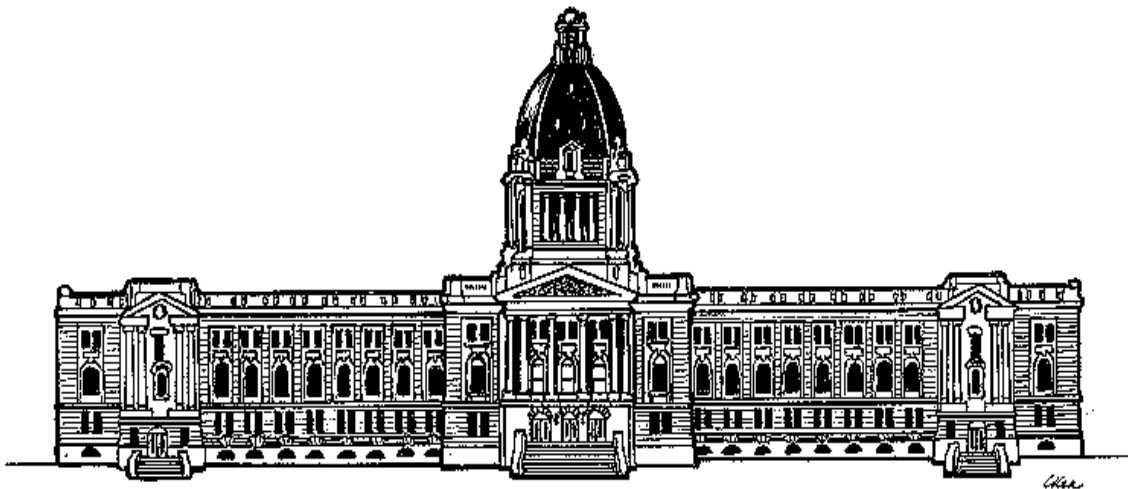




# **STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES**

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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 08:00.]

**General Revenue Fund  
Finance  
Vote 18**

**Subvote (FI01)**

**The Chair:** — I'd like to welcome everyone to this morning's meeting of the Crown and Central Agencies Committee. This morning we have with us the Ministry of Finance, consideration of estimates, vote no. 18, on page 71. For committee members with us this morning, we have Mr. Weekes, Mr. D'Autremont, Mr. Bradshaw, and Mr. Allchurch. We have Mr. McCall and Mr. Wotherspoon substituting in for Mr. Belanger.

We have several documents that have been distributed to the committee members. They are in front of you right now. The Saskatchewan Government Growth Fund Ltd. 2, the Saskatchewan Government Growth Fund 3, the Saskatchewan Government Growth Fund 4, the Saskatchewan Government Growth Fund 5 through 8 for simplicity. Gradworks Inc., First Nations and Métis Fund Inc., Saskatchewan Development Fund Corporation and Saskatchewan Development Fund, CIC Asset Management Inc., Capital Pension Plan, and the Crown Investments Corporation of Saskatchewan annual report.

With those documents now tabled, I would ask our Minister of Finance if he has a opening statement and to also introduce his members, and then we'll go on to questions.

**Hon. Mr. Gantefer:** — Thank you. Thank you, Mr. Chair. Since this is our second session on Finance estimates, I have no statement. But I would like to reintroduce and introduce some of the officials I have here with us today. Of course Doug Matthies, the deputy minister to my left; Terry Paton, the Provincial Comptroller to my right. Margaret Johannsson, assistant deputy minister of the revenue division is here. Joanne Brockman, the assistant deputy minister of economic and fiscal policy affairs in taxation and intergovernmental affairs branch is to Doug's left. Louise Usick as the director of the financial services branches is at the back. Arun Srinivas, senior analyst with taxation and intergovernmental affairs and Brian Smith as assistant deputy minister on the Public Employees Benefit Agency is with us this morning, as well Dick Carter, my chief of staff.

Thank you very much, Mr. Chair. And members, we're ready to answer questions.

**The Chair:** — With that we'll go to questions. I'd also ask that as your officials answer questions for the first time to the microphone, if they could introduce themselves, that would be appreciated. Mr. Wotherspoon.

**Mr. Wotherspoon:** — Thank you, Mr. Chair. Thank you to the minister and the officials for coming before us here today. We'll get straight to the questions as well. Certainly I think it's been well stated and important that we do so, that the opposition New Democrats are incredibly concerned by the massive debt increases over the past two years and the huge deficits that this government has chosen to run.

But as it relates specifically to some of the accounting and funding changes made in this budget, we went over, in the last period of estimates just briefly, as it relates to the new funding strategy as it relates to some of the Treasury Board Crowns and the amortization of capital assets. And this is a funding change. We're concerned that this has been driven by one reason and that being the interests of balancing a budget where spending programs have been implemented that's been unsustainable, and that's been . . . that that creates a deficit.

The minister took us through some of the entities, Crop Insurance, Sask Watershed, some others that are going to experience that change in how they're going to fund capital. And just to touch back on that before we move along to some other items, I know the minister said at this point in time those are the only entities, government reporting entities that those changes are going to occur in.

Does the minister anticipate any changes throughout the year to how he and his ministry will fund capital in other entities? Is it fluid throughout the year? Could changes occur where, throughout this fiscal year, other entities get their capital funded in a similar matter where it's amortized over a period of time?

**Hon. Mr. Gantefer:** — Thank you, Mr. Member. As I said in the last time we were together, that these four entities are the only entities that we're planning for at this time. We want to evaluate the effectiveness of the change in process whereby we amortize the cost of the project over the estimated life of the project, and that varies depending on the nature of the project specifically. We want to determine if that is indeed going to be a good way to actually deliver the capital costs that are reflective of the useful life of the investment.

**Mr. Wotherspoon:** — What kind of time period? The minister says that he's doing this, sort of going to evaluate it, so sort of done on a pilot or a bit of a test process here, and there'll be some sort of evaluation. What kind of time period does the minister need to be able to evaluate this effectively before he can make a decision whether this is the way to move forward with other entities or whether or not he's going to move forward in the traditional fashion of funding projects on an as-we-go basis?

**Hon. Mr. Gantefer:** — I think it'll be largely through this fiscal year, and certainly we would hope to have moved to a decision in our next budget preparation process, that if there is indeed clear benefits of doing it in this methodology that makes sense, then potentially we would consider that further in next year's budget. But at this time, until we have some opportunity to assess how it works, it would certainly not be anything that would change during the course of this fiscal.

**Mr. Wotherspoon:** — So the minister doesn't anticipate any changes, and he commits here today that there won't be any changes to any other entities this year as it relates to funding of capital and changes specifically to amortize that. These four government reporting entities that the minister's highlighted here today will be the only ones in this fiscal year that will be handled in this manner that would be different from how they've been in the past?

**Hon. Mr. Gantefoer:** — At this stage, these are the only four entities that we have any intention of dealing with at this time. If an unusual or an unforeseen circumstance may arise, I'm not automatically dismissing that we may consider it. But at this stage of our planning, these are the only four entities that we're considering.

**Mr. Wotherspoon:** — So the minister doesn't rule out making changes on this throughout the year to other entities or potential entities?

**Hon. Mr. Gantefoer:** — Certainly not our plan to do that, but I'm not completely ruling it out either because there may be a circumstance that comes up that makes eminent sense; however, we don't foresee that at this time.

**Mr. Wotherspoon:** — You know, from a cynical perspective it would . . . many would say that this seems to be sort of a, you know . . . There may be some merit to be studied, but that should be studied separate and alone or from a cash flow perspective. But from another perspective, this would allow the minister and the Premier to make many announcements and to get many projects started, but not actually have the dollars upfront to pay for those projects.

And we're going into a cycle where the public has huge skepticism as it relates to governments, and that being the 18 months before an election, this is a Premier that's been chastised by the public about going broke and not actually building anything or anything substantial. And there's a concern that now, in a circumstance where we're in deficit, that this Premier's going to want to be able to put his hat on some projects and see some projects get moving before the next election.

So it's a concern of ours on this front. What would the minister say to people who are concerned that we may be going through a period where a government, for political interests, will commit to many projects over the next 18 months, not actually have the money to pay for them, but will certainly add that debt and those costs in a medium- to long-term capacity to the province of Saskatchewan?

**Hon. Mr. Gantefoer:** — As I said to the member, we have no plans to expand this model, if you like, beyond what we've identified in this budget. We recognize the importance of making sure that projects are sustainable in the long-term and that you don't pile on a bunch of projects with short-term vision and not a vision for the full amortization period of time. But at this stage, we have absolutely no plans to expand this beyond these four Crown entities. And we think that they are a variety of amortization periods from three to ten years depending on the projects, which would give us a good overview of the effectiveness of this initiative.

**Mr. Wotherspoon:** — It provides us some comfort here today, but I have to say I have more faith in this minister and much faith in the ministry officials, but very little in the individual who holds the hammer, being the Premier of Saskatchewan with the Sask Party.

And we know that when that Premier wants something done, it simply gets done. So we hope that what we're hearing today is

going to be consistent throughout the year, specifically as it relates to capital, and funding of that capital projects in health and education, of course are big budget areas. We touched on it last week. But what specific analysis is your ministry going through right now to look at what that would mean to shift to a model of amortization?

**Hon. Mr. Gantefoer:** — Again checking with my officials and from my knowledge, we aren't looking at anything specific at this time. We have this trial, if you like, with the Treasury Board for Treasury Board Crowns. And again at this time, I can say there are no plans in place to expand it beyond this for Treasury Board Crown initiative.

**Mr. Wotherspoon:** — So there's no evaluation then of what impact this would have if this model was then attached to education and to health?

**Hon. Mr. Gantefoer:** — Member, I'll have the . . . It's a bit technical and I'll have the deputy minister give you the answer.

**Mr. Matthies:** — Thanks very much, Mr. Chairman. Doug Matthies, the deputy minister of Finance. Just in response to the member's questions, in terms of health and education, some of the things that we would have to evaluate . . . And as the minister's indicated, we are not actively engaged in any work at this point to do some evaluation on it. But if you were to go down this path, we would have to understand, particularly from an accounting and funding perspective, what the source of funds would be to repay loan arrangements.

With the Treasury Board Crowns, this is being examined this year. They all have some source of funding that would be external to government and so that becomes an important distinction: will the monies be repaid potentially or in part from another source of funds? In health care, pretty much all of the money is provided by the province. And so that would have a significant impact in terms of how you might structure an arrangement, because if at the end of the day it's the taxpayers that are going to repay a loan, then that dictates an accounting treatment where you would end up expensing it pretty much.

Now there may be arrangements that could be considered where you might, for example, if you had sort of long-term lease arrangements or something, there may be opportunities that you could sort of look at in that regard. But we are not actively exploring anything at this point. And the issue of source of funds would be significant to understand before I think any government would be prepared to go forward. Because you have to make sure that what you set up in form, the accounting rules, would allow you to achieve what your end might be, which would be to sort of match the life of the asset with the expense.

**Mr. Wotherspoon:** — So primarily this might be looked to more as a tool for entities that have their own source revenues that in fact sustain the project, and it would be done in sort of a business case analysis much the same way as any sort of a business that exists.

[08:15]

**Hon. Mr. Gantefoer:** — Yes, member, that's exactly the

approach we've used in targeting these four entities.

**Mr. Wotherspoon:** — These four entities specifically, what is the impact this year to switch? So we switched the amortization periods, it seems mostly around five years here, but what do we reduce the expenditure by this year by switching to this model? If I can be clear. We've, you know, reduced spending in this given fiscal year. What would have that expenditure been had we not made these changes or had your ministry not made these changes?

**Hon. Mr. Gantfoer:** — Thank you, member. I don't recall if I went through all four specific entities in detail at our last meeting, but I can say in total, the capital amount of the total of the four of them would be \$24.2 million, and the current year's amortization that we've expensed will be 5.2. And they vary from a three-year amortization for SHIN [Saskatchewan Health Information Network] on an IT [information technology] system to a 10-year amortization in Saskatchewan Watershed Authority, and the rehabilitation of water control structures is a 10-year amortization. So they are individually different, varying from three to 10 years and the totals are as I indicated to you, member. If you want the specific individual details, I can provide them as well.

**Mr. Wotherspoon:** — Thank you, Mr. Minister. These are just the kind of items that we need to watch carefully. We have four entities here right now. These are something that we can . . . I know that you're running an analysis on throughout this year, something that we're very interested in observing as well.

But we take basically by traditional funding models an expenditure that would have been almost \$25 million; we've reduced that by 80 per cent in this calendar year. Now certainly this may have some merit, but we need to understand it very effectively because the last thing we want to get into . . . And I would hope that the minister and certainly the ministry would be there as well, that this will be done in the best interests of Saskatchewan people. The last thing we want to get into is sort of a mortgaging the future kind of a circumstance. And as highlighted by the deputy minister, we certainly have to be incredibly careful with those entities that are funded directly and primarily by the GRF [General Revenue Fund] and by the taxpayers of Saskatchewan.

Now an entity such as these that are argued here today, sustainable from their own-source revenues, let's look at this analysis. But it breeds skepticism and concern when you take an expenditure and just through the change of funding or through accounting or how you're going to flow those dollars, reduce it by 80 per cent in a given year. And in a year where we know there's a created cash crunch, I think that there's some concerns. But let's watch this carefully throughout the year, and certainly we're going to be very interested as well.

If we're looking specifically at some of the moving of items off balance sheet that we see here this year . . . Now I've identified a couple. But maybe I'll put into the . . . Certainly the minister will be fully aware of all items that have been removed from the GRF per se and have been moved off balance sheet. Could the minister run through that list for us here today.

**Hon. Mr. Gantfoer:** — Member, I'm not entirely sure of what

you're referring to. Can you clarify a little further? My officials and I are at a little bit of a loss of where you're heading.

**Mr. Wotherspoon:** — Yes, sorry. Just specifically a couple of items here and then maybe I'm framing it in an incorrect fashion here. But if we look at a couple of items — and I would appreciate a more comprehensive list — but we see for example within Corrections and Public Safety, the pressure vessel and boiler folks, wrong term there exactly, but that group is being moved of course out, outside of government, to a separate entity, I believe then thus reducing the expenditure in executive government.

So I'm looking for changes of anything that's been in executive government that's come at a cost and that's needed revenues, that's now been moved outside of executive government, possibly into the Crown and to a Crown environment or a non-executive-government environment. I guess another example might be within ITO [Information Technology Office]. There's a move to move some services outside. If the minister can highlight I guess those projects specifically, but also all the other ones that exist.

**Hon. Mr. Gantfoer:** — Thank you, member. Our officials from our perspective can think of two particular items that I think fit where you're going to, and that's licensing and inspection services are going to an external agency and the corporations branch of Justice to the Information Services Corporation.

In reality both of those entities received more revenue than expenses so that in reality, the GRF actually has less revenue as a result of transferring these two agencies outside of GRF. It's not that we're saving money. If there are any other specific entities, they don't come to mind and they may have to be inquired on in the individual ministries, but from Finance's perspective, these are two that we can document that come to mind.

**Mr. Wotherspoon:** — So the . . . And thank you for highlighting those. Those are actually the two that I had framed. The second one was the corporations branch, a little bit incorrectly there, but those are the two that I was pointing to.

The minister doesn't identify any other sort of moving off the balance sheet items, but the minister highlights specifically that these items actually . . . So there's an expense for those items within the budget previously, but there's also revenues and those revenues exceeded the expense for both of those items and in fact they self-supported or sustained themselves.

**Hon. Mr. Gantfoer:** — Yes, that's correct.

**Mr. Wotherspoon:** — By moving them, what sort of a loss in revenues do we incur?

**Hon. Mr. Gantfoer:** — Thank you, member. We don't have all of the detailed information. But for example, on Corrections and Public Safety, the revenue decrease will be \$3.2 million is our best estimate. On Justice and Attorney General, the revenue decrease will be \$3.6 million. We don't have the specifics in relationship to those two ministries and what the expense change may be, but this is the estimation of the revenue shift.

**Mr. Wotherspoon:** — No best estimate as it relates . . . Just so we understand the difference. So we lose \$6.8 million in revenues, but there was an expense that was there. Is it almost a wash or is it, are we losing substantial revenues here to the . . .

**Hon. Mr. Gantefer:** — Yes, member, I'm informed that it would be close to a wash. These agencies have provided services at a reasonable return so they weren't revenue-generating, money-making agencies per se. One of the reasons of moving them to an independent agency is the industry business has indicated that they would be prepared to look at paying increased fees if they'd get more timely service. So this allows these agencies to respond more time-effectively as an agency at a bit of an arm's length.

**Mr. Wotherspoon:** — Right. The corporations branch, I think there's some merit there and we can discuss that at another, at a different set of estimates as it relates to industry willing to pay more for a different or better service. And the privatization of the service in Corrections and Public Safety, this can also be discussed in another set of estimates and with the Bill that's before the Assembly.

But fair to say that the opposition has a different view of these sorts of things. We don't believe that privatization is simply the answer to a more fluid organization that is going to be, serve Saskatchewan better if industry's prepared to come to the table and to work. We believe that government and ministry officials and civil servants are incredibly able to be very responsive and dynamic to industry's needs.

And what they need is on some of these fronts is leadership politically from the Premier to allow them to do so. So if there's some challenges out there right now and there's a backlog, I understand of folks getting out there, there's answers very simply of hiring some more people or be looking at some other models in how you're doing this. But that's not for this discussion here, but it is of concern when we see there and we're going to analyze it more. But we do see the privatization of that entity and that's something that we'll look at.

I appreciate the minister going through these specific items with us. As far as moving items off balance sheet, this is something that we need to, that we're going to focus in on very carefully as we move forward, looking at any new entities and how they're created possibly and their relation to the GRF for being off balance sheet.

What we know, and I guess it's a matter of learning through history, but the premier of the day learned much of his budgeting in the late 1980s and we know the consequence of that. And we just really hope that the Don Gass report of '91-92 doesn't become incredibly relevant again where many, many items in that highlighted so many aspects, but one of those very clearly was all these goofy and financial trickery and accounting trickery that ended up moving funding of items in inappropriate places and moved things off balance sheet.

And basically we didn't have a fair representation any more to Saskatchewan people about what our books looked like and it was driven by political interest and it was driven by a very difficult financial circumstance. So, just so the minister's aware, and I'm very pleased with his answers here on this front to be

able to provide us that kind of transparency here today, but the opposition's watching very keenly to make sure we don't go down that road again.

But getting to another item here, specifically a change that, I mean a very, very simple change that's gone on, but one that's rather telling is, you know, the green sheet that gets put forward every year at budget time, and there's a line completely removed and that being the title of total debt. In years past, of course, total debt, you have the statement of public debt and you have the summary statement of debt. Then you have your loan guarantees or guaranteed debt of some nature, and then everything's compiled into a title called total debt.

Now this provides back to Saskatchewan people, who many of whom certainly they're able to understand these sheets, but it allows transparency and allows individuals to understand the financial state of their province.

We're certainly all for removing debt, Mr. Minister. It's just that more so we'd like to see that being done with applying dollars to it, to actually retire it as opposed to just simply deleting a line on a computer spreadsheet or using whiteout per se, Mr. Speaker.

So the question to the minister is simply why has he removed the total compilation and the title, total debt which we believe puts forward to Saskatchewan people a number that they can understand and access very readily, Mr. Speaker, because not everybody in the province follows the finances quite as closely as you or I, Mr. Speaker.

[08:30]

**Hon. Mr. Gantefer:** — Thank you, Mr. Member. I sometimes get a little bit lost in a lot of the accounting terms and the nuances of the accounting terms. However on the green sheet from '10-11, if you like as a comparison, the summary statement of debt of \$9.1 billion plus the guaranteed debt of \$81 million is the total debt of the province, if you like. And that would compare . . . And in comparing it to the '07-08 budget, the summary statement of debt of \$11.4 billion would be the same comparison. So it's displayed in a little different format, but the numbers still end up being equivalent or equal to each other.

And so if you're comparing our current situation, we're at about \$9.2 billion. And if you go to the last statement of your government in '07-08, it was \$11.4 billion. So there has been a significant overall reduction of the summary statement of debt, if you like, of the province over that period of time.

**Mr. Wotherspoon:** — No, that's fair. And we can get into this a little bit later because certainly you see a reduction of a couple billion dollars there. But at the same time, we've seen about \$3 billion drained out of rainy day funds and Crown corporations. But we're not going to go there right now. My question right now goes specifically to just the reporting of total debt.

So in the past, the minister's highlighted that in the past those two numbers were added up for Saskatchewan people and reported very clearly. Now I have no question that Saskatchewan people can do that addition. But Mr. Minister,

many, many individuals won't realize that that needs to be done to be able to compare apples to apples.

And maybe it was an oversight by the minister because I know the minister's a quite straightforward and frank individual. And I guess I would call simply on this minister right now to reinstate the reporting of total debt. And certainly it's here in numbers, and certainly I can do the math on that, Mr. Minister. But many people from across the province are concerned that this is an attempt to be rather deceitful with reporting the total state of the debt in the province.

And it's with a quick change, it's simply typing in in bold the words "total debt" underneath the words "guaranteed debt" and adding those two numbers together. And I know his able ministry, Finance officials could do that in a matter of seconds. Will the minister reinstate the line "total debt" so that Saskatchewan people can understand the true picture of their finances?

**The Chair:** — I'd like to remind members of the use of language in the committee along with the Chamber.

**Mr. Wotherspoon:** — Give me a break, Tim. It removed a line from debt. You know, forget it.

**The Chair:** — I would like to remind the member that you do not challenge the Chair. If the members are having difficulty controlling themselves, maybe the other member could take some questions. So I will repeat, we will be mindful of the language we use in this committee.

**Hon. Mr. Gantefoer:** — Thank you, Mr. Chair. Mr. Member, I believe I heard you say that these numbers do not include changes to the Growth and Financial Security Fund or those accounts. These are summary numbers. And so summary numbers encompasses all of the issues of the province, so in summary that the overall summary of debt at the current time is somewhere in the magnitude of \$9.2 billion. It's a simple adding challenge that I should also mention is fully consistent with the presentation of the public accounts, and it's also consistent with the accounting standards that are required, are required for us to meet. So there is a great deal of consistency in those standards.

And at the end of the day the simple reality is, from the last budget that was tabled by the NDP [New Democratic Party] government that showed a combined summary statement of debt of \$11.478 billion, at this current budget's time that number is in comparison \$9.2 billion, a significant — about a \$2 billion— improvement in the position of the province, which is not the way the member has been characterizing our fiscal position.

**Mr. Wotherspoon:** — Right. And we left massive surpluses and an economy that was producing unprecedented revenues to allow that to happen. And I shouldn't even say that we left that, that was certainly in large part the hard work of Saskatchewan people and the fine entrepreneurs. But we don't need to . . . There's going to be another point later in these questions to get to the heart of these questions.

But specifically the question goes back to total debt, which is a

line that's been removed that reports to Saskatchewan people an ability to compare apples to apples as they move forward. It's simply, the numbers are here; they just simply have to be added together and one line added below there to report total debt. Will the minister make the commitment here today to endeavour to make sure that total debt is reinstated in the reporting on these green sheets to allow Saskatchewan people on budget times to understand fully the debt position of this government, or their government?

**Hon. Mr. Gantefoer:** — Thank you, Mr. Member. It certainly isn't a difficult exercise to combine the two numbers of guaranteed debt with some restatement of debt to get to \$9.2 billion. That's not much of an academic exercise. And it's pretty easy to compare that to the \$11.5 billion of debt — summary debt — that was in place when your government left office. And so to say that the position has deteriorated is simply not stating the facts, over the course of two years, because the summary debt has decreased by \$2 billion over that period of time. That is not exactly negative information.

This information is consistent with the way our public accounts are, the information in public accounts are transmitted, and it's consistent with the accounting standards for government practice that exist. And we feel that they're an appropriate way to describe it. Guaranteed debt is that. It's not debt that's guarantee, is necessarily going to happen and should be stated separate from debt that you know is absolutely there. And so this is consistent with accounting practices. It's consistent with the way the public accounts are delivered and reflected, and we think it's the appropriate way to go.

**Mr. Wotherspoon:** — The math is completely simple for anyone who's following this very closely. But the point is a simple line item, that being titled total debt, and the addition of those two is no longer there. So we do have the summary statement of debt that has always been reported. You have public debt that's always been reported, and that excludes of course the loan guarantees or guaranteed debt. What this government's done this year is they've completely removed the addition of those two and simply a line there.

And this . . . I mean, at this point in time, I think governments at all levels and all jurisdictions are aiming towards more transparency, more accountability. I know that this government ran on that as part of a campaign. But at this point in time, they've removed a significant line item here. And certainly I have no trouble adding those two items, can do that without doubt. But the concern is, Mr. Minister, that there's changes here, and someone deliberately made the decision that we're going to remove that reporting.

At the same time, Mr. Minister, I might say that, as we're looking into the future, we have some apprehension and some concern and something to watch as it relates to guaranteed debt. And then we look at many large projects that this government may be contemplating. We would suspect that that's going to come out of loan guarantees in many cases and guaranteed debt. And we see this as a very deliberate attempt to not have that included in the entire picture, and we see it as being less than transparent.

It's a simple question back to the minister. Without a doubt,

public debt's important to know. Summary statement of debt's important. But we should have the compilation as well so that we can understand the apples-to-apples comparison year to year. And I call on the minister to make the simple change to have bold text go underneath the line "guaranteed debt" say "total debt", to add those two numbers and be able to have that reinstated into future years for Saskatchewan people.

**Hon. Mr. Gantefer:** — The member would know, I would think, that we're not comparing apples to apples because the accountants and the accounting system treats guaranteed debt differently than it does public debt. And it should be stated as different. And so when you combine the two, you're combining two different entities or two different apples and oranges to sort of have a line that talks about some entirely different entity if you like.

This is consistent with the way the public, the auditor wants to have the things displayed in public accounts. It's consistent with that display that is detailed in public accounts. It puts it all right up front and the \$9.2 billion is an easy number to see as the total debt, if you like, and it compares to the \$11.5 billion that was in place by the previous administration. So even someone with the very basic knowledge of mathematics would be able to tell that the position of the province has improved over the last two and a half years by somewhere in the magnitude of \$2 billion. And that's something that seems to elude the member.

**Mr. Wotherspoon:** — Well of course we've improved as it relates to debt, Mr. Minister, and that's not the point. We can get back into that. As I've said, there was billions of dollars left, Mr. Minister, and we have record revenues flowing in in the past few years. If we didn't improve, Mr. Minister, that would be absolutely astounding. But we're certainly not improving in the last year and a half as we start to see the direction that we're headed.

But going back to the item, I'm not going to push this again. I mean it was a simple request that the minister continue to report the line of total debt the way that it has been for many years, Mr. Minister. That's it. As it relates to public accounts, absolutely we expect compliance with public sector accounting standards, and that can be there. But this was a line that was there and provided a picture to Saskatchewan people. It broke out the summary statement of debt which brings, encompasses certain aspects, and then the loan guarantees. Now the minister's taken that out all together.

Obviously this is something that the minister's dug his heels in on here, or has the Premier saying, no we can't go back on this because I want to be able to fund big projects before an election through loan guarantees, Mr. Minister. So whoever I guess is making the decision there, I think it's disappointing, Mr. Minister, that we've chosen not to simply continue with the reporting that we've had, Mr. Minister, and that Saskatchewan people are comfortable with and understand.

Saskatchewan people care about the finances of their province, Mr. Speaker, and we think it's only fair to allow them to engage in our democratic process with as many tools as they can. But the minister said he's not going to move in that direction. He won't reinstate that line. I've asked him three times here today;

very, very simple. It's just restating, just adding two numbers together and restating the title that had existed there for many years. It's disappointing.

We'll move along to looking at just, we'll look a little bit here as it relates to the PST [provincial sales tax], Mr. Minister. And I'm just interested, out of the \$1.186 billion in revenues flowing in for the PST, or projected to in '10-11, what percentage of those revenues are from business, Mr. Minister?

**Hon. Mr. Gantefer:** — Thank you, Mr. Member. The information is . . . This is from actual information we have from the federal government in '08, which is our latest information. Of the total PST that was paid, business paid 49 per cent, consumers and households paid 44 per cent, and public institutions paid 7 per cent for a total of 100 per cent.

[08:45]

**Mr. Wotherspoon:** — Thank you, Mr. Minister. If we look specifically at the scope of the GST [goods and services tax] and the PST and the items that those are applied to, we know that there's different application to the various items. If PST were applied across the scope of the GST, Mr. Minister, what items and services would see additional taxation or which ones would see the PST being applied?

**Hon. Mr. Gantefer:** — Member, I have a list of the major ones. There may be a myriad of very small ones, but I can give you the list of more significant ones that would be taxed under the GST regime. It would be reading material, children's clothing and footwear, electricity, natural gas, restaurant meals and snack foods, prescription drugs, used vehicles, and personal services like haircuts.

**Mr. Wotherspoon:** — Mr. Minister, I get my hair cut every three days, so certainly I'm observing taxation on haircuts but also on utilities and other aspects. Now as it relates to new homes, are new homes . . . GST applies to new homes but not . . . the PST doesn't?

**Hon. Mr. Gantefer:** — Thank you, Mr. Chair. I'll ask Arun to directly address this.

**Mr. Srinivas:** — Arun Srinivas with the taxation and intergovernmental affairs branch. Right now the PST applies to the materials that go into the construction of a home, but they don't apply to the labour services portion of the construction of the home. Under a GST-type scenario, the tax would apply to the entire construction cost of the home, the full cost subject to any type of provincial relief like a rebate program for up to certain purchase prices.

**Mr. Wotherspoon:** — I guess it's fair to say . . . And we've made this statement, but the more we could put it on the record, the more pleased I would be because it's such an important issue.

But when we're looking at the potential to add taxation to reading materials, to bibles, to children's clothing and footwear, to electronics, to electricity, our utilities, to used vehicles, to new homes, and in doing so through of course the HST, the harmonized sales tax. Mr. Minister, the opposition New



Democrats squarely and strongly stand with consumers and families across Saskatchewan opposed to a harmonized sales tax.

Now it was just recently, I guess at the end of March, the minister made some statements in North Battleford that his ministry or his government, Sask Party government, was evaluating and considering a harmonized sales tax. I think this was a very straightforward and forthright moment for the minister. We know that there was a quick and fast retreat hours thereafter, Mr. Minister. And I don't know, maybe you've struck a nerve here because the Government House Leader is heckling in estimates.

But what I say, and I know it's the same in Carlyle and the same in Arcola and the same in Oxbow as it is in Regina, is that Saskatchewan people aren't looking to pay more for the utilities, more for new homes, more for bibles, more for reading materials, more for children's shoes and diapers, Mr. Minister.

And what is a big concern, Mr. Minister, because you know, as I say, I think you're a forthright individual . . . We don't trust the Premier though, Mr. Minister. And we have concerns as to when the Sask Party's plan towards harmonization will be implemented. And that's an important question. I would suspect, Mr. Minister, by the retreat by the Premier, that he's going to not try to do this before the next election.

But the concern is that the cat is out of the bag, the toothpaste is out of the tube, and the Sask Party harmonization plan has been discussed in public. And so it comes down to a matter of, is it immediately upon following, in the event — not to preclude an election, because I tell you those opposition New Democrats are on the rise — but if the Saskatchewan Party were to win the next election, it's the concern of so many, Mr. Minister, that the plan has been put forward and that the plan underneath the Sask Party government is to harmonize the sales tax.

Mr. Minister, could you clarify that the harmonized sales tax is not on this year? Can you clarify that it's not on before the election? Mr. Minister, can you give your unequivocal commitment here today that the harmonized sales tax will never be implemented under a Sask Party government?

**Hon. Mr. Gantfoer:** — Well thank you, Mr. Member. Again it's . . . There is a great deal of consistency that the member displays in that he's consistently wrong and misrepresents the situation in the province.

In regard to the harmonization issue, we looked at this issue on a number of occasions. Firstly, we looked at it prior to the 2007 election and we recognized, even with the limited resources that you have as opposition, that what this would amount to is a shift of taxation from business to consumers somewhere in the magnitude of 400-plus million dollars. And in looking at that, we felt unequivocally that this was not in the best interests of the province, and so in the 2007 election we said that harmonization was not on our agenda in any way, shape, or form.

After we were elected, federal Finance Minister Flaherty made a direct request that we re-examine that position, and there was some dollars from the federal government put on the table as an

incentive for the government to consider moving to a harmonization regime that the federal government is very much in favour of and in support of. And this offer or similar offers were in front of all provinces that were not harmonized in their sales tax.

So again we looked at it at that time, as a new government, out of respect for the federal Finance minister's request, and we also were able to use the additional resources of the Ministry of Finance to make sure that the initial analysis that we conducted was thorough and proper.

Again the conclusion was very similar, that it would be somewhere in the magnitude of 400 to \$450 million of tax shift that would occur from business to consumers. And again with the offer that the federal government had, of something in the magnitude of \$200 million one-time, that that was simply not sufficient to come in any way, shape, or form again to have us change our mind.

In a less formal way, when the provinces of Ontario and British Columbia announced that they were going to move to harmonization, which leaves only the three provinces of Prince Edward Island, Manitoba, and Saskatchewan that will be out of the harmonization regime, we again looked at it internally to see if anything had changed to make our position change and that has not changed. And the Premier and myself articulated that at the time.

The incident which the member alludes to actually happened at a chamber of commerce presentation in Saskatoon. And the chamber of commerce, of course, is very much in favour of harmonization and articulates that position. And they indicated again that they were going to move towards a study that may look at this issue, and I certainly indicated that they were welcome to do that. But I saw no point in, from our perspective, of changing, but I wasn't about to tell the chamber of commerce what they should or should not do or should or should not think. And as of very recently, I understand that the chamber of commerce has commissioned the Can West Foundation to do a rather comprehensive review of the tax competitiveness in the province, including harmonization, and they're welcome to do that.

But it doesn't necessarily in any way, shape, or form change our position, in that we don't see that it's in the interest of the people of Saskatchewan to consider harmonization in any shape, form, way, or form. And so our position is consistent; it hasn't changed from the very beginning. We are not supportive of harmonization, and I can't see or foresee anything in the future that would change that position because the facts are unassailable. It's a tax shift of about 400 to \$450 million from business to consumers, and we're not supportive of that, period.

**Mr. Wotherspoon:** — Mr. Minister's language on this is much stronger here today. Certainly he was very open to the consideration with the chamber in Saskatoon. My mistake on the North Battleford reference there. I think that was where the minister was talking about the Sask Party plans for health care deterrent fees.

But in Saskatoon, the Saskatoon chamber . . . It's important, Mr. Minister, that we're straight with all groups, and then our

message is very simple. Because of course there was a real openness by this minister to look at it that day. The position changed later in the day. And Saskatchewan people are very concerned that this is simply the Sask Party plan and that the messaging and the time to communicate it just isn't now. And we don't know if that's two months from now or if that's 18 months from now or when the Sask Party's looking at moving forward with that plan.

The member from Cannington heckles in this Assembly. He's very supportive, I believe, as such of a harmonized sales tax, but I know many in his constituency are hugely opposed to it. And I hope to be down through that area here this week and having meetings, and we'll maybe get a few petitions from down in the Southeast just to make sure that their MLA's [Member of the Legislative Assembly] aware of how much they don't care for the harmonized sales tax that they're concerned that he's quietly and sneakily driving forward here in Saskatchewan.

But I appreciate your answers here today, Mr. Minister. The \$200 million is what you've cited as the one-time revenues that the federal government's put on the table. You talk about some correspondence back and forth with the federal government on this. If we look at the time period in the last year, what kind of correspondence has occurred in the last fiscal year, '09-10, occurred with the federal government? And did that \$200 million ever get sweetened at all or was there any other offers that were put on the table to see Saskatchewan move in a direction that the Harper government wishes on this front?

**The Chair:** — While the minister confers with the officials, I'd just state that it was discussed before we commenced this morning that we would take a break on the top of the hour. So possibly following the minister's comments we would take that five-minute break.

**Hon. Mr. Gantefoer:** — Thank you. The only formal communication, if you like, in regard to this was when we were first elected in response to Finance Minister Flaherty's request that we consider it. And we informed the federal Finance minister that we were not.

At virtually every federal-provincial Finance ministers' meeting, the feds will raise the topic in an informal way. And again we have reiterated on those occasions that we were not interested. I've had informal discussions with Manitoba to reassure ourselves that their position has not changed, and the government there has not changed its position either. Prince Edward Island, to my knowledge, has not changed its position either, although they are as well considering it, as we did.

And I can't speak for what conclusion it will come to, but so far as I'm aware at this stage they haven't changed their position either. So as near as I know, on the formal basis we communicated with the federal government after the federal Finance minister's request, initially. And it's been on virtually every agenda, at least informally, that we've had nationally with the fed-prov and territorial ministers.

[09:00]

**The Chair:** — With that, we will take a five-minute break and

reconvene at 9:05. This committee now stands recessed.

[The committee recessed for a period of time.]

**The Chair:** — I'd like to welcome everybody back to the committee. We will resume our discussion on vote no. 18 with the Minister of Finance. I believe Mr. Wotherspoon was asking questions.

**Mr. Wotherspoon:** — Thank you, Mr. Chair. Thank you, Mr. Minister. Just a couple more questions on the harmonization. Of course the opposition New Democrats are opposed to taxing reading materials, bibles, children's clothing, utilities, new houses — the many, many items that would be extended to families and to consumers.

Just to get the understanding of the actual cost, to know it's evaluated that it would be a shift to consumers around the 400 to 450 million, now the only part . . . And there would be a logical answer for this, I assume, so bear with me. If 50 per cent of the revenues come from business right now as it relates to PST, and we're collecting close to \$1.2 billion, explain to me . . . So that would be closer to \$600 million. How do we come up with the 400 to \$450 million as the shift? Is this by the fact that in many cases when this tax is implemented there's many exemptions then built into it? Because it would appear to me right now this would be characterized more appropriately as a \$600 million tax shift, potentially, to Saskatchewan consumers and families and such.

**Hon. Mr. Gantefoer:** — Thank you, Mr. Member. Going back to that form that I quoted, the percentages on the PST as . . . I would also give you the further information of the GST that'd be applicable in those categories, which I think goes a fair ways to explain it.

The householders would pay 44 per cent PST; would pay 84 per cent on GST or pay on GST currently, on GST items, 84 per cent. Businesses, which pay 49 per cent of PST, would still pay 10 per cent on GST for things like financial services and things of that nature. Public institutions pay 7 per cent on PST; would pay 5 per cent on the GST. So there still is tax that would be payable, but that shift is significant from the 49 per cent to the 10 per cent.

**Mr. Wotherspoon:** — Right. Even with that, Mr. Minister, when we do the math, it seems that 400 to \$450 million is lower when you take and account for \$1.2 billion in PST and then have business paying 10 per cent, so \$120 million. It would appear that it would be closer to \$500 million with the current revenues that are flowing in, at the upper end of 400 million to \$500 million, Mr. Minister.

**Hon. Mr. Gantefoer:** — Thank you, member. I'm informed that when you're comparing to the current estimated PST, if you had that fully harmonized that number is likely to drop, and so that the number would not be the same. The starting point number would not be the same. Then you would have those shifts in percentages that I indicated to you. And the advice from Finance is, to their best ability to make all those things taken appropriately into account, that the effect would be in that 400 to \$450 million. That methodology may not be perfect, but it would seem to be reasonable.

**Mr. Wotherspoon:** — Thank you, Mr. Minister. And just to make sure our position is clear, is it clear that the opposition New Democrats are opposed to harmonization?

**Hon. Mr. Gantfoer:** — Their position seems to be consistent with the Saskatchewan Party.

**Mr. Wotherspoon:** — We hope that that continues. I appreciate the minister's commitment here right now, but it certainly, to say the least, has concerned many, many, many people across the province to hear the spectre of harmonization raised and the taxation that would shift on to their families and a huge burden that we're speaking of here. And it was raised not by us, but by your government, Mr. Minister. And so you offer a commitment here today, and we hope that that commitment is solid.

We look at in other jurisdictions, Mr. Speaker, that have experienced deficits and debt growth as we have in this current fiscal year, Mr. Minister. We've seen cuts that have started at the top, leading by example you might say, Mr. Minister. I know that in Alberta and in Manitoba, both of our neighbouring jurisdictions to the west and the to the east, we've seen significant cuts in the pay to cabinet ministers and to the premier. This was justified and presented to their provinces and to the people as an example of leading by example at a time where they're having to make cuts that impact people's lives, where they're having to cut jobs, where they're having to cut programs and services, that they too are willing to endure some sort of cutback.

I'm just wondering, to the Minister of Finance: here in Saskatchewan the Sask Party government chose not to make any cuts on that front. My question is, were these deliberated? And what was the justification for not — if they were — what was the justification for not proceeding with cuts to ministers and to the Premier?

**Hon. Mr. Gantfoer:** — Thank you. Certainly there's a couple of aspects to your question certainly in terms of the remuneration for MLAs, cabinet ministers, Premier, officials in the Executive Council, or in the legislative branch. As the member would know, the Board of Internal Economy commissioned Mr. Wakabayashi some time ago to go through the whole issue of remuneration for members of the Legislative Assembly. And he did that and issued a report, and the opposition and the government of the day both agreed unanimously to accept the recommendations of that report.

And it is the feeling of the Government of Saskatchewan that that should be respected and not manipulated in any way because it just gets you into a great deal of difficulty sooner or later down the road, as had been the experience in the past when that issue was tampered with, if you like. So it is the position of the Government of Saskatchewan that the all party agreement that was achieved unanimously would be respected.

[09:15]

In terms of restraint at the top, certainly we have, starting back into last year's budget already when we recognized that there were going to be revenue shortfalls, initiated a number of cost-cutting measures, travel restrictions and those sorts of

things that have reduced the expenses of executive government over the previous year and certainly dramatically over the previous administration. And that is carried forward in this budget and will continue to be a spirit of restraint starting at the top and leading from the top. And we think that that is indeed appropriate.

**Mr. Wotherspoon:** — I think many people might disagree, Mr. Minister. I appreciate your frankness and your response. I think many people expect that at a time when a government has mismanaged their finances and then asked Saskatchewan people to bear the brunt of that mismanagement, Mr. Minister, through the loss of their own job or through the cuts of vital programs and services, whether that be some of the programs as it relates to domestic violence, Mr. Minister, or as it relates to I guess here today we have our broadcaster, our public broadcaster that's going to go dark here today. And many individuals have already lost their jobs on that front, Mr. Minister.

So I think that the, you know, I understand your stating that you wanted to let the process be what it was and that you didn't want to intervene and you didn't want to take less for ministers and for the . . . Or that the Premier, I should say, didn't want to take less and for the ministers as well.

But I do think it's a clear signal to Saskatchewan people, when you're asking them to bear some sort of a brunt for your own mismanagement, that being the Premier's, that the executive government and that the ministers themselves who are responsible, responsible for the circumstances that we're in here right now also make those kind of, make those kinds of changes. Because many people are losing their own jobs. I know even in a not-so-modest way, Saskatchewan people are wearing big property tax increases here this year across Saskatchewan as a result of this Premier's, this Sask Party's financial mismanagement.

But, you know, and in Alberta and Manitoba, that's a direction that they took. They said, if we're going to tell the people of our province that we're at a time of constraint and restraint and that they're going to have to do with less or pay more; if we're introducing more taxation as this government is, through the back door in this case; and if we're asking people to do with less, then we should also lead by example.

The minister references some sort of efficiencies that he's citing that they've achieved. Well let's look at that some more, Mr. Minister. What we do know is that this administration is spending \$2 billion more than the previous administration, Mr. Minister, and that we have a deficit. And this at a time where revenue strength is indeed . . . Indeed they're very different than other jurisdictions, Mr. Minister, where they have a significant decline in revenues. We have historic highs in this province. And that's where it's such a time where Saskatchewan people are so disappointed with the management of our finances because unlike some other provinces, Mr. Minister, where revenues have seen a huge decline, here in Saskatchewan we have, as it relates to trends or historic numbers, we have highs in revenues, Mr. Minister.

But we'll move along to the next line of questions that I do have here at this time. And specifically some of the assumptions here . . . And I know last year this is where we drew a lot of our

attention and drilled down, on our critique on the budget, was assumptions within the budget: GDP [gross domestic product] that was unrealistic, potash numbers that were unrealistic. This year, there seems to be, it would appear that there's more caution on this front. What I would like to just touch on is, you know, one point that stands out is that, in the week prior to budget as in the lead up, much of the discussion in the financial community was around parity of the Canadian dollar. That discussion continues, and we see that here today. We've dropped off a little bit with some, I guess, some disappointing GDP information, although for the most part, the Canadian trends are pretty strong on this front.

But we've sat very close to parity for the past month here, Mr. Minister. And most predictions, whether you're looking at Scotiabank or the various, the various indicators, Mr. Minister, are that parity's likely on for this year. So your estimate is, or assumption is 95.5 cents in this budget year.

I'm just asking the minister his justification for making a decision that flew in the face of much of the information that was put forward in recent weeks, and certainly available on budget day, and just to further expand on the budgetary impact of . . . I know it's highlighted in our budget book, but of course this is all based on expectations and assumptions in the trade volume in our economy. So if the minister can highlight here today an updated, with his best information, what 1 cent change or 1 cent miss on that assumption means for Saskatchewan's treasury.

**Hon. Mr. Gantefoer:** — Thank you, Mr. Member. We certainly will do that.

But I would be remiss if I didn't address the little tirade the member went on before he posed the question because it is again consistently inappropriate the way you characterize the fiscal situation of the province. Certainly we can say . . . And the member can say that we have not accomplished anything in the two and a half years that we've been government, and nothing could be further from the truth.

Over that period of time, we paid down the GRF debt, over \$2 billion. We've increased infrastructure spending. And the member accuses us of reckless spending. We've increased the infrastructure spending so that we've spent almost \$3 billion over this period of time. And that's been in much-needed infrastructure that has been neglected by the previous administration. And the people of the province were crying out for work to be done on roads and hospitals and schools and other needed infrastructure and stuff that is needed by communities, like water and sewage treatment upgrades and things of that nature to make sure there's clean water for people to drink.

We haven't engaged in reckless adventures like SPUDCO [Saskatchewan Potato Utility Development Company] and Channel Lake that was a hallmark of the previous administration. And in 2004 when the previous administration landed up into fiscal difficulties, they didn't talk about what their solution was at the time. They simply raised the provincial sales tax right after the election and made the comment of the Finance minister of the day is, you don't talk about those things during an election because it may jeopardize your chance of

getting elected. And that's been the response. This government's response to the challenge on revenue has been to reduce some of our expenditures in a meaningful way and to do that.

And the economy of the province has continued to function. We actually have created jobs in the middle of a recession, which is unusual in the extreme. And Saskatchewan is really one of only two provinces that had employment increases through the term of the recession. Our employment rate is the lowest in Canada, and we are poised to grow very significantly into the future.

We've got 30,000 more people living in the province today than when we took government. And that's an important difference that's going on because there was 11,000 population drop in the last four years that your administration was government, and so this province is doing much better. And I think it's about high time that you, as a member of the legislature, give credit where credit is due and sort of re-evaluate your characterization of the accurate situation of the province.

In terms of the assumptions, you know, the member I would think would know, is that the exchange rate on the dollar and the price of oil almost are a natural hedge, one against the other. And we used 95.5 for the dollar, which was the number and a range of numbers that are displayed on page 31 of the budget summary book. The Conference Board of Canada suggested 95.5; that's what we took. And again there's a wide range of numbers, and again it's easy to see that the reality right now is we've been hovering around parity.

But we also used lower numbers, we used lower numbers for oil, and the oil has actually increased. A rough calculation that I was able to do is if the dollar's at parity, in order to offset that, we'd need about an eighty and a half cent dollar. And so the dollar has been significantly above eighty and a half cents, and I think when we do our kind of daily little calculations in house — I'm sorry; I said dollar twice — the price of oil needs to be eighty and a half dollars a barrel as compared to a dollar at parity.

And if we compare that daily, we take the numbers off the markets daily, and use that as a comparison in house . . . And so far, between April 1st to the current time, overall we're about 7 or \$8 million positive on that equation. So there is that natural hedge on those two commodities. And to date, we're ahead of the game on those two factors.

As well, I'm reminded that the member asked for sensitivities. Again, in the budget summary book they are there, displayed on page 44.

**Mr. Wotherspoon:** — Those haven't changed in any way. I know that the Canadian dollar's based lots on the volume of trade. Some good news that we're receiving on the side of some of the trade volume as it relates to potash, is there any changes on that, or are those numbers that are supplied pretty consistent at this point in time?

**Hon. Mr. Gantefoer:** — I'm informed that we're pretty much on track right now.

**Mr. Wotherspoon:** — As far as the minister's rant as it relates

to being high time that someone recognize some sort of perceived good work, Mr. Minister, I would argue that it is high time that this minister recognize the strong economy that's furnishing strong revenues to his government. And those of course are put there by Saskatchewan people and by the strong entrepreneurs, the working people across Saskatchewan but also by very specific policies, Mr. Minister.

And I know that the current Premier of the day likes to do lots of photo ops and fanfare and yet he has done very little from a policy perspective, from an economic development perspective. And if we want to look at the number of jobs that are within our province, I would suspect that we could more specifically look back to the previous New Democrats, Mr. Minister, and as well understanding our resource-based economy and where that fits in to our global landscape right now.

But I think it's about high time, Mr. Minister, that he gets off his opposition rocker from a couple years back and recognizes that the very policies put forward by the New Democrats and individuals such as Mr. Eric Cline, as it relates to capital, inducing capital investment by the billions in our province and producing thousands and thousands and thousands of jobs, Mr. Minister, that right now our province has the benefits for . . . as a province, the economic spinoffs and the significant changes as it relates to oil royalties and corporate taxation, Mr. Minister.

So as far as anything being high time that the opposition recognize the things that this government's doing, well we don't see much, Mr. Minister. What we do see at best is sort of a status quo when holding onto what was there and not changing many of those good policies. And so if he wants a pat on the back for those, sort of not touching much of the good policies that were implemented for whom we all feel the benefits now, furnishing those revenues, I can pat him on the back for not changing many of those good policies.

But it would be absolutely irresponsible, Mr. Minister, irresponsible for myself as Finance critic, for myself as a member of the legislature, as it's irresponsible for members from either side of this Assembly to not point out that a \$1 billion deficit at the time of strong revenues to this province is a concern, to point out that billions of dollars of debt growth in the last year and a half, Mr. Minister, is a problem; to understand and recognize that the burn rate of equity and capital that's set out there as it relates to the draining off of rainy day funds, the equity grabs, the cash grabs from our Crown corporations is simply unsustainable.

We've a burn rate of capital in this province, of equity in this province that cannot be continued. And this has not been addressed so we see deficits, we see debt growth, and we see at this point in time . . . The minister mentions the economy. And I'm surprised that he would, Mr. Chair, because we know right now the reports are out and that under the Sask Party, the economy has shrunk. And this is counter to everything that the Premier of great fanfare and polished-up speeches wants to pretend, but the point is the economy's shrunk, Mr. Minister. And it's contracted back to the point of 2005, reported in the *Leader-Post* as of yesterday.

Now hopefully we can make up some of that ground, Mr. Minister. And I recognize that we see an improved

circumstance this year in our economy, but it's absolutely unfair and inaccurate to characterize the position that we're at right now as some sort of a glorious moving forward because it's the opposite, Mr. Minister. Deficits are moving backwards. Debt, when you're incurring debt, that's moving backwards as it is, Mr. Minister, when your economy contracts to the point that it was in 2005 — losing five years of gains, Mr. Minister, and all the gains that were made.

[09:30]

So this year we know that we are pegged by some to be in third place as it relates to economic growth. I'm glad we're going to have growth this year, Mr. Minister. Sometimes the Premier says that we're going to lead the nation, and we hope that we will, but the fact is he's disingenuous even when he says that because we're looking at being in third place here right now.

So for the minister to push back to the opposition and to any member of this legislature — because I know he hears it as well, that the Premier hears it from members of his own side of the Assembly with concerns about the deficit and the debt growth and the shrinking in the economy — and to ask the opposition to recognize that, that's completely irresponsible.

Thank you, however, for answering the question as it relates to the Canadian dollar and the oil. And I certainly recognize that those changes typically sort of mitigate the impact of one another because they tend to trend together. And hopefully that can be the case so that we don't have a loss.

But when we're looking at spending, Mr. Minister, one of our critiques this year is that the spending estimates that have been put forward have been unrealistic in certain ministries, and I would just like to get the minister's perspective as it relates to the Health budget. How confident is the minister that the spending program that he's laid out, the expenditures in Health this year are in fact sustainable, and what will be achieved here this year?

**Hon. Mr. Gantefoer:** — Thank you. Just a couple of comments before I get specifically to the question. Again using those green sheets that we talked about earlier, there's some interesting information. And I acknowledge, on a General Revenue Fund basis, we're saying we believe that . . . We're saying that there is a surplus, a balanced budget. On a summary financial basis, it shows a \$622 million deficit, not the \$1 billion deficit that the member seems to always portray.

But I would also point out that in 2008, the former government in their last budget had a \$700 million summary financial deficit, \$80 million more significant than ours. And on that sheet it was characterized as the General Revenue Fund in surplus for the 14th consecutive year. So if we're going to talk about consistency, the last budget tabled by the New Democratic government had a summary deficit of \$701 million in comparison to this year's deficit of \$622 million. Again for the record, this information should be put on the record and make sure that we understand what's going on.

In terms of the GDP, we have to recognize that 70 per cent of Saskatchewan's GDP is tied to exports outside of our border, and that 45 per cent are to exports outside of Canada. So

certainly those exports have been pretty significantly affected. And I note that on specific GDP changes by industry, for example mining — exempting oil and gas from that — which is largely influenced by potash, is down 48 per cent in that one category alone. And so when you recognize that the biggest chunk of that is exports and the potash market has a significant amount of the economy, it's not too difficult to understand the negative numbers. And as well the potential for rebound is also significant given the latest information on the first quarter of the potash corporations' numbers are certainly encouraging.

In terms of the confidence in the Health budget, our budget process I think is very deliberate and methodical. We start in the fall by starting to get initial numbers in terms of the status quo of what pressures ministries are experiencing as they go through their year. We put that together and start working with the Finance department treasury board who worked with the individual ministries to, as completely as possible, understand the details and the nuances of individual budgets. And then we go through a process that is somewhat evolved from what we did in the first year when our first budget . . . We were all very new to the process and we really had no choice but to follow the practice that was in place, established by the previous government, and that was fairly significant and fairly methodical.

We improved upon that I think in that we've engaged the ministers more with their ministries to make sure that they were completely conversant with what was happening in their ministries, and I think that that has been an important bit of progress. And so as we go through these decisions, as we work our way through the treasury board process into putting then the budget together for caucus and cabinet to consider, there's been a lot of input and a lot of discussion and a lot of understanding of the details and the nuances. And so we have a fair degree of confidence in — as much as is possible to have — in the process, that all the ministries have looked very closely at their budgets and very professionally at their budgets.

In Health specifically the increase is 3.1 per cent overall. Where a great part of the expenditures occurs, in the regional health authorities, that increase is 5 per cent. And we actually, for the first time in the treasury board process, met with a number of health regions individually and so this was a first for us in terms of actually having discussions directly with the regional health authorities to understand the challenges and the opportunities that they felt they had.

One of the areas that has been significantly reduced this year is capital. We have our commitment in place for the children's hospital and we actually were able to fund the outstanding commitment to the Humboldt Hospital and to make sure that planning dollars were in place for projects that were ready to go. And we also recognized in the discussion with the regional health authorities that most of them had significant capital dollars in their accounts that were unallocated. And so that will occur this year. So again, we recognize the pressures, and that is something that is going to be a challenge ongoing. Health expenditures represent over 40 per cent of our provincial budget expenditures, so it's certainly going to be a challenge for us and for all jurisdictions going forward into the future.

**Mr. Wotherspoon:** — Thank you, Mr. Minister. And because

there's a couple of pieces I want to respond to, both the health piece — which was the question — certainly just a couple of questions on the potash if you can maybe lead into afterwards. But just on the minister's characterization of the '07-08 budget put forward by the New Democrats, just as it relates to the result of that year, Mr. Minister, the budget that was put forward, could the minister state what the real circumstance was in, announced I guess in February or budget time of '08. What sort of a surplus had been achieved in that year?

**Hon. Mr. Gantefoer:** — The final result for '07-08 on a General Revenue Fund basis was \$641.4 million surplus. And on the summary basis was \$1.873 billion surplus.

**Mr. Wotherspoon:** — Wow, Mr. Speaker, I . . .

**Hon. Mr. Gantefoer:** — And if I may add, in the following year, '08-09, the GRF balance was \$2.388 billion and the summary basis was 2.96.

**Mr. Wotherspoon:** — Boy, those are the kind of numbers that we like, Mr. Minister. But yes, I just wanted to rebut of course. The minister put forward a comment seeming to be negative about the '07-08 budget put forward by the New Democrats, but good solid budget there, close to a \$1 billion surplus on the GRF basis and well beyond that on a summary basis. And that's what Saskatchewan people were so encouraged about. And in fact I think it plays a very important role in the psyche of individuals and businesses as well. And consumers, businesses across the provinces appreciate when they know that those holding the public funds are going in the right direction as well, Mr. Speaker, but . . . Mr. Chair.

If we look at . . . I do want to touch on potash. Maybe I'll go to that after the . . . because I do have just a couple questions about that. But if we look at the Health budget, the minister's put forward that he's confident in the ability to maintain the spending plan that's put forward.

The opposition's not. And we've put that on the record from day one on this budget. We don't share the same kind of confidence with that budget. We see that as a budget that's going to be compromised and in fact see escalation in costs. If the Minister of Finance is in fact going to be able to achieve this spending plan without supplying extra money throughout the year, then we believe that there's cuts or changes within the delivery of service that haven't yet been clearly identified to Saskatchewan people.

We just don't see it as being realistic to (a), it's a very short-term measure to say well some health regions have surpluses, so they can burn those revenues. That's kind of one-time revenues. That's not sustainability, so that's real kind of deferral on that front.

And then specifically when you look at the increase to the regional health authorities, we're quite concerned that the bulk of that, you know, \$100 million of that is allocated to nurses specifically, Mr. Minister, which certainly is an important aspect. But we're left with just a, you know, a little over \$20 million to deal with, you know, the increase in utilities, with our doctor shortage, with surgical wait times, with outstanding contracts, 25,000 health care workers across the province that

have been without contract for over two years. So we're concerned on that front. But I suspect that the minister, you know, will be good to his word here. But we want to make sure we have an accurate picture as it relates to spending. We don't see it in Health, or we feel it's not there.

We look at Education. Does the minister feel that it's appropriate to have put forward a budget that excludes dealing with a teacher's contract that expires, I believe, at the end of August? At this point in time, this budget has no dollars allocated towards the settlement of the contract with the teachers, which is a significant cost to your treasury.

**Hon. Mr. Gantefer:** — Thank you, Mr. Member. It's my understanding that the Minister of Education or the Ministry of Education was not at all sure as to what numbers to put in for the portion of the year that would potentially be under this budget and that that'll be something that we will have to deal with in supplementary estimates. The details of the thinking on the contract settlement, etc., would be something that would receive more detailed explanation from the Ministry of Education's estimates, and I just have the general issue in that regard.

**Mr. Wotherspoon:** — Yes, right. It just it seems that we have a budget, and we've pointed to many of its flaws, but this certainly is one of them. And you're the Minister of Finance for whom cash must flow from and that's your authority. So the Minister of Education, as you said, might not understand the potential costs that are there, but it's important that we do understand the scope. And it'd be a range, I guess, of those costs.

And certainly you aren't expected to divulge that to the public or to this committee because that's important information to be kept confidential in a time where you're entering negotiations. But it's just, I would argue, inappropriate to not have an allocation within your budget when you have a cost that's there. I mean unless you're . . . I don't know how you enter into bargaining in good faith without having the dollars that are there. And you certainly don't put forward a budget with knowledge that you're going to have some sort of a supplementary estimate.

[09:45]

**Hon. Mr. Gantefer:** — Yes, the member is quite correct in terms of saying there is a challenge in terms of putting a number specifically in the budget because that really sort of takes away the ability of independent table negotiations to occur if you actually establish what a rate of increase is that you're budgeting for. So it is a delicate kind of a situation that is the reality in terms of when you're bargaining in one sector. Certainly in other budgets, we allocated a general sort of increase, but it's a broader base negotiation. So that is a challenge and we dealt with it in this regard.

**Mr. Wotherspoon:** — We'd say it's not dealt with at all. It should be in the budget, some element of it. We wouldn't ask for that number to be disclosed in a specific manner. But the budget, it should be there.

And what makes this problem even larger is that you have a

Education minister who goes out and meets with groups and says that he's going to be lobbying the Finance minister — and he says this to the school boards or to teacher groups — and that he's going to in fact lobby and push and carry his voice to the Finance minister. Anyway I only say that, Mr. Minister, in empathy because I think that's a complete inappropriate position for a member or a subsequent minister to be taking, and somehow pitting him and his lobbying efforts and his elbows against that of the Premier and the Finance minister. I guess maybe you've dealt with that yourself, but it certainly causes all sorts of issues.

And I know some great premiers of this province certainly wouldn't tolerate that kind of behaviour. I know a guy like Roy Romanow would have straightened out that Education minister but quick, and I wouldn't tolerate it as Finance minister. But nonetheless you shouldn't have . . . You should have a number in your budget to conclude those contracts in good faith. Because you enter into bargaining in good faith, you're going to have an expense at some point that will be coming forward as a supplementary estimate. And saying then that this is an accurate picture, this budget is an accurate picture of the activities that are expected throughout the year, isn't realistic.

Shifting focus to municipal revenue sharing. Of course there was an agreement signed with great fanfare last year, Mr. Minister, as it related to sharing of a gradually increasing amount — point nine per cent of the PST to then include 100 per cent of the PST in this year — an agreement that was seen as a significant document, one that in fact both administrations, the New Democrats and the Sask Party, had invested heavily into to achieve, Mr. Minister.

Now that promise has been broken here this year. The rationale doesn't make sense why it was broken, that being that the PST offers stability, unlike resource revenues which are volatile. And then the justification coming back from the Premier is, well resource revenues are volatile, so we're going to break our promise. So that doesn't make any sense. Now the consequence of this is that taxes are going up across this province because of this budget, because of a broken agreement, and for Saskatchewan people and businesses. This is something that people are very interested in. They don't know where this agreement stands.

I know that the minister has committed that next year will be on. Now he said that last year, and of course the pen hit the paper, and a contract was, agreement was signed. This year it's the minister's word. But municipalities and might I say property tax payers and business people from across Saskatchewan are watching this one carefully. But could I just get from the minister here today, how much money that — following through with his commitment next year, as he stated is his intention and his promise — how much will that cost?

**Hon. Mr. Gantefer:** — Thank you, Mr. Member. Assuming that the PST for '09-10 — and it'll be finalized with the public accounts, so this may change slightly from the forecast to the actual — of \$1.1306 billion, that the amount that would then be attributable to municipal revenue sharing would be \$226.12 million, which would be 58, almost \$59 million increase. That's based on those numbers.

**Mr. Wotherspoon:** — Thank you. No, I appreciate that, Mr. Minister, and I appreciate your number here today. It's consistent with what you've stated in the past.

It's not consistent with what the Minister of Municipal Affairs offered up just a day ago here in the, and I quote from the *Leader-Post* on April 29, under the title "Revenue-sharing record under fire." The quote from the member from Meadow Lake, the Minister Responsible for Municipal Affairs is that the change, I quote, "The commitment we've given is an iron clad commitment that we are going to the full one per cent next year of PST," Harrison said." Which is just kind of funny because ironclad is his word now, but the pen that hit the paper last year was something else. But I go on. I quote, "The change will mean another \$70 million to \$80 million from municipalities next year, he said."

To the minister: who's right? The Minister from Municipal Affairs? Will this in fact increase the transfer by 70 to \$80 million, or will it be \$58 million as defined by the Finance minister?

**Hon. Mr. Gantfoer:** — Thank you. The numbers we're using, to the member, is from the Estimates book on page 117. And there it shows that, in this budget year, urban revenue sharing, rural revenue sharing, and northern revenue sharing in total this year will be \$167.4 million.

Using the PST that will be in public accounts —and again I stress that these are forecasts at this time, but there will be an actual number that comes out at the end of June which will actually quantify the PST — it's estimated that one-fifth of that provincial or PST number would amount to revenue of \$226.12 million. And that is \$58.720 million more than what was in this year's budget. That's the basis of my calculations or our calculations, and I can only reiterate that and the methodology that we use to arrive at those numbers.

**Mr. Wotherspoon:** — I empathize with this Finance minister because he's got these other ministers, supposedly colleagues, out there pitting themselves against himself and the Premier, and putting himself in an incredibly awkward positions. When the Education minister says, oh I'm the Education hero and I'm going to lobby and do everything I can to get you what you need, and we'll see if that Finance minister can open up the treasury and supply that for you or if the Premier will. That's not a responsible position.

It's not responsible as well to have two different positions on the record here, one that we need to get to the bottom of. And it's very problematic in that the expectation . . . When the minister of municipalities says that we're going to supply 70 to \$80 million more next year and that's ironclad, my suspicion is that —and in consultation with some within the sector — is that those individuals start to plan for those dollars because they expect when someone from executive government says we have an ironclad promise, this is the dollar amount, that they start to plan for those dollars.

What I worry is that this should be addressed very quickly by your government because we end up getting into a circumstance where municipalities are either going to be receiving the 70 or 80 million as ironclad promised by the Minister of Municipal

Affairs, or they're not, and they're going to get the dollars, the 58 million put forward by the Finance minister. There's a big difference between those two. And we see the consequences of not following through with commitments right now, being the property tax increases that you and I and many across the, most across the province are going to incur.

So I would urge the member to bring that Minister from Municipal Affairs in line. And we need to have a point of clarity with the two of those ministers here very soon, as to which one's the ironclad promise, because the Minister of Finance has put one forward, the Minister of Municipal Affairs has as well. We'll certainly have further opportunities to ask those kinds of questions.

I'm going to reference specifically page 62 of the summary book, Mr. Minister. We're looking of course . . . page 63, sorry, of the summary book. And this looks at the fact of course that debt to GDP is on the rise, that debt is rising faster than our GDP. Just, and the numbers are there, and we've raised our concerns with the fact that we're reversing a decade-long trend of reducing the debt in proportion to GDP, that our GDP's been stronger.

But what I would ask the minister is, he's put forward a number that was in place for 2009. What we know is that the actual statistics on the economy that have been released by Statistics Canada display a 6.3 per cent contraction. Now I don't believe that was the number that was used by the Minister of Finance in compiling this number. So my question is . . . I'm not certain of this, but I would suspect that the GDP in fact will be smaller, and thus the debt to GDP ratio will be higher for the year 2009 with the updated numbers that we now have before us.

**Ms. Brockman:** — I could offer two things. The 2009, when it pertains to debt, is debt as at March 31st. So that's actually the '08-09 number, and that uses the 2008 GDP. So the number you want to look at is '09-10. The second point is, the normal GDP number that's used to deflate financial statistics is nominal GDP, not real. So, yes. So at this point in time, what was actually released was output of sectors at basic prices, which is not GDP as we normally view it. It's not real GDP as we normally view it. And it's real . . . Nominal is yet to come out, and we're not expecting those numbers until November maybe.

**Mr. Wotherspoon:** — Thank you for that. And we don't have much more time here today, but it's a concern to see debt to GDP numbers increasing for the out years planned in this government's budget document and something that we . . . I think Saskatchewan people can be incredibly proud of taking debt to GDP from a number over 60 per cent not that long ago, left there by the Devine administration. We should feel very proud, and I ask all Finance officials as well and the many civil servants to feel very proud of the very important role that they've played in achieving the improved circumstance. To see that trend changing at this point in time is something that is a concern and something that we're going to be watching.

I see that we're getting upon our hour here. We didn't touch in too heavily here the fact that we see the fact that rainy day funds have been drained off in the past two years in an unsustainable fashion. That needs to stop and we don't know what this government's plan is on that front. I know they put



forward some projections here. And as well when we look at one-time revenues coming from Crown Investments Corporation that aren't going to be there into the future to fund their deficits within their budget, that can't go on either. So we have lots of concern as it relates to unsustainability of budgets and unsustainability of burn rate of dollars.

Lots of questions here. I appreciate the minister's frank questions here today. Just to clarify with the Chair here today, what time do we . . .

**The Chair:** — The other group is scheduled for right now.

[10:00]

**Mr. Wotherspoon:** — So I need to leave enough time for folks to vote. I know that, you know, we're very concerned with the budget that's put forward, and I know that the minister knows that because we raise it in the Assembly regularly — every day, I believe. And it's affected many, many, many in this province and we need to bring back responsibility to our financial processes. We have many questions as we go forward. This has been in fact not enough time to address the many questions that we have, but I know through written questions and through question period we can get at some more. I thank officials for their time here today and thank the minister.

**The Chair:** — With that we'll be moving on to the votes unless the minister has a brief comment before.

**Hon. Mr. Gantefoer:** — Not specifically, Mr. Chair. Just to thank the committee and the members and the officials for their hard work and assistance in this process. It is an important aspect of our democracy that executive government is held to account, and we certainly are prepared to have that in an open and transparent way. And the initiatives that we have in Finance is to make that information easier for people to understand as time goes forward. So we thank you for your input and attention.

**The Chair:** — Thank you. With that we will move on to vote 18, Finance, central management and services, subvote (FI01) in the amount of 6,735,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Treasury and debt management, subvote (FI04) in the amount of 2,478,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Provincial Comptroller, subvote (FI03) in the amount of 8,575,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Budget analysis, subvote (FI06) in the amount of 5,047,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Revenue, subvote (FI05) in the amount of 22,003,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Personnel policy secretariat, subvote (FI10) in the amount of 521,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Research and development tax credit, subvote (FI12) in the amount of 18,000,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Pensions and benefits, subvote (FI09) in the amount of 141,394,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Miscellaneous payments, subvote (FI08) in the amount of 115,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Amortization of capital assets in the amount of 959,000. This is for informational purposes only. There is no vote needed.

Finance, vote 18, 204,868,000. I will now ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2011, the following sums for Finance, in the amount of 204,868,000.

Mr. Weekes moves. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Vote 18 agreed to.]

**The Chair:** — With that we have resolved vote 18, Finance. I would like to thank the minister and the ministry officials for all their hard work and for answering our questions here today. We will now have a five-minute recess to allow the next group to move in.

[The committee recessed for a period of time.]

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

**Subvote (IT01)**

**The Chair:** — I'd like to welcome everyone back to this meeting of the Crown and Central Agencies Committee this morning. We have now the estimates for Information Technology Office. The members of the committee were introduced before, but also joining now is Mr. Yates and Mr. Quennell. I think we'll get right into it.

If the minister would like to introduce your officials and if she

has any opening statement, make that now, and then we'll proceed to debate on the vote.

**Hon. Ms. Draude:** — Thank you very much to the Chair and to the committee members. Before I introduce the Information Technology Office officials who are with me, I'd just like to make a few remarks about the recent budget and specifically the ministry of ITO.

Firstly the ITO budget is part of the overall budget that's responsible and one that facilitates growth and looks to the future and is fiscally responsible. The budget was balanced again this year with a slight surplus. In addition there's more than a half a billion dollars in the Growth and Financial Security Fund, money that will be there in case of an emergency.

This year's budget is the first one in a long time that actually reduces government spending. Expenditures will drop 1.2 per cent overall. While necessary, the restraint meant that some hard decisions had to be made. Many of our ministries have been asked to make do with less funding. However, areas of importance to public well-being such as health and social services have received increases.

The ministry of ITO has taken a number of reductions this year. The office will, first of all, reduce staffing by 14.7 FTEs [full-time equivalent], all through attrition. They reduced their operating budget by \$709,000. They will absorb salary increases of \$640,000. They'll absorb an additional \$1.2 million in pressures related to accommodation increases, client services requirements, and data centre power upgrades.

There are two new initiatives that are approved in this budget, and I believe that these new investments will be money very well spent, in fact they could well lead to significant savings to the taxpayers of our province in the future.

One million dollars will be spent to conduct a pilot project aimed at modernizing software applications across government. This will be the first step in upgrading more than the 750 computer applications that are now being used by ministries and agencies. This work will allow us to deliver services to the public much more efficiently and at less cost.

This year the ITO received \$2 million to replace and to upgrade our aging network infrastructure right across the province. Our government networks are in rough shape. An eight-hour network outage cost the government \$2.4 million in addition to the cost to the citizens and the businesses that rely on our services.

The new initiatives will result in a 1.4 per cent overall increase to ITO budgets this year. When considering these new budgetary allotments, it's worth noting that since 2005 ITO has reduced government IT spending by approximately \$15 million annually. Unfortunately, these savings were not reinvested back into our computer systems and as a result some of these systems now have to be refreshed. These new funds will help ensure that our computer systems and the critical citizen services they help us deliver will operate smoothly into the future.

As well, \$8.7 million normally spent by other government

ministries on application support and other IT items were transferred to the ITO budget. While this transfer has no impact on the GRF — it is cost and revenue neutral — it does allow the ITO to greater simplify their invoices and their processes.

Those are just some of the highlights of this year's budget and the important role that ITO will play in providing quality services to the public in a balanced and responsible manner.

I'd like to introduce my officials and then we will be pleased to speak to about any questions that you may have. Today with me is Gerald Fiske, the deputy minister. Phil Lambert is the assistant deputy minister. Richard Murray, executive director of corporate services; and Rebecca Sengmany, the ITO's new director of finance. So I welcome any questions you may have.

**The Chair:** — Thank you, Minister. I would like to clarify that Mr. Yates is substituting in for Mr. Belanger on this committee. With that, Mr. Quennell I believe had some questions.

**Mr. Quennell:** — Two questions, or at least two areas, Mr. Chair. Thank you very much. First of all, in the discussions that the Provincial Auditor had most recently with this office it became apparent that, not under the minister's watch but under the watch of an immediate predecessor, in 2008, the first full year of the Saskatchewan Party government, that ITO was in breach of its service agreements with its customers for failing, I think, the issue was to conduct a survey of those customers. I assume that that has been corrected and not repeated and just want confirmation and that that is the case and there won't be a similar failure in the future.

**Hon. Ms. Draude:** — Thank you to the member. And it is a very important question. ITO has signed SLAs [service level agreement] with all customers except one, and that's Education. A new MOU [memorandum of understanding] agreement system will include Education. We've addressed the previous auditor's recommendation to have a comprehensive human resource plan in place and we'll continue to work with the auditor on conducting detailed security audits of the ITO processes. And we recently completed a client survey.

**Mr. Quennell:** — So I take it that the failure wasn't repeated again, and I can properly infer from the minister's remarks that it won't be repeated in the future. Is that correct?

**Hon. Ms. Draude:** — You're correct. To the member, that's correct.

**Mr. Quennell:** — Thank you very much. Secondly, and this is a relatively minor issue, but I represent a seat in Saskatoon and it's not an unimportant issue, although a little bit local. Saskatchewan and the Government of Saskatchewan and ITO in particular are very proud of the launch of North America's largest free Wi-Fi under the previous NDP administration in Moose Jaw, Prince Albert, Regina, and Saskatoon. And there have recently been public complaints in *The StarPhoenix* about the coverage and service in Saskatoon. My impression from those stories is that ITO's fairly dismissive and basically said, there's no problem; it's fine. Is that the situation or is there room for improvement?

**Hon. Ms. Draude:** — Thank you to the minister. And I

recognize that there is a responsibility to the people that elected you and so it's of course a good question. I want to assure you that we were not dismissive of the issue. We do know that coverage is affected by things like trees and reflective window coatings and concrete and even other home wireless routers, so we have technical people that are going up to look into the issue.

**The Chair:** — Mr. Yates.

**Mr. Yates:** — Thank you very much, Mr. Chair. Madam Minister, my question has to do with contracting out of services. What percentage of ITO's services are contracted out to third parties?

**Hon. Ms. Draude:** — Thank you to the member, and I want to make sure I have the right information for you. There is 311 staff. We have 60 consultants and we expect that number to drop to 45 consultants.

**Mr. Yates:** — Those consultants are contracted consultants?

**Hon. Ms. Draude:** — Yes, they are.

**Mr. Yates:** — There's a decrease from 60 to 45?

**Hon. Ms. Draude:** — There'll be a decrease from 60 to 45.

**Mr. Yates:** — Thank you. Will that have any impact on service delivery to clients?

**Hon. Ms. Draude:** — No, it will not. In fact that is our goal to ensure that we improve service delivery to our clients.

**Mr. Yates:** — Thank you. That concludes my questions.

**The Chair:** — If there are no other questions or comments for the minister, we will vote off vote no. 74, information technology. Central management and services, subvote (IT01) in the amount of 2,073,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. IT coordination and transformation initiatives, subvote (IT03) in the amount of 5,288,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Interministerial services, subvote (IT04) in the amount of zero dollars. This is for informational purposes only and there is no vote needed.

Major capital asset acquisitions, subvote (IT07) in the amount of 2,250,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Application administration and support, subvote (IT08) in the amount of 8,737,000, is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Amortization of capital assets in the amount of 374,000. This is for informational purposes. There's no vote needed.

Information Technology Office, vote no. 74: 18,348,000. I will ask a member to move the following resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2011, the following sum for Information Technology Office, in the amount of 18,348,000.

**Mr. Bradshaw:** — I so move.

**The Chair:** — Mr. Bradshaw moves. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

[Vote 74 agreed to.]

**The Chair:** — With that I believe that it concludes our business before us this morning. So I'd like to thank the minister and her officials for putting this budget process together and answering our questions here this morning. So thank you very much.

**Hon. Ms. Draude:** — Thank you, Mr. Chair, and to the members, I thank you for the questions and your interest. And I'd really like to thank the staff, the people that work with me in ITO. They're a dynamic group of people that are energetic and visionary and they do a lot of hard work and I really do appreciate them. So on behalf of not only myself and our government, but the citizens of Saskatchewan, I'd like to thank them.

**The Chair:** — With that it concludes our schedule here this morning. I would entertain a motion of adjournment. Mr. Bradshaw moves. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. The sitting of the Crown and Central Agencies Committee is now adjourned.

[The committee adjourned at 10:23.]