicles to existing clients, so to speak the number of the vehicles that they have, but there has been no new since 2006.

Ms. Atkinson: — Okay, but have any asked since 2006 to be added?

Hon. Ms. Tell: — We don't log those requests that come in with respect to wanting to be added to the list. However the requests from a variety of different CBOs and NGOs has come forward or have been ongoing since 2006.

Ms. Atkinson: — I don't know who your folks are, other than

the people tonight over at Government Services or the former Saskatchewan Property Management Corporation, but I think if I recall the reason why CVAs were accessed by CBOs was because it was a way to deal with some issues in . . . basically for human service providers who were providing services that might be provided by government. Government was certainly funding them. And it was a way to minimize costs, I guess, to these CBOs as they were trying to deliver human services to vulnerable people in the public.

And I guess I get to my other question. Let's use a transition house, Interval House, in my constituency which also has a large vehicle — a 15-passenger vehicle, I believe. And when vulnerable women and their children are at the transition house, they use the vehicle to transport kids to and from school. And do you have any sense or does your ministry have any sense about what it's going to cost Interval House per month to lease a 15-passenger van to get kids to and from school? They also have another vehicle, I believe, that they transport women to and from appointments, whether it's the police station, medical appointments, court appointments, lawyers, that sort of thing.

I'm just wondering if you were to take what they've been paying for their lease vehicles to Government Services and what they would have to pay in the private sector, do you have . . . Have you done any work, has your ministry done any work to determine what kind of added costs are going to be borne by these CBOs which received a 1 per cent increase from the province this year?

Hon. Ms. Tell: — With respect to the vehicles, and as it stands today right now, the discussions and negotiations are ongoing with, whether it be transition house or whatever the case may be, whether they own one vehicle or whether they have 10. And we're trying to accommodate the needs of individuals, CBOs, or NGOs. So the amount that they are currently paying to government will go relatively unchanged as we go forward.

With respect to looking at this some years from now when they may — when I say they, I mean a CBO — must purchase a new vehicle because of, you know, a variety of reasons, that they will incur leasing costs that will be very . . . There would not be any significant difference between what they would have to incur and pay to government if they were to receive a new government-owned vehicle as opposed to receiving a leased vehicle from the private sector.

And I think that there were no — generally no — freebies here, that they were, the affected CBO was provided with a cost of leasing the vehicle by Government Services, and the CBO paid that to government. The only difference here — and it's something I spoke to the other member of the committee — had to do with whatever deal that government could secure when we're making bulk purchases with respect to vehicles.

That would possibly reduce the leasing cost to the affected CBO, but there's no guarantee either. And as we have seen in the auto industry, very likely not able to provide the incentives that they were able to provide in 2008-2009.

Ms. Atkinson: — Can I ask you, Minister, at what age . . . not age. How many clicks do you turn it over and they're auctioned off? I mean sort of, what's the policy here for CVAs when it

comes to government ministries?

Hon. Ms. Tell: — Okay. The actual practice has been 180 000 kilometres or 10 years. That was what the practice has been. What we have changed with respect to the practice is that it's now going to be 300 000 kilometres or 14 years before the vehicle is then auctioned off or turned over.

Ms. Atkinson: — Thank you. And so just to be clear again, you stated earlier that all of the CBOs that received vehicles from the province through the central vehicle agency, all of them were brand new vehicles when they went to those CBOs?

Mr. Dedman: — The practice was that we didn't treat anyone differently in the CBOs from the rest of government. So there could be when, if a CBO had three vehicles and got a fourth vehicle, then that fourth vehicle could come from the existing fleet. But from what we have here on the ones that you mentioned, they were all new when they were given to that particular group.

Ms. Atkinson: — Okay. So the practice was not to give CBOs older vehicles that had several tens of thousands of kilometres on them. That was not the practice, just so I'm clear.

Mr. Dedman: — I'm just informed that some CBOs have come to us for older vehicles because the price is lower. But that would be at a request from a CBO to take an older vehicle.

Ms. Atkinson: — Well I'm sure that I can understand that because many CBOs don't get a lot of money, and they have to raise money.

When I look at your list, there are several Dodge Caravans and passenger vehicles that are used to transport people. And when I look at, you know, some have 222 000, 166 000 kilometres, 180 000 kilometres, 208 000 kilometres, 184 000 kilometres; it appears as though many of these CBOs have vehicles that have a lot of kilometres on those vehicles. Here's another one, Egadz in Saskatoon, a 15-passenger van, it looks like with 253 000 kilometres on it.

Do you think that there'll be a lot of pick-up from the CBOs in terms of purchasing these older vehicles with a lot of kilometres on them?

[20:15]

Mr. Dedman: — The situation is that at this stage on some of those older vehicles, the monthly payments to us are what probably would be considered high. The capital costs, kind of releasing costs are high, relative to the value of the vehicle. So in discussions we have had some CBOs saying if others turn their vehicles in, we'd like to take them. So we're still working on what the costs would be, but in many cases if the organization just paid its monthly lease fee for — well in many cases it's under a year — they would own the vehicle and would stop having to pay us the lease costs.

Ms. Atkinson: — I see in here that PAMI [Prairie Agricultural Machinery Institute] has a number of vehicles. Are they considered a CBO or just a third party?

Mr. Dedman: — Yes. You'll see in this list there are organizations like PAMI. There's a couple of RMs [rural municipality]. There's an assortment of other groups within this total list.

Ms. Atkinson: — Have you received any feedback on this policy change?

Hon. Ms. Tell: — Well as expected by when changes occur, you have people at one end of the spectrum that, and of groups, that are very upset about this change that has taken place. Then you have groups at the other end that are saying, well we expected this, and you know, and accepted as something that as we go forward. And then you have people somewhere in the middle who again just say, okay, well this is the way it's going to be, and this is what we have to do.

And I think that it's incumbent upon us, and we accept that responsibility, that we work within each individual CBO. And as I said, some are okay with it and say it makes sense, and some are not okay with it. So it is up to us to work with these individuals to come up with the best plan possible. The

Ms. Atkinson: — The number of complaints though . . .

Hon. Ms. Tell: — I have no record of that.

Ms. Atkinson: — Thanks.

Hon. Ms. Tell: — Thank you.

Ms. Atkinson: — I thought you might, Minister, have a number of complaints because I've had a number . . .

Hon. Ms. Tell: — Oh sure.

Ms. Atkinson: — Of complaints. How can I, I'll try and describe it. This was a very good system because they took the vehicle in; it was looked after by CVA. The card, the gas card, they got a bill at the end of each month. I mean for lots of organizations that don't have a lot of administrative capacity — they deliver front-line services — this was a very helpful service provided by Government Services.

And so, you know, we now have the ECIPs [early childhood intervention program], the transition houses, and these are people who are working on a pretty thin . . . Mobile crises, I'm think of the crisis nursery in my constituency. These are groups that provide front-line services to vulnerable people, and so this is going to make it a lot trickier. And I'm wondering, when exactly is your transition date, your drop-dead date for, you're no longer to have access to this service from Government Services?

Hon. Ms. Tell: — The date that we have set aside is July 1, 2010.

Ms. Atkinson: — And there's no negotiations on that?

Hon. Ms. Tell: — With respect to whether that's negotiable, I mean, we're looking to start the transition by July 1st, so there is some flexibility built into that. However we are committed to ensuring that this process is workable and will not unduly cause

hardship to the affected CBOs.

However we are committed to making this change with respect to vehicles provided by government. And I will say and I will restate again that not every CBO in the province of Saskatchewan, whether they provide a necessary human service or not, not all CBOs, even in those particular areas were granted the ability to access CVA vehicles across the province of Saskatchewan. So what this is indeed doing . . . We certainly weren't going to expand the program and expand the ability of CBOs to access government vehicles.

So with the issue of fairness and of course compassionate understanding, recognizing the good work that the CBOs are doing for the province of Saskatchewan, that we will work with the CBOs to ensure that the transition period in moving to this change will be as least disruptive as possible. And I do appreciate and understand that the CBOs are running on tight budgets.

And I will reiterate again that other members of our government have stated in September of 2008 we provided the largest ever single increase to CBOs of 18.5 million. So you know, when you're looking at that, so they have experienced increases with respect to the funding from government.

And this is an area that is not central or core to Government Services or to the Government of Saskatchewan. It isn't fair, in our opinion, and doesn't go across the broad spectrum that would be required. One CBO is not more important than another; they're all important. And why should one not receive the assistance of using government-owned vehicles, and the other one does receive the use of government-owned vehicles. So you know, this is just a rebalancing of something that in our opinion stays clear and focused on the core services of government.

Ms. Atkinson: — Well, Minister, you indicated earlier in your remarks that there'd been no CBOs added since 2006, but you couldn't indicate which CBOs had requested that they be added since 2006 because you didn't keep a listing of them.

But I do note, you know, that there are ECIPs which provide services, ECIPs across the province that provide services to children that have some pretty significant physical or mental challenges. I note that there are transition houses that provide services to vulnerable women and their children. I notice that there are mental health associations that have passenger vans that provide services to people who are dealing with mental health issues.

I see that there are people that, once again, disabled communities . . . The Egadz and Saskatoon Cosmo Industries have vans, as well as Habitat for Humanity, KidsFirst, friendship centres. There's some pretty — the multicultural organizations, open door societies — there's some pretty significant groups that provide front-line services, mobile crisis units.

So I guess I would make the argument that . . . And this is the argument we heard when the domestic abuse program was ended in Saskatoon. It was because it wasn't available across the province. Well I always think that you should try and not

eliminate things because other people don't have access to those programs, but you try and improve the situation so that people do.

Ranch Ehrlo in Regina, I mean they seem to be the biggest users. And government relies upon Ranch Ehrlo a lot to look after vulnerable young people and young people that have some pretty significant behaviour challenges. And then of course, there's the Early Learning Centre in Regina, which has won awards and been recognized by your government for all of the work that it does. And you know, they have several passenger vehicles that are involved in dealing with little children.

So I guess, you know, it's a philosophical question and your argument is this isn't what government's doing. We're looking at our core business and, secondly, not every CBO in the province has access. So instead of looking at expanding this program, we're getting rid of it. That would be basically your government's position when it comes to CVA vehicles.

Just a quick question. Is there no one in your ministry that understands the history behind this, how this came to be? There's no one left over there that understands why it is that CVAs were made available to CBOs? Or you just couldn't find your written policy.

Hon. Ms. Tell: — No. And I was looking for something written. And there are, you know, some people that have spoken to sort of how they believe this came to be. And yes, but over time, I mean, you lose that corporate memory. And all of a sudden you have people standing around saying, I don't know. I don't know why this happened. And it's totally understandable.

But you know, without any formal written policy, it definitely challenged the Government of Saskatchewan. And I'm going to just . . . You know, when we're speaking about this list here for just a minute, there's not one, not one organization within this document that was provided to you that I would say for one minute doesn't provide a valuable service to the people of Saskatchewan.

And I certainly do not want the people of Saskatchewan or the people sitting here tonight to say for one minute that revising the policy with respect to CVAs in any way, in any way undermines or is intended to undervalue the work of these each . . . I could go through these lists here today, and there's not one that I would pick out and say, no this one isn't providing the service to the government or to the people of Saskatchewan. Absolutely not. And nor is the decision to change how we do business, with respect to CVAs in providing government-owned vehicles, in any way to indicate to the CBOs and NGOs that the service that they're providing is not valuable.

And I will go back again to the 18.5 million that was increased by our government to the CBOs, the largest single increase to CBOs. And so our commitment to the CBOs and the service they provide is paramount, and I believe it is highlighted by the amount of money that we have provided to them. And when you make a decision, when you're talking about 108 . . . Now I could ask my colleague beside me perhaps how many CBOs we have in the province of Saskatchewan that provide human services and drive children around and take victims of domestic violence, that transport them. They are there too, and they have

not received the funding that some of these other CBOs have received.

[20:30]

And how things unfold and how you end up at 108 over time, and the corporate memory disappearing, I guess you just never know. But if we look at 108 CBOs that are currently provided CVA vehicles, is that to say that the other vast number of CBOs that provide human services are not important just because they do not receive or haven't had the ability to access CVAs, is in my opinion ludicrous. So they all provide a service and a valuable service.

And I know that the hon. member isn't intending to make that particular point. However I do want to clarify the fact that this change and shift in policy with respect to . . . or unwritten policy is one that we believe was done in the issue of fairness. And we are committed to the CBOs and the NGOs in this province, and that's illustrated by the amount of funding that they have received. Thank you.

Ms. Atkinson: — Well thank you Madam Minister. I certainly wasn't trying to be ludicrous. Not at all. What I was indicating to you is that there are many organizations that have had this particular service from government services over the last several years. And while I acknowledge your government has increased CBO funding, this year it's a 1 per cent increase.

And I think that the CBOs that have contacted me weren't anticipating this policy change, that's all. And they're finding it difficult to figure out how they're going to deal with this policy change, given that, you know, the price of goods and services has risen, utilities, so on and so forth. And there's a 1 per cent increase.

And while they acknowledge that there has been an increase from your government and the previous government as well in terms of improving the salaries and benefits of CBO workers to try and have some form of pay equity, they would say that what the additional money in the last several years has allowed them to do is to try and improve wages for people who deliver front-line services and to add staff to help them deal with their need to improve their capacity.

But I think I've put my comments on the record. I certainly will be sending this out to the CBOs that have contacted me, to indicate to them what the government's position is.

The other question that I wanted to ask you about is there seems to have been a decrease in the numbers of managers in your ministry. And can you advise us which managers have changed?

Hon. Ms. Tell: — Is that out-of-scope managers that you're looking at?

Ms. Atkinson: — Yes.

Hon. Ms. Tell: — Okay. Can I just clarify? Did you say it had decreased? Oh, decreased, oh, I'm sorry. I thought you said the word, increased.

Ms. Atkinson: — No.

Hon. Ms. Tell: — Oh, okay.

Ms. Atkinson: — But I'm interested in knowing which positions were deleted. And that's what I'm interested in, in management.

Hon. Ms. Tell: — With respect to the numbers as they exist today, since 2004 we have about 8 per cent out-of-scope managers as compared to the rest of government that has about 15 per cent. So my understanding is, is that has gone relatively unchanged. Is there a specific year that you're referring to?

Ms. Atkinson: — I understand that there has been a decrease in the number of managers at Government Services, and I'm interested in knowing which positions have decreased or been deleted.

Mr. Dedman: — In the budget exercise, there are two in-scope positions that are going to be specifically eliminated; 15 positions that by attrition we would downsize in-scope positions in cleaning; and then I think there's another 22 positions that are unallocated and we haven't, we haven't made any decision on those positions. But in the budget there's no out-of-scope identified for reduction.

Ms. Atkinson: — The two in-scope positions that have been deleted or eliminated, where are they?

Mr. Dedman: — One would be a position in mail services, and one is the relocation program that we operated.

Ms. Atkinson: — Are mail services being, I guess the word is, contracted out?

Mr. Dedman: — No.

Ms. Atkinson: — Okay. And the mail services position, is it in Saskatoon, Regina? Where is the position?

Mr. Dedman: — It's in Regina, and it was a vacant position.

Ms. Atkinson: — Vacant position. Thank you. Have there been any what I would call internal reallocation of resources to add to the number of managers that are within government services?

Mr. Dedman: — There have been some scope reviews in negotiation with the union, that would probably be four or five people positions.

Ms. Atkinson: — That went back to the union or went out-of-scope? Went out-of-scope?

Mr. Dedman: — Yes.

Ms. Atkinson: — And that was agreed to by the union?

Mr. Dedman: — Yes.

Ms. Atkinson: — And can you indicate which positions those are?

Mr. Dedman: — That would be two building managers, one preventive maintenance manager, and one construction services manager.

Ms. Atkinson: — I'm sorry. I was waiting for you. So you're finished? Okay. So the two building managers, where are they located?

Mr. Dedman: — They're both from Regina.

Ms. Atkinson: — Okay. Thank you. Now I'd like to talk about disposal of government-owned buildings. Can you indicate to us what your policy is, and have there been any buildings disposed of or sold in the last year? Or are there any anticipated buildings to be sold this year?

Hon. Ms. Tell: — Every government-owned property is declared surplus by whatever ministry. That process that is undertaken is the open and transparent request for proposals process. In 2009 we had one vehicle — one vehicle; I've got vehicles now on the brain — one building that was tendered and purchased, and that was in La Ronge. One piece of land, not a building.

Ms. Atkinson: — Not a building.

Hon. Ms. Tell: — Sorry. In La Ronge.

Ms. Atkinson: — Okay. Thank you. Anything on the books for 2010?

Hon. Ms. Tell: — For 2010-11 we have identified 10 surplus properties for sale with an estimated sales value of approximately 49,000.

Ms. Atkinson: — So these are pieces of land or buildings?

Hon. Ms. Tell: — It appears to be all buildings.

Ms. Atkinson: — So 10 surplus buildings for 49,000. Can you give us an indication of where these buildings are located?

Hon. Ms. Tell: — Assiniboia, Beauval, Buffalo Narrows, Campbell River, Canora, Jan Lake, Meadow Lake, Murison Lake, Stony Rapids, and Wolseley.

Ms. Atkinson: — Can you indicate what type of land or building is available at Jan Lake?

Hon. Ms. Tell: — At Jan Lake is a SERM [Saskatchewan Environment and Resource Management] workshop building.

Ms. Atkinson: — So is it the building or the land? Is the building to be moved?

Hon. Ms. Tell: — It will either be removed or demolished.

Ms. Atkinson: — So basically is it fair to say, Minister, that these 10 surplus buildings worth \$49,000 are in very poor condition?

Hon. Ms. Tell: — Well I would have to guess, given the value that's been assigned to each building, I would say that they are.

And I see my officials going . . . So I'm guessing they are.

Ms. Atkinson: — And what's the process used for disposal?

Hon. Ms. Tell: — Well depending on the particular situation, we will tender it. And depending on obviously the condition, we may have to pay someone to demolish or remove it.

Ms. Atkinson: — You don't have anything to do with liquor stores, I don't believe. Or do you?

Hon. Ms. Tell: — No. We were just talking about that earlier tonight. And not under this particular ministry.

[20:45]

Ms. Atkinson: — Okay. Thank you. It looks as though the government has entered into some sort of an arrangement with Mediagrif Interactive Technologies Inc. Can you indicate how long that arrangement has been active and explain a little bit about what this group does?

Hon. Ms. Tell: — I think we're going to, I think we'll have to acknowledge the question, and we will get that information to you.

Ms. Atkinson: — Okay. It is some sort of interactive, Internet-based process. It's on your website, and it provides procurement opportunities for companies, information. So I was just curious about it.

Hon. Ms. Tell: — We'll get that information to you. Thank you.

Ms. Atkinson: — It's on the Toronto Stock Exchange. Okay. Fair enough.

Does your ministry . . . are you going to be involved in any new builds, any renovations, so on and so forth this coming year?

Hon. Ms. Tell: — Yes.

Ms. Atkinson: — Could you indicate what they are and how much money is going to be spent?

Hon. Ms. Tell: — We have no intentions of making any capital purchases in relation to government-owned buildings. We are though, we have a maintenance plan. Is that what you are looking for? Okay. All right. Yes, capital and appropriated maintenance plan. Do you have available to you the list? Do you have a list? Okay.

The SIAST heavy equipment building purchase at the end of the lease, three million, one hundred. The Yarrow utilities connection is 100,000 for this particular budget year. The Weyburn Court House renewal is three million, four hundred. The Kramer building retrofit is one million, two hundred.

Ms. Atkinson: — Two hundred thousand . . . [inaudible].

Hon. Ms. Tell: — Yes it is. And we're going to move into the appropriated maintenance schedule. For the Sturdy Stone building is two million, one hundred. The Fleming Visitor

Reception Centre — I guess it has more to do with the roadway — is 530,000. The Legislative Building envelope is 250,000. The provincial laboratory demolition is 500,000. The code upgrades to the Provincial Correctional Centre are 314,000, and miscellaneous has been assigned 300,000. Total appropriated maintenance is four million, one hundred and forty-four.

Ms. Atkinson: — How does that compare to last year, the last three or four years? And your maintenance schedule and your capital investments?

Hon. Ms. Tell: — Building maintenance has been reduced by 4.6 million. And 2.3 million of building capital, that has been the reduction in building capital.

The Chair: — Mr. D'Autremont.

Mr. D'Autremont: — Okay thank you, Minister and officials. My question is more related to a question that the member from Saskatoon Nutana had about the use of vehicles, private vehicles. And I was asking, I had similar concerns to what that member had in the past about people using personal vehicles for transporting students.

So I asked very similar questions back in 2007 of SGI [Saskatchewan Government Insurance] and related to this. And my questions were to SGI, is who is liable in the case of an accident? And Ms. Wolf, the representative from SGI in the Crown and Central Agencies Committee at the time, said that they are legal to do what they are doing, and that is the school boards were paying either individuals or parents to utilize their own passenger vehicles, their vans, to transport students. It was legal to do so. And then Mr. Schubert, the president of SGI, commented further that the \$200,000 liability insurance is the minimum that they would carry under plate insurance. Many vehicle owners purchase additional liability insurance. Mr. Cameron, another SGI official, clarified it further. And I quote:

To clarify a bit more, the school division would have a coverage called non-owned auto coverage which would protect the school division with whatever liability they had purchased — likely 5 million, maybe even more. Also under our no-fault provisions their benefits for anyone injured would . . . they would receive these regardless of liability

So I asked SGI, what were the legal ramifications of utilizing a personal vehicle to transport students or, in the case of the NGOs, the children or their clients? And Ms. Wolf responded for SGI in the case of these transporting students:

SGI does not require anything beyond a class 5 [licence] for these circumstances. But what we are aware is that most school boards do require criminal record checks for these situations as well. Some of the school boards are asking for periodic vehicle inspections of the vehicles as well as extension insurance.

So it seems if there are comparable circumstances for the NGOs, the CBOs to utilize either private or other vehicles to transport their clientele, that SGI would be saying it's legal but that they may purchase additional insurance. I just thought I would help clarify that situation. Thank you.

The Chair: — Mr. Wotherspoon.

Mr. Wotherspoon: — A question or two here specifically as it relates to the disposal of 23 cabins at Greenwater Provincial Park in the '09-10 calendar year. Just a question to the minister with respect to what that disposal process looked like.

Hon. Ms. Tell: — Government Services carried out the disposal of those cabins on the direction of the Ministry of Tourism, Parks, Culture and Sport. I'm sure you'll have the opportunity to ask those questions in relation to those cabins of the Minister of Tourism.

Mr. Wotherspoon: — The question that I have would relate to the disposal and the actual process that was followed. So if you could just describe the process that Government Services undertook to dispose of those 23 cabins.

Hon. Ms. Tell: — The tender was put out there with respect to the vehicles. The responses were received. TPCS [Tourism, Parks, Culture and Sport] had their designated people reviewing the submissions, and a person or a company or whatever the case may be was selected.

Mr. Wotherspoon: — We're speaking about the cabins, not vehicles. Correct?

Hon. Ms. Tell: — Oh I'm sorry. I really have . . . Yes. We are absolutely speaking about the cabins at Greenwater. It's the same process that follows through with every tendering process, and we do it under the direction of the affected ministry, and we carry it out. And there was no difference here with respect to the process. You know the tenders go out; people submit. And the review is done, and somebody is selected.

Mr. Wotherspoon: — What date was that posted? And for what period of time is that tender open?

Hon. Ms. Tell: — We don't have that information right at our disposal at this particular point in time. We can provide it to you.

Mr. Wotherspoon: — Thank you for following up with that information. Now another part, I guess a question would be, how many bids were received through that tendering process?

Hon. Ms. Tell: — We don't have that information. We'll provide that to you.

Mr. Wotherspoon: — A question would be — and these are questions that have come in from some individuals that will be watching this here this evening, that it's important for them to get some clarity to these questions — as it relates to appraisal of those 23 cabins, what process does the ministry undertake to understand the appraisal, the value of those properties?

Hon. Ms. Tell: — We contract an independent appraiser to come in and evaluate the properties in question.

Mr. Wotherspoon: — Is that the same appraiser for all assets?

Hon. Ms. Tell: — No, it is not.

Mr. Wotherspoon: — What appraiser was it in this circumstance?

Hon. Ms. Tell: — We do not have that information available. We will provide that to you.

Mr. Wotherspoon: — What are the terms of the lease arrangement now with the new owner of those cabins? I understand there's a lease payment that is paid to government.

Hon. Ms. Tell: — That particular issue in relation to Greenwater cabins is a Tourism, Parks, and Culture and Sport issue.

Mr. Wotherspoon: — So the actual lease itself is arranged through Tourism, Parks, Culture.

Hon. Ms. Tell: — That's correct.

Mr. Wotherspoon: — So the questions that have been asked here tonight — as far as the date that this was tendered, posted; the duration that it was available for, that it was open for; and the company that appraised this property; as well as the number of bids and the number of entities or organizations or companies that bid on these properties, these 23 cabins — that will be provided back to this committee. What kind of a time commitment can the minister provide to get that information back to the committee?

Hon. Ms. Tell: — We must have discussion and make the request of Tourism, Parks, Culture and Sport. So I would suggest it'll take at least a week to get that information.

Mr. Wotherspoon: — That's great. As I say, some individuals anxiously await that information. Now the total sale price of these assets, is that correct that it's \$250,000? Is that the exact amount?

Hon. Ms. Tell: — I'm sorry we do not have that information at this time, and again that's Tourism, Parks, Culture and Sport.

Mr. Wotherspoon: — But that's your process that you decide on the bids and what's received. You're responsible for that tendering process.

[21:00]

Hon. Ms. Tell: — We do, you know, somewhat of the infrastructure of this. We do the tendering and that type of thing, but really, I mean, our job is to provide that service on behalf of the affected ministry. So the ones who have that information would collect the bids, make the determination, and agree on a selling price based on the appraisal and based on the proposals is Tourism, Parks, Culture and Sport.

Mr. Wotherspoon: — So that determination happens there. That's good to know. But the other aspects, the process, the tendering process, you've committed here tonight that this process was identical to the same processes followed with all other government assets.

Hon. Ms. Tell: — Absolutely.

Mr. Wotherspoon: — Thank you. And we appreciate getting the information back as it relates to the appraisal information, the appraisal company. There's just been some questions raised, you know, when you look at 23 properties, and that's where the appraisal information will be valuable. But \$10,000 a cabin certainly isn't a lot of money, understanding that they might be in poor repair, and that's where the appraisal becomes valuable.

Another question here as it relates to a . . . There was a mention of a Fleming project, I believe it was in answer to the member from Nutana's question. That project was around \$500,000. The funding was going to be provided. Could the minister just elaborate and provide specifics as to what that project is and what those dollars are for?

Hon. Ms. Tell: — The visitor reception centre roadway in Fleming, the tourist reception centre — I'm sure you have these details — was constructed in 1987. With twinning of the Highway No. 1, the drainage patterns and the traffic patterns on this roadway has changed. Large vehicles are using this space to turn around — understandable — and the size of the visitor vehicles has grown. This has resulted in a premature deterioration of the parking lot and the access roadway. The project will upgrade the roadway and parking lot, ensuring proper drainage and extending the life of this site.

Mr. Wotherspoon: — Thank you. And the other project . . . Was it Yarrow utilities that was mentioned?

Hon. Ms. Tell: — Yes.

Mr. Wotherspoon: — If the minister could elaborate in the same fashion. Thank you very much.

Hon. Ms. Tell: — Yes. The eight buildings that make up the Yarrow youth facility in Saskatoon was constructed in 2002. It was constructed with its own sewer and water services because connection to the city of Saskatoon was not available. The city of Saskatoon has obviously expanded and is planning to make these services available in the near future. Government Services is preparing to make these connections to reduce the operating and maintenance costs.

Mr. Wotherspoon: — Thank you. Thank you, Minister.

The Chair: — Ms. Atkinson.

Ms. Atkinson: — Thanks very much. I have some more questions. I'm particularly interested in executive air. And I'm interested in, sort of, the policy around travel. Who gets to travel on executive air?

Hon. Ms. Tell: — Executive air provides air transportation for elected and senior government officials. Of course that's available also to the Lieutenant Governor. And should people that occupy the position of deputy minister, they must fly with a minister or get ministerial approval.

Ms. Atkinson: — So I guess what I'm interested in knowing, has any elements of the policy changed since 2007?

Hon. Ms. Tell: — At the beginning I spoke about the elected and senior government officials, and I just want to mention the

MLA [Member of the Legislative Assembly] program. Of course that has not changed since the date that you asked. The only change that I would suggest has occurred is the fact that a deputy minister, for instance, needing to fly would need ministerial approval in order to do that, unless they were in the presence and with the minister themselves.

Ms. Atkinson: — And how many aircraft are there available to executive air now, and what are the aircraft that are available?

Hon. Ms. Tell: — Okay. My deputy minister got into some technical as to what the names and numbers of the airplanes are. There's three.

Ms. Atkinson: — So are they King Airs? Are there three King Airs?

Hon. Ms. Tell: — I'll let the deputy minister answer.

Mr. Dedman: — There are two King Air 200's and one King Air 350.

Ms. Atkinson: — Okay. Thank you. And is it still the same process where the executive air charges each minister a certain amount of money in order to have access to the aircraft?

Hon. Ms. Tell: — That's correct.

Ms. Atkinson: — Where does that show up in the estimates?

Hon. Ms. Tell: — It will show up in the ministerial budgets.

Ms. Atkinson: — Each minister, each ministry will have an allocation to Government Services for executive air. Is that correct?

Hon. Ms. Tell: — That's correct.

Ms. Atkinson: — And can you tell me how much is allocated? How much each ministry has to allocate for executive air?

Hon. Ms. Tell: — We believe the number is \$37,000 for each ministry, but we will confirm that and respond.

Ms. Atkinson: — And can you indicate to me what the budget is for exec air?

Hon. Ms. Tell: — The total budget for executive air is 3.8 million.

Ms. Atkinson: — Now there's an agreement that executive air has had in Saskatoon, and there was some thought that a new hangar would be built for executive air and air ambulance. Has that happened?

Hon. Ms. Tell: — No, it has not happened.

Ms. Atkinson: — So does there continue to be an arrangement with Hundseth?

Hon. Ms. Tell: — Yes, the arrangement is continuing.

Ms. Atkinson: — Are there any plans to build a hangar for air

ambulance in Saskatoon — and executive air?

Hon. Ms. Tell: — We're looking at alternatives to the existing space. And at this point in time, there is no plan to build a hangar for air ambulance.

Ms. Atkinson: — Thank you. Are you looking at entering into an arrangement where someone else might build a hangar for air ambulance? Because I understand that the facilities at present is presenting some problems both for the person who leases the facilities and for the people who use the facilities.

[21:15]

Hon. Ms. Tell: — We are looking at alternatives with respect to existing space. We're not looking at anybody else to build a building nor government building a building.

Ms. Atkinson: — Thank you. Can your officials advise how much ministries are charged per air mile when they use the government aircraft?

Hon. Ms. Tell: — The answer is \$4.02 per air mile.

Ms. Atkinson: — Thank you. And I have a couple more questions, so they'll be short snappers. Do any of the Crowns get access to executive air? That's the first question. And the second question is, how many trips would have been made by executive air in the past fiscal year? I suspect you don't have that here, but I'd be interested in seeing that.

And my final question is, at one stage ministers had to report, and it was publicly available information, the trips that they made, every ministry, who was on the aircraft, and whether it was deadheaded, that sort of thing. Is that information still publicly available?

Hon. Ms. Tell: — You know, the number of flights and who's using exec air is, as far as we're aware, publicly available. And we'll check into that process to see, you know, how we can make that available to you. Crowns do have access to exec air; however they rarely utilize executive air.

Albeit I don't have the number of trips that has been on executive air, I will go through: from 2006-2007, the mileage, 329,482; for 2007 to 2008, 255,700; from 2008 to 2009, 232,344; 2009-2010, significant drop, 182,623.

Ms. Atkinson: — Minister, does that include private charter flights as well or is that just executive air?

Hon. Ms. Tell: — That's just executive air.

Ms. Atkinson: — So I think in order to compare apples to apples, could we have the miles for private charter flights for '06-07, '07-08, '08-09, '09-10 in order to understand whether or not there is an increase. I guess I'm interested in knowing, is there an increase in the use of private aircraft or chartered flights versus exec air?

Hon. Ms. Tell: — We don't have that information available tonight, but we will get that to you.

Ms. Atkinson: — Perfect. Thanks.

Hon. Ms. Tell: — Thank you.

The Chair: — Mr. Belanger.

Mr. Belanger: — Yes. Just I see that we've got a short few minutes here. In reference to the decision to change, the only significant policy change on the use of the executive air was the fact that your deputy ministers had to seek permission from the ministers to use executive air. Is that correct?

Hon. Ms. Tell: — If the deputy ministers were not in the presence of the minister, then they had to get ministerial approval in order to utilize executive air, yes.

Mr. Belanger: — And that wasn't in place under the previous NDP [New Democratic Party] administration, is that correct?

Hon. Ms. Tell: — My understanding is that that came into place under this government.

Mr. Belanger: — Okay. And what was the reason behind that?

Hon. Ms. Tell: — Well I mean, I believe that ministers or the elected officials are the ones that are ultimately responsible for use of government equipment and/or money. And it's up to them to ensure that the use of the airplane, the use of executive air, is in keeping with government practice and the ones who are accountable are the people who are elected.

Mr. Belanger: — Yes, and that's fair. I'm not, I'm not arguing from that perspective. I'm just wondering. It perplexes me as to why that decision was put in place because I don't think ever in the history of any administration previous to this one was there abuse by any deputy minister in terms of using aircraft that was not attached to their duties. So I was just wondering, was that a measure put in place just to basically to try and neuter the bureaucracy a bit more as opposed to trying to be accountable?

Hon. Ms. Tell: — I don't think it was put in as a result of any particular problem. The people who are truly accountable in government are the people who are elected. And when you are spending government money . . . I mean there's no different than the minister signing off on travel to go here, to go there, you know. In order to do that they have to get ministerial approval. It costs a lot of money to use executive air and we, the elected people, must ensure that it's done in a judicious, responsible fashion. And it wasn't as a result of any particular problem; it's just good governance.

Mr. Belanger: — Getting back to the picking up and dropping off of ministers . . . And I certainly travel on executive air and I certainly compliment the maintenance staff and the pilots and all the attached personnel to them because it sure is a valuable service to have.

Is there a particular cost per person to fly on that aircraft? Like if there was seven or eight ministers, say as an example, we'd often do this on weekends, we'd get flown home. And is there a cost for each of the ministers to board that aircraft and what would that cost be? I may have missed the answer. My colleague may have asked that question, but is there kind of an

averaging of the cost for each minister, and how does that work?

Hon. Ms. Tell: — We don't have that formula per se. Obviously that if a number of people are using the aircraft, the costs are shared. What that formula is, depending on the numbers and obviously depending on where they're flying to, we don't have that formula with us tonight, but we certainly will get that for you.

Mr. Belanger: — Could you share with us ... Obviously you're the minister responsible. Are you the one that uses the aircraft the most, or is there other colleagues of yours from cabinet that use it the most? Can you give me the top five users, if you can?

Hon. Ms. Tell: — We will provide that information for this particular fiscal year in due course and when these estimates are tabled.

Mr. Belanger: — Could I possibly get it for last year as well?

Hon. Ms. Tell: — For 2008-2009?

Mr. Belanger: — Yes.

Hon. Ms. Tell: — Yes. And that's all public information.

Mr. Belanger: — Yes. I realize it's public information. This certainly saves us a bit of time in getting the information.

The landing requirements for, as an example, King Air, obviously I don't assume the minister would know all Nav Canada's rules, but I'm certain there's somebody in the officials may know that there's probably a requirement for certain specifications to land certain-sized aircraft in any location. You've not, to your knowledge, compromised that process by redesigning or requesting special authority to land aircrafts where they're not supposed to?

Hon. Ms. Tell: — Not to my knowledge. There has not been any request to make adjustments at all with respect to that.

Mr. Belanger: — Okay. And most of the stops that you make with the executive aircraft, there hasn't been any significant overall changes to the drop-off and pickup location. Because obviously when we were government we'd often take a number of Sask Party MLAs, and we would drop them off. We will do the milk run. We'll leave on a Friday afternoon and drop everybody off. There's been no heavy deviation from different areas that people or executive air tend to travel.

Hon. Ms. Tell: — The policy is the same with the exception of the change cited with respect to deputy ministers. There's been no major deviation except I must state that sometimes the drop-off point, I mean, locations change, and so we have to change with them. So there's nothing out of the ordinary though or nothing extraordinary.

[21:30]

The Chair: — With that, we've now reached 9:30, which will conclude this portion of this evening. I'd like to thank the

minister and her staff for answering the questions of the committee here today. And the committee will recess for 5 minutes, and we will try and be back here right on 9:35 to start our next session with the Minister of Finance. Thank you.

[The committee recessed for a period of time.]

**General Revenue Fund
Finance
Vote 18**

Subvote (FI01)

The Chair: — I'd like to welcome everyone back to this meeting of the Crown and Central Agencies Committee. We are now doing the budget debate on vote no. 18, Finance. Before we start and I ask the minister for some initial comments and to introduce his officials, I would like to say that we have several documents here that we will be tabling. They are the CCA 271/26 to CCA 299/26. These have all been distributed to the members in recent days and we are now just officially tabling them. With that, I would ask the minister if he has any opening comments and to please introduce his officials.

Hon. Mr. Gantefoer: — Thank you, Mr. Chair. It's a pleasure to be with you tonight. Before I make some comments — and I'll be very brief — I'd like to introduce some of the officials or the officials that I have with me here this evening.

On my left is Doug Matthies, the deputy minister of Finance. On my right is Terry Paton, the Provincial Comptroller, provincial comptroller's division. Margaret Johannsson is at the back behind me, the assistant deputy minister in the revenue division. Joanne Brockman is at the table here, the assistant deputy minister of taxation and intergovernmental affairs and economic and fiscal policy. Louise Usick is the director of financial services branch, in behind; and Eric Johnson, senior analyst, taxation and intergovernmental affairs. As well, sitting behind the bar is Dick Carter, my chief of staff, and Fred Fedosoff, ministerial assistant in the Ministry of Finance.

In terms of opening comments, I don't want to take a whole lot of time because I think it would probably be better served in going to questions. However I'd like to say that this year proposed a particular challenge. This is the third budget that I've had the pleasure to table in the provincial legislature, and each of them have had their unique challenges and this was no exception. This year of course we're coming out of a period where the international community has experienced an unprecedented recession and is comparable only to the 1930s. And certainly while Saskatchewan has been largely protected from the impacts of that recession, we certainly were not immune and we certainly experienced a significant disappointment in the potash revenues last year.

And so this year, we were very determined to be cautious on our revenue projections and to exhibit significant restraint on the spending side. We have been chastised for not living within our means, and we certainly were determined to do that this year. And we were able to realize a net reduction budget over budget of 1.2 per cent, which is \$125 million which is pretty unique in terms of what other governments in Canada have been able to achieve. So we're very, very pleased with that

initiative.

And having done that, we also recognize that there were some imperatives that we had to realize. One of them was that we wanted to make sure that we had significant dollars invested in infrastructure, so that we captured all of the available federal dollars that were available for the stimulus and the Building Canada projects over the '10-11 budget year. And we're able to provide some \$630 million in capital for infrastructure, which is the third highest budgeted amount and brings our capital infrastructure investment to almost \$3 billion over the term of our government. And that is very significant and important.

We also wanted to ensure that we were very sensitive about the fact that in a growing economy they say that a rising tide floats all boats, but some of the boats are pretty beat up and a little bit leaky from the experiences of life. So we wanted to make sure we kept a mindful eye on the most disadvantaged in our society so that they weren't left behind.

And we wanted to make sure that we were able to support a growth agenda by making strategic investments in education, in health care, and post-secondary education, and to make sure that our Crown corporations were able to meet the challenges of a growing economy and a significant deficit in infrastructure.

So, Mr. Speaker, we are very proud of our budget, and we believe that it sets the right tone and tenor for the fiscal situation that Saskatchewan and Canada find ourselves in. And we're very optimistic about the projections for our growth going forward into the future as we move out of this difficult transition time in the international economy.

So with that, Mr. Speaker — or Mr. Chair, I'm sorry — I will stand ready for myself and our officials to do our best to answer the questions that you may have.

The Chair: — Thank you for those comments. I believe Mr. Wotherspoon has some questions.

Mr. Wotherspoon: — Thank you to the minister for coming before committee here tonight, and certainly to the officials that are here tonight. We don't have a long time here tonight, so I do want to get to the questions, and there's important questions to be asked.

But in response just briefly to the preamble put forward by the minister, concerned that the gravity and the concern that's felt across this province as it relates to the dreadful state of our finances under the past couple years, in the past couple years, isn't understood and felt by the Premier and this minister's government.

To suggest that a time where you have unprecedented highs in the past couple years of revenue and to describe those years as somehow difficult years is not appropriate. It's not accurate. And what we are concerned about, as are people from across the province for whom we bring that voice to this committee, is that the huge deficit that we have seen in both of the last two years, two consecutive years at a time where we have more revenues flowing to government than ever before and a real concern when we look at the debt growth in the province. And it's been clear from day one as our position on this, is that the Sask

Party's had an unsustainable spending program in place for the past couple years. That continues here this year. We have a deficit budget here before us. And the circumstances and the concerns as it relates to our finances are grave and should be given the highest priority of this minister and the Premier.

Without going in further or taking away from the debate that we typically have or discussion in the Assembly, I think I'll get into some of the questions that we have here tonight. Maybe starting off just specifically with FTEs within Finance. Could the minister describe . . . We see a reduction in FTEs, just an explanation of what these individuals represent and how his ministry's going to manage with the reduced complement.

Hon. Mr. Gantefoer: — Thank you, Mr. Chair. In specific detail on the '10-11 budget decisions, there was one full-time equivalent from the corporate services division, a position of a ministerial assistant. There was one position in treasury and debt management, an assistant deputy minister. One position in treasury, a further position in treasury and debt management, a Saskatchewan savings bond position. Treasury and debt management, a Saskatchewan savings bond position, a summer student, was a point seven position. One full-time equivalent budget analysis division administrative support position, three from the revenue division audit and collection and one from the revenue division corporate capital tax audit clerk. Of those positions, four were vacant and three were encumbered.

In terms of the attrition project, they haven't been identified yet but nominally they are set up as follows: one from treasury and debt management, one from the personnel policy secretariat, point three from the corporate services division in communications, two from the provincial comptroller's division and three from the revenue division, for a total of 7.3 on the attrition reduction target. And the total for the budget reduction was 8.7 for a total of 16 full-time equivalent reductions in both categories.

Mr. Wotherspoon: — So a significant reduction in full-time equivalents in the Ministry of Finance at a time where we find ourselves with devastating management and condition of our finances. I look specifically to the provincial comptroller's office and those two positions that are going to be eliminated through the attrition project. What positions and what role were those positions or are those positions?

[21:45]

Hon. Mr. Gantefoer: — On the attrition allocation, they're nominally allocated on that basis. None of them have been identified specifically. But we had to, for budgeting purposes, assign areas where they nominally would be allocated. But as the attrition process evolves, it wouldn't necessarily fall into those specific categories. So it's early to tell exactly how the attrition process will unfold.

But across ministries, since we had to make an allocation in the reduction of the budget, the attrition process will be one where there's going to be a senior deputy minister committee chaired by the deputy minister to the Premier that are going to look across government.

On this attrition process, you can't specifically commit to

making the allocations in the specific ministries because it just may not work out. For example, you can't not fill a position for a snowplow operator in Highways in January. It just has to be done and this has got to be managed on a government-wide basis over the course of the year.

Mr. Wotherspoon: — But it would be the minister's intent to eliminate two positions from the provincial comptroller's office through that project.

Hon. Mr. Gantefoer: — Not necessarily. The object would be to eliminate 7.3 positions in total through attrition. How they will fall out and where they're individually going to be allocated will unfold over the course of the year.

And indeed if Finance needs an extra position or two, then that's where I speak to the global attrition program, if you like, across ministries. You won't be able to just allocate them specifically all the time to individual ministries. There may be a compelling case that has to be made to the senior committee of deputy ministers whereby a ministry would maybe be asked or be able to offer up more positions in one particular ministry and there would be less allocated to others. But nominally we had to allocate them for budget purposes.

Mr. Wotherspoon: — Doesn't this speak to the significant challenge that this project is going to have in implementing it in a successful fashion to meet the statistical numbers, the statistics that have been provided?

Hon. Mr. Gantefoer: — Certainly no one has ever said this wasn't going to be challenging, and that's why there is a senior committee of deputy ministers that are going to be leading this across all of the ministries. We're looking for innovative ways of doing things better and more efficient across ministries. Some ministries will be in better position to implement those efficiencies and other priorities will have to be established.

And so it's going to be an ongoing process over the course of four years. It's not an easy process, and it will require a great deal of vigilance and concerted effort.

Mr. Wotherspoon: — It speaks to a real lack of an actual plan or the strategy of a specific ministry and a minister being able to lay out where they can constrain very specifically and where in fact they're prioritizing. It seems that this sort of takes us in a very ad hoc approach.

Can the minister provide us some assurances that we're not just going down a path of losing positions in a very ad hoc approach as opposed to a very strategic, well-defined plan that sets out goals of government and sets out to achieve those?

Hon. Mr. Gantefoer: — Each ministry is going to . . . You know, as part of this budget process, we asked each ministry to prioritize and identify opportunities for savings and reductions as we went into the whole budget development process. That's an ongoing process. It doesn't end with the tabling of the budget. It's going to be an ongoing process of finding opportunities for efficiency right across government.

And so that will be an ongoing challenge that we'll have to find. And then you'll have to find those opportunities or define those

opportunities as priorities change, and then match them up with the actual vacancies that occur through attrition. So there's going to be that challenge, and it won't necessarily fall proportionately across every ministry. It'll have to be taken on a global basis of a goal of 4 per cent globally each year basically, and that's why a senior committee of deputy ministers are going to be tasked with leading this whole process.

Mr. Wotherspoon: — No, it's just interesting that it's the number, the 4 per cent reduction that is driving this and then the ministries have to fit into that as opposed to a broader plan from government and a plan from each specific ministry now. I guess that is the plan for government and that is what drives this in the end, but it would seem to me that government needs to set out its priorities and then work within the constraints that it has upon it. But we have other questions, I think, for this specific civil service reduction strategy at another, and then maybe throughout estimates at another time.

A question to the minister as it relates to the net debt within the province. Are we seeing an increase here this year? And if so, in what amount?

Hon. Mr. Gantefoer: — On the GRF [General Revenue Fund] basis, the debt stays flat at 4.1, \$45.3 billion. That hasn't changed. Where the change is occurring is on the summary basis or on the Crown basis. And on the Crown basis, the Crown basis would go from . . . Okay, on the Crown basis the number is basically \$5 billion, for the total debt is \$9.111 billion.

Mr. Wotherspoon: — Well thank you. We recognize that that's a significant increase and we . . . Certainly that's of concern and something that we will spend some time with here.

But I think something that's important — just looking at our time and want to manage that properly here tonight — I want to see if we can't get through discussion of these accounting changes that have been made in this budget. So I might, you know, ask the minister to provide us an explanation of what those accounting changes have been and specifically what entities that's affected.

Hon. Mr. Gantefoer: — I'm advised that we really have not entertained an accounting change. We have a funding change in Treasury Board Crowns which affects four Treasury Board Crowns: Saskatchewan Crop Insurance Corporation, Saskatchewan Health Information Network, Saskatchewan Housing Corporation, and the Saskatchewan Watershed Authority.

And what we've done there is the capital financing requirements of those four entities, and I can give you the breakdowns specifically, is \$24.211 billion and they have an amortization period of the useful life of the projects that they're capitalizing, if you like, varying from three to ten years. And so the financing difference is that we are financing the annual amortization of that capital funding, if you like, and I can break that in specific detail for you.

For example, Saskatchewan Crop Insurance has a \$9 million capital requirement, has an amortization period of five years, so principal and interest we are providing for on this budget basis

is \$1.8 million.

On SHIN [Saskatchewan Health Information Network] for IT [information technology] systems has a \$5 million request, a three-year amortization in that regard, so the principal and interest being funded is \$1.525 million.

The housing authority, for renovations, has a seven and a half million dollar capital request, a five-year amortization, so the principal and interest to be provided is \$1.6 million.

Saskatchewan Watershed Authority, of rehabilitation of water control infrastructures, is a 10-year amortization. The capital requirement is \$2.711 million and the principal and interest that we're providing on this annualized basis is \$345,000.

So what we're doing is matching the capital requirements to the useful life of the project and funding through the General Revenue Fund the annual amortization, and that is the capital acquisition change. There are no accounting changes.

Mr. Wotherspoon: — So this is in contrast. In the past that would have been funded on sort of a pay-as-you-go in the full amount of the expenditure?

Hon. Mr. Gantefoer: — That's correct.

Mr. Wotherspoon: — Why was this change instituted?

Hon. Mr. Gantefoer: — It was felt that this was a more accurate and better way of describing what the actual usage of the funds were as it balanced out to the useful life of the capital project and was a more appropriate way of describing the actual activity. And it matches the expense to the actual use of the life of the capital project being funded.

Mr. Wotherspoon: — What other entities would this apply to, the new capital acquisition strategy or plan?

Hon. Mr. Gantefoer: — In this budget it's only these four entities.

Mr. Wotherspoon: — And no other entities have been funded on the capital on a sort of as-you-go process? Or that's just because these requests, this is sort of a change in process? I would assume future entities into the future that are in need of capital will follow this process. Would that be a fair assumption?

Hon. Mr. Gantefoer: — At this stage, the only entities that this applies to is Treasury Board Crowns. Of the Treasury Board Crowns, these are the only requests we had this year. We haven't made any decision on any further expansion of this principle to other entities in the GRF. On a summary basis, the difference is eliminated because on a summary basis it's all accounted for in that format anyway.

Mr. Wotherspoon: — So it certainly states the debt. And you're right. When you're looking from the summary perspective, the debt's stated. But it seems odd to me that in a year where you're speaking of constraint and looking for ways to find efficiencies, that this strategy and this change wouldn't be a direct result of trying to lower annual expenditure.

Hon. Mr. Gantefoer: — It's more about matching the expense to the useful life of the asset. It's the common practice in the business world. And it logically makes eminent good sense because it more accurately reflects an annualized expense for the useful life of a project, a capital requirement. So we think it makes more sense and it's better to describe it in this manner, and we are going to see how this works because we think it's a useful way of presenting information for the people to understand.

Mr. Wotherspoon: — In the short term it allows spending to be lowered on an annual basis but, you know, it still needs to be managed. I'm looking at some of the other entities that could be funded in this manner. What sort of discussions have occurred within your ministry? What sort of planning, as it relates to school boards and health regions on this front?

Hon. Mr. Gantefoer: — The capital requirements in Treasury Board Crowns are similar to in the General Revenue Fund, so this is a better way of describing it in a similar basis. And I'm advised by officials that this is consistent with past practice . . . [inaudible interjection] . . . Thank you. I'm told in 2004 we moved to capitalize government-owned assets and this is an extension of that policy that has really been initiated some time ago.

[22:00]

Mr. Wotherspoon: — As it relates to school boards specifically, what sort of analysis or planning has your ministry undertaken to analyze capital acquisitions with school boards in this matter?

Hon. Mr. Gantefoer: — At the present time there's been no change. We are continuing to . . . or budget expense the expenditure in the year the money is provided to school boards. And so that hasn't changed. And the same is true in the health sector. At this stage we haven't made any decision to move in that area at this point.

Mr. Wotherspoon: — Sorry, not my question. The question specifically, because of Education and Health being such a big piece of the budget here, I'd assume there's been some planning and some discussions within your ministry. What sort of resources have been allocated for that sort of planning and do you have anything that you can share with us as to any perspective that's been gained? Any direction that the ministry is looking to head?

Hon. Mr. Gantefoer: — I think that we want to do this on an incremental approach that we want to make sure that these entities and Treasury Board Crowns specifically have adequate access to capital so that they can access that capital at reasonable rates. We want to see what that will be in practice as opposed to a theoretical kind of consideration.

And so we want to go very slowly and carefully before we make any further commitments to move into any areas beyond where we are at the present time. We think it has merit and there is potential, but we want to see it in practice at this stage. We have these four entities that we're going to move forward with on this basis, and we want to make sure that their access to capital is cost efficient and appropriate to their situation before

we make any commitments to going beyond that.

Mr. Wotherspoon: — So this would affect entities like the Global Transportation Hub, all Treasury Board entities.

Hon. Mr. Gantefoer: — The Global Transportation Authority has funding available for it through Highways at this stage, so it doesn't apply at this stage. And for this year we only have these four entities. What exact examples there will be going forward will be for future decisions, but we want to go cautiously and carefully and make sure that these entities have adequate access to cost-efficient sources of capital.

Mr. Wotherspoon: — It seems to be sort of a cash management strategy that may have some merit, but it's problematic and concerning to understand that this is driven by what's been an unsustainable spending program implemented by your government, Mr. Minister. And it's difficult to set aside and look at changes and their merit without looking at what's driven that change. And it causes some concern when we're looking at why certain changes are made that artificially lower spending in a given year.

Hon. Mr. Gantefoer: — Well certainly we're going to have to be prudent and manage the total allocation of capital even though, as the member seems to be agreeing, there's merits from a cash flow management and balancing the cash flow to the actual life of the capital project, you know.

And I certainly recognize that the member's of the opinion that the expenditures in the previous two years were reckless and unsustainable, you know, but I've never heard from the member what expenditures specifically that he wished that we would not do. If you would like to suggest that the \$3 billion that we spent over this last three years on infrastructure was inappropriate, expenditures on highways and schools and infrastructure, water and sewage projects were inappropriate, then I would be pleased that he would say that. Or if the \$300 million tax relief for low-income individuals by increasing the basic personal exemption was inappropriate, or he wished that we didn't take 80,000 people off the Saskatchewan tax rolls. I haven't heard yet what inappropriate spending there was as we became government and fulfilled the promises we made to get this province into a growth agenda.

So over the long term we've recognized that we wanted to fill those commitments we made to the people of Saskatchewan. We've largely done that, and this year we demonstrated that we certainly could exercise constraint and restraint and actually table the budget-over-budget decrease in spending. So I think the member needs to give credit where credit is due.

Mr. Wotherspoon: — The minister speaks of a growth agenda. Certainly New Democrats know all about this and know how to build that kind of economy. My question to the minister: he speaks of spending all of this money to build that growing economy. Is growing an economy in his eyes the 3 per cent contraction last year that RBC [Royal Bank of Canada] highlights our GDP [gross domestic product] contraction as, or is it the negative 4.1 per cent that Conference Board of Canada indicates? Or I'm just looking for what this minister . . . where he wants to hang his hat on the kind of growth that he, from his massive spending program and unsustainable budgets, where he

wants to hang his hat on the growth that he speaks of, what we see as an economy that shrunk last year.

Hon. Mr. Gantefoer: — Well and if the member thinks that we live in some separate planet from the rest of the world and the rest of the world economy, then the member is sadly mistaken. Saskatchewan did experience the effects of the worldwide recession as every jurisdiction in the world experienced it, and certainly we've said all along that we weren't immune from the effects of the worldwide recession.

But people in this province understand that we have fared better than virtually any jurisdiction anywhere in the world in terms of minimizing the effect of that worldwide recession on Saskatchewan people. And people that walk down the streets of our economy have largely been insulated from the worldwide recession, and you only have to look to provinces on either side of us — you know, Alberta, BC [British Columbia], and Ontario, Quebec, and American states — to see the devastation that could happen in some economies that we have avoided.

We have gone into a short period of time of negative numbers much later than most other jurisdictions and much shallower than most other jurisdictions, and we're forecast to be leading the country in moving forward in growth going forward from this point. And so that is a point and a reality that needs to be put on the record in balance. And I think the member, if he's realistic with the overall picture of Saskatchewan's place in the global economy, would have to admit that we've fared relatively well.

Mr. Wotherspoon: — I'm certainly willing to represent our economy as an economy of strength, one that's built by Saskatchewan people and good policies that have been in place for a long period of time. Certainly you might argue that in spite of the current government. And the big problem that we have — and that's why we're here tonight — isn't with the economy itself; it's with the management of the revenues that that economy furnishes to government. And those being at unprecedented highs in the past two years, we see it as completely reckless to have deficits in the \$1 billion range two years in a row with another one projected again next year.

The minister also makes a comment about world recession and the member opposite, being myself, that I should recognize that. I would possibly ask the minister to reference the advice that the opposition was providing more than a year ago this time before the last budget, talking about worldwide recession and understanding who purchases our resources. And that's of course a global community. And we saw a government foolishly proceed with revenue estimates as it relates to a global commodity that's purchased worldwide, being potash, that was nearly \$2 billion as an estimate.

And we said from day one that we need to understand the global market that we exist within, and that we're in an unprecedented worldwide recession. So it's, I don't think, appropriate for the minister to try to highlight that recession at this point in time. And he could have been much more prudent last year to have listened to that advice and recognize those markets, instead of the foolish member from Kindersley who didn't recognize any of those factors.

But a question specifically as it relates to potash this year: if the minister can just highlight the actual sales volume and price that we concluded the 2009-2010 year with.

Hon. Mr. Gantefer: — Officials tell me that we're just finalizing the number for that year. The details of that will come out in the public accounts in June. So we don't have those finalized numbers at this stage, member. But when public accounts is released in June they'll be all summer hours finalized at that time.

Mr. Wotherspoon: — Do we have a ballpark at this point that we'd . . .

Hon. Mr. Gantefer: — The closest we could come is the numbers in the budget documents. It's difficult to speculate on what adjustments there may be from the budget documents that show for the fiscal year '09-10, a negative 203.9.

Mr. Wotherspoon: — And sorry, specifically as it relates to the sales volume and the price of potash in that given year.

Hon. Mr. Gantefer: — I'm advised that we don't have that final information from Energy and Resources until the books are closed. We'll have those finalized numbers for the member.

Mr. Wotherspoon: — Do we have a ballpark for those numbers?

Hon. Mr. Gantefer: — I'd refer the member to . . . In the '10-11 budget summary document on page 40 it indicates that our forecast for '09-10 on volume is 4.7 million tonnes, K₂O tonnes, and a price in KCl [potassium chloride] US [United States] dollars of \$413. And so that will give you the best estimate we have as of budget what those prices and volumes were for '09-10.

Mr. Wotherspoon: — A question to the minister as it relates to the '09-10 budget again — and we'll get to these questions to this year — but what was the assumed capital expenditure by industry for that year?

Hon. Mr. Gantefer: — Specific?

Mr. Wotherspoon: — Potash, specific.

Hon. Mr. Gantefer: — I'm told that our officials, we don't have that information. Energy and Resources may have or should have. And we can undertake to get it for you, but we don't have that information with us this evening.

Mr. Wotherspoon: — Does the minister know what that number is for the 2010-11 budget, the budget before us?

Hon. Mr. Gantefer: — I'm told that, as an estimate, the spending has been in the order of, by the three major companies that are currently in the province, in the magnitude of \$2 billion a year. That's an estimate from our point of view of information that we've got from Energy and Resources, but there may be some specific variances from that as companies make their decisions to move forward on certain projects or not.

[22:15]

Mr. Wotherspoon: — We'd urged the minister and we believe it's prudent of the minister to have that information at his disposal. In no small way it factored in, in a significant way, to the negative number that was achieved in the previous budget year. When you're looking at potash specifically, it's incredibly important that we're understanding volume and price and the best market information that we have there.

But as I hope the minister understands, with the policy I believe that was instituted in about 2002, those capital expenditures have a significant impact here. And it's all well and good for the Minister of Energy and Resources to pump out press releases such as the one that I read a while back that said \$11.9 billion of investment, capital investment in potash because that's a positive thing. And that's exactly what that policy was intended to do, was to spur huge economic investment and to have long-term benefits and jobs and economic activity.

But the short-term planning has to factor in that number and, as much as the assumption for volume or price, the assumption for what the capital expenditure in potash is one of the most important numbers at this point in time. And if we had \$2 billion, as I believe would probably be about the right number from last year, and if we're looking at that again here this year, and then with the policy that's in place where you depreciate that by 120 per cent with a marginal tax rate of about 35 per cent, we're effectively mitigating about 600 to \$700 million a year flowing to Finance's coffers.

Now I don't say that to say that this is a poor policy because I think it's a good policy that's achieving the results. And I think individuals like Mr. Eric Cline should be very proud of that policy at this point in time, to see the kind of economic activity that in no small way has been a huge part of the GDP activity and the projections about leading the nation that the Premier's very willing to trumpet.

But we need to understand the mitigating effects in the short term. Does the minister have a number for what the impact on our treasury was last year, specifically as it related to the, not the expenditure, but the actual amount that was mitigated through that policy to our treasury as it relates to revenues?

Hon. Mr. Gantefer: — The lead in the energy and resources sector is of course Energy and Resources Ministry. And so they get the specific information from the individual companies, and they have an obligation to protect the privacy of the individual companies because there are so few players, if you like, in the sector. And so there is an obligation to make sure that there is some confidentiality maintained. And we get that information from Energy and Resources.

But the member is right. In terms of the general direction of the policy that was implemented, our administration agreed with the initiative and maintained those royalty regimes in place. And so we are of concurrence with the previous administration in terms of the desired effect of the royalty structure and program for potash, and for oil and gas for that matter. And one of the attributes of the industry in Saskatchewan has been the fact that it's been stable and predictable by the industry. And so you get the comments from industry officials saying Saskatchewan is a good place to invest in the mining and the oil and gas industry, and that serves in good stead.

The member is also right that, in general, a \$2 billion capital investment results in approximately a \$600 million credit, if you like, against royalties payable. And, you know, there's variances from that. If the investment goes up, of course the potential credit would increase. But that gets diminished over time. And so we are of an agreement that, over time, it's like a long-term savings account. We don't realize as much as we might in the short term in this regard, but we're building assets that are going to be very significant in the long term. And certainly the fact that the capital expenditure has occurred in the current year, the \$2 billion, a great part of that is investment right here in Saskatchewan for supplies and services and personnel and personnel power to build those assets.

So I mean there is a direct and immediate benefit. But in terms of royalties, there certainly is the ability of the companies to build a credit against royalties payable in the short term as you utilize that capital allowance.

Mr. Wotherspoon: — It's a great concern that this very important number and assumption hasn't been factored into last year's budget. And then we look at the devastating return within potash royalties, and this certainly had a direct impact on that. When you're talking about mitigating \$600 million that would have been paid to government, we see it as irresponsible that that wasn't factored in from day one.

I would assume that through this difficult year that lessons have been learned. I would assume that that number is reflected in this year's budget. I think the potash number is two hundred and something. Is it fair to assume, or could the minister state, that that number this year reflects the reduction of the impacts of that capital investment and the tax policy as it relates to mitigating what's paid to government?

Hon. Mr. Gantefoer: — Actually, member, that was in last year's numbers as well. There's two big factors that really caught the industry and caught all the forecasters by surprise last year, and that was two factors. One was price, and the second thing was volume. I mean the volume dramatically reduced from what had been the traditional patterns of volume and the anticipated patterns of volume, and the price was dramatically different that was realized, compared to what was anticipated.

There was a range of forecasters that had, from a more positive number than we used — significantly more positive number than we used — to significantly less than what we used. But nobody projected the kind of collapse of the prices and tonnage that occurred. So you know, were we wrong? Absolutely, but so was everyone else in the industry. And all the forecasters, private and public around the world were equally wrong or were wrong of incredible magnitudes.

And certainly this year we've tried to build even more caution in, prudence into our numbers. But it's a commodity market which is very volatile, and certainly you have these circumstances conspiring to make it very, very difficult to realize your results. But we have more faith in the numbers this year, only because the magnitude of the numbers are much smaller, so we can't be as wrong again.

Mr. Wotherspoon: — So when the minister speaks of price,

that's he talks about completely fell out and that he could have never imagined, does he refer to the 413 that he's referenced as the average price per tonne? That would be I guess 413, which would be the second highest number that potash has ever averaged in this province's history. Is that the complete collapse that the minister speaks of, as it relates to price specifically?

Hon. Mr. Gantefoer: — The price that was forecast in the '09-10 budget or was forecast in '09-10 ended up at \$413 a tonne. We had used 556 a tonne in our budget, and at the time we'd used the 556, sales were being transacted in the 7 to \$900 a tonne range. And so that was significant higher than what we used.

And no one predicted that the tonnage would go from the 10.3 million tonnes that we forecast in the budget down to the 4.7 million tonnes, which was less than half of the tonnage that occurred as well. So both things together had the compounding effect of dramatically reducing the royalties that were payable to the province of Saskatchewan.

Mr. Wotherspoon: — The minister keeps referencing this tired, worn-out story about nobody could have imagined. And, you know, I think that it falls on deaf ears. It certainly falls on deaf ears with the industry that was laying off thousands of workers last year — January, February, March — to respond to the worldwide collapse and the economic calamity that was before them. And the minister had all that information before. But we're rehashing into stories from last year.

But for the minister to be here a year later with that information before him and in fact a budget, a devastating budget that can be placed directly at the feet of this executive government and the decisions that they've made, it's disingenuous to suggest otherwise. And for the minister last year, while companies were scaling back production by the millions of tonnes in historic ways and laying off thousands of people, and for this very minister to be cranking up his estimate to a record high was irresponsible then, and it's completely disingenuous and not believed at this point in time to suggest that nobody could have known.

The point is, last year as it relates to potash, that if it weren't for the advance payment that was based on the irresponsibly high numbers that occurred in the previous fiscal year and the credit that was carried in, and as well the impact of the capital expenditure policy, it was a relatively . . . it would have furnished the finance in this province with significant revenues. The only problem in a significant way was as it relates to the planning of the finances of this government. And that's your ministry, Mr. Minister, and it doesn't go beyond your responsibility. I know full well that you had all sorts of pressure from the irresponsible member from Kindersley to push these numbers in ways that others couldn't have fathomed, but at some point there's accountability and some contrition that has to occur. And we don't see it at this point in time.

But when we're looking at this year, is it fair to assume that we're factoring in the capital expenditure policy here this year and that the revenue estimate that's been put forward by your ministry, that that impact has been factored in to the tune of about a \$2 billion investment this year? Is that a fair assumption?

Hon. Mr. Gantefoer: — That's correct, as we did last year. And if I may comment, we communicated and were in communication and Energy and Resources specifically was in communication with industry leaders right through the budget preparation process to determine if our numbers were within the range of what was expected by the industry. And certainly they concurred as we developed the budget.

This was done in close consultation from Energy and Resources, with the industry leaders in the province. And they were equally flabbergasted by what transpired in the industry, and so everyone is glad to have that experience behind us. The industry certainly is. And they were able to quite skilfully move work-related activities around so that many of their people who weren't required for production could be used in the capital investments they were making.

And it certainly is a testimony to the industry and the belief they have in the industry that they are proceeding with those capital investments. And it's a further testimony to the industry that BHP Billiton has been investing mightily in the development of a potential mine in the Jansen-LeRoy area. So there's a lot of optimism in the industry going forward. And certainly in our budget numbers this year we have included the capital allowance that has been anticipated and are using the credit that we anticipate that the industry will use as an offset to potential royalties that we are budgeting for this year.

Mr. Wotherspoon: — Industry certainly knew the numbers last year that were put forward, and business people across this province certainly knew that the numbers that were put forward last year were foolish numbers. This year I'm glad to hear that that has been factored in. It's important when we look at this piece on capital expenditure, and it's of I think . . . you know, I do take a moment to highlight that actual program because, you know, when you're looking at \$12 billion of investment . . .

The member from Cannington shouts from his seat, but what he should recognize is that the \$12 billion that's going to be occurring in this province through capital expenditure is in part because of a policy that was put in place — the capital expenditure policy. And we're very pleased to see those companies proceeding because what that means is jobs and strength in communities across this province and really strong revenues to the province for many, many, many years.

[22:30]

But in the short period in between we'd urge this minister to understand that \$12 billion, when you amortize that . . . or depreciate that, sorry, is about \$15 billion. When you're looking at the marginal tax rate that you'd be reducing on that, we're talking about roughly \$5 billion over the next decade. So we need to understand very well from industry not just what the price is going to be, what the volume's going to be, but we also need to understand and manage what that capital expenditure is going to be because we welcome it, we're excited about it, but we need to understand the impact on our treasury.

Hon. Mr. Gantefoer: — I don't think there was a question in there, but I agree that we certainly have to manage the realities of the royalty structure as it's agreed to, and we very much are appreciative of the potash industry and their capital investments

in the province. And we recognize the important contribution they make to our economy and we're appreciative and very, very fortunate that we have it. Any other jurisdiction in this country or in the world would be envious of our position going forward. It's a long-term, tremendous asset.

Mr. Wotherspoon: — A question as it relates to spending. There's been some messaging that there's been a reduction in spending. Of course that hasn't been the reality if you're looking at the actual spending of last year to the budget this year. What's the actual increase in this budget from spending last year?

Hon. Mr. Gantefoer: — Again we don't have the final numbers for the year-end, but . . . [inaudible] . . . budget for the forecast for '09-10 to the budget for '10-11 is about an increase of \$12 million.

Mr. Wotherspoon: — Okay. So just to all those folks that are watching at home here tonight — and I know of course this is probably what everybody's doing at 10:30 on a Tuesday evening — but when the Premier's out in a community nearby saying that he's decreased spending, it's important that we recognize that the straight-shooting Finance minister puts it on the record that the reality is that it's an increase of \$12 million. We appreciate the minister being forthright with that number.

A question to the minister: having constrained capital spending in most ministries here this year to manage your cash flow, what will you do next year?

Hon. Mr. Gantefoer: — Next year's budget will have its own unique challenges, and it's enough of a challenge to talk about the current year's budget. We certainly are projecting that we will be frugal and prudent as well again next year.

For the record, budget over budget, we are reducing expenditures by \$125 million, 1.25 per cent, and budget over budget is a comparison that is applicable. We've certainly made some reductions in spending last year as our revenue situation was challenged, and the best numbers, as I indicated to you at budget time is as was forecast.

For next we're projecting I believe a 2 per cent increase in spending, and at this stage that is very, very preliminary. We have the commitment to show the four years plan going forward, but the member would appreciate that the crystal ball is a little foggier the further you get out in the budget estimations.

And we believe that that is very prudent spending and very prudent revenue estimates going forward as well . . . [inaudible interjection] . . . 1 per cent. I'm brought to attention here that the expense growth for '11-12 is estimated at 1 per cent and 2 per cent over the remaining of the forecast period. So 1 per cent next year and 2 per cent the two years after that.

The Chair: — With that answer, we have reached the full hour that was committed to for debate on vote 18. With that I would entertain an adjournment motion from one of the members. Mr. D'Autremont has made the motion. All in favour?

Some Hon. Members: — Agreed.

The Chair: — Carried. This committee now stands adjourned.

[The committee adjourned at 22:35.]