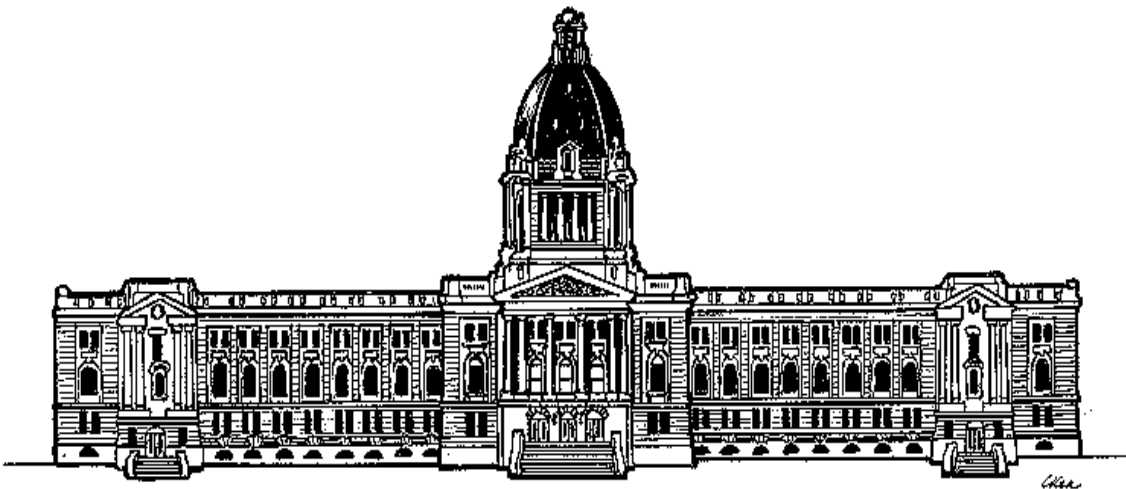




STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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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 08:58.]

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

Subvote (ST01)

The Chair: — Good morning, I'd like to welcome everyone to this meeting of the Crown and Central Agencies Committee. This morning we will be discussing lending and investing activities in some of our Crowns.

I'd like to start off by introducing the committee members. We have Mr. Weekes, Mr. Allchurch, Mr. Bradshaw, and Mr. D'Autremont. We have Mr. Yates substituting in for Mr. Belanger, and we have Mr. McCall.

First up this morning we have SaskTel. We will be discussing vote 153, and that is the investing and lending activities of Saskatchewan Telecommunications Holding company. Following that will be SaskPower and SaskEnergy. With that I think we'll jump right in if the minister responsible would like to make a statement and introduce your officials, and then we'll go to questioning.

Hon. Mr. Morgan: — Thank you, Mr. Chair, members of the committee. I would like to begin by introducing the SaskTel officials who are here today. I'm joined by Robert Watson, president and CEO [chief executive officer]; Mike Anderson, chief financial officer; Dale Baron, controller; Darcee MacFarlane, corporate communications.

I appreciate the opportunity to make a few opening remarks. As I stated at the tabling of SaskTel's annual report, in 2009 SaskTel achieved very solid financial results while continuing to demonstrate its commitment to the people of Saskatchewan. For the fourth consecutive year, SaskTel has recorded more than \$1 billion in revenue and in 2009 achieved a net income of \$129 million.

SaskTel borrows funds from the provincial government to finance its business activities. SaskTel's current borrowing activity relates primarily to capital expenditure requirements for the improvement and expansion of its network and long-term debt refinancing. SaskTel's borrowing requirements in 2010-2011 is estimated to be \$317.4 million.

[09:00]

The capital projects plan for 2010 include the multi-year rural infrastructure program and next-generation wireless network, as well as the expected expansion of SaskTel's Max entertainment services to six communities: Humboldt, Lloydminster, Martensville, Melfort, Melville, and Warman. The purpose of the rural infrastructure program is to provide 100 per cent of the Saskatchewan population with access to high-speed Internet services and to improve cellular service across the province. The next-generation wireless network will provide Saskatchewan people with a universal mobile telecommunications system or UMTS, high-speed packet

access, HSPA, wireless network, which is a 3G-plus wireless network.

SaskTel continues to be successful in a fully competitive environment due to the loyalty of its customers and the hard work of its dedicated employees.

That concludes my opening remarks, Mr. Chair, thank you. I'm prepared to answer questions at this time.

The Chair: — Mr. Yates.

Mr. Yates: — Thank you very much. And I'd like to start by thanking the minister and his officials for the nice summary of the borrowing that was provided last week. It's helpful in preparing which Crowns I'd like to talk to.

Mr. Minister, I would like to first start by asking how was the six communities selected for the expansion of Max services?

Hon. Mr. Morgan: — I'm going to let the officials answer that.

Mr. Watson: — Thank you very much. We simply picked the communities and the size. There's 14 communities total that we're going to expand Max to, and it's simply by the size range. And then we just select those communities as to advantageous, the most reasonable way to get there with the network and the build-outs. So it's just simply by size and then what's the best way to build out to those centres.

Mr. Yates: — Thank you very much. Is there a longer term plan then to expand the build-out? Is there a multi-year plan to continue that expansion?

Mr. Watson: — We certainly have a long-term strategic plan to keep building out the broadband network to more and more parts of the province. And as you build out the broadband network, in other words get it up to 5 megs, 10 megs, then yes, you can offer more services or, more important, the customer can acquire more services, yes.

Mr. Yates: — Thank you very much. How much of the borrowing for this fiscal is as a result of the expansion of the Max program?

Mr. Watson: — Mike Anderson, the CFO [chief financial officer], will answer that one.

Mr. Anderson: — 29.4 million.

Mr. Yates: — Thank you very much. When can we expect that we will have the entire high-speed Internet capability throughout Saskatchewan? When will we actually have it up and running throughout the entire province?

Mr. Watson: — Thank you very much for that question. It's an exciting, exciting time for our network in the province. We plan on having the rural infrastructure build complete by the end of 2011. We are continually building of now. By the time we're finished, 100 per cent of the population will have at least one and a half megs available to them through our own network or

through our satellite partner. Most of the province, quite frankly, will have a five megs available to them, and for speeds, that will . . . five megs to your home or to your business in 90 per cent of the province will be like you're sitting in a downtown Toronto, quite frankly. It will be a very good network.

Mr. Yates: — Thanks very much. My next question has to do with the \$150 million that was asked for last year that's rolled into this year. Was that capital money utilized?

Mr. Anderson: — It wasn't . . . Are you talking about the budget number for last year?

Mr. Yates: — 150.

Mr. Anderson: — Sorry?

Mr. Yates: — \$150 million that was in the estimate that was not in the '09-10 forecast.

Mr. Anderson: — There was about 72 million that was carried forward from that number into 2010.

Mr. Yates: — Thank you. Thank you. My next question has to do with the dividend paid to the CIC [Crown Investments Corporation of Saskatchewan] and then . . . [inaudible] . . . the GRF [General Revenue Fund]. What was the dividend paid by SaskTel in 2010-11 budget year?

Mr. Anderson: — Dividend to be paid?

Mr. Yates: — Yes.

Mr. Anderson: — 104 million.

Mr. Yates: — Thank you very much. That concludes our questions.

The Chair: — With that and seeing no other questions, that will . . . Oh, I apologize. Mr. Belanger.

Mr. Belanger: — Thank you so much, and I apologize for not jumping in at the appropriate time. Just very quickly, in terms of the SaskTel and the future plans to expand the cellular coverage, what plans do you have for the North in general or southern Saskatchewan in general?

Hon. Mr. Morgan: — You may not have been aware, on Friday morning we made a joint announcement with the federal government. SaskTel is providing \$8.5 million and INAC [Indian and Northern Affairs Canada] is providing I believe 8.5 as well. And that will complete cellular coverage and high-speed Internet to, I think, all of the First Nations with the exception of one or two that declined it. And I suspect the one or two that declined it will likely change their mind and ask for it. So a lot of the ones that are included are in the North.

Mr. Belanger: — Have you got a list of those communities because I did miss the announcement; I was on the road.

Hon. Mr. Morgan: — Yes. I can track them down, Friday's announcement from INAC.

Mr. Belanger: — Is it unusual for the federal government to contribute to expansion of cell services like you've announced on Friday?

Mr. Watson: — It's unusual, a bit unusual, yes. What we did is we got very proactive in taking advantage of their broadband build funds that they had allocated. So we aggressively went and applied for allocation of those funds and were awarded a contribution. So we were quite pleased to get a contribution towards that.

Mr. Belanger: — The other aspect is I can recall that at one time we had, in the expansion of cellphone coverage to the North, that they had anticipated X amount of usage to quantify and to qualify the expansion of cell phones to northern Saskatchewan. And given the advances in the technology at the time — and again this is from my memory, so I can be corrected — I understood that based on X amount of usage of the cellphone system, that it would qualify expansion to northern Saskatchewan. And I understood that after the first couple of years, that anticipated use was actually four times higher than the corporation anticipated. Is that a correct amount?

Mr. Watson: — I'm not sure of that number, quite frankly. However by the time we're finished building the new network — an additional 55 cell towers in the province — we'll have over 500 cell towers throughout the whole province, which will serve 98 per cent of the population. However there will be areas in this province where cell service will go, you know, grey, where you'll be travelling or something like that. But clearly by the time we're finished at the end of next year, building, this geographically will be one of the best networks in the world for cell coverage.

Mr. Belanger: — The announcement that you've made, quite frankly, you going to be done the build-out next year, which 2010.

Mr. Watson: — We plan on substantially finishing all the build this year and having the new network up and running by the end of '10, but we're just saying that probably some of the cell towers and build-out will happen in '11. But we'll sure have it done by the end of '11.

Mr. Belanger: — A couple more questions I have in relation to the actual build-out. If you can explain to me the notion, when you look at SaskTel, all the systems right now, currently owned by the corporation, there's no private contractor coming in to take a portion of the new build that you're speaking about.

Mr. Watson: — Well there's no private contractor directly. We did go out to all contractors in the province to ask them to participate in not only cell tower builds . . . Of course we use private contractors, sorry, to build the towers for us and private contractors actually provision them in the province. But we've also even asked private contractors if they want to build some of the fibre network for us. So we went out with full consultation on this project.

Mr. Belanger: — I notice on the announcement you spoke about some of the northern bands that are getting cell phone coverage. I looked to the list. There's very few northern bands

except for Big River and Ahtahkakoop.

I'm talking about when I say northern, I'm talking about much further north than Big River. I'm talking about the communities of English River which is referred to as Patuanak, Birch Narrows which is referred to as Turnor Lake, Canoe Narrows, and of course as well as La Loche. And in those four communities, you're looking at about 6 or 7,000 people that don't have any cell coverage.

And that's the assumption I had earlier, was on the point you raised that you're going to be expanding service to the North. Perhaps Big River is north of P.A. [Prince Albert], but I'm speaking north. I'm speaking further north because obviously that's the area that I represent as the MLA [Member of the Legislative Assembly].

Hon. Mr. Morgan: — We can undertake to provide you with a list of what's been done already and what the proposed timeline might be for other areas so that you would have a more accurate list.

Mr. Belanger: — Okay. I guess I would point out to you as a minister and certainly to the corporation, the reason why I asserted earlier that the anticipated use was four times what SaskTel was hoping to achieve, that's the figure that I remember. And I know I did lobby SaskTel on a few occasions to indicate to them that some of these communities — you know, a good example that would be Canoe Narrows, where they're just off the main route — probably about 30 kilometres in a well-placed cell tower would encapsulate or would encompass the community of Jans Bay and Cole Bay, which gives you at least 2,000 people. And it's not much of an effort to put the tower there.

And another good example would be at Dillon, which is Buffalo River. They're situated very close to two other communities, Michel Village and St. George's Hill. Again another 2,000 people. And then you look at the English River which is primarily Patuanak, they also include the village of Patuanak, and there's another 1,500 people there. And then you go, again, to Turnor Lake, another 1,500 people there as well.

And it's not just the community population, of course, it's the traffic that goes to and from these communities. So all in all, you're looking at about maybe 7,500 to 8,000 people that would be immediately affected positively if those four communities were put on the cell coverage system. And I can certainly forward to you a copy of a letter that I have sent, but a fresher copy, if I can get your business card, to explain to you the merits of why these communities need to be included as well.

For the record, I know that we were lobbying heavy when we were in government to get that expansion to those communities. And there was some discussion but never an approval, just for the record. But it's something that I think when you mention the North, that the communities, there's five or six communities that have it already in that area, so it's not as if it's a new service. There's existing service that these communities off to the side just need to be tied in. So I guess I would lobby you as a minister and certainly the officials and president of SaskTel, to see if you can get those services in there.

Hon. Mr. Morgan: — If you have a letter you want to send, we'd be glad to look at it and I'd be glad to have the officials at SaskTel look at it to see whether a business case has already been considered or whether there's one to do it. But I think we look to the MLAs in that area that have had ongoing contact with it, so we'd appreciate the input.

Mr. Belanger: — Thank you very much. Please expect that letter. I'll forward that today or tomorrow. Thank you.

[09:15]

The Chair: — That will conclude our consideration of the vote no. 153 for Saskatchewan Telecommunications Holding Company. So thank you very much for your answers and taking the time to appear before us today. We will take a very short moment to recess while SaskPower and the minister responsible take the stand.

[Vote 153 — Statutory.]

[The committee recessed for a period of time.]

The Chair: — I'd like to welcome everyone back to the meeting of Crown and Central Agencies Committee. Before we hear from SaskPower and the discussion of vote 152, there are two documents that I would like to table. That is the Saskatchewan Housing Corporation document CCA 323/26 and the Crown Investments Corporation of Saskatchewan CCA 324/26. So those documents have been distributed and are now tabled.

With that I'd like to welcome SaskPower. The minister responsible, if you would introduce your officials, and if you have an opening statement, then we will entertain questions. Thank you.

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

Subvote (PW01)

Hon. Mr. Boyd: — Good morning, Mr. Chair, committee members. It is a pleasure to be here this morning to discuss the borrowing requirements for SaskPower for the upcoming year. With me this morning is acting CEO, Garner Mitchell. On my left is Sandeep Kalra, vice-president and chief finance officer, finance and enterprise risk management, and on the extreme left is Laurie Pushor, my chief of staff.

Mr. Chair, late last week we provided a summary of the borrowing needs of the corporation for the upcoming fiscal year of this province. That document outlined that for the period April 1st, 2010 through March 31st, 2011, the corporation is expecting to require \$912 million for capital projects. Funding for those capital projects, capital investments, will require \$454.1 million of borrowing. As was highlighted in the summary document, the capital needs touches on all aspects of the corporation.

This includes renewal and addition of generation facilities, new

and renewed transmission and distribution infrastructure, as well as significant new customer hook-ups. SaskPower is also involved in long-term customer service system renewal in order to better serve our clients. Mr. Chair, with those very brief comments we are prepared to answer questions.

The Chair: — Mr. McCall.

Mr. McCall: — Thank you very much, Mr. Chair. I guess I'd start off to begin with welcoming the minister and the officials. Good to see you here on a bright, sunny Monday morning.

I guess the first question I'd have is with regards to the adequacy of the estimate. Certainly in '09-10 there was a forecast number of \$369.9 million. The estimate came out at \$598.7 million. That's a difference of \$228.8 million. So in terms of, first off, the adequacy of the number being proposed this morning, what do you, what do you base your certainty on, in that regard? And I guess if you could explain a bit of what happened last year.

Hon. Mr. Boyd: — Thank you, Mr. Chair. I will explain a little bit and then I'll ask Sandeep to provide a little bit more detailed explanation as well. Throughout the year, SaskPower makes an assessment of the requirements that they're going to have for capital on a number of occasions, and it's based on the projected needs of their customers throughout the year. For example, if the potash expansions, if they're proceeding in a timely way, they keep in contact, SaskPower keeps in contact with the companies to determine what their needs are going to be throughout the year.

Now that may vary a fair little bit, and does frequently. The companies provide an estimate of when they will need service, and that's based on their schedule, construction schedules. It's based on the timing of the purchase of equipment, all of those kinds of things, so it can change fairly substantially based on a number of factors like that.

So there's, when you look at the major potash expansions that are being undertaken, when you look at the oil industry that's ratcheted up and down fairly significantly, new customer hook-ups are increasing, so there's a number of factors like that that impact upon SaskPower's ability to deliver. And then of course, if there is a need for additional capacity in the system, they require additional borrowing. If that is ratcheted back, then they ratchet back their capital requirements at that point in time.

So it is assessed constantly throughout the year. SaskPower is in contact with the major customers to determine what their scheduled needs are going to be, and that schedule varies. Sandeep perhaps can provide some additional support for that.

Mr. Kalra: — I think what we do is we forecast our cash flow requirements throughout the year. So we have 11 forecasts; every month a new one comes out. And it's based on many assumptions.

The various components of the forecast are, what is our net income going to look. And the assumptions there are whether we can get the rate increase that we have put in; whether the hydro conditions that we have put in in our budget, we realize that or not; whether the load forecasts we have put in the

budget, whether we meet that load forecast or we are up or down. So based on that, our net income can go up or down.

And also on the capital side, you know, whether our customers are moving with the speed that we thought they would be moving, and also whether we can complete projects before or after the projected date.

So as a result all these various components of the cash flow forecast move throughout the year. Last year the initial estimate was for borrowing of 599 and the revised estimate is 370. And a significant part of that is because our capex [capital expense] was actually lower in many projects as compared to the anticipated costs. So the favourable price variance was roughly 122 million. So we actually saved money on those projects.

Many of the other projects got delayed because customers delayed their projects, given the uncertainty in the economic conditions. So as they delayed their projects, we have delayed some of our projects — capital expenditures — as well. It will take place but it will take place in the future. So we just deferred it for the future years. So that explains the difference between what we had initially thought the borrowing would be and the forecast.

It's revised on an ongoing basis. The 454 million is the best estimate that we have of the borrowing requirements for the coming fiscal year, but it's also based on similar assumptions. And as those assumptions change, we would keep on revising our forecast.

Mr. McCall: — So again, through the Chair, in terms of the capital expenditures that did not go forward, the borrowing capacity that was anticipated but not taken up, was any of the borrowing capacity forwarded into this year?

And I guess, to back up a bit, at the start of the year do you lock that borrowing capacity in? And as such, if you're not using it, what happens to the borrowing capacity? Or have you forwarded that into this year's budget? Is there some kind of exchange of capacities there? And the minister, you know, feel free to chime in as well.

Mr. Kalra: — One for one. But what we have is we have . . . We forecast what capital projects we would take on. Some of the deferred projects move on to the next years and, as a result, it will have an impact on the borrowings for the future years. Not all of the impact would be in this fiscal year. Some of the impact may be in the future fiscal years as well.

Mr. McCall: — In terms of historically, this kind of a swing in the number, do you anticipate a similar swing this year? Do you have sort of a window that you work with or parameters that you work with?

Mr. Kalra: — It's a large swing and most of the swing is because of the capital expenditures. Over the next few years, our capital expenditures will be quite substantial and the window of the moment could be substantial as well. We hope it won't be as big as this one, but there's no, you know, complete certainty to that effect. It could move a little bit because the numbers are quite vague. And it depends on a lot of different factors, and a lot of those factors are outside of our control.

Mr. McCall: — In terms of prudent planning though, do you have a window that you operate in with, say, plus or minus 20 per cent, 30 per cent? Is that part of the planning process of the corporation?

Mr. Kalra: — Not on the cash flows.

Mr. McCall: — But in terms of borrowing activity.

Mr. Kalra: — Which are a direct, you know, result from the cash flow forecasting. So no, there is no tolerance limits that we put around our budgets. And the reason for that is where we save money, we try . . . Where we can save money, we do save money. Where we can defer projects, we try and defer them to save the carrying costs. So we just don't go by a . . . [inaudible] . . . We go by, you know, what's in the best financial interest of the corporation.

Mr. McCall: — And again, that's a . . . Belabour the point, but in terms of there being some kind of a planning mechanism whereby you can, where this isn't completely unanticipated come the end of the year . . . I'm guessing if this number is to be meaningful — and you know, it should be for the budget exercise of the province — and again there are unforeseen things that happen, and certainly you work with a number of partners so there's variance in that and we don't begrudge anyone responding appropriately to those kind of changes. But in terms of the planning, a variance of \$228 million, that's a big number. Is there any kind of a planning number that you have that I'm not fully understanding in terms of the request in front of the committee today?

Hon. Mr. Boyd: — Mr. Chair, the estimate before us is for 454.1 million. That is for the best estimate for 2010-11 that is available. But as Sandeep has indicated, once per month SaskPower looks at its requirements, looks at what their customers are telling them in terms of scheduled hookups that they are going to require and makes an assessment based on that. So it changes monthly in terms of that. So when you look that, as a good example that, I would say that I think we can be reasonably confident that that's a solid number.

You're looking at, for the potash industry right now, very strong first quarter results. As a result of that, we're anticipating that they will be proceeding in a timely manner with the expansions that they have announced and are undertaking. In addition to that, another large customer is the oil industry which is fairly buoyant right now, fairly strong prices, and forecasts for drilling are fairly strong as well. So while these numbers are certainly large and have the potential for fairly significant swings, that is the best estimate that's available for our consideration at this point in time.

When you look at the very significant borrowing requirements for SaskPower, when you look at the greater amount going forward, it does however have the unfortunate consequence of having the potential for fairly significant swings in it based on what is happening in the economy.

Mr. McCall: — Given the admitted volatility of the numbers possibly going forward — and certainly over the past year, that volatility has borne out on the balance sheet in front of us — and given that the corporation undertakes a monthly revision

exercise, is there any means by which the corporation could table that information with the committee in the interest of more up-to-date information for the committee going forward?

Hon. Mr. Boyd: — Well the way that that is undertaken is if there are a need for additional estimates, they would come forward in a supplementary estimate. If there isn't a need for that or if they're on track, obviously there'd been no need for any change. If they come in at a lower amount, SaskPower just simply doesn't borrow the additional amount of monies.

Mr. McCall: — But would there be a problem tabling that information with the committee on a monthly basis if this is the instruments that SaskPower is using to get a better read on the borrowing activities? It would certainly be helpful in the oversight regard as well.

Hon. Mr. Boyd: — We will undertake to see whether that's possible or not. The estimates before us are the best estimate for the upcoming year. However, we'll undertake to see whether that's possible and report back, Mr. Chair.

[09:30]

Mr. McCall: — You'll report back by . . . I'm sorry.

Hon. Mr. Boyd: — We can undertake to provide the committee with a letter of representation with respect to it.

Mr. McCall: — Thanks to the minister and to the members. I guess the other thing is, in terms of the . . . just so that we've got it on the records, what are the key capital expenditure initiatives being anticipated for the year to come?

Hon. Mr. Boyd: — The key initiatives for 2010-11 include the Yellowhead natural gas generating facility of 137 million; customer connects, transmission distribution of 97 million; Island Falls power station to far North transmission, 22 million; Pasqua static VAR compensation system, 13 million; power production capital maintenance projects, there's numerous ones of that, 143 million; the TCP Keystone expansion, phase 2, 12 million; and service delivery renewal of 25 million.

Mr. McCall: — Could the minister, for the committee, go into a bit further detail on the power production capital maintenance projects? And again I am sure there are some that are so small as to be able to head them under miscellaneous, but I'm sure there are some larger-scale projects that we'd like to know about as well.

Hon. Mr. Boyd: — I'll let Garner handle those questions.

Mr. Mitchell: — Yes, there's some significant activity. A good example for this year is Boundary dam unit no. 6. It's a 300-megawatt unit, and one of the large coal-burning units in the province. We did substantial refurbishment in 2003, but again, just in the interests of time and money, at that time we couldn't do it all. And so this fall, we'll be taking that unit down for a major overhaul because seven years have gone by, and we'll be upgrading and rebuilding the low-pressure turbine. We'll be putting a new rotor in the electric generator. And so some very significant work.

As well you know, we do annual maintenance. But with this time interval, then we'll do an awful lot of work on the boiler. So that's one example that we'll spend, you know, \$25 million just on steam turbine and with boiler and generator rotor and stuff. I mean, we're talking a 40 to \$50 million project that's done in a very short period of time. So that's the type of example that a lot of work that goes on.

Mr. McCall: — So that particular project accounts for how much expenditure of the 143 million?

Mr. Mitchell: — About a third of it.

Mr. McCall: — So the remaining two-thirds, what do you anticipate under those kind of projects?

Mr. Mitchell: — There's still a tremendous pile of maintenance that has to go on in not only the generation system. We have other units that require maintenance such as gas turbines at Queen Elizabeth and then also transmission systems. We're always in the process of rebuilding switching stations and an extensive amount of work. I've got a book here.

Like most of our capital projects are never just one-year projects. They're usually multi-year projects. It's just the nature of the work that we do. So we have a very comprehensive plan, a very sophisticated plan that looks out over ten years, the next ten years. And it is true that sometimes money will shift because you may have delays on getting materials because there's, you know, a hot world market on certain materials or whatever and you might have to shift from one year to the next year. But again, we plan and structure that out over the multi years and then sum it up. Like if, you know, it's over in excess of \$8 billion that we have to spend over the next 10 years . . .

And again generation transmission, there wasn't a lot of transmission constructed over the years. But now with the increase in load and some of the heavy industrial customers, now we have to add new transmission and upgrade existing transmission — and in distribution again with the rapid expansion in, say, the Bakken oil play, just a tremendous pile of hook-ups for customer connects for oil services in particular. So all that activity we have to account for.

Mr. McCall: — Thank you, Mr. Mitchell. Again I'm not so much looking for the overarching approach although that's very interesting. But in the interests of the time of the committee, as per your first example, the nature of the grid and the generation capacity is such that a lot of these individual maintenance projects tend to be big overhauls.

So I guess what I'm to ask — perhaps to clarify my question — as per your example around Boundary, are there any other substantial individual projects entailed in the number provided here?

Hon. Mr. Boyd: — Mr. Chair, I think we could copy this and send it, provide it to you. There are a number of projects from quite significant to relatively small ones. I'll perhaps read a few into the record for you.

The Cluff Lake interconnection transmission line, it's \$2.8 million in 2010. As Mr. Mitchell has indicated, these projects

are multi-year, but their spending anticipated for this year is that amount. Halbrite area reinforcement, 6.3; Peebles to Tantallon, point five million; Beatty to Wolverine 230 kV [kilovolt] transmission line, 1.2; TransCanada Pipelines, TCP, Keystone expansion, 1.8; Saskatoon east to Wolverine 230 kV transmission, point eight; dependable and secure infrastructure portfolio, 3.2; Saskatoon east switching station, 7.7; Shand major overhaul, 5.8; Island Falls refurbishment, 6.6.

And the list goes on, but those would be, you know, examples of some approximately two dozen projects.

Mr. McCall: — I thank the minister for that, and perhaps if they could table that in detail with the committee, that would be helpful. Unless my colleagues have further questions at this time, I don't think we've got anything else on the dockets. Or wait, my colleague does have a question. There we go.

The Chair: — Mr. Belanger.

Mr. Belanger: — Thank you very much. I certainly thank the minister and the officials for all the information that was provided to us. There's quite a bit of detailed information there.

I guess I'll go back to the earlier comment that was made in reference to the 10-year time frame and how you've anticipated — and it's fairly complex in nature and so on and so forth — in terms of what SaskPower might need. And that's basically what I want to have a few questions on.

Do you have, are you able to share with the committee the out-years in terms of the 10-year time frame as to what you have planned and what the borrowing needs are? Because we often hear during committee meetings the figure of \$15 billion required over the next eight to ten years. Has that money been basically — I shouldn't say earmarked because that's not the proper term — but been considered and anticipated within SaskPower? And when I say considered and anticipated, favourably at this time because it would be nice to know what the anticipated needs are.

Hon. Mr. Boyd: — Mr. Chair, of course we're dealing with 2010-11, but there is very significant capital requirements that will be needed in the future — \$454 million for this year. And when you look into years down the road, it is very significant, whether it's transmission generation, clean coal initiatives — very, very significant capital requirements going forward that of course are not part of this estimate, but perhaps we could have a discussion about that if you like.

Mr. Belanger: — Okay. Would it be fair to ask the minister if he's able to share that information? Is it possible or is it . . . because I would assume that it would be part of your corporate plan. And it would be nice to know what the anticipated needs are over a 10-year time frame. And I would underline anticipated. Obviously we don't know, like, the swings and so on and so forth. It'd be nice to have that information. The question I would have, are they prepared to share that with the committee?

Hon. Mr. Boyd: — He's just checking on the information to be sure that it's accurate. But in any case, there is a very significant borrowing requirements and capital needs for SaskPower going

forward into the next number of years. And they would be, the first set would be grouped up to 2020 and then beyond 2020.

But of course very, very . . . You know, while there is a need to project out that far and SaskPower does project out that far, there is a considerable number of factors that would influence those numbers. But it's fair to say that there is a very, very large capital planning and spending requirements going forward here. And perhaps Garner can just go through the upcoming years here.

Mr. Mitchell: — I think the question is quite clear. It is always work in progress, so you're always having to work and then rework. It's never just one plan, and then you follow that plan for 10 years straight type of thing. I mean you're always adapting the plan and reworking the plan to meet.

But if you look out over the coming years, like we have to spend like 832 million in our calendar year, and then that goes up over the next years. It starts going up to 1.3 billion and then 1.6 billion and then 1.5. And then it starts to come down towards the years towards the end of that 10-year term.

There are some reasons for that. We have one massive project under way . . . is the clean coal project for Boundary dam. Like that overall project is like a \$1.4 billion work in progress. And so again we want to have that up and running by the end of 2013, so again that puts quite a bias for 2010, 2011, 2012, and into 2013. So you get that type of an activity.

Just to talk about not only coal-fired generation but hydro generation. Like we have approved plans in place where we're going to spend about \$140 million over the next five years at refurbishing some units at Island Falls, refurbishing a couple of units at the E.B. Campbell station. And then we start even this year at Coteau Creek. It's now 40 years of age and we have to rewind generators, things like that. Control systems have just ran their course and we have to put new control systems in Island Falls and E.B. Campbell.

So that type of activity. So again we have like a hydro refurbishment program that's integral or part of all this massive planning that we do. And again transmission lines, a lot of activity over the next three years in the South and the North. Again customers; customer connects, the oil field activity.

I was just in Weyburn on Thursday and spent time in the regional office there and it's really impressive because when you go down the highway, you know that there's an awful lot of oil wells being drilled. But when you get in that office and they've got a whole wall and they've got this map and there's pins on the map, they had the busiest quarter probably ever in the first quarter in 2010.

But again in 2009 things were quieter, but now it's starting to heat up again. Again, you know, the breakthroughs in technology, the horizontal drilling, all that type of stuff. So again, we have to respond to that. If they want to drill wells and they want to start pumping oil, it's our responsibility to get a reliable power supply to them in a reasonable time.

Mr. Belanger: — Yes. My final point I would just add is that all the information, the reason why I'm asking all this, to be as

quick as I can here, is that obviously there's been a lot of presentation made in relation to the green energy option — wind and solar and biomass and so on and so forth, natural gas. And I'm trying to figure where this fits in your 10-year plan. Because it's nice to talk about clean coal, you know, and it's nice to talk about the refurbishment of the existing dams that are out there. But my question . . . And just to point out my intent here is to find out where those green energies are in the scheme of things.

And the second point is, is there any new hydro developments planned within any major river system as part of those out years?

And of course, the third point would be, is that, how much is anticipated for that out build in the out years that would be done by SaskPower itself or given to the private sector? So that's kind of where I'm going in terms of my questions, because there's tons of information that we'd need in that regard. And that's why it's quite important we get that information.

[09:45]

Hon. Mr. Boyd: — Thank you, Mr. Chair. A very good question with respect to green initiatives that SaskPower is very active and engaged in. There are two components, of course, to generation. There is baseload and then peaking.

Baseload of course is generation that has to be on all of the time so that regardless of whether it's windy outside or not windy outside, you still have the power on. Of course you look at a day like today outside, and if I recall when I came in, there wouldn't be much wind energy being generated on a day like today, so you have . . . That capacity would be very limited. So you have to have significant baseload to make sure that the power is on for households and for businesses and for industry during that period of time.

There is a request for proposals out right now for additional wind capacity. They've gone through the RFQ, request for qualifications portion, and we're now just into the, just about to be into the RFP [request for proposal] phase of that for 150 megawatts of additional wind energy. Pardon me, 175 megawatts of additional wind generation. It's my understanding that there has been a very significant amount of interest by proponents out there to participate in this. Numerous, into the tens of proposals that have come forward with respect to that — very, very, good, it would appear. A lot of interest there.

SaskPower is looking at biomass as well, and at some point in the future here, there'll be some further announcements with respect to that — I think again something that would be seen as a very significant and helpful exercise as well.

Hydro is another important sector of this renewable energy component. There are a few projects that are being talked about out there, and you're probably familiar with them — Black Lake; and Brookfield in the Prince Albert area, roughly speaking, is another one that's being talked about.

There are ongoing discussions with First Nations leaders with respect to these types of projects. I have met with First Nations leaders a couple of times in person and several times by phone

call with respect to projects of this type. There seems to be a very significant interest, naturally, significant interest in First Nations in perhaps participating or looking at involvement in some manner, perhaps equity investments or looking at jobs, certainly business activities as a result of these. So there's a lot of activity surrounding those projects that . . . And the biomass one as well, significant First Nations interest there. And the RFP for wind, there's First Nations interest there as well.

So I think these are very good projects that are being considered. The one at the moment, the one RFP that's out there is on wind. Biomass hopefully be coming forward soon. And hydro into the, I would say, medium to a little bit longer term projects out there.

With respect to the private sector involvement into these, virtually all of the projects dating back some time now that SaskPower has been involved in has both private and, you know, SaskPower themselves being involved in it.

SaskPower through their procurement policies buys . . . They don't manufacture generating units and things of that nature, so they buy those types of components. And sometimes they're involved in the installation. Sometimes they're not involved in the installation of them. It depends on the project. It also depends very significantly on the availability of SaskPower and their crews to be able to do the job. When you see the very significant capital projects that are going forward, SaskPower simply doesn't have the capacity to do all of those, so there is some private component to this and some public component to that as well.

Mr. Yates: — Thank you. That concludes our questioning.

The Chair: — With that and seeing no other questions, that will conclude the consideration of vote 152, lending and investing activities of SaskPower Corporation. I'd like to thank the minister and his officials for making time to answer our questions here this morning.

[Vote 152 — Statutory.]

Hon. Mr. Boyd: — Thank you, Mr. Chair, committee members. Thank you for your very valuable input, and I want to also thank the SaskPower officials for their efforts here this morning and their ongoing efforts to supply Saskatchewan residents with good quality, safe, and affordable power now and into the future. Thank you.

The Chair: — With that we'll move straight on to SaskEnergy. If the minister and officials would join us.

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

Subvote (SE01)

The Chair: — I'd like to welcome the minister and his officials. Crown and Central Agencies Committee, we are discussing vote 153, the lending and investing activities of SaskEnergy Inc. I'd like to ask the minister to introduce his

official and if he has an opening statement, please go ahead and then we will go on to questions.

Hon. Mr. Cheveldayoff: — Thank you very much, Mr. Chair. It's a pleasure to be before the committee. Joining me today is Mr. Dennis Terry, the vice-president and chief financial officer of SaskEnergy and Mr. Rod Podbielski, executive director of corporate affairs.

Of the borrowing requirements outlined in the schedule, \$80 million of the total is expected to be used on the refinancing of existing debt coming due in the 2010-2011 fiscal year. The remaining estimated 25 million represents operational working capital borrowing, which SaskEnergy projects it will need to have access to in the normal course of business.

The actual amount will depend on several factors including the actual cost of natural gas, which can vary substantially, progress and timing of capital projects, receivables and payables timing, etc. That is my opening statement, Mr. Chair, and I look forward to any questions that members may have.

The Chair: — Mr. McCall.

Mr. McCall: — Thank you very much, Mr. Chair. And, Mr. Minister, your officials, good morning.

I guess the first question would be similar to the first question we'd asked of SaskPower. Given that last year there was a swing of about \$147.5 million between the forecast and estimated borrowing activity of SaskEnergy — twofold question — if you could explain a bit about the swing experienced in the '09-10 between the forecast and the estimate number, and if you could comment with regards to the confidence that you have in the 105 million number going forward.

Hon. Mr. Cheveldayoff: — Thank you very much to the member for his question. Certainly the '09-10 year was a very good year for SaskEnergy, with some 4,700 new customers and a corporation that's reflective of a growing economy in the province.

The differences between the estimated and forecast amount are primarily for two reasons. First of all the sale of Heritage Gas which took place during the year, a very successful sale where all money invested was recouped and a profit was gained as well. And the other area that causes a variance is certainly the cost of natural gas, which we saw wide-ranging price changes within the cost. So that necessitated the change in the estimated to forecast area.

Again 105 million is what it is estimated by the corporation, the best professional information that we have. And in the past we have seen SaskEnergy be very accurate in all types of estimates and it's the best information that they have at the present time.

Mr. McCall: — Thank you, Mr. Minister. I guess with the refinancing of existing debts and the 25 million working capital going forward, if you could, for the committee, outline the major capital projects being planned for the year to come by SaskEnergy at this time.

Mr. Terry: — Certainly. Capital spending within SaskEnergy tends to break down into two, three major components. For example, on the transmission side, new pipelines required to the extent there is oil production happening in quadrants of the province. Certainly TransGas would step up to that in terms of capital expenditures.

The other major component within TransGas is storage. So we've actively promoted more storage within the province both for our own internal use to get ready for the winter months, for example, as well as a commercial offering to our industrial customers. There's some \$10 million next year dedicated to expanding our storage capacity for both ourselves and industrial customers.

The third component would be the day-to-day capital expenditures for new builds. For example Saskatoon, as the cities develop, day-to-day accesses of some 4,500 additional customers anticipated next year.

Mr. McCall: — And of that expenditure, and again recognizing the role that TransGas plays within, but in terms of . . . and also recognizing that there's a fair network of private corporations that SaskEnergy does business with on an ongoing basis, but of the new capital being built, will SaskEnergy own that capital come the end of the year or is part of that . . . Does part of that have a different contractual relationship to SaskEnergy? Will SaskEnergy own the capital projects outright upon completion?

Mr. Terry: — The just over \$100 million capital program that SaskEnergy has in 2010, the majority of it is owned by SaskEnergy. So the pipelines, the day-to-day accesses to additional homes or businesses, that's 100 per cent owned by SaskEnergy. The only nuances would be, for example, if there's a joint venture undertaken with private ventures such as Kisbey. We have the gas plant where we would own half of the plant, and the private sector partner might own half of the plant. That's the only example where there's a joint funding of the asset and joint ownership as well.

Mr. McCall: — Thank you very much. I guess at this time . . . unless my colleagues have some questions they'd like to weigh in with. And the ever inquisitive, Mr. Belanger.

The Chair: — Mr. Belanger.

Mr. Belanger: — Yes, just very quickly, I'd just like an update as to the La Ronge natural gas extension, where that's at. And obviously as a minister, I would lobby the minister to look at the expansion of the natural gas service to the Northwest as well. Obviously with the potential for the Fort McMurray connection — and the opportunity for not only business but for trade and for increased activity and tourism — natural gas service would offer a tremendous value and benefit to the northwest region. Again, the update on the La Ronge projects specifically, and what are the future plans for the Northwest in terms of natural gas expansion?

Hon. Mr. Cheveldayoff: — Thank you very much, Mr. Chair, and thank you to the member for the question. Certainly I would have been disappointed if he didn't ask about La Ronge because it's an incredible good news story of what's happening, that service that SaskEnergy is providing for La Ronge, Air

Ronge, and the Lac La Ronge First Nations as well.

Customer counts are up substantially. Mr. Podbielski can get into the details of those, but certainly the build-out is going very well. We anticipate more businesses coming on, more residences, and for the numbers I'll turn it over to Mr. Podbielski.

Mr. Podbielski: — Thank you, Mr. Minister. In 2009 we saw 275 new services in La Ronge. Primarily the most activity went towards the Lac La Ronge Indian Band, which was a very big component of the project, as well as Air Ronge. We saw about 180 services to Lac La Ronge, about 77 to Air Ronge. And we saw the build-out happening to the industrial area including the airport.

For 2010 as we look forward, we see about another 200 services with about another 100 activations. Probably the critical component of that is commercial customers in the downtown area. We'll see a number, hopefully, a number of mains and services installed there. And from there I think we would expect the following year to potentially be the residential build-out as well.

Projects of this nature, as I'm sure the minister will recognize, is a multi-year type of project when we started. First phase 1 was to go to the Anglin Lake area, and then phase 2 took us into La Ronge, and now really it's working with the community in terms of extending the service. We had excellent co-operation from the community, in particular Lac La Ronge Indian Band, in terms of making the project feasible. And again we continue to expect progress as we work forward on that particular project.

Mr. Belanger: — Just to clarify, when you say activations, the system is built, and it's just a matter of connecting the houses. And I'm assuming that the connection would just primarily be the lines.

[10:00]

Mr. Podbielski: — That's correct. What happens is obviously a service goes down the street. And then depending upon when the customer is ready to take natural gas, whether they have to do any equipment modifications, then that's when the actual activation occurs. So you're quite right; there's a two-step process.

Mr. Belanger: — Okay. Now am I assuming that if I'm in La Ronge or Air Ronge or on the Indian band, that if I wanted natural gas to my home, obviously you're not digging in. You're not trenching in beforehand the natural gas connections. So you have to trench that into the home and then do your retrofit on your furnace. And what does that cost to connect the individual versus a business?

Mr. Podbielski: — Well there's a standard formula that we try to work with in terms of investing in the customers, depending upon the usage of natural gas. And of course in the specific case of this particular project, there was some external funding that came into play as well as SaskEnergy funding which is normal, that we normally do invest in the customers. So it is a situation that is dependent on the capital costs on the individual

customers. But we do make an investment in each customer.

Mr. Belanger: — And what would that connection fee be?

Mr. Podbielski: — I think that's dependent upon the individual customer.

Mr. Belanger: — Okay. The other question I have in relation to the actual gas line connect, where was the first connection made? I think it was north of Prince Albert, I believe. And what was the total length of the main — I guess you can call it a trunk — in terms of your natural gas line that would feed La Ronge and Air Ronge, like the main part of the distribution system? What would the total, total kilometres be?

Mr. Podbielski: — Okay. I could stand to be corrected here, but I believe it, the project was in two phases, and I believe the total amount was around 160 kilometres.

Mr. Belanger: — Okay. And do you know where the most northerly connection is on the Northwest? Like Meadow Lake has natural gas.

A Member: — That's correct.

Mr. Belanger: — Yes. And what is the furthest northerly location of that gas system? Have you got any information on that?

Mr. Podbielski: — We can certainly endeavour to get that. I believe it's around the Pierceland area, but again we could endeavour to get you that information.

Mr. Belanger: — Okay. And the final point, if you give us 160 kilometres of natural gas to the Northwest, I'm pretty certain we'll get as far as Buffalo Narrows, that's for sure.

Mr. Podbielski: — Well just to speak to that. Of course obviously one of the challenges is the terrain and the multi nature of having to find a way to physically serve those customers. We have looked in the past, and I think we continue to look at the future if there is some localized distribution alternatives. For example, in some of the remote areas you perhaps could go with a liquefied natural gas system and a localized distribution system. The challenge is, of course, you have to have — and this is where technology hopefully will provide some benefit in the future — the ability to truck liquefied natural gas to the community so that again you could operate a localized distribution system. But from a cost perspective, that may be something that may be more viable than just the extension of the traditional pipeline system given the distance and the terrain.

Mr. Belanger: — Okay, thank you. You've been very helpful.

The Chair: — With that, I believe it concludes our discussion. And that will conclude our consideration of vote 153 of SaskEnergy Incorporated. I'd like to thank the minister and his officials for answering our questions here this morning.

[Vote 150 — Statutory.]

Hon. Mr. Cheveldayoff: — Thank you very much, Mr. Chair,

to members of the committee and to those that asked questions, thank you very much. SaskEnergy looks forward to a very good year coming forward and anticipates about 4,500 new customers. So we look forward to growing the utility and serving more people in a growing economy in Saskatchewan.

The Chair: — The committee will now recess for five minutes to allow our next minister and officials to get organized.

[The committee recessed for a period of time.]

General Revenue Fund Public Service Commission Vote 33

Subvote (PS01)

The Chair: — I'd like to welcome everyone back to the meeting of the Crown and Central Agencies Committee of this morning. We will next be discussing vote no. 33, the Public Service Commission. With that I'd like to ask the minister to introduce her officials and if she has an opening statement, please go ahead, and then we will follow on with questioning.

Hon. Ms. Draude: — Thank you very much, Mr. Chair, and to the committee members. I look forward to this morning's discussion. I'd like to start by introducing my officials. I have Don Wincherauk who is Chair of the Public Service Commission. Karen Aulie is the assistant Chair, human resource client service and support. Don Zerr is the acting executive director, corporate human resource management and employee relations. Raman Visvanathan is the executive director of employee service centre. Ken Ludwig is the acting executive director of organizational effectiveness, and Mike Pestill is the director of corporate services.

My opening statement, Mr. Chair, I just want to indicate that we are all aware that we are witnessing change right across Canada and around the world as the governments strive to renew and transform their organizations. In Saskatchewan we believe we must re-evaluate the way a government does business in order to become more efficient in the way we deliver services to the people of our province.

Our Premier has provided direction to us in the form of five pillars: attitude, innovation, removing barriers to growth, infrastructure, and quality of life. These pillars lay a foundation that will help drive the transformation of the public service. The public service of the future will be smaller. It'll be more flexible, and it'll be more responsive to the challenges of our increasingly global environment.

We will leverage technology, strategic planning, and our greatest resource — our greatest resource which is our people — to drive this change and transform the public service. We will ensure that we can continue to recruit and retain the talent we need to build leaders and effectively manage performance.

We need smart, innovative, and enthusiastic employees to pursue the transformation, and that's exactly what we have in the public service. In order to meet these new challenges, current leaders will help to develop and inspire leaders of tomorrow. These changes will not be easy, but they are

absolutely necessary, and the employees and the leaders in all of our ministries are up to the task.

The Public Service Commission will provide central supports for the workforce reduction and transformation. There'll be centralized review processes to ensure that the workforce decisions are strategic and essential positions are staffed. As well the new corporate productivity fund will be managed by the Public Service Commission. The fund is critical to ensure that process improvements, training, and success planning are supported as we move forward.

I know you know that the Public Service Commission has been about change over the past year. Our organization is committed to providing the very best human resource management services possible to support our ministries to carry out the mandate of our government. To accomplish this, the Public Service Commission has conducted process reviews and identified key areas for improvement. The principal ones are staffing and classification.

Work is already under way in order to dramatically reduce the time it takes to staff and to classify positions.

The Public Service Commission has also transformed itself as an organization. The most recent change, which took place over this fall and winter, consolidated all of government's human resource administrative functions within the new employee service centre. This new centre, which was successfully implemented in three phases over the past fiscal year, now manages payroll for all of government. The project was done on time and below budget and it is accumulation of years of planning and best practice research. And it should lead to substantial gains in efficiency and effectiveness.

Earlier all professional advisory human resource staff were clustered into client service teams to provide service to each ministry, a move that improved responsiveness and range of services.

In other important work, the Public Service Commission led the collective bargaining process with SGEU [Saskatchewan Government and General Employees' Union] and CUPE [Canadian Union of Public Employees], and recently ratified an agreement with SGEU. I'd like to say how much we all appreciate the leadership and the hard work that led to that agreement. The Public Service Commission also successfully negotiated an essential services agreement with the Canadian Union of Public Employees.

As well the Public Service Commission managed the public service flu shot program to provide all employees an opportunity to be protected against seasonal flu and H1N1. It played an integral role in providing corporate direction on human resource impacts, policies, and directions related to pandemic planning in the public service.

In addition our Public Service Commission participated in a call for fiscal restraint, curtailing staffing actions, restricting travel, and giving up savings mid-year.

In the year ahead, the Public Service Commission will continue to support government by working as a business partner with

ministries, by providing strategies to address organizational human resources, by coaching and supporting managers, by offering value-added consulting and advisory services, and by making sure that basics are well done.

The Public Service Commission will focus on the importance of youth and Aboriginal and employees from diversity groups. We will continue to strengthen our unique relationship with the Johnson-Shoyama Graduate School of Public Policy, which is instrumental in helping us build our leadership and policy capacity. I recently had the pleasure of meeting with some students from the graduate school at one of their annual events and their enthusiasm for careers in government makes me feel comfortable and confident in our future.

One of my personal pleasures over the past many months as Minister Responsible for the Public Service Commission was the opportunity to meet with employees across the public service. I attended a long service recognition event and I can personally attest to the pride and commitment felt and shown by our long-term employees.

[10:15]

More recently I met with representatives of Interconnect, the new professions group. I'm pleased to say I felt the same pride and commitment along with . . . for our newer employees. It's wonderful to feel a real positive energy along the full spectrum of excellence in the public service. The pride that brings forward new ideas and perspectives and drive will drive the innovation and change we want to see in the public service.

In addition, the nomination process is under way for the Premier's Award for Excellence in the Public Service and will provide well-deserved recognition to those who've dedicated their careers to serving the public. I've attended the award in the past, and I've been very impressed and pleased by the strength of the pride and commitment of these employees.

In closing, I'd like to stress how important the public service is for our employees. Our employees are not servants, but professional service providers. They are ones on the front line, delivering excellent service to the citizens, and I thank them. Now I'll be very pleased, along with my officials, to answer any questions you may have. And thank you for your attention.

The Chair: — Mr. Yates.

Mr. Yates: — Thank you very much, Mr. Chair. I want to start my questions in regards to the four-by-four strategy or the 15 per cent reduction that's spoken of in your budget on page 25. Madam Minister, the strategy calls for a 15 per cent reduction at the end of four years and speaks about it being both across government education and health sectors as well as the Crown corporations. But for purposes of today, we'll deal with just the public service.

What if any positions, when they become vacant, will automatically be filled? As an example, in some departments, reductions in staff result in reductions in safety and so on and so forth. What are the criteria that would establish what positions are automatically filled, which ones are reviewed, and which ones may not be filled?

Hon. Ms. Draude: — Thank you to the member. I know that all positions are going to be looked at, but we know that automatically there are some that must be filled immediately. The Premier has committed to having a smaller government, and that's what we're doing, but we have to focus on service delivery and doing things effectively and efficiently and ensuring that we haven't, that we haven't looked at duplication.

There is — and I'll maybe let Karen talk about the exact process, but — there is, we are well aware, that there are some positions that are, that must be filled at all times and that there are some areas where there must be an increase in the number of positions. So I'm going to ask Karen to talk about the specifics.

Ms. Aulie: — Karen Aulie. So we have a process in place where ministries submit their request to a committee of assistant deputy ministers, and then subsequently or after that is finished then we pass them on to a deputies committee. And there's some criteria that we look at when deciding whether staffing can go forward — essential services is one key critical factor, the safety of the public, safety of clients. So for example, to date we've already approved a number of fire protection positions for the North, child protection positions, correction workers.

So they submit the positions and we review them against that criteria and then proceed with staffing. So we don't give an automatic blessing to them, but we do review them with respect to the nature of the position.

Mr. Yates: — Thank you very much. Madam Minister, a significant if not a large majority of the public service has been designated as essential, basically saying that without those employees you wouldn't be able to deliver your services. Can we expect every position that's designated essential will be filled?

Hon. Ms. Draude: — Thank you. To the member, we do know that with essential services these positions must be filled, but we do review all of them on a case-by-case basis. But they are all reviewed within one week to ensure that there isn't a time when an essential position is not filled.

Mr. Yates: — Thank you very much, Madam Minister. That didn't exactly answer the question. I'll word it differently then. How can a position or a job be deemed essential in a job action situation, potential job action situation and not be essential if it's vacant?

Hon. Ms. Draude: — To the member, we're not saying that the position will be vacant. If somebody would quit today, there would be somebody to fill that position. But we still have to just look at it and the big picture to make sure that we are fulfilling our mandate. But of course all services that are essential to the people of the province will be filled. There will be somebody there staffing it. I just want to underline the fact that we are still reviewing each position and from the criteria of ensuring that we are looking at an efficient, effective, productive government.

Mr. Yates: — Thank you very much, Madam Minister. I appreciate the answer but at the same time, I didn't get a direct answer. I guess I'll ask it this way then. Is it possible that a

position that's been deemed essential under the essential services Act would not be filled?

Hon. Ms. Draude: — Maybe just to be clear again to the member opposite, some positions — and let's use the forest fire area for example — of course we need those positions. But they still come forward and we look at them to ensure that we've . . . the criteria is there, that the positions will be filled in light of the need in that area.

Mr. Yates: — Thank you very much. Well then will the minister assure me that every single position designated as an essential service will be filled when it becomes vacant?

Hon. Ms. Draude: — Thank you to the member opposite. And to clarify again, I think the member opposite had indicated that there was a huge percentage of our employees that are considered part of essential services. There's actually 33 per cent of the employees are considered part of essential services. And if we look at, again, like a forest fire fighting position, if a vacancy becomes apparent in the fall, then perhaps it's going to be spring before that position would be filled.

Mr. Yates: — Thank you very much. So you're indicating only 33 per cent of the civil service is designated as essential services?

Hon. Ms. Draude: — SGEU.

Mr. Yates: — Could you give me the total number of positions then designated to essential services?

Mr. Zerr: — Don Zerr. We were negotiating essential services within the public service with SGEU. We didn't come to agreement, as the member probably is aware. The employer had put forward approximately 33 per cent of positions within SGEU as essential. As I said, we didn't come to agreement. And now that we have a ratified collective agreement, we won't be pursuing that any further.

Mr. Yates: — Thank you very much, Madam Minister. Could you please indicate to me the types of jobs that you saw as essential services?

Mr. Zerr: — I can give you some examples of positions that the employer put forward. So child protection positions, corrections positions, corrections workers both at adult and young offenders facilities. Most of them would be direct client contact type positions that we're referring to.

Fire fighters in the summer season or in the fire season. Winter maintenance along with some maintenance, equipment maintenance individuals as well. So that's the type of positions that we had put forward.

Mr. Yates: — Thank you very much. All right, my understanding is that the employees, security employees at the Court of Queen's Bench were designated as essential. Is that correct?

Mr. Zerr: — What I recall, that would be correct.

Mr. Yates: — Thank you very much. Then how, last week, last

Friday, could we cut those positions?

Hon. Ms. Draude: — To the member, we will attempt to get this information to you or we will refer this to the Minister of Justice.

Mr. Yates: — Thank you very much, Madam Minister. I'm taking my reports from the newspaper Saturday that said the positions were in fact cut. Also that there was a period of time in November where there were no staff providing those services. I'm wanting to understand fully whether the employer's position on essential services bears integrity, or it is simply a tool to bring forward their position in, during collective bargaining. I find it very difficult if they're only essential for one item and not for everything.

Hon. Ms. Draude: — To the member opposite, of course our government believes strongly that there are some positions that must be filled immediately and must have employees there to ensure that there is services supplied to the people of this province. If there is some specific initiative or a specific case that you need some information on, we will get the information to you as quickly as possible. But the people of the province can be assured that our goal is to ensure that there is service and protection for the people of the province.

Mr. Yates: — Thank you very much, Madam Minister. Has there been a mandate or a letter from the Public Service Commission sent to all deputy ministers and one from yourself to ministers to ensure that there is consistency across ministries and across, well across the ministries in the application of vacancy filling and of course abolishment of jobs as well?

[10:30]

Hon. Ms. Draude: — To the member, there has been a mandate from the Premier through the deputy minister, and that information has been given to all deputy ministers about attrition.

Mr. Yates: — Thank you very much. Then I would question how we have the situation we do in the Court of Queen's Bench today. So if the minister doesn't have the specific information, would she be able to provide it to me?

Hon. Ms. Draude: — Okay. To the member opposite, Karen has further information.

Ms. Aulie: — The workforce adjustment committee has not denied any request for staffing in the Court of Queen's Bench in the security area. Nor are we aware of any employee layoff notices that were served there.

Mr. Yates: — Thank you very much. As I said, I'm responding to reports in the *Leader-Post* and *StarPhoenix* over the weekend indicating that in fact there have been cutbacks in the security in the building, and they aren't able to provide the same services they provided previously.

So obviously this happened just Friday. You may not yet be aware there have been changes made. But if you could check into it and report back, I would appreciate that.

Hon. Ms. Draude: — To the member, additional information will be given to you as quickly as possible.

Mr. Yates: — Thank you very much. My next question has to do with how do return-to-work rehab assignments, rehabilitation assignments, employment equity, and other programs fit into this reduction program?

Hon. Ms. Draude: — Thank you to the member opposite. I assure the member opposite that all the work, the classifications are all done within the collective agreement. Bumping and some of the situations they talked about will all take place within the agreement that we have.

Mr. Yates: — Thank you very much, Madam Minister, but that wasn't the question I was asking. I was referring to, as you . . . The workforce is reduced, and there are fewer hirings going on in government in general. How's that going to affect employment equity programs and rehab programs within the collective agreement where there are fewer opportunities available for both of those programs?

Hon. Ms. Draude: — Thank you to the member opposite. The deputies committee is made aware of any preferential treatment that is needed and that is taken into consideration when the hiring is done.

Mr. Yates: — Thank you very much. I don't doubt that those things are considered when looking at vacancies. What I'm talking about is, as we see a reduction of some 1,800 — I believe was the number that was used on budget day — of positions over the next four years, we have a large, up-and-coming young Aboriginal population as well as significant needs in the rehab area on an annual basis. How will those programs specifically be impacted? Or will the rules and application have to change in order to facilitate those programs being both effective and viable moving forward?

Hon. Ms. Draude: — To the member, of course an important part of renewing our public service is ensuring that we have youth and First Nations representatives and at the same time recognizing that the number of vacant positions through attrition each year is higher than the expectation we have to reduce the number of employees over all. And we will ensure that a priority will be looking at our youth, looking at the First Nations, looking at people with disabilities, and minority groups.

It's not going to be an easy process, but at the same time, we're very aware of the fact that there's that public service renewal and means that we have a culture of change as well. So the committee that's working to ensure that we fill the positions are well aware of the fact that we must work within, and we will work within the collective agreement and at the same time open as many positions as possible to other groups of people who want to work for government.

Our commitment to people who we need to fulfill our mandate of government should be noticed — the fact that we have a huge number of summer students, that we have our co-op students, that we have considerable funds put with Johnson-Shoyama school, the fact that our committee looks at doing things in a more effective, more efficient way. It's a

different way of looking at governing. At the same time, we know the importance of having a group of enthusiastic and committed, dedicated people within government. Our ministers and our ministries, deputy ministers are all quite aware that this could be considered a challenge, but it's really an opportunity. And I know that these are all initiatives and issues that they look at when they are doing their hiring. That is one that we are confident will be a positive outcome for the people of the province.

Mr. Yates: — Thank you very much, Madam Minister. Can you indicate for me whether or not there are currently any jobs posted on the public service website?

Hon. Ms. Draude: — To the member opposite, at this time there aren't.

Mr. Yates: — Madam Minister, are you aware that there are any vacancies in jobs that should be considered essential from the period of time from which the budget came down to today?

Ms. Aulie: — The committees have just reviewed a number of positions, and they will be posted. And so there was a number of labour service positions that were posted in the normal way, and this week there will be some from the Ministry of Environment and some other ministries that have just received approval to proceed.

Mr. Yates: — Thank you very much. Just a few minutes ago, the minister gave me a commitment that that process would take seven days. The budget was brought down now more than 40 days ago and I'm wondering why the delay.

Mr. Wincherauk: — The committee had its first meeting in late March to set process and to review its mandate. We have met three times since then. Ministries have brought forward a host of staffing positions, be it in Corrections, Highways, and Environment. And I believe that most of those have been approved. And those ministries are out actually looking at what people they can call back into those positions, and then there will be positions posted.

Mr. Yates: — Thank you very much for the answer. But you can see my concern. If a job is deemed to be essential and needed, a period of about six weeks going by without them yet being posted raises some concern. Now you just indicated to me that the committee met in late March to set process, so are you telling me that we undertook this reduction without understanding what processes, what criteria, and what needed to be done prior to bringing down the budgetary decision?

Mr. Wincherauk: — No, there was an extensive amount of work done on this in January, February, and early March. What we had asked the deputies committee to do was simply review it at that point in time so it could start doing its work. The process, I believe, is a very diligent one. Ministries provide their requests to the Public Service Commission on Monday, a Friday or a Monday. We have a staff of a group of folks who review it.

They forward it on to the ADMs [assistant deputy minister] committee which meets every Wednesday morning. And they forward their recommendations on to the deputies committee

which meets every Thursday. And we then inform the ministries of the recommendations and whether or not they're allowed to proceed with the hiring, or if there in some cases is a request for some additional information.

So in that sense it's a very, very quick and — I would like to think — slick process to move these forward because we understand how important it is for the ministries, especially on front-line positions.

Mr. Yates: — Thank you very much. I don't disagree with that process if followed. It's relatively quick. Then why do we have positions that are some six weeks and just getting through this process last week?

Ms. Aulie: — So as the normal processes with labour services in some of our critical areas, there's been the normal posting processes that have kicked into place to do the recalls and so forth. And postings will occur as soon as we are aware of the opportunities that are still available. So there's been considerable activity over the last six weeks that has been going on just to prepare for the annual posting that is normally done at this time of year.

Mr. Yates: — Thank you very much. I can understand that for labour service positions. As you're aware, I understand the processes. What about those who have retired in the intervening period? And there are several.

Hon. Ms. Draude: — Thank you to the member opposite. I understand that right at the budget time there was very limited activity when it came to retirements. Three weeks ago the committee met and put forward some of these postings that would be available, so there really has not been any stalling. Activity is going on as per normal. There's just another step in the process.

I think that it's important to recognize the fact that we have a responsibility to the taxpayers to be efficient and to be effective. And this is about operating differently. We know that some areas of government have different needs, and we're going to reallocate resources to these high-priority needs. This change is going to happen over a little bit of time. It's not going to happen overnight.

But it is the type of work that is important if we're going to move forward as a government and ensure that the people that we have working for us not only are good at their job and they're the right person for the position, but also that they have an opportunity to bring forth their own ideas and they are committed and dedicated to the work that they are doing. We have found that the people that are . . . The public service right now is excited about the potential of looking at government through different eyes, and we will be working with them to make sure that the process goes forward as quickly as possible and that people are given the chance to fill new jobs as quickly as possible.

Mr. Yates: — Thank you very much, Madam Minister. I want to switch channels a little bit and go to comments you made a couple of minutes ago about summer students. You indicated that we would be hiring a significant number of summer students. Could you indicate to me how many summer students

the government expects to hire, and what criteria will be used for selection of summer students?

[10:45]

Hon. Ms. Draude: — Thank you very much to the member opposite. The criteria has not changed for hiring our summer students. They must be registered in a post-secondary institution and plan to return to that institution. Last year, we had 529 students hired in the summer. Right now, we have a hiring process under way; so far, we have over 130 hired and we are looking at the list at this time.

Mr. Yates: — Thank you very much. Could you refresh for me then what the process is? I'm aware that they have to be attending a post-secondary institution and returning, but do they apply through the normal process at the Public Service Commission, are they hired through departments, and what . . . Is the same staffing process used as is used for other positions?

Hon. Ms. Draude: — To the member opposite: the students apply through the Public Service Commission.

Mr. Yates: — Thank you very much. When they apply, are they then vetted in a manner which says that they meet the criteria to be employed and then sent on to departments, or is the full staffing process done at the Public Service Commission?

Hon. Ms. Draude: — I'm going to ask Karen to give you the information so if there are students that are looking for summer jobs, they'll have all the detailed information.

Ms Aulie: — The summer student program has been in place for a number of years, and really the criteria is the same as has always been the case. Students apply to the government. They indicate their kinds of preferences of location and types of work. We select to make sure that they are students and meet the definition, and then we provide ministries with two or three names that they can then further assess and make sure that they're qualified for the position that they have.

Mr. Yates: — Thank you very much. So the final decision is made by the ministry, not by the Public Service Commission, the selection?

Ms. Aulie: — Correct.

Mr. Yates: — Thank you very much. Madam Minister, can you assure me that there is no political involvement in the hiring of summer students?

Hon. Ms. Draude: — To the member opposite: there is no political involvement in hiring of summer students.

Mr. Yates: — Thank you very much. My next question has . . . I'm going to switch channels here and go to the MIDAS [multi-informational database application system] system and ask a few questions. We've now had this system up and running for a period of time. I would like to just ask some general questions about . . . Early in the process there were significant delays and problems with the system as people were becoming familiar with it and as, you know, modifications were made to

deal with various problems with the diversity of the public service and the needs of the public service. Can I get an update as to where we are with the MIDAS system?

Hon. Ms. Draude: — Thank you very much. I had indicated in my opening remarks that the employee service centre really has been implemented now. There was three phases over the last year and the staff was brought into a central location instead of having multiple offices. We now have a central location and this work was done on time and below budget. We manage the payroll and human resource administration for all government and we know that it's going to efficiency and effectiveness and it's going to save government millions of dollars.

As far as your exact questions about MIDAS system, I'm going to ask Raman if he will give some information.

Mr. Visvanathan: — I'm Raman Visvanathan, and I'm pleased to report that the MIDAS system, on a monthly basis, accurately produces the payroll functions. Some 23,000 payments are made on a monthly basis. We are able to produce T-4 slips to all of the government employees. We recently produced benefit confirmation statements to all of the employees. So yes, while there have been some challenges in the past, we have stabilized the system and the foundation of the system is able to conduct the base function of producing payroll today.

Mr. Yates: — Thank you very much. In the past there were a large number of concerns raised about the processing of overtime and cheques being accurate. Have those problems all been fixed and are we now able to process all functions in a timely manner?

Mr. Visvanathan: — I believe yes, we are. While there are some complexities inherent in the collective bargaining agreement and the application of those rules in terms of the number of hours and the provisions for overtime, they are complex. But we have staff that diligently review the timesheets and are able to approve them prior to the payroll run. So while we do have regular challenges, we are able to meet the payroll on a timely basis.

Mr. Yates: — Thank you very much. I just have one other question, I guess. There have been concerns raised about the date of transfer of employer pension contributions on a monthly basis. And could you give me an update as to when that should occur and does occur? And if there are delays, what would the cause of delay be?

Mr. Visvanathan — We have a payroll operations unit that would be responsible for that. So as payroll is processed, deductions are taken. I believe it's a 15-day delay from when the payments are deducted from an individual to the time that they are transmitted to PEBA [Public Employees Benefit Agency]. Based on people leaving and perhaps us not knowing on a timely basis, occasionally there are errors. We are putting in steps to prevent that from happening in the future. For example, once somebody leaves and we become aware of that, before the transfer to PEBA we will make the necessary adjustments. That's the new process that we are just beginning to implement to correct some of the past issues. We do work directly with PEBA to ensure that pension plan payments are

made as accurately as possible.

Mr. Yates: — Thank you very much. Madam Minister, I just want to make you aware of at least a situation. Where the employee contributions go in automatically on the day they come off your paycheque, that never seems to be an issue. The employer's contributions tend to vary significantly and can be as much as weeks, if not a month, in delay. I have reports that April's contributions aren't on people's PEPP [public employees pension plan]. You can go online on PEPP and check on a daily basis whether contributions have been made there on behalf of the employer, and several people have indicated to me that they aren't there for the month of April. You may want to check that out, Madam Minister.

Hon. Ms. Draude: — To the member opposite, I definitely will. I know this is May the 4th I believe, so I don't understand how the computer system works. Friday would have been April the 30th, so I will find out if it happens normally over the weekend or what happens. But we will definitely keep an eye on it and we'll get information to you.

Mr. Yates: — Just to be absolutely clear, the employee's contributions for May the 1st are already there. They went in on the 30th of April. It's the employer contributions from April that aren't there. So just if you could check that out. And what is the date that people should be able to expect that that would be in their fund each month?

Hon. Ms. Draude: — Again to the member opposite, that is a good question. I will find out and get the information to you.

Mr. Yates: — Thank you very much, Madam Minister. I would now like to move on to talk about the issues of harassment in the workplace. And I have some general questions, the first one being who makes the determination on whether or not there will be a harassment investigation.

Hon. Ms. Draude: — To the member opposite, it's the deputy minister.

Mr. Yates: — The deputy minister of the Public Service Commission or the deputy minister of the department?

Hon. Ms. Draude: — The deputy minister of the ministry.

Mr. Yates: — Thank you very much. What role does the Public Service Commission have in ensuring fairness? And as the employer's human resource agency, are they not tasked with having responsibility to ensure that all employees in the public service regardless of ministry are treated fairly and equitably?

Hon. Ms. Draude: — Thank you to the member opposite. The anti-harassment policy has been updated to reflect the amendments that were made to occupational health and safety Act. It's been shared through in-person training sessions with senior management. We've had 17 sessions for senior management — that's deputy ministers, ADMs, executive directors, and directors. From April to June of 2009, there's approximately 325 participants. There has been three more senior management sessions offered between October to December for those that were unable to attend the first ones.

And we also have . . . Further information is being given about respectful workplaces and it has been offered through a with-respect training session. Information about the policy has been shared with all employees in a number of ways and that's through the Net, websites, letters from the deputy minister, and online training. And to support the new policy, the Public Service Commission has organized two investigator training sessions for HR [human resources] in June and September.

Mr. Yates: — Thank you very much, Madam Minister. Going back to the issue of who makes the decision, if a deputy minister makes a decision, is there any avenue of appeal?

Hon. Ms. Draude: — Mr. Chair, there's a process that is in place that employees can go through. So I'm going to get Don to outline the processes that's available at this time.

Mr. Zerr: — Thank you. When an individual feels that they have been harassed, there's access to a ministry harassment prevention coordinator that can assist the individual in terms of their rights, in terms of, you know, processes, etc. If the individual chooses to put in a harassment complaint, it can go in through the harassment prevention coordinator of the ministry. It is normally forwarded then to the Public Service Commission where we have a labour relations specialist that reviews the matter and indicates whether or not the complaint fits the definition of harassment. If it fits the definition of harassment, it goes back through the harassment prevention coordinator to the deputy minister of the ministry.

Mr. Yates: — Thank you very much. If the individual at the Public Service Commission that's tasked with responsibility of determining whether or not it meets the criteria determines there is harassment, then is the deputy minister obligated to undertake an investigation?

Mr. Zerr: — Pardon me, if it meets the definition of harassment? Is that what your question was?

Mr. Yates: — Yes.

Mr. Zerr: — The deputy minister has a number of avenues available to them to sort out the complaint if it does meet the definition. And one of those avenues is to go through an investigation. The deputy minister may choose to interview the individuals. I mean the deputy minister has some tools that are available to them as well. Investigation by an independent or external investigator is one of the tools that's available to them.

Mr. Yates: — Thank you very much. Can the deputy minister, as part of his options, do nothing?

Mr. Zerr: — It wouldn't normally be an answer to a harassment-related question. If, for instance, the individual that was complaining of harassment chose or indicated that they didn't have any interest in pursuing it, that would be one of those factors that a deputy minister could consider. But normally there is some form of review or some form of putting the matter to rest.

Mr. Yates: — Thank you very much. In a situation where clearly there still remains a difference of opinion, in a case where the Public Service Commission determined that it meets

the standard for harassment and nothing is done about it, there's no resolution, what option does that individual or that group of individuals then have, if it's not acted upon?

[11:00]

Hon. Ms. Draude: — Thank you to the member opposite. I know that the information that he's talking about is one that is very important to all of us as ministers, to all of our officials, and to the people that work with us in government.

We know that it wasn't that long ago when this legislature dealt with the Murdoch Carriere case for days and days on end, when we talked about harassment and the things that were happening to the people that were employed by the government and there was a situation that none of us were comfortable with. And the opposition was, at the time — which is the Saskatchewan Party — were very frustrated with the steps that were taken and not taken by the previous government.

After that, I know that the member from Nutana at that time brought forward some changes which were important, which were crucial in fact to ensure that we could . . . a case like this wouldn't happen again. We know, we believe and I believe firmly that if a case comes before a deputy minister, they're obligated to deal with it. I would believe that — and I would hope the member opposite would agree — that we do have professional people in places like the deputy ministers' positions where they will deal with issues like this that are crucial to ensure that the people want to work for government.

So if there is some question, doubt about this, then I think the member opposite should say it. In the meantime, I would expect that everyone in here knows that harassment in the workplace is not tolerated. It's not tolerated within government. It should not be tolerated outside of government.

And if there are other changes, it should be brought forward. We will be suggesting them or we could suggest them. This time I am confident that our deputies would, are obligated, and will bring forward these issues.

Mr. Yates: — Thank you very much, Madam Minister. I go back to one of my very first questions. And is there any appeal if a deputy minister chooses not to act or to investigate a harassment issue?

Hon. Ms. Draude: — To the employee, to the member opposite, there is a Human Rights Commission and there's also a grievance process that can be looked at.

Mr. Yates: — Thank you very much. With that, I will move on to my next area of questions. I'd like to deal with the issue of labour relations and grievances. It's an important one. Yesterday we . . . or last year, pardon me, I asked about grievances and the employer's efforts to deal with the backlog, going back to the whole Ready issue of some two and a half years ago. Could I get an update on where we are in regards to total grievances? And how many would have been closed last year and how many would be new?

Hon. Ms. Draude: — Thank you to the member opposite. The grievance issue was an important part of the collective

bargaining agreement. It's something that we have dealt with through our new SGEU contract, for the first time as government, with our newly signed collective agreement. So I am confident that the process that we have looked at will continue to ensure that we will be dealing with grievances. And I'm going to ask Don to be more specific about the cases we've been dealing with.

Mr. Zerr: — So were you looking for the number of outstanding grievances at the end of the fiscal year, Mr. Yates? . . . [inaudible interjection] . . . Okay. At the end of '09-10 there were 607 outstanding grievances.

Mr. Yates: — And that would be in both bargaining units or just in the one bargaining unit?

Mr. Zerr: — I believe it's both but I'd have to clarify that.

Mr. Yates: — Thank you very much. How many new grievances in the last calendar year?

Mr. Zerr: — New grievances were 180.

Mr. Yates: — How many were closed out last year from either withdrawn, arbitrated, whatever process?

Mr. Zerr: — 322.

Mr. Yates: — Okay, thank you. Just in the process of the expedited process that was brought in, in the 2006 agreement, wherever it was, how many grievances have gone through that process and is it working?

Mr. Zerr: — Looks as though about 71 up until the end of '08-09. So I'm anticipating that there's been more done through '09-10, but I don't have that number.

Mr. Yates: — Thank you very much. All right, my next questions are going to go more directly dealing with the budget right in front of us and specifically some of the changes made. We see an increase in executive management salaries from 255 to \$305,000. Could you give me an update as to what those costs are?

Mr. Pestill: — Mike Pestill. Basically that was a realignment of salaries due to a shortfall, a systemic shortfall in that area.

Mr. Yates: — Thank you very much. Could you then indicate for me what changes were made for year to year?

Mr. Pestill: — Carrying one additional FTE [full-time equivalent], as well as topping up salaries to match the requirement for the year.

Mr. Yates: — Thank you very much. What new FTE was acquired?

Mr. Pestill: — For an executive assistant for the Chair's office.

Mr. Yates: — And executive assistant for the . . .

Mr. Pestill: — The Chair's office.

Mr. Yates: — Oh, the Chair's office. Okay, thank you. All right, my next question has to do with . . . We see a fairly significant decrease in overall allotment to the employee service centre. Could you indicate for me, why?

Mr. Wincherauk: — I could simply walk you through the major changes within the budget flagging each one of them if that's okay with you.

Mr. Yates: — Yes, that would be fine.

Mr. Wincherauk: — Okay. So we show in central management and services a decrease of 473,000, and this is a reduction due primarily to a reduction in our accommodation budget. See an increase in the corporate HR management and employee relations of 155 and that's due to the increase for administration of the non-perm pension lawsuit that we're dealing with. Employee service centre, it's about a \$2.8 million decrease, and that's due to sunsetting of capital and one time funding for the ESC [employee service centre] project implementation. So that phase of the project was completed, and so the resources were no longer needed.

Mr. Yates: — Thank you very much. You mentioned the non-perm pension lawsuit and an increased requirement as a result of that. Is that for additional staffing or to pay out the benefit lost?

Mr. Wincherauk: — That was an allocation for salary dollars for the four FTEs who are involved in that initiative.

Mr. Yates: — Thank you very much. Do we have a projected windup time for that project?

Hon. Ms. Draude: — Thank you to the member opposite. This is an important question. We're dealing with an issue that was before my time and perhaps even before the member opposite's time in the legislature, although maybe not.

The number of people that came forward because of the non-permanent employee pension number, and the opportunity they may have had or may not have had to become to members of the pension plan, we had originally anticipated that the money available or needed would have been in the area of 15 million and now we're up to closer to 27 million.

We're going to be going to the public now to ensure that we've spoken to everyone who could be involved, so the time frame for when it could be completed is stretching out into the future, but we're hoping that by the year 2013-14 that this may be completed.

Mr. Yates: — Thank you very much. It is as of now at \$27 million or that's the anticipated total cost?

Hon. Ms. Draude: — For now that's the anticipated cost that we are budgeting at this time.

Mr. Yates: — Thank you very much. About how many individuals have been compensated as a result of?

Hon. Ms. Draude: — I'm going to give the member opposite some of the information that we have available. As of March

the 26th, 2010, we've had 2,616 individuals inquire about the settlement, and we've completed file reviews for 1,806.

We've received 1,091 notices of claims of releases and affidavits which were required for an assessment of the validity of the claims. 519 claims have been approved; 294 have been denied. We have 173 individuals that have been advised of their settlements, about. And as of . . . From November the 13th, 2009, February the 4th, 2010, we've authorized payments for 163.

Mr. Yates: — Thank you very much. I would now like to just go back and ask some general questions about the public service and the government's vision of a smaller, leaner public service, and what it means for the people of Saskatchewan, and what the impact will be on those receiving services, if any, from the Government of Saskatchewan.

Hon. Ms. Draude: — To the member opposite: this is an initiative that was discussed earlier this year, in fact early in the year or even late fall, by our Premier and other government members, talking about a workforce adjustment strategy. It's not unique in Saskatchewan. It's basically a worldwide issue where we're talking about not just value for taxpayers' money. What we're really talking about is operating differently.

It's looking at an opportunity to have an intelligent approach that's planned and thought out. And it's a cross-ministry coordination. We're valuing our employees. It's not slashing and hacking. It's talking about smaller, effective, and efficient. We're talking about strategic initiatives and innovation. And the word, lean, comes in quite often when it comes to making sure that we are operating in an efficient manner. We believe we have a responsibility to our taxpayers to provide services that are efficient and effective and we're going to ensure that we reallocate resources to areas where there is very high-priority needs.

[11:15]

We believe that, as we value our employees, we need to allow them to do the best they can at their job, and this will actually invigorate the workplace. We also want to be more productive and creative. We're going to have ongoing administration reviews.

We know where we want to go and what we need to do, but we need to ensure that we are progressing as a government and that we are moving our plans forward to make Saskatchewan still the best place in the world to live and to work.

Mr. Yates: — Well thank you very much, Madam Minister. That is a very nice political statement, but I would . . . I have a number of specific questions.

First, I'd like to state I think it's been in everybody's interest and view for a very long time that we value the public service of Saskatchewan and the employees who work for us. I think that the people of Saskatchewan have also valued a great deal of the services being provided by the public service of Saskatchewan. Those who depend upon the services, often when they need those services are at times in their lives when they aren't the greatest of times for individuals. And so those

services and the delivery of those services are very important in some cases, particularly in departments like Social Services and some others.

And I think it's fair to say that we have always had a very high-quality, professional civil service, among the best, if not the very best, in Canada in the province of Saskatchewan. And I think that it's highly valued by the people of Saskatchewan — highly valued, I think, and hopefully by all members of the Assembly. And one of the things that we all need to do is to ensure that we safeguard the quality of services to the people of Saskatchewan that are required for them when they need them. And I think that we need to . . . I guess my question comes around to this, Madam Minister.

I can see a reduction in the civil service as a result of a plan to, a certain program isn't needed or a plan is redesigned and revamped in a way that it can be done differently. I have difficulty though with a decision that we're going to reduce the civil service by X number per cent, regardless what the per cent would be, without knowing what we're going to do differently, how we're going to do it, and how we're going to ensure that the people of Saskatchewan continue to get the services that they need and expect.

Government is always changing and evolving, like any other industry. But I don't see before us a plan, other than we're going to have a reduction of 15 per cent. Could you explain what the plan is?

Hon. Ms. Draude: — Mr. Chair, to the member opposite, I believe that I've indicated that the plan is to make sure that we are providing for the people of the province an opportunity for government to be working well, to provide an efficient service for them, to provide, to have employees working with us that are able to help them manage their world.

I want to make sure that the member opposite is aware that we're not alone when it comes to talking about this need. I know that the head of the SGEU, Bob Bymoen, said, we're always looking for efficiencies in government. There's always room for a bit of that. So the people that are working even within the SGEU are saying that there is opportunities.

What we've really been doing is, we've set a government-wide target to give ministries a goal to work toward. It's productive to set a target and to strive towards it. We know that we have to balance demand and opportunities. We're also well aware that we have a responsibility as government to ensure that there are people and services available in areas where the general public does not expect to supply the service themselves. An example of that is our child care workers, people that are working in Social Services.

We're going to be managing this work in an orderly and an intelligent way. We can address fiscal pressures and we're going to be able to meet the needs of our citizens. I'm relying on the Public Service Commission to provide central supports when it comes to looking at our workforce.

And we're also going to be reviewing the process by people that are respected and that have a senior position within the public service to ensure that decisions are made in a strategic way and

that essential positions are staffed at all times and that we go forward in a way that we avoid duplication. That we are making our government service more one-stop, so it's centralized; the people are proud of the fact that they can get from their government the services that they need without going through some of the steps in the past that have been always there, making people feel like government isn't there to help them, but is there to set up roadblocks. We have to look at the way we deliver services to the people of the province in a way that's meeting the way businesses work nowadays, and that's get at it and provide services and provide what we need for the people of the province.

Mr. Yates: — Thank you very much, Madam Minister. I think it's fair to say that government, like any other large entity or any other large business, has evolved and changed significantly and it could, virtually, on an annual basis. What I don't see though, as with an example, the MIDAS program being brought in, it was a project designed to have an outcome and its outcome was measurable, and you can see the progress of it. You can see the outcome of it. The 15 per cent reduction is a government decision, but without the type of substance behind it that lets us know what the outcome may be of the change that's being anticipated.

With the MIDAS program we knew what was proposed and what the outcome should be. And like any new project, there are some glitches along the road and things that have to be fixed. With this 15 per cent reduction, I hear lots of rhetoric about efficiency and lots of rhetoric about change and doing like business does it, but I don't see any real specifics that are going to (a) assure the public that the services they need are going to be there, and (b) a comprehensive platform or design in order to deliver those same services to the people of Saskatchewan or improve services to the people of Saskatchewan in different ways to meet that 15 per cent objective.

Hon. Ms. Draude: — Thank you to the member opposite. And I'm sure that he wants to clarify and make sure that nobody listening would be misled by believing that 15 per cent is happening this year. It is 15 per cent over four years. We have started in some ways. In fact I believe the members opposite started things like the employees service centre where there actually was an opportunity to take people that have been working across various . . . we call it ministries, they called them departments, to make sure that we could centralize payroll and administration. That's a beginning of an example of it.

The next example would be ITO [Information Technology Office], where we took all the work that was done in information technology and instead of having each ministry look after every one of those areas themselves — there still are people within ministries doing it — but we have a centralized area, ITO, which has proven to be very efficient and effective and is working very well in a collaborative effort to make sure that we don't have ministries that are in a silo, that we can actually look over the walls and make sure that we are saving money and time and being efficient with our people.

I'll give you an example, and I'm sure the member opposite is probably aware of this because he probably watches the RFPs and RFQs are going out. And we are working on two specific

examples right now, which may help him understand what we're trying to, what we will be doing as government.

One of them is the accounts payable initiative that came out at the end of last week. Each ministry in the past has had to process and handle and staff to handle all invoices and to authorize and make payments for every purchase. That was done in every ministry. Processes are duplicated, they're manually intensive, they're paper driven, and they're inefficient. We've had an opportunity to look at this and we've found that there are 460,000 invoices of all types processed in 2008-2009 by government — 460,000.

Right now the work that we have done, we've shown that the average cost of a paper-based invoice through our sector right now is \$43. Do the quick math. And then do the same math figuring out that as a business, somewhere in the business world, they're thinking they can do it between 4 and \$5. Why is it because we're government we should be spending \$43 to process an invoice when it can be done in the private sector or by industry for something that's a factor of 10?

We have to do things differently. And I know this is just one opportunity that we're looking at, one example that should be easy for everyone to understand that it's doing things better. We obviously, and I know the member opposite will be aware of this too, the word lean within industries, and we can make it work within government too — lean training. How do we make sure that we're doing things within each ministry in an effective way?

We have asked every ministry to come forward with two ideas of how they can, in their ministry, save money in just the way they operate. We have examples in health right now, where even just in one health district they've saved thousands and thousands of dollars just in the way they process and they do their work. It is going to be different. And that's what we have promised the people of the province is that we're going to be operated in an effective way to ensure that our employees are respected and given the opportunity to put forward their ideas and to work within a system that they are proud of, and we're not going to do things the old way just because that's the way it was always done. This is an opportunity to say, how can we do things differently?

Take examples of where things were done right in industry, realizing that the government is not a business. We're here to supply a service to the people of the province. We're not here to cut corners when it comes to the importance of what we should be providing for them on a timely basis. But at the same time, if we're wasting their money, it's our responsibility to look at it and say, how can we save money so we do have more money for important things like education, health care, social services, highways infrastructure. Let's not waste money on how we process a payroll. Let's spend money on what we can best do for the people of our province.

Mr. Yates: — Thank you very much, Madam Minister. One of the concerns that gets raised when . . . Well I should start by saying we all share a common value that, you know, there will be change and there will be things that can be done differently in any operation, and there can be improvements made. I think that that's an expectation, as you indicated, the Service Centre

and the ITO and those types of things were done under the previous administration.

But, Madam Minister, one of the things I don't want to see happen — and has happened in other jurisdictions as they've looked at, they're moving down this direction, but also to some degree within Saskatchewan here as well — is that we simply, in a rush to take FTEs off the government payroll, we contract things out and often pay contractors more than what we would pay the employee. And so the true dollars, it becomes a shift in where dollars are. So you can take FTEs off when you make a unilateral decision that you're going to reduce by 15 per cent in order to reach that target. You simply don't fill jobs, contract work out, so those contracts don't show in your FTE count.

In finding efficiencies and making change, there needs to be real efficiencies and real change made if in fact it's going to be beneficial to the people of Saskatchewan. So, Madam Minister, I want a commitment today, if you would, that we're not going to see work that was previously done by government employees being done by contractors and paying the same or more money and then in essence making a decision to take 15 per cent off the total number of employees is an artificial number which really means nothing to the financial well-being of the province and its citizens.

[11:30]

Hon. Ms. Draude: — Thank you to the member opposite. I guess maybe I will reiterate the fact that we are not just doing this on a haphazard, cut-and-slash manner. There is a plan and there is a process. We're doing that. We're doing it with a group of deputy ministers and senior officials that are looking at the work that is done in various positions and saying, is this a duplication? Can it be done differently? Can we think outside the box? How are we best supplying this service to the people who are our boss, which are the citizens of Saskatchewan. The process is new. We're leading the way in many areas, and the goal is not to get rid of people. The goal is to be efficient.

I can give you an example. In ITO there is fewer consultants now than there was a year ago because there was determination that there would be staff within the ministry would be better than consulting out.

We have to look at each process and each opportunity through the eyes of how do we do it best. This is something that's being supported by the people of the province in polling that's being done, in newspaper articles, and of the . . . I can read out the information that we have from people who are saying let's try it. Let's do it, making sure that we still supply the right service in the most cost-effective way possible.

The plan and the process that my deputy minister laid out right now showed you that we are doing it in a strategic way where there is input from various ministries that are saying, how can we best work together? That was one of the issues that we in opposition talked about often, is the fact that government was silos. And the people of the province knew it was silos, and everybody was worried about their own area. The government belongs to the people of the province. We have to make sure we have half walls. We talk to each other, and we can be more efficient and effective by working together.

So I can appreciate the fact that your job is to ask the questions about how are you going to do it without hurting people. That is definitely our goal, but I think it is probably the biggest opportunity that we've had, that the people of the province have had, is to say the government is working for them and listening to them.

Mr. Yates: — Thank you very much, Madam Minister. I want to just use an example today. We have the transfer of inspection and safety services out of the Department of Corrections, Public Safety and Policing to a separate entity. With that transfer, of course, goes the dollars. So you are taking a number of positions, FTEs, off the employee count, but where's the efficiency from a point of view of government dollars in the program?

Hon. Ms. Draude: — To the member opposite, this is an issue that I know was discussed by the Minister Responsible for Corrections. I know that one of the issues is the fact that there was a backlog of work that has to be done. We want to make sure that especially in areas — well in every area, but we're talking about an area — where safety is an issue, we want to make sure that we can move all the inspections forward in an efficient manner.

This is the discussion that was taking place. And I know that you've had the opportunity to talk to the ministry about it, an important issue, something that was discussed to make sure that we are not only . . . that we save money, but just as importantly, that we get the work done so that we can ensure that people of the province can feel confident that these areas are safe.

Mr. Yates: — Thank you very much, Madam Minister, but as I indicated a few minutes ago, the transfer of FTEs off the government's list of FTEs, moving something like that entity to a third party and the government's still funding it, allows you to reduce the number of FTEs. But it doesn't necessarily ensure the public that a private agency is now responsible for a portion of significant safety inspections in the province, doesn't necessarily accomplish anything by removing the FTEs from the total count, and may in fact cause the people of the province to be considerably concerned that in fact there is no more direct government accountability, I guess to some degree, of those safety inspections.

Hon. Ms. Draude: — Thank you to the member opposite. I'm going to have one of my officials respond further to this issue. But I want . . . This to me is no different than having ISC [Information Services Corporation of Saskatchewan] take some of the individuals who were working in the corporations branch through Justice and having them working still within, under the guidelines of what we're asking for as government. We're working in an area where they can be more efficiently providing a service.

I'm sure that the member opposite isn't suggesting that we've allowed a change that's going to put anybody at risk. There are regulations. There are rules. The safety of the people of the province are of the utmost importance to all of us. I'm sure the member didn't mean to say or imply that we were putting anybody at risk. But maybe he would like to clarify that. But in the meantime I'd ask Karen is she'd like to respond.

Ms. Aulie: — We're just working with the ministry through the details of the transfer, but this is an area where the bulk of their funding comes from the licensing that they charge the public for.

Mr. Yates: — Thank you very much, Madam Minister. I'm fully aware that the majority of the funding actually comes from a fee for service, but that fee-for-service money then went to the government and the service was provided. I guess what I'm trying to point out here is simply transferring those people to a third party agency and taking them off the FTE count reduces the number of FTEs but doesn't in essence change the cost to government in that yes, the revenue's going to the agency, but it went to the government previously to pay for those salaries as well.

Madam Minister, I do think there is a difference between the transfer to ISC of the corporations branch in that I think it's fairly easy for most of us and most people to see the efficiency that is brought about by that transfer and how service delivery should and will be improved by moving the ISC. It's not so clear in the case of a transfer to a new safety regulatory agency. But there again, Madam Minister, even with the transfer to ISC it allows you to remove a number of FTEs off the FTE count when reality is the government, through one of its Crown corporations, will continue to pay those individuals, and the end of the day there is no actual savings or reduction to the people of the province of Saskatchewan, whether they're paying it through ISC or paying it through the public service.

Hon. Ms. Draude: — To the members opposite, the goal of government is to make sure that we provide programs and services efficiently and effectively. How do we best do that? We can be talking . . . Of course FTE is an important part of it. But let's be clear that what the public . . . what is good business practice. And what the public wants is to make sure that we are providing a service in an effective, efficient manner. And at the end of the day, that's who our boss is. It's the people of the province. And what they're asking of us is to move government along in the same way that businesses have to move and that people have to move in their ordinary life, to make sure we meet the demands of the global economy and that we are seen as leaders.

And I know that after Friday's announcement of the new West where we actually are part of an exciting new organization, we have to make sure that our government processes are part of the same, are a part of an engine that's going to work to provide these services to the people of the province. So yes, there are changes within government, I know there were changes years ago when the members opposite were sitting on the government side and moving people back and forth. And clearly that was because they felt that it was the best way to bring forward their policy.

What we're doing right now is supported by the general public. In fact the results of a media poll talked . . . the CBC [Canadian Broadcasting Corporation] said that 14 per cent of the people wanted to maintain the status quo. Nine per cent said we should hire more people. Twenty per cent said we should reduce the civil service by 4 per cent, and 57 per cent we should reduce the civil service by more than 4 per cent over 4 years. This wasn't taken before we made our decision because it was done as a

result of what we believe as a government we should be doing. This is a test on what the public thought after we had made the decision.

So we will move ahead, making sure that there are two people that we are responsible to. First of all, the people that elected us, the people of Saskatchewan. Whether they elected us or not, we're their government and we're proud to do that. The second part is the people that work with us in government. They don't work for us; they work with us. We cannot carry out the goals of our government without the very important people who are dedicated and committed to their job as in the Public Service Commission. So whatever area they're working in, we are pleased and we are counting on them to provide their energies and dedication in the area that's going to fulfill our policies.

Mr. Yates: — Thank you very much, Madam Minister. I just want to clarify that we do share a value that government should be as efficient and effective as it can be. Changes, as I've indicated earlier, are ongoing and always should be ongoing to make a government as effective and efficient as we can be.

The point I'm making is to pick a number like 15 per cent and to drive towards that number, at the end of the day let's make sure that we're not getting into a shell game and moving things just to move numbers; at the end of the day that what we're actually doing does make government more efficient and effective. That is in the interest of the people of the province of Saskatchewan without a doubt, and I think it's in all our interest.

The difficulty is in picking a number out of the air and driving towards the number, rather than looking for efficiencies and ending up with a number that may be more or less than that 15 per cent. But at the end of the day, we're certain that the changes we've made, one, are in the best interest of the people of Saskatchewan; and, two, are in fact, you know, more efficient and effective.

And I think, if you ask . . . I would be, I was surprised the number was only 57 per cent. Because I think any person, if you asked them if they wanted their government to be more efficient and effective and save them money, I think I would expect it'd be 95 per cent. But I also expect if they asked them if we as politicians and members of the legislature should be paid a lot less money, I bet you they'd vote very highly for that as well. So it's the question you asked, that you ask at any given time.

I would expect every single citizen of our province to expect their government to run things as efficiently and effectively as they can, and to reduce costs where possible. And that should be an ongoing exercise, to run government as effectively and efficiently as possible.

The difficulty is when you pick a number without understanding what you want to achieve to get to that number. And the number maybe is too low or too high; that, we don't know. But that would conclude my questions and remarks on the Public Service Commission estimates.

Hon. Ms. Draude: — Thank you to the member opposite. I just want to underline the fact if we . . . This number was not picked

out of the air. We talked about . . . We looked at the attrition number and we looked at being able to have a measurable outcome. We have to be able to set a goal.

I know that in, a few years ago, the minister of Health said that they didn't want to set a target because it would be . . . Excuse me, I can't remember the reason. But he didn't want to pick a target, may not be able to reach it. Well we have to have a goal. You have to have a number to work toward. And looking at attrition is a goal that we believe is achievable. And I believe that as the years go by, we'll be able to see that is something that will be supported.

[11:45]

And just as a final remark, News Talk radio said that there's actually 84 per cent of the people that either believe that the 4 per cent reduction is good or that it should be even deeper. So the member opposite is correct. There is more than that amount of people that believe that we should be changing and working more efficiently.

I want to thank the member opposite for his questions and to the members of the committee for their interest. And while I have the floor, I also want to thank not only my officials who are with me today, who work very hard at their job, but all the people in the Public Service Commission right now that are working hard, probably not watching what we're doing today, but I hope the message goes to them that they are very much appreciated and that we need their dedication in order to ensure that the government goals will go forward. So thank you too, Mr. Chairman.

The Chair: — With that, and seeing no other questions or comments, we will go into vote 33, the Public Service Commission. Central management and services (PS01) in the amount of 4,280,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Employee service centre (PS06) in the amount of 13,677,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Corporate human resources and employee relations (PS04) in amount of 3,310,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Human resources client services and support (PS03) in the amount of 14,161,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Amortization of capital assets in the amount of 1,500,000. This is for informational purposes only. There is no vote needed.

Public Service Commission, vote 33: 35,428,000.

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 Public Service Commission in the amount of 35,428,000.

Mr. Allchurch moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Vote 33 agreed to.]

**General Revenue Fund
Supplementary Estimates — March
Public Service Commission
Vote 33**

The Chair: — We'll now move on to the March supplementary estimates for vote 33, the Public Service Commission. Are there any questions or comments with that?

Seeing none, corporate human resources and employee relations, subvote (PS04) in the amount of \$12,000,000, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Public Service Commission, vote 33, \$12,000,000. I will now ask a member to move the follow resolution:

Resolved that there be granted to Her Majesty for the 12 months ending March 31st, 2010, the following sum for the Public Service Commission in the amount of \$12,000,000.

Mr. Weekes has moved. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Vote 33 agreed to.]

The Chair: — We will now move on to . . . [inaudible interjection] . . . With that understanding, I think that we have concluded our work today. And I would like to thank the minister and her officials for taking our questions this morning. And the committee will . . . I guess I will ask for an adjournment motion. Mr. Bradshaw so moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. With that, the committee stands adjourned.

[The committee adjourned at 11:49.]