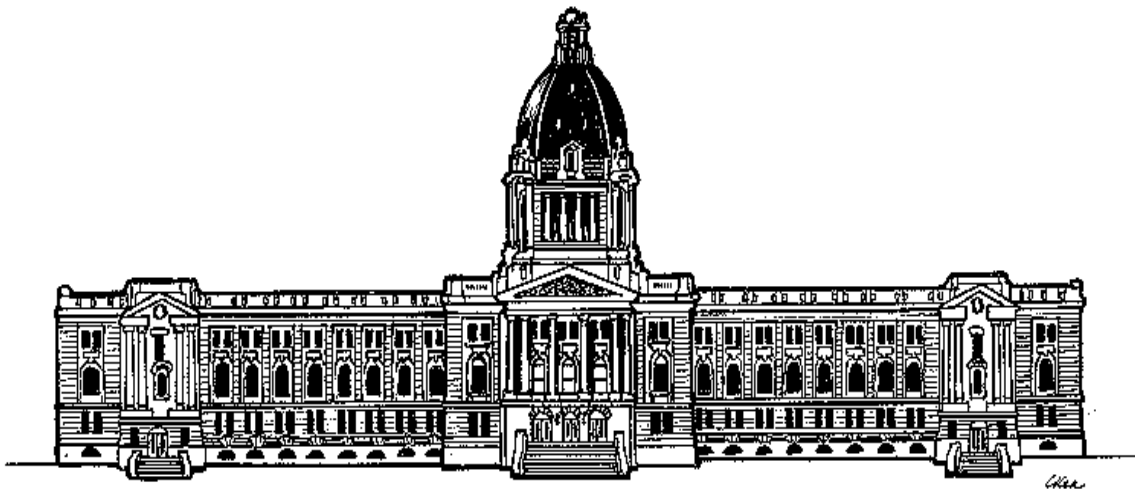




# **STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES**

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## STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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Biggar

[The committee met at 19:02.]

**The Chair:** — Good evening ladies and gentlemen and welcome to our committee meeting. We have one substitution, Mr. Trent Wotherspoon for Warren McCall. So welcome. And we have a number of documents to table which have been distributed to you. You will have also received a list of 13 documents we will be tabling. These are all annual reports and financial statements for various Crown entities.

This evening the committee will consider the estimates for the Ministry of Finance and estimates for the Office of the Provincial Secretary. First on our agenda is consideration of Ministry of Finance estimates: vote 18, Finance; vote 12, finance - debt servicing; vote 82, Growth and Financial Security Fund; vote 175, debt redemption; vote 176, sinking fund payments - government share; vote 177, interest on gross debt - Crown enterprise share; vote 195, advances to revolving funds.

**General Revenue Fund  
Finance  
Vote 18**

**Subvote (FI01)**

**The Chair:** — We'll begin discussion with vote 18, Finance, central management and services, subvote (FI01). Minister Krawetz is here with his officials.

Minister, would you please introduce your officials, and if you have any opening remarks.

**Hon. Mr. Krawetz:** — Thank you very much, Mr. Chair. Indeed it will be my privilege to introduce the officials that are here with me this evening. Seated on my left is Kirk McGregor. Kirk is the associate deputy minister. To my right is Terry Paton. Terry is the Provincial Comptroller. Immediately behind me is Margaret Johannsson. Margaret is the assistant deputy minister for revenue. Louise Usick is the director of financial services. Joanne Brockman is the executive director of economic and fiscal policy. Seated further back behind the bar is Brian Smith. Brian is the assistant deputy minister for the public employees benefits agency. Denise Macza is also seated back there. Denise is the assistant deputy minister of Treasury Board branch. Over on this side is Rae Haverstock. Rae is the assistant deputy minister for treasury and debt management. And also seated behind the bar is my chief of staff, Dianne Ford. Those are the officials that are with us this evening, Mr. Chair.

Mr. Chair, just a few quick remarks. As you know and everyone knows of course, this is my first budget as Minister of Finance, and it's one I'm very proud of. I'm very happy to be able to say that this is a balanced budget. It's balanced both in the General Revenue Fund and it's balanced in the summary financial statement. And I think that's very significant.

This budget accomplishes three very important things. It cuts taxes for all Saskatchewan income tax payers, it reduces debt, and it improves services. Compared to the budgets that other provinces have brought down this year, that is also very significant. It's a reflection of the extremely strong performance

of our economy, and it's a tribute to the hard-working nature of Saskatchewan people. I think that it builds, that it helps to build on the economic momentum we have achieved in this province, and I believe that it bodes well for the future.

In addition it helps to improve our health care system, it strengthens our social safety net, and it helps to deal with the challenges that growth brings. It's an ambitious budget for an ambitious province, and I believe it suits the times very well. As I said when I introduced the budget back on March 23rd, we believe that Saskatchewan's time is now.

Mr. Chair, with those remarks, I'd be open now for questions from committee members.

**The Chair:** — Thank you. Mr. Wotherspoon.

**Mr. Wotherspoon:** — Thank you, Mr. Chair. And thank you as well to the minister and officials for coming before us here tonight to answer questions.

To the minister, just wondering if you can expand on specific expenses that are anticipated in this budget year, but that aren't included in the budget at this point in time?

**Hon. Mr. Krawetz:** — Well there are . . . You know, every budget is planned that, for anticipating some of the expenses. Last year of course we did not anticipate 40 inches of rain, and there were many expenses in the agricultural sector.

The one major expense — and I say major in the light that it's a very important expenditure — will be the settlement that we hope will be secured in negotiations with the Saskatchewan Teachers' Federation. That contract has expired in the past and negotiations are under way. And when the negotiations are concluded, because now government fully funds the costs of the boards of education in terms of all of their expenses, that expense then will be dealt with in terms of supplementary estimates.

So that's pretty well the only one that we're looking at as a major expense that is not planned for in the budget. Beyond that, whatever mother nature may bring about, we don't know. And, you know, we'll be looking at those periodically.

**Mr. Wotherspoon:** — Why was the teachers' contract or some allowance for a settlement of that contract not included in the budget?

**Hon. Mr. Krawetz:** — Well we did not want to interfere with the negotiation process by placing a certain amount in the budget. The public, especially those involved in the education sector, know that a 1 per cent adjustment to salaries across the province for all teachers will result in about a \$9 million expenditure for boards of education. So, as we did last year, this contract will affect the '10-11 year as well because the monies were not set aside for the balance of the term for the government's fiscal year from August . . . actually from September the 1st, 2010, to March 31st of 2011. So they'll be an expenditure there that will translate into costs to the boards. And when that negotiated settlement is reached, then we'll deal with that cost.

**Mr. Wotherspoon:** — So just to understand these costs because of the retroactive aspect of the contract, 9 million is the cost for 1 per cent in a fiscal year. The retroactive part would be sort of pro-rated then. So is that correct?

**Hon. Mr. Krawetz:** — One per cent adjustment will be on . . . And again we're talking on really on two different fiscal years here. We're talking on the school division year, and when we look at a 9 per cent cost, that will mean from the year September 1 to August 31st. So when teachers' salaries are adjusted by 1 per cent, that will be the amount of dollars that will be required by boards of education to achieve a 1 per cent settlement that would go back to August the 31st of 2010.

Now as it moves forward of course it's going to affect — as I said because the government's fiscal year starts on April 1st — it will have an effect for the subsequent year as well.

**Mr. Wotherspoon:** — So just to understand that cost entirely then for this fiscal year, you have a retroactive aspect of that. What amount is reflected? Is that the 9 million, just the retroactive aspect? Or is the ongoing cost, I believe is also included in the number the current fiscal year, recognizing that the years don't match up?

**Hon. Mr. Krawetz:** — No. What will happen is when the negotiated settlement will be reached, it will be retroactive to September 1st of 2010. I don't know what the first year of the contract will produce in terms of cost. For each 1 per cent, the cost will be 9 million. So then that will be for the school fiscal year from September 1st to August the 31st of 2011, which will cross over two government years. So it will have some bearing on both — an expense for dealing with the past. However, the expense that we will be incurring, meaning the taxpayers of the province of Saskatchewan, will be dealt with in the '11-12 supplementary estimates for all of it.

**Mr. Wotherspoon:** — What about the health sciences contract that's also not agreed at this point in time? Has that been included? The allowance to ensure the settlement of that contract, is that included in this budget?

**Hon. Mr. Krawetz:** — For health sciences, because it's a larger entity and the dollars that have been allocated to boards of education, there has been some additional dollars provided for a settlement. Now if indeed there is a settlement that occurs that is far beyond what has been anticipated, then it may have to be adjusted as well. But there have been some dollars provided to the regional health authorities to deal with the anticipated settlement of the health sciences contract.

**Mr. Wotherspoon:** — Is it fair to assume that the budget that's there then would cover the offer that's been on the table to health sciences?

**Hon. Mr. Krawetz:** — Yes. That would be, the current offer that's on the table would be built into that amount.

**Mr. Wotherspoon:** — What would 1 per cent of that contract be in a similar context as we looked at teachers' contracts?

**Hon. Mr. Krawetz:** — We believe that the cost of 1 per cent for the health sciences under the existing levels of pay would be

about \$2 million.

**Mr. Wotherspoon:** — Thank you. As it relates to the SMA [Saskatchewan Medical Association] contract, the contract for physicians, are those costs captured and fully expensed within this budget?

**Hon. Mr. Krawetz:** — Yes they are.

**Mr. Wotherspoon:** — There was an OC [order in council] that was signed by yourself dated for March 31st, 2011. It was for a summit action fund with a total sum of \$6 million. Those dollars, are those out of this budget year, or are they out of, or are they out of the previous fiscal year?

**Hon. Mr. Krawetz:** — The dollars that were allocated for that expenditure were out of the '10-11 expenditure, and that's why they occurred prior to March 31.

**Mr. Wotherspoon:** — What were those dollars for, I guess, in the previous fiscal year? What's the purpose of those funds?

[19:15]

**Hon. Mr. Krawetz:** — The funds, again because it's a third . . . It's an entity, is the Saskatchewan Housing Corporation. The funds are transferred to them to be able to move forward with the summit and the initiatives that might come out of the summit.

**Mr. Wotherspoon:** — So they're for an . . .

**Hon. Mr. Krawetz:** — The monies were allocated to Saskatchewan Housing Corporation.

**Mr. Wotherspoon:** — And they're for an initiative in this fiscal year.

**Hon. Mr. Krawetz:** — The initiative itself will be determined by the summit, but the monies were allocated out of the '10-11 budget.

**Mr. Wotherspoon:** — Why were they allocated out of the '10-11 budget?

**Hon. Mr. Krawetz:** — There was a desire to ensure that we would move forward with a housing review and a housing summit. And as a result of the dollars that were available within the Ministry of Social Services, that allocation took place in the '10-11 appropriation which had already been granted.

**Mr. Wotherspoon:** — Seems that it would have appropriately been funded out of this fiscal year as an expense for this year and part of the government plans for this fiscal year.

**Hon. Mr. Krawetz:** — Well, Mr. Wotherspoon, actually what we were looking at was that because there would be a fall off of additional dollars, and rather than creating a larger surplus, there was a desire out of Social Services and the housing initiative to ensure that we would move forward. And it may require additional dollars, we don't know what the summit will, you know, produce in terms of recommendations from all of the different leaders, both municipal leaders and others that will

take place. But this was a clear direction by government to say that we want the summit to move forward and indeed the dollars were there and were allocated.

**Mr. Wotherspoon:** — Not just an attempt to artificially lower expenses in this calendar year, this fiscal year?

**Hon. Mr. Krawetz:** — No, we don't look at it in that aspect at all. Because as I've already said, the summit may require additional funds that would have to become a priority of government. That would require a change, of course, because those additional dollars are not provided in the '11-12 budget. We would look at the initiatives that would be identified by the summit. Now whether or not they'll require funds for '11-12 or whether there will be funds for '12-13 or beyond, I can't say. We knew that the additional dollars were there because there had been a fall-off from some of the other aspects, and that's why they were reallocated.

**Mr. Wotherspoon:** — There was a lot of eleventh hour spending in the final weeks of, in the dark days of winter in the 2010-11 fiscal year. Much of that was announced. If the minister can give the dollar value to both those announced dollars but also dollars such as ones that I would find by way of OC but maybe didn't necessarily pull out of my mailbox and scrutinize the way I found this one or . . . What is the total spending of this nature and the spending that was announced in the 11th hour of 2010-11?

**Hon. Mr. Krawetz:** — Mr. Chair, we're just going to pull all that information together because, as the member has noted, there were numerous expenditures in different ministries. So to arrive at a total, we'll just take a minute to ensure we provide you with accurate information.

**The Chair:** — While we're waiting for that, we have another substitution here. Mr. John Nilson is substituting for Mr. Belanger.

**Hon. Mr. Krawetz:** — Mr. Chair, I can provide the information to the member that at the third quarter financial report, we indicated expenditures that totalled about \$286.5 million. They were in some specific areas, and that was in Education, school capital and block funding. In health care we added additional dollars for health equipment capital and facility repairs. In Advanced Education, additional dollars were provided for the Academic Health Sciences centre. We also provided in health care, long-term care projects. In Social Services, for housing, to the social housing renovations. And we did some municipal roads for the economy expenditure in Highways. And there were some other net changes that totalled about \$15 million, so all of those funds add up to about \$286 million.

**Mr. Wotherspoon:** — Then the \$6 million reference in the order in council number 202/2011 would be included in that 286?

**Hon. Mr. Krawetz:** — Mr. Chair, the \$6 million that the member refers to is not in the Social Services housing renovation money that I mentioned. This was Q3 [third quarter]. That is a change that was made later on, right at the very end of the fiscal year which was March 31st. So those were what I'll

call in the other category.

**Mr. Wotherspoon:** — So it wasn't included in that number of 286?

**Hon. Mr. Krawetz:** — No it was not.

**Mr. Wotherspoon:** — What other examples would lie outside the 286? Just to expand as well, we have the supplementary estimates before us here. And if the minister can assist us, because the supplementary estimates are for close to \$500 million, \$484 million, so I'm just wondering where the other dollars, where they're accounted for, what projects they are for.

**Hon. Mr. Krawetz:** — Mr. Chair, I can read into the record maybe the full expenditure, and that way it'd become a lot clearer. Because as the member's indicated, the expense changes at the end of the year were about \$408.4 million. And I'm going to quickly do a summary in each of the areas because I've already mentioned some of them.

In health care it was up \$163 million, and that's basically for the surgical care wait-list, the long-term care facility replacements, electronic health records, the renovations that have gone on within the long-term care facilities.

I've already mentioned Advanced Education. One of the areas was the Academic Health Sciences, but there was \$78.1 million there for the InterVac [international vaccine centre] project as well, as well as university facility maintenance.

In Education the additional expenditure from mid-year was \$68.3 million, and that was for the block and the major capital, as well as some additional dollars that were provided to boards of education to cover their LINC [local implementation and negotiation committee] agreements. So that total came to 68.3.

In Social Services, from mid-year the number was up \$42.1 million basically for the social housing renovations that I mentioned, the \$33.9 million that was included in that. But also the 440 wait-list initiative for people with intellectual disabilities, and new spaces in children's group homes.

And Energy and Resources, there was an additional expenditure from mid-year, was \$38.1 million. And that was primarily due to an increase related to cleanup of an abandoned uranium mine.

In Environment the mid-year number was adjusted by \$37 million, and that was of course to deal with the 2011 spring flood prevention. Both the additional dollars that were provided for mitigation — which we're seeing, you know, literally hundreds, well into 500 different groups and individuals, municipalities have taken advantage of that — as well as the Fishing Lake project that is nearing completion, that total was 38.1, Mr. Member.

In Environment there was an . . . sorry, in Highways and Infrastructure; I already mentioned Environment. In Highways and Infrastructure the 23.5 million — I gave you that number — that was for municipal roads for the economy.

In Education there was also another increase directly related to

the teachers' benefits and pensions, and that was a \$14.6 million increase.

In Corrections, Public Safety and Policing, the mid-year was up 14.1 or the year end was up 14.1 from mid-year. That was primarily due to the increased number of claims under the provincial disaster assistance program, the PDAP program.

Actually Agriculture was a bit down because originally we had anticipated about a \$360 million combined expenditure for the excess moisture program, and by the end of year, Agriculture did not need 54.1.

And Municipal Affairs, Mr. Member, was also down 19.3 million from mid-year, and that was due to some of the infrastructure that did not happen as a result of the fiscal year. So if you put all those numbers together, that's where you'll have the \$408.4 million.

**Mr. Wotherspoon:** — 408.4 or 484 million?

**Hon. Mr. Krawetz:** — My records show that at the Q3 report, the expense changes from mid-year were 408.4.

**Mr. Wotherspoon:** — We can chat again. I'm just looking at the supplementary estimates that were tabled today, but that's a different, another point.

One point of concern, Mr. Minister, is many of the millions of dollars and hundreds of millions of dollars that you highlighted just here are not expensed or actually being spent until this fiscal year. They're funding programs and plans for this calendar year. And they have been spent out of the previous budget, and it creates a shaky budget this year. I mean we have a lot of dollars that were spent two weeks ago or three weeks ago here out of the previous fiscal year that are expensing the program of this year. And we're not talking about 2 million or 3 million. We're talking about hundreds of millions of dollars, which is why often I question how solid the budget that's put forward actually represents or how it doesn't represent the actual activities of government and program of government in this fiscal year. Just as on the note of some of the other aspects that aren't included in this budget that should be included in this budget, are things such as the teachers' contract that were highlighted, these are expenses.

And the minister can shrug his shoulders but the fact is . . . maybe not. Sorry. I shouldn't read body language. But the fact is those dollars should be included in this budget year, and the fact is at some point I would hope that teachers can expect a contract and those dollars are going to be required. Now the minister's stated the commitment to providing those, but those should be planned. I mean this is just about prudent planning through a calendar year. It's not some unforeseen activity; this is a contract to be provided to educators.

Just to understand the value on that, I mean of course there's a range of negotiations that are going on. I think we know the various sides of that negotiation right now. Is it fair to say that what teachers are requesting right now would cost more than \$100 million in one fiscal year?

[19:30]

**Hon. Mr. Krawetz:** — Well I'm going to back up, Mr. Member, to answer some of your other, or make some comments on some of your other responses. First of all, the discrepancy between the supplementary estimates is that in supplementary estimates there is government-owned capital as well. And the numbers I gave you did not include government-owned capital. So I think the 408 will, if you look at the government-owned capital, you'll get to the number that you looked at.

You know the expenditures that were made at the end of last year, you know a number of those expenditures have indeed been made. I mentioned to you the additional dollars provided for flood mitigation through the Saskatchewan Watershed Authority. There's literally millions of dollars that have gone out already. They've gone out, you know, in March, and they're going to continue to do that.

In Education, I know the member is very familiar with the Education file, you know the projects that were announced at the end of last year, the agreements that are arrived at with boards of education to ensure that the projects can move forward on roof replacements and major projects, the additional dollars needed to continue to ensure that major projects can move forward. Those are all things that, you know, are continuing.

So whether or not the actual dollar flows through to the health care facility or whether or not the final, you know, the final major changes done in the energy and mines cleanup in the middle of the summer or whether it's going to take two years to finally reach that, the monies have been allocated. So that was something that we, as government, had to do. When we look at the teachers' pension and benefits, up 14.6 million, that's an expenditure that was made by the end of March 31st. There's no choice in that matter. The additional dollars for PDAP, those are all things that have been expensed in the fiscal year '10-11.

Now when you look at the potential expenditures that government will look at for the fiscal year '11-12 for the teacher contract, we don't know what that settlement will bring, and we're not going to get into any debate on what the negotiated settlement might be. I think the member is well aware that the ask is 12 per cent for one year. So based on the number that I provided to the member, if 1 per cent has an expenditure cost of \$9 million and 12 per cent was negotiated at the table, that would cost \$108 million.

**Mr. Wotherspoon:** — Which gets to the point. Again, the minister highlights some of the dollars that are being spent now, right at this point in time or have been expended already. But many of these dollars that were spent in the eleventh hour of the previous budget were ways of getting spending commitments off the books and to lessen the demands on this fiscal year, which simply puts this budget under a shaky spotlight or can cast great suspicion as to the balance that's touted by the minister.

The fact that the teachers' contract isn't included . . . that's going to be at minimum tens of millions of dollars and potentially upwards of \$100 million. Not included in the budget isn't appropriate. And the fact that, you know, a day before the fiscal year the minister's still signing OCs to fund a program on

housing that is something that should be part of this program year and part of this government operations just highlights the point that there's a lot of expenses that are occurring by government planning this year as part of the annual plan of this government, the fiscal year of this government, that aren't included and captured in this budget.

But I'd like to move along just a little bit to this housing program, the 200-and-some million dollars that's been announced and chosen to finance out of the Crown corporations by way of debt. My question to the minister I guess would be simple: what's the purpose of this plan? What's his end goal?

**Hon. Mr. Krawetz:** — I'm going to preface my remarks first of all by saying, Mr. Member, that that expenditure for the Immigrant Investor Fund is controlled by CIC [Crown Investments Corporation of Saskatchewan], that the Minister Responsible for CIC will be the minister that will handle that file. We can answer some of the questions that you have that are very specific. But I think, you know, the direct, the direct questions of the fund which is within CIC will be the responsibility of the Minister Responsible for CIC.

Now Mr. Haverstock, who of course is involved with both Finance and CIC, can provide some of the information if you wish, if you want to get into some specific question.

**Mr. Wotherspoon:** — Sure. Now you are the Minister of Finance, and I believe you have signed off on OCs authorizing this program and the funding of this program to come through this source. And you have, I believe, guaranteed the repayment of those loans to immigrant investors, guaranteed those loans. So basically it's guaranteed by the GRF [General Revenue Fund], and I think that it's certainly your responsibility to understand both the program and the risks.

**Hon. Mr. Krawetz:** — I can give some details to you, Mr. Member, regarding the details of the plan. And again as I said, it will be managed by CIC and it will be dealt with through there.

But I can indicate to you that loans will be made, will be provided to developers for projects approved by the municipalities first of all. Loans will be available for 90 per cent of construction cost including land costs at 4 per cent interest rate, the construction of new or redeveloped housing projects with homes valued in the range of 180,000 to 300,000 depending on the municipality.

Third point will be that projects may include condominiums, multi-units, single-family dwellings, modular homes, ready-to-move, warehouse conversions, etc. Presale of homes are not required. Projects must add to the existing housing supply and not decrease the current rental supply. And the homeowner will be subject to provisions to deter flipping. So there won't be, you know, purchase, construction, and then . . . [inaudible] . . . What will occur is that — through the immigrant investor program — about \$200 million will be made available over five years to make these low-interest loans. In addition to reducing the cost of borrowing, these funds will help builders speed up the pace of construction.

So from the point of view of Finance, for the '11-12 year, we're

looking at about \$51.6 million worth of investor dollars coming into the province and being utilized for this program.

**Mr. Wotherspoon:** — The minister's taken on the role of financing developers. Now maybe you've heard things that I haven't. But what I haven't heard is that developers are struggling to access credit, that credit unions and banks, traditional lenders, have served them quite well. So if the minister . . . Because I don't understand the policy purpose of this program. Otherwise, Mr. Minister, if you could enlighten us there.

**Hon. Mr. Krawetz:** — I think the critical thing here, Mr. Member, is to understand that it's going to be led by the municipalities. It will be the municipality that will determine whether or not there is a need for these types of homes. And the developers that are going to work with the municipality will now have the ability to access this program.

**Mr. Wotherspoon:** — Now the minister defers to municipalities and them doing some sort of assessment of needs, but the fact is Saskatchewan people are on the hook for the \$200 million that's being lent to these developers. Just in 2008 from the Saskatchewan Government Growth Fund Management Corporation, from the annual report, I quote, "Because of the risk involved with this guarantee, the province withdrew from the program and began the process of winding up SGGFMC."

Now these are the same dollars that are being utilized, the immigrant investor dollars, and at one point in time when the province was participating with these dollars back in the late '80s, there was no guarantee provided back to those individuals borrowing the money, lending the money. That has changed under yourself as Finance minister. You've chosen to guarantee the repayment of those, making it debt of the province and debt, public debt of the people of this province.

Question to the minister is: what sort of risk assessment did he undertake before adding \$200 million of debt to the people of the province?

**Hon. Mr. Krawetz:** — Mr. Chair, a couple of comments about the questions from the member. First of all, the dollars that we're going to be accessing, as a province, are coming through a federal initiative, first of all. It's a federal program and we, as a province, are taking advantage of federal dollars that will be allocated to Saskatchewan.

Over the course of five years, we feel that that will be about \$200 million that will come through the federal program. To be a member of the federal program . . . and I think we're the eighth province. We're the eighth to take advantage of the immigrant investor program. What will happen is the federal program requires that the province provide that guarantee for those dollars that are going to be allocated, especially in the first year.

On the other side, to balance off that guarantee, of course is an account receivable because there are going to be accounts receivable to ensure that these projects, once they get off the ground and get constructed, there is in an account receivable that will balance it off. So the end result is going to be a

program that's going to put in place a partnership with the municipalities and the developers and the provincial government, as well as the immigrant investor program, to move this forward.

Now the member has asked about whether or not this was a Finance initiative. It wasn't a Finance initiative that, you know, began back awhile ago. It in fact came out of the immigrant program through the Minister Responsible for Advanced Education and Immigration because we were looking at an immigration strategy. It also was a housing strategy. So it's a combination of ideas that needed to be expanded on, and that was the reason why the immigrant investor program was looked at as something that Saskatchewan should and could participate in.

**Mr. Wotherspoon:** — The minister speaks about the dollars almost, in a way, as if they're sort of federal grants or federal transfers and, of course, they're not that at all. It's a loan. It's debt held by the province. It's no different than owing dollars to RBC [Royal Bank of Canada] or to Wall Street in some fashion. We owe money through the immigrant investor loan program. It's a source of financing to the province. Would the minister disagree with that? This is simply a source of financing to the province of Saskatchewan to move forward priorities A, B, and C, and we're talking about priority A here today.

**Hon. Mr. Krawetz:** — Absolutely. These are loans that we will be guaranteeing, and the dollars are contributed through the immigrant investor program. But yes, the province will be responsible for that guarantee. I'm totally agreeing with that.

**Mr. Wotherspoon:** — It's debt.

**Hon. Mr. Krawetz:** — It will be debt that will have a balance of an account receivable as construction occurs.

**Mr. Wotherspoon:** — I still strongly question the merits and the policy of pulling out these \$200 million. To what problem this solves or is the answer to . . . You know, Mr. Minister, I just don't, just don't understand as it relates to affordable housing anyways. But those are questions that certainly we can drill down in the respective committee, specifically I guess Social Services that's administering the program.

**Hon. Mr. Krawetz:** — I will make one comment though, Mr. Member, and I hope you do explore this to get all the information you require. You know, in Saskatchewan we're seeing a growing population, and we're seeing the additional need for housing. And it's housing right across the piece. It's low-rental housing, whether we need more apartments, but it's also ownership as well at, what I'll call, the low-moderate area.

And as I indicated, the range of homes is not, it's not for a \$500,000 home. The range of homes will be in that 180 to \$300,000 range. So the goal will be of course, if there are homes that are being built across the province in communities, that will take people that are currently renting an apartment or renting a basement suite or whatever and become homeowners, then additional space will become available to deal with the shortage of rental space.

So it's a combination of things. We know that we require more

homes. We know that we're going to be a growing province. And this is one initiative that will meet some of those challenges.

[19:45]

**Mr. Wotherspoon:** — I disagree with the notion of the program. We can talk about it in Social Services. But this is building housing stock that already exists, already exists on the Saskatchewan market in communities across Saskatchewan.

Now the challenge of the notion that somebody renting a bachelor suite or is in a rental accommodation that is going to somehow now be able to enter into a mortgage of — name your value — 200, 250, \$300,000 that wasn't able to before is simply an incorrect notion. If that individual's able to access that financing right now, that mortgage, that instrument, they can enter housing stock that exists right now. And this is an answer to no problem that exists in this province and simply chooses to lend money — taxpayers' money, public money — to developers without solving the actual problem that exists.

And the truth is, Mr. Minister, that when you speak of renters, there's renters as we speak right now that are getting unfortunately further and further away from in fact taking that first step to home ownership as the rental increases that they're experiencing over the last three years have outstripped any sort of wages that they have and the ability to save up that down payment that's crucial to be able to enter the houses that do exist on the market.

But I would move on just specifically that, because this is public money and it is public debt that's being lent to developers, who is the gatekeeper of these dollars? You've spoken specifically about municipalities needing to recognize the need for a certain type of project in their community. But who is signing off? Who is doing the sort of risk assessment of the developers who are coming forward and applying for these loans?

I mean in fact, the province has become sort of de facto lender of choice to developers on this. Certainly there's a scrutiny that's provided from commercial lenders and banks and credit unions across this province. What sort of assurances can this minister provide Saskatchewan people that the money they're lending developers — we'll set aside that the policy purpose is hugely weak and misguided — the money they're lending Saskatchewan developers is protected? And what sort of scrutiny will be in place?

**Hon. Mr. Krawetz:** — All of the points that the member mentions regarding scrutiny and control of all of the projects that will be moved forward in conjunction with municipalities will be done by CIC. I think your first question was who is the gatekeeper? It's CIC.

**Mr. Wotherspoon:** — Now but these are dollars signed off, Mr. Minister, by yourself, guaranteed by yourself as Minister of Finance, guaranteed by the General Revenue Fund. And you've signed off authority to lend these dollars out on behalf of Saskatchewan people. I would hope you'd understand the risk analysis and process that CIC and this new Crown that's been created — for this weak policy purpose — but this new Crown



that's been created, I'd hope you'd understand what sort of undertakings are going to be in place to ensure that Saskatchewan people, as they lend their hard-earned tax dollars to developers, are protected in the process.

**Hon. Mr. Krawetz:** — Absolutely, and we're going to be working with CIC to ensure that.

**Mr. Wotherspoon:** — Now these dollars, some of these dollars flowed last year. Is that correct or last fiscal year?

**Hon. Mr. Krawetz:** — The estimation was, as the document reveals, that about \$13.6 million flowed last year.

**Mr. Wotherspoon:** — Mr. Minister, when are you going to seek the clarity and protections as to . . . You've signed off at this point. Taxpayers are on the hook. The GRF guarantees these loans. When are you going to understand, Mr. Minister, the process that protects Saskatchewan taxpayers?

**Hon. Mr. Krawetz:** — Mr. Chair, the member, I referred the member to page 22 of the Estimates document, and it's under the schedule of government debt. And you'll note that in the column forecast for 2011, I said 13.6, but in fact it's 13.7 million.

There was an estimate in 2011 that indeed there was going to be a \$45.7 million . . . That was under the old program where the limit was at \$400,000 per investor. That has now been increased to 800,000 under the investor nominee program. And as a result of that, we expect a broader uptake of that to the tune of about \$56.3 million. You know, as the Minister of Finance, of course the Finance department is responsible for all dollars that are allocated. But this program is going to run out of CIC, and the criteria that will be established will be established through CIC and of course direct contact with the Minister of Finance.

**Mr. Wotherspoon:** — But dollars are already flowing, Mr. Minister.

**Hon. Mr. Krawetz:** — Mr. Member, my officials respond that as far as whether or not dollars have actually been paid out of the 13.7, we can't provide you with that answer directly today. So we can agree to provide you that as soon as we can get the information.

**Mr. Wotherspoon:** — Right. So there's dollars sitting there from last . . . Well anyways well I guess we'll have to look at how that reconciles. I guess to the minister: how do we reconcile that then if those . . . From how I would read the estimates on page 22, as the minister references, I would look at the forecast in the late days of March when this would have been put together. That \$13.7 million would have been borrowed. So it's been borrowed, but it hasn't been transferred out to developers at this point in time.

**Hon. Mr. Krawetz:** — It's money that has been received from the immigrant nominee program. Okay, so the immigrant . . . Sorry, the immigrant investor program. We've received the 13.7 million in '10-11. Your question was whether or not that 13.7 has been paid out yet. We can't answer that for you at this moment. But that's money that was received from the investors that have participated in the investor nominee program, under

the old program of course at the limit of \$400,000.

**Mr. Wotherspoon:** — When we say received, we should make sure Saskatchewan people understand this is borrowed. Again this isn't a transfer from the federal government or a grant of some sort. This is money that we're borrowing and choosing to do so through this process.

I'm just looking back at the backgrounder here with the federal government. It's interesting to note that on this program, specifically from Citizenship and Immigration Canada, on June 26th, 2010, when it describes the program, Saskatchewan isn't a participant at that point in time.

Yet through by way of the budget from last year, the intentions were there to utilize this program, I suspect, in this fashion. In fact 45 million was planned for last year, but by June 26th, 2010, a couple of months after the budget had been tabled, Saskatchewan wasn't a participant in that point in time. But on November 10th, 2010, Saskatchewan was added as a participant to these dollars. So my question is, what was that process all about or what took a while? Is that why the dollars weren't expended that were planned?

**Hon. Mr. Krawetz:** — Mr. Member, Rae has been involved in this discussion right from the beginning and can indicate to you some of the, you know, clarity I think that you're looking for. So I'll ask Rae Haverstock to answer this question.

**Mr. Haverstock:** — I believe what happened during the process . . . intention was for the province to enter immediately. But as always the case, there's discussions that take place, and it wasn't until there was estimated \$45.7 million for '10-11 to be received through that program. But because of the negotiation process . . . And then the program actually changed from that 400,000 to 800,000. And it wasn't until that time that the province actually signed on the line. And that's the reason that there's a substantial difference in what was actually budgeted in the '10-11 budget and what we're forecasting now in the '10-11 forecast.

**Mr. Wotherspoon:** — And at what point do these federal dollars, these federal loans, immigrant investor loans, at what point . . . Because I can go back to the late '80s when I think our province entered into this program, they didn't need to be guaranteed for quite a number of years. And I suspect it was in, well I guess I would look to . . . For some clarity, when did the federal government change that provision that a province had to participate, that they had to guarantee the repayment of that loan, and why did they make that change?

**Mr. Haverstock:** — I believe that it is this new program that's been implemented that they've changed that guarantee provision. And as to the rationale, I really don't know other than I think that there was a problem in the past where some of the loans weren't repaid because of some of the various investments that were made. And this way it's simply an ability to ensure that the loans are repaid. It's a less risky asset that's being invested in right now than some of the assets that were invested in previously.

**Mr. Wotherspoon:** — Right. And if you go back through the history of sort of the utilization of these dollars historically,

some of those dollars haven't been repaid. In fact I mean, there's quite the list through the Saskatchewan Growth Fund Management Corporation that principal was never repaid because of losses that were incurred from the investments.

But my question back to the minister is that this is \$200 million that in some ways has sometimes been described by your government as something other than public money. It's public money. We're responsible for repaying it. It's been described here tonight — it's described in the book even — as guaranteed debt for Crown corporations from the GRF specifically. People are on the hook for this. We don't recognize the problem that this is solving.

But secondly we haven't heard from you, Mr. Minister, with the \$200 million. What sort of risk analysis has been conducted as to the market that these dollars are being placed into? So sort of the general risk of the program. And then secondly, the analysis that individual developers, scrutiny that they will receive to finance their projects, just the same way and similar scrutiny that would apply at a credit union or a bank, Mr. Minister — we haven't heard either of those pieces, and that's what places Saskatchewan people at risk.

**Hon. Mr. Krawetz:** — As in all monies that are, you know, spent by the Government of Saskatchewan through Finance, I mean there is someone that is overseeing the expenditure of those dollars. There is a risk analysis that is being done, as you've mentioned, on these particular applications that will be coming forward. That risk analysis will be done by CIC. So on behalf of Finance, Finance is designating that CIC will be administering this like it administers many other projects. Finance does not, you know, establish the criteria on all projects that are done within ministries and within CIC. You're right that Finance as the guarantor is responsible for it. But as far as the analysis of the applications, the forms and all of the things that will take place, that will be administered by CIC.

**Mr. Wotherspoon:** — But wouldn't those be questions and assurances, Mr. Minister, you would seek before signing on to such a program and adding debt like this to the people of the province, making certain of that? I mean it's not as though banks and credit unions go about this in a willy-nilly sort of a fashion. They have very specific formulas to make sure that their dollar is protected.

**Hon. Mr. Krawetz:** — The member is correct. As Minister of Finance, Minister of Finance signs off on all guaranteed debt of the province of Saskatchewan, whether that debt is within a particular Crown corporation. Lately of course, there's been a lot of debt that has transpired, additional debt. I won't say it's a lot but it's additional debt.

In SaskPower, the Minister of Finance does not become involved in the discussions with SaskPower as to whether or not the purchase or the reason for the dollars is in fact this or that. That is why there is a board of directors. That is why the CIC administers SaskPower. And as a result of that of course, we work, as former governments have worked . . . Minister of Finance is responsible for signing off and then allocating someone to ensure that the expenditure of that, of those dollars, is done properly.

[20:00]

**Mr. Wotherspoon:** — That's just not an adequate answer though, Mr. Minister. This is a new priority and a new program, a new Crown corporation. And it's entering new terrain. There's not some great history like we have with a corporation such as SaskPower. The comparison's not equal.

This government has chosen to address a new area apparently having some policy merit to it. We don't see that. But at the same time as putting taxpayers on the hook for those dollars that are being lent out, it seems astonishing to me that the minister, in lending out \$200 million and creating a new function with a new mandate, doing something that government wasn't doing before or Crown corporations weren't doing before, wouldn't have some higher level assurances, more depth to an answer as far as protections that he is ensuring for Saskatchewan people for the money that they are on the hook for.

**Hon. Mr. Krawetz:** — I'll repeat again, Mr. Member. The Ministry of Finance is responsible for ensuring and signing off on all guaranteed debt. The ministry . . . Each minister that has responsibility for expenditures, whether it be through the Ministry of Health for the construction of long-term care homes or hospitals, or whether it be through Education and the construction of schools and the continued debt that will be there and the payment of that expenditure, it doesn't become a debt of the province because the government is fully funding. So in all instances, ministers are responsible for each of their own responsibilities.

In this particular file, as you've mentioned, it's a new entity. It's a new responsibility of CIC. The Minister of CIC will be responsible for ensuring that the analysis is done, that the projects that are submitted meet the criteria that will be established through the ministry of CIC. So I have confidence in the ministers that are going to be administering the programs as they have in the past and as they will continue to do in the future.

**Mr. Wotherspoon:** — The minister has put his name to an OC. He's authorized and secured loans on behalf of Saskatchewan people and added debt to the balance sheet of Saskatchewan now and well into the future. I reiterate my point that I find it astounding that the minister doesn't have an understanding of the program's risk analysis, its oversight, its scrutiny, and the protection back to taxpayers. And I'm disappointed by the answer tonight, frankly surprised by the answers here tonight.

To go into a new function of borrowing \$200 million, into new terrain, is something that's more typically been dealt with by the private sector and the commercial sector. And to not have assurances and understandings of the protection of the taxpayer who are on the hook for these loans — federal transfers or federal loans, loans that need to be repaid — astounds us here tonight.

But my question would be, the stated purpose that the Premier put in his budget speech just a week ago was to increase the supply of these houses that already exist on the market, and of course letting supply and demand play its part. His stated goal was to reduce the price of houses in this province. These are the

Premier's words. The minister, that's your stated goal with this program as well or your intent with this program?

**Hon. Mr. Krawetz:** — First of all I think I would disagree with your assessment that there are homes already there. In many communities, there are no homes available. There are buyers looking for homes, and there are no homes available. And municipalities have brought those concerns to government, I'm sure that they brought them to opposition as well, to say that we need to have homes developed in our community. So I would disagree with your statement that says that this a program that is now somehow going to not be needed because these homes are already there. First of all, that's simply, I don't believe that that's simply true.

Now when we look at the whole program of addressing the housing requirements in the province, I think we've looked at it — the Minister, first of all, Responsible for Housing and in co-operation with others, in this case the Minister of CIC — have looked at a basically five initiatives that were outlined. And there's been discussion, as you are already aware, about the Headstart on a Home program, the affordable home ownership program, the rental construction incentive, the \$34 million investment in rental housing, and the Habitat for Humanity. Those were the five initiatives that were talked about under the housing initiative, and those are things that will be expanded upon within the various ministries. In this case some of the responsibility is through Social Services, who's responsible for the housing file. And this program that will provide these additional dollars will be through CIC, and CIC will indeed do the analysis.

**Mr. Wotherspoon:** — Surprised that the minister doesn't believe that the private sector is able to provide the housing stock that he's talking about that exists on the market in most communities across Saskatchewan. And that certainly many developers, if there's buyers waiting in many communities, I suspect, well I think this is the wrong way to go about it. Those developers have the access to credit to be able to go and build, whether it's the \$280,000 house or otherwise.

But the Premier stated, purpose of the program was to lower house prices and just to keep this narrow and straightforward. Does the minister support that statement as well?

**Hon. Mr. Krawetz:** — Houses that are constructed in communities will make the assessments of communities grow. They will provide for job creation. They will provide a number of advantages to the province of Saskatchewan. And we're excited about that growth. Whether or not house prices will fluctuate, whether they're going to go up or whether they'll go down is dependent upon the market as well.

So we know that there is a demand today. We don't have the supply. And supply as we see here in this city, in fact in the city of Regina, I mean house prices are continuing to rise even though there was a slowdown in the most recent month in terms of number of sales. The price of homes still continues to rise. So that will be determined by the market.

**Mr. Wotherspoon:** — That's the point. And the Premier said that he was, through this program, was increasing supply. Yes, we understand that. We understand the impact of that on the

market. And he stated his purpose was to reduce the price of houses. And I'm hearing the minister sort of beat around the bush on this, but is that the sort of affordability answer that this government is providing, that they would like to reduce the average price of a house or the valuation of houses across the province as the Premier's clearly stated? Is the Deputy Premier on the same page as the Premier?

**Hon. Mr. Krawetz:** — Well I don't have the words of the Premier in front of me, so I won't make any comment on what the Premier has said. When I look at the development of homes and ensuring that the demand is there, the market will determine whether or not the prices are going to go down. I don't think a government policy is going to determine the pricing here of a home.

What we're trying to do is to provide incentives and initiatives for homes to be built whether they're at the low-income level or whether they're part of this program. So we're going to continue to monitor this program as you've noted. It's a five-year program at about \$50 million per year, and government will continue to assess it and to see what advantages there are for the province of Saskatchewan because we clearly want it to be an advantage to the province of Saskatchewan.

**Mr. Wotherspoon:** — Has the minister . . . With the stated purpose of the Premier put on the record last week, to increase supply thus lower housing prices — those are his words, not mine — through this program, and it's obvious what the intent of it is. Has the minister done some economic analysis to understand the impact of a devaluation in home prices and how that impacts households but also the province?

**Hon. Mr. Krawetz:** — Mr. Member, you know, as we do an analysis, and of course in Saskatchewan the Saskatchewan Housing Corporation has done an analysis of the, I'll call it the field because it varies. It varies from large urban centres to smaller urban centres. And in certain communities where, well I'll refer to them as bedroom communities, there's a different demand.

In its analysis, the Saskatchewan Housing Corporation in consultation with Social Services, in consultations with CIC, in consultations with many, have looked at initiatives as to how we can address the need for a greater number of houses. And these are the initiatives that we have started through these programs, lead by the Minister Responsible for Housing.

**Mr. Wotherspoon:** — I think it's a poor program, and it has many consequences for Saskatchewan people. It doesn't have an objective from a policy perspective that's going to fulfill on the needs of affordability for Saskatchewan people. And in fact it has Saskatchewan people underwriting the devaluation and economic consequences potentially for their own household or for others across the province.

And we've already highlighted the fact that it doesn't address the real challenge facing Saskatchewan families as it relates to housing affordability, and that's the rental, the cost of rent and the massive increases, and the lack of ability for individuals to build up the dollars they require to enter into home ownership.

But we've said enough on that program here right now. We're disappointed with the lack of understanding of a program and assurances to provide protection to taxpayers before this minister, Finance minister's pen would hit paper to put Saskatchewan people on the hook for over \$200 million worth of debt. And certainly the policy purpose of the program even presented here tonight, and the minister's sort of best case scenario is weak at best and has some very negative potential consequences for Saskatchewan people.

The member from Lakeview has a question on this program before we move along.

**The Chair:** — The Chair recognizes Mr. Nilson.

**Mr. Nilson:** — Thank you and good evening. Is it accurate to say that the cost of the government borrowing money is about the prime rate of interest or about 1 per cent? Would that be accurate at this time?

**Hon. Mr. Krawetz:** — My officials indicate to me that the short-term rates are about 1 per cent, but long-term rates are at about four and a half.

**Mr. Nilson:** — Thank you very much. And did I understand you correctly that this money that's being borrowed, the \$50 million a year through the federal government program, is costing about 4 per cent? Or what is the cost of this? Like how much are the investors getting paid for these loans?

**Hon. Mr. Krawetz:** — I'll ask Mr. Haverstock to answer that.

**Mr. Haverstock:** — The original \$400,000 investment was 7 per cent over five years, so 1.4 per cent per year. The new \$800,000 program is 5 per cent over five years, so it's 1 per cent per year.

**Mr. Nilson:** — So that basically it's about the same rate then as what the government could borrow money otherwise?

**Mr. Haverstock:** — On that basis, yes.

**Mr. Nilson:** — So that practically the access to the money is not the issue. And so I guess my question is, why would we guarantee these kinds of monies for immigrant investors when we've never done it before? Or why would we not just lend the money to the builders and the municipalities ourselves?

[20:15]

**Hon. Mr. Krawetz:** — I think the point, Mr. Nilson, there is that, you know, the short-term money at 1 per cent, you're not going to get that over five years. So when you look at is there a balance right now, when you look at ahead to five years at 1 per cent per year for five years, I think that will be not only comparable but maybe better than what will exist.

**Mr. Nilson:** — But if we end up . . . I mean the real issue and I guess why we're asking questions this evening is that in Saskatchewan we're not very used to ups and downs in the real estate market, that if one lives in Seattle or Phoenix or someplace like that, there can be 36 per cent drops in the values of real estate in the same year. And that's the exposure we're

concerned about here is that it may be relatively cheap money to borrow through this kind of a fund.

But I guess it strikes me that if this is actually a government policy, you might as well just borrow money on a short-term basis and invest it directly with the municipalities and get the housing built without this federal interference and federal rules.

**Hon. Mr. Krawetz:** — Yes, as has happened in the past, and when we look at guaranteed debt — and I think you've made a good point about the marketplace in Saskatchewan, you know — as these homes are going to be constructed, we don't see, you know, major changes in the values of those homes as, you know, in terms of drops of 36 per cent. So when we look at the guaranteed debt and those houses as an account receivable over the course of the next five years, those become a strong asset if you can look at it in that respect.

So when we look at the guaranteed debt relationship, I mean there is a, I think not only a hope, but a belief that the government is never going to have to provide that guarantee because indeed those loans are going to be repaid because the houses will continue to have a value as we move forward.

**Mr. Nilson:** — Okay. So I mean I think it's important to define the risks that you're taking with government money and I think recognize that in this particular instance, you're basically acting as another bank in the community and providing funds that compete with the credit unions and banks. But I have no further questions.

**Mr. Wotherspoon:** — Mr. Chair, the statement was made by the minister about the strength of the asset, and we'd be pretty cautious because we haven't heard any assurances here tonight. And the minister has stated that before signing off on those guarantees, that there was no assurances or no significant assurances or processes for scrutiny and oversight and protection to taxpayers. So we're concerned on that point.

And the minister also talked a bit about him thinking this isn't going to significantly reduce home prices. It's interesting though because that was certainly the stated purpose of the Premier last week. So if that's his goal of how he's providing affordability, I would wonder if that is a drop of 10,000 or 30,000 or \$40,000 or more — 36 per cent as the member from Lakeview speaks of. But we'll leave that program here right now.

I am interested in understanding from this minister how much money has been spent and is planned for spending to advertise this budget or communicate this budget.

**Hon. Mr. Krawetz:** — Mr. Member, I can give you the entire expected, anticipated, or I guess it's an estimated cost right now because some of the costs have not been fully realized.

The production of the budget summary books and all of the normal presentation that is done at every year, this year that cost will be about \$42,888 for that production. The advertising and distribution of materials, we're looking that the 400,000 brochures were produced at a cost of \$154,613.28. Along with budget print ads and the budget banner online ads that have been produced, smaller amounts of dollars, the total advertising

budget will be \$192,257.38. So when that's added to the \$42,888.31 for the actual production on an annual basis, the total printing and advertising costs will be \$235,145.69.

**Mr. Wotherspoon:** — Thank you, Minister. And how much was spent if you can enlighten us on the caucus TV ads that were running on TV? I believe they're funded by either a caucus or maybe they were funded by your MLAs [Member of the Legislative Assembly].

**Hon. Mr. Krawetz:** — That's not my responsibility as Finance minister to answer that.

**Mr. Wotherspoon:** — Okay. Did you have oversight of those ads before they went to, as far as the numbers and content, as Finance minister?

**Hon. Mr. Krawetz:** — As Finance minister, no.

**Mr. Wotherspoon:** — Is the minister comfortable with the statement from those ads? The assertion is that as a result of this budget, a family of four — is what the statement says — will save over \$2,000 a year. Of course the Finance minister would know that that's not true, not factual; that it would be over \$300 a year that a family of four would save. So to the Minister of Finance: does he have a statement with respect to the ads?

**Hon. Mr. Krawetz:** — No, I won't have a statement with respect to the ads. That is not the responsibility of the Minister of Finance. What I will say is that, as far as the Minister of Finance, when we look at the amount of dollars that individuals and families will save in relationship to 2007-08, it's very significant. It's thousands of dollars because there have been significant changes during the three and a half years that we have been in government, the changes to the exemptions that have made savings to individuals. And families are saving significant dollars as a result of this budget and previous budgets of this government.

**Mr. Wotherspoon:** — So the minister, as Deputy Premier, would at least I would suspect be able to state here tonight that to assert that this budget provided a family of four with over 2,000 of savings — and I'm not talking about all the added benefit of adding up tax savings or perceived tax savings over the last three years or four years — I'm talking about this budget, that that's incorrect. Over \$2,000 isn't saved for a family of four out of this budget. I believe it's just over \$300.

**Hon. Mr. Krawetz:** — Mr. Chair, as far as the one-year saving and spread out over the entire time since we have initiated the changes in 2007, a two-income couple with two children who earn \$50,000, the total amount of savings since 2007 will be \$2,447. When we look at that same couple with the \$50,000 income, the savings of 2011 over 2010 will be \$401. So when I respond to you by saying what did the budgets do over the years, it is in fact over 2,000; it's \$2,447 for a family of two with two children earning \$50,000.

**Mr. Wotherspoon:** — Of course that wasn't the question. It had to do with the assertion that \$2,000 was saved by this budget in this budget year. That's what the ad suggests, and it's pretty clear, and it's incorrect. So I guess it's a good thing that truth in advertising type regulations don't apply to the Sask

Party caucus and to the deputy minister because certainly you'd be in breach of those. It goes on further. It's rather interesting . . .

**Mr. D'Autremont:** — Point of order.

**The Chair:** — I recognize Mr. D'Autremont.

**Mr. D'Autremont:** — Mr. Chairman, the questioner is impugning the integrity of the Deputy Premier with the assertion that he just made that the Deputy Premier was not being truthful and honest in his responses. Mr. Chairman, you know very well that you're not allowed to impugn the integrity of any member of this Assembly, and I ask that the member withdraw his remarks and apologize unequivocally.

**The Chair:** — I recognize Mr. Nilson.

**Mr. Nilson:** — Yes, thank you. I think it's quite clear from following the line of questioning here that the member's questions have related to the accuracy of the information in the budget versus the accuracy of information in a television ad that's been paid for by the Saskatchewan Party caucus. And that there's nothing in his words that impugned anything about a member, but it is clear that he's raising questions about the accuracy of the ad that's been playing on television and especially comparing it to the information that's here.

**The Chair:** — Listening to the questioning here, the member persisted on the information about the TV ad, which the minister kept on telling him is not the part of the minister's portfolio at all. So I think the line of questioning is out of order. He has nothing to do with the TV ads. He's Minister of Finance, not minister of TV ads.

**Mr. Wotherspoon:** — I don't know if the Deputy Premier's comfortable with that statement or not, but certainly I think the Deputy Premier and also the Finance minister has a responsibility to the numbers that are being communicated to the public, both as a part of executive government but also as a member of caucus and Deputy Premier. The numbers that were put forward in the ads aren't correct. To suggest that . . .

**The Chair:** — The ads are not what we are discussing here tonight. We're discussing the Minister of Finance.

**Mr. Wotherspoon:** — Okay.

**The Chair:** — So let's keep the questions to that, not to the ads.

**Mr. Wotherspoon:** — Well with all due respect, this communicates information to the public. Those ads also contain the statement that this budget provides \$3 billion of tax being paid down, which of course isn't the case. In fact, there are . . . Sorry, debt being paid down by \$3 billion, which of course isn't the case. Debt has increased over the last three years, each of those last three years over \$1 billion, in this year alone increasing over \$500 million, I believe \$548 million. Or you can count it in different ways, and that's total debt of government.

But to be talking about aspects that are being communicated with public dollars with the Minister of Finance who's signed

off as well on those ads I suspect in some fashion are certainly fair, fair for this committee.

**Mr. D'Autremont:** — Point of order.

**The Chair:** — I recognize Mr. D'Autremont.

**Mr. D'Autremont:** — Mr. Chairman, point of order. The member opposite continues to insist on talking about issues that are completely irrelevant to the Minister of Finance portfolio, Mr. Speaker. Mr. Chairman, we, you must enforce the rules that the member ask questions related to this budget item and not to something that is not covered by this member's portfolio, Mr. Speaker, by the deputy minister and the Minister of Finance. Mr. Chairman, either that member is asking questions relative to Finance or the member is out of order, and I would ask that you go on to another questioner.

**The Chair:** — I recognize Mr. Nilson.

**Mr. Nilson:** — Yes, Mr. Chair. The evening topic tonight is the Ministry of Finance and the budget and the preparation of the budget, and that's been the standard fare in Finance estimates for many, many years. And so it's a chance to ask questions about the specific items that are in the Finance ministry, but also to ask about the budget and the process of budget making, also to ask about debt, and to ask about the overall financial situation of the province.

And so I think it's entirely appropriate that one of the main methods of communicating what the government has done, which is clearly the work of the Minister of Finance because it relates to the budget of the province, I think that's entirely appropriate topic. But I think that we don't necessarily need to have a big dispute about this. Let's just go on with the next topic.

[20:30]

**The Chair:** — I recognize the minister.

**Hon. Mr. Krawetz:** — The member made some comments about public debt, and I think we need to ensure that the numbers that are in the document are indeed . . . The member has asked a question about the line called government general debt. My understanding, you have made a comment that says that the government general debt has increased, and I want to clarify it. The government general debt, as you can see on page no. 84, is at \$3.815 billion. So that is the estimation from where we will end up with the government general debt. I know that the member understands this number that in '07-08, Mr. Chair, the amount of debt on this line called government general debt, which is going to be at \$3.815 billion, was \$6.824 billion. That's the amount of debt that was there in '07-08.

So, Mr. Chair, you can see the member has said that debt has not been reduced by \$3 billion. Well in fact, the difference between 6.824 and 3.815 is in fact greater than \$3 billion. And that is the difference between the '07-08 debt — and I want to make that clear, I'm not talking about last year to this year — I'm talking about the debt of '07-08 versus the projected debt for '11-12. That government general debt has dropped by \$3 billion and will leave a total debt of \$3.815 billion.

**Mr. Wotherspoon:** — This minister sort of picks a category and is not consistent with reporting of our finances with any other province across Canada, nor public sector accounting standards, and as such sort of picks and chooses which aspect of his financial reporting he wants to share with Saskatchewan people. I can choose some of his own document here and share some back too.

Page 60 from *The Saskatchewan Advantage* budget summary states "Public debt is forecast to increase by \$375.9 million during 2010-11 and increase by an additional \$485.3 million in 2011-12." That's pretty clear. Now I guess the difference is that I'm not breaking this down in a way that would be inconsistent with public sector accounting and that would be inconsistent with the rest of Canada as you are, Mr. Minister. I'm sharing it in a way that every other province in Canada and that public sector accounting standards would request us to adhere to.

And just to highlight this fact just a little bit further, when I go to page 61, there's charts, and so certainly this is available to the public at home as well, but those charts are interesting because after 2009 what we see is a significant increase to debt through the last few years and certainly projected into the out years.

At the same period of time, we see a lot of that debt is titled, that it's within the Crown corporations. And I know the minister has now become a great defender that that's somehow appropriate debt to be taking on. You know, he doesn't highlight that he's taken almost \$2 billion from those Crown corporations over the last four years, Mr. Chair. Sometimes he forgets to highlight that aspect. And then borrows those dollars of course from those Crown corporations, transferring the money to the GRF. And the rate has been significant over the past three years, reduced this year only by way of necessity that all those dollars were taken, exhausted from CIC and that those dollars really no longer existed.

And just to highlight that chart — because it is important for the public to get the correct information on the record — in 2009 the total public debt recorded there is stated at \$7.7 billion. Now it increases each of the next years — 2010, 2011 — and here we are at \$8.4 billion as reported here at this point in time. That's, well, \$1.7 billion of increase over those three years of span. What we notice during that same period is that of course that \$2 billion was taken from, or near \$2 billion, from those Crown corporations, which certainly speaks to unsustainability of the budgets and management of this government.

But what's interesting in that chart as well is when we look at the Crown debt that's there, some of that debt will be needed to fulfill obligations within our Crowns but much of it won't be either. Much of it is a consequence of the transfers that we've seen. What's interesting to note that is that Crown debt from 2009 to 2015 has in fact doubled — a 100 per cent increase is the plan — from \$3 billion, just over \$3 billion in 2009, and then we see this historic raid on those funds, Mr. Chair, and in 2015 we have over \$6 billion.

And so we see a minister and a government — because this certainly hasn't been the only minister; in fact we've seen many — but we see someone who's very able to spend revenues but ignores responsibility and the consequences of debt and in fact

adds debt to our balance sheet without any sort of certainty to taxpayers of Saskatchewan, without any sort of assurances about the protection that they have. And we spoke just about the \$200 million just a little earlier here this evening. And mind us if we're concerned, Mr. Chair, about those dollars because that's certainly a concern.

But my question specifically to the minister would be specific to one of the Crown corporations and that would be SaskPower. The reason I highlight SaskPower is it's one of the major Crown corporations, and we have projections in these budgets as it relates to debt in the next few years, projections next year and the year following that.

My question to the minister: we know there's significant new obligations that have been signed onto in the past couple years by this government and by that Crown corporation by way of purchased power agreements.

My question to the minister is, are any of those obligations that are recorded off balance sheet, by way of annual report off balance sheet agreements — this is from SaskPower's annual report, 2010 — are any of those purchased power agreements . . . Now it states specifically here that those agreements are off balance sheet. Are any of those brought into the window of the debt projections that we see here today, Mr. Minister, both in this year but 2012, 2013 and the out years?

**Hon. Mr. Krawetz:** — Mr. Chair, before I get into the answer for the question that the member just asked, I want to also ensure that the public understands the reason why the debt of Crown corporations is in fact going to rise, not only this year but it's going to rise, as the member has correctly stated, it's going to rise over the next number of years.

We know that SaskPower this last year in fact has changed. The debt load at SaskPower will have increased by \$700 million. Within sound principles, within sound business principles, it will have increased \$700 million.

Now the point I also want to ensure that the member understands, as he has pointed out, the total debt load of the province of Saskatchewan, the total debt load is now at, as public debt, will be forecast at \$8.8 billion. That's over \$700 million worth of increase to Crown corporation debt. Specifically within SaskPower, as the major Crown that is requiring to deal with its infrastructure deficit, those needs need to be addressed. We want to make sure that SaskPower is an entity that can continue to provide the services to the people of the province of Saskatchewan.

There needs to be investment in the province of Saskatchewan. That's why we're doing things in the area of the wind farm expansions. We're looking at additional natural gas turbines that were required to be purchased because the old ones were simply failing and needed to be replaced. So a significant amount of dollars are going to be required to ensure that our Crown corporations are sound business entities that continue to provide the services.

But, Mr. Chair, if the member looks at that number on page 84, and he's made reference to public debt, that public debt is a specific number. And it is \$8.8 billion, on page 84. He also

needs to be aware that the last budgets of the previous government back in '05-06, '06-07, the line that you would be looking at here, that number was well over \$11 billion. In fact it was nearly \$12 billion.

So as a result of repayment of debt, of government general debt, we have brought the total debt load down in the province of Saskatchewan by \$3 billion. On the other side in Crowns, Crowns are going to continue to work as businesses, as business enterprises, and are going to continue to borrow within their expansion programs.

The other thing, Mr. Chair, that I'd like to address is there were some comments — and these are not attributed to you, Mr. Member, but other members in your caucus were indicating — that in each of the last two years, that the government took all of the dividends from SaskPower, 100 per cent of the dividends from SaskPower. And indeed, Mr. Chair, in each of the last two years — as indicated in the annual report of SaskPower, and the member has made reference to that — none, none of the earnings were subject to a dividend payment from SaskPower.

So in each of the two years, SaskPower was left with its entire amount of earnings, its profits. Reason is that of course CIC and the board of SaskPower has recognized that we need to, SaskPower needs to continue to expand. And as a result of that, no dollars were taken from SaskPower in the way of dividends in each of the last two years.

So those are the kinds of things that have changed at the Crowns. The debt, the member is accurate. As we continue to see SaskTel expand, the number of towers to provide 3G becoming 4G — and I'm not a techie and I don't profess to be — but as we continue to look at the expansions of SaskTel, very expensive. Towers were, you know, requiring \$1 million per tower. So SaskTel will continue to borrow. SaskTel will continue to require additional dollars to meet the challenges of technology changes as well as to meet the challenges of a growing province.

And that's true for all of our Crowns. They're strong companies, and we want to continue to make sure that they remain strong. So those are the comments that I want to make sure that the member understands. When we talk about purchase agreements, and there are purchase agreements that have been made with a number of entities, the liabilities that SaskPower has regarding the lease situations are not built into the SaskPower debt, I guess, is the simplest answer that I can give you.

[20:45]

**Mr. Wotherspoon:** — Thank you, Mr. Minister, for those comments. The minister references sort of this, what he would cite as a net improvement in our finances. What he fails to sometimes address is that he was inherited a pretty blessed circumstance: a healthy rainy day fund as it's commonly been known, a strong fund that existed there; and the budget year that this government actually won office in and entered into office, a surplus of over \$2 billion. The unfortunate circumstance is that, you know, that those sort of riches have certainly continued and those sorts of potential surpluses existed, but we really haven't moved forward other than utilizing those dollars that were put

in place and left from the previous administration. As it relates to the past three years, of course, it's been one of public debt increases.

But if we're looking at specifically at what I'm interested in now is that the . . . And thank you to the minister for answering. My question was whether or not the purchase power agreements and how they factor in in the out years, my question I guess would be why are they not factored in in the out years? It's my understanding — correct me if I'm wrong — that right now those agreements, the cost of those agreements, total cost are valued this year at \$11.692 billion. Two years ago in 2009, that value was \$7.502 billion, and that's through to 2036. These are obligations that SaskPower is certainly on the hook for, taxpayers, ratepayers are on the hook for.

Now right now as it stands, these are categorized as off balance sheet arrangements by SaskPower. So I can understand why those have sort of been able to be hidden off the balance sheet of your reporting, Mr. Minister, in even this calendar year because it's stated right here that those are off balance sheet. But my understanding is that those are in fact going to be rolled onto the books in the coming year I believe and certainly into the coming years. So I guess my question to the minister is, why aren't those included in our liabilities or our debt then?

**Hon. Mr. Krawetz:** — Before I ask the Provincial Comptroller, Mr. Paton, to answer the question regarding the new structure that we'll be looking at regarding international standards and Canadian standards, I do want to make a couple of comments, and I'm sure the member would have expected me to do that, regarding the position left, the financial position left at the end of November 2007 that our government inherited. He's correct. The Growth and Financial Security Fund had dollars in it.

But I also want him to understand and the public to understand, Mr. Chair, that since we have looked at the initiatives that our government has undertaken over the last four years, including the initiatives of this budget, Mr. Chair, we will have paid down \$3 billion worth of debt and still have a Growth and Financial Security Fund of over \$710 million. So that's the first initiative.

The second initiative, Mr. Chair, is that in the area of infrastructure, in infrastructure across many different ministries whether it be Highways or health care, Education, Advanced Education . . . I already mentioned tonight the Academic Health Sciences building where we've already allocated well over \$200 million to that building, and it's still not complete. We will have invested over \$4 billion in infrastructure.

So you know, the member is correct. We've utilized the funds that were there at the end of the NDP [New Democratic Party] term, some of the funds. The continued growth of the province of Saskatchewan . . . And both the Premier and I and other members of the current Sask Party government have indicated that, you know, we appreciated the efforts of the NDP in terms of ensuring that in fact the Growth and Financial Security Fund did have money in it because years ago, when it was referred to as the Fiscal Stabilization Fund in its early years, that fund in fact did not have money in it. It was simply a paper entity where the funds actually were used to pay down debt. And the government did that, and to their credit they paid down some of

the debt. But they also said that the fund had dollars in it, and you can't take credit for both because when in fact when monies were accessed out of a fund that was empty, the debt of the province went up.

Now when we look at what has happened over the course of the last four years, there still will be, at the conclusion of this budget, Mr. Chair, there still will be \$710 million in the Growth and Financial Security Fund. Debt will have been repaid. Debt will be lowered.

And we've already had some analysts, especially BMO [Bank of Montreal] . . . BMO have looked at this and said that Saskatchewan now is one of the most fiscally sound provinces in all of Canada. Those are things that our government is very proud of. And as Finance minister as in my opening comments, I've said that this budget continues to build on that.

As far as the comments about the Sask Power and the way the reporting is done, I would ask Mr. Paton to clarify your question, sir.

**Mr. Paton:** — Thank you, Mr. Chair. The first thing I'd like to say is that the accounting standards that SaskPower's been following for many years were standards that were developed by the Canadian Institute of Chartered Accountants. And up till December 31st, SaskPower has been following those standards on a consistent basis.

What has happened in the accounting world is that the Canadian institute has chosen to adopt a new set of accounting standards, the international financial reporting standards, and those standards come into effect January 1st, 2011. So all of the Crowns, like SaskPower and SaskTel, are in the process of adopting those standards for their current fiscal year. And my understanding is currently in the process of assessing the impact of those standards. They're not really simple, so they are assessing them at this time and will be adopting them for the current year.

One of the ones that is going to impact are these power purchase agreements, and — you're right — they will be recording those on their financial statements in the future. The one thing I would put out is that this isn't a normal category of debt. It's more like an accounts payable, so when you look at the statements of the province, it would not be included in public debt regardless. It's more like an accounts payable category, and that's one of the reasons why you wouldn't see it in the schedules of debt that are prepared by the province.

**Mr. Wotherspoon:** — Thank you for that answer. Nonetheless it certainly does tie resources well into the future and commitments that are made with the purchase power agreements. We continue to see that trend.

**Mr. Paton:** — If I could, one final clarification. Those liabilities are coming on the balance sheet of the Crown corporations. There's a corresponding asset, and the identical value will be booked at the same time. So while they'll be recording a liability for the capital lease that they're going to be recording, they're recording an asset of the same value at the same time so that the net position of those Crowns doesn't change.



**Mr. Wotherspoon:** — Just on the same page that I have here — because I found it interesting and I just thought I would get a question on it, and this is from the SaskPower annual report as well — and this relates to the \$240 million that were provided to the GRF as it relates to the carbon capture storage project. And then these dollars were transferred to CIC as what's described here, and that was in 2008.

My question to the Finance minister: does he have certainty that those dollars, the \$240 million from the federal government, still sit with CIC?

**Hon. Mr. Krawetz:** — Mr. Chair, my officials cannot provide me with the information as to whether or not those dollars are still within CIC. So that would be something I think that you could ask the CIC minister.

**Mr. Wotherspoon:** — Could the minister undertake with his officials to provide that information back to committee members by way of the Chair.

**Hon. Mr. Krawetz:** — Absolutely, Mr. Chair, we'll undertake to provide that information directly to you to distribute to committee members.

**Mr. Wotherspoon:** — Thank you very much. As it relates to pensions and the question of income security for Saskatchewan people, Canadians as well, but Saskatchewan people in our context, Mr. Minister, what is this minister's position and role for the Canada Pension Plan in responding to the important needs of Saskatchewan people?

**Hon. Mr. Krawetz:** — Thank you for that question, Mr. Member. Pensions are very dear to many and in Saskatchewan I think . . . First of all I'm going to begin by saying, Mr. Chair, that, you know, we have a very unique situation here in the province of Saskatchewan in that we have something called the Saskatchewan Pension Plan. It's a plan. It's a pooled resource plan, and that is something that the federal government was considering before the election was called. You know, whatever will occur after the election, I'm sure those discussions will continue as to whether or not there indeed will be a national pooled plan.

So the benefit of the Saskatchewan plan is of course it's not a full pension plan for someone who is expecting that the contributions to that plan will, you know, be a security for a full pension at the end of a particular set of employment. What it is though, Mr. Chair, is that it allows individuals, many who may be self-employed, many individuals who may be working in a cottage industry or they're working for an employer who doesn't have a pension plan, it allows those individuals to contribute.

And the old plan up until last year had a contribution rate of \$600. So as I said, it's not a large amount of dollars that would accumulate at an annual contribution of \$600. Not only the members of the plan but also the board of directors have been lobbying government for years to change that limit of \$600. That had to have the agreement of the federal government, and that was initiated by my predecessor yet back last spring when a letter was sent to the federal government asking whether or not the change would be made from 600 to \$2,500. The federal

government has agreed to that change, and that was implemented, I think, in the first week of . . . No, it was the first week of December. In fact it was on December the 7th. And we've seen just, you know, an amazing reaction by the people that were in the plan and new plan. We had literally millions of dollars were contributed at the end of December to that plan.

So that's one area that I think . . . And I've had Finance ministers of other provinces, when we were discussing the SPP [Saskatchewan Pension Plan], say you know, like we're surprised. We're impressed that Saskatchewan, first of all, had this plan. And in fact I believe one of the eastern papers . . . and I can't remember, Mr. Member — or Mr. Chair, I'm sorry — whether or not it was *The Globe and Mail*. He said that it was, you know, Saskatchewan's best kept secret, the fact that we had this pension plan.

The other side, I think, and that's where the question that the member has posed. The other side of pension plans of course deal with the Canada Pension Plan and CPP, and whether or not changes need to be made to CPP. The meeting of Finance ministers in December of 2010, the last meeting, had set out a plan whereby officials of both the federal government and the provincial government would be looking at developing options, would be looking at what kind of changes, if any, should be made to the CPP plan.

You know, are there short-term changes that could be made? Rate changes, how would they affect the contribution rates of employees? But more importantly, the employers or the businesses that would be affected by rate changes and whether or not those should be implemented over a long period of time. None of that has occurred to this date. There is a promise from, I think you know, all federal parties that whenever we have the opportunity — and I think that opportunity will be in June at our next meeting of Finance ministers — we'll be looking at options as to what can be done to enhance the Canada Pension Plan.

So our position has been that we want to take a look at all the options. We want to see the effects of strategies that will be proposed, and we'll evaluate those when we see them. At the moment nothing has been distributed by the federal government in terms of options to consider. We expect those to come forward in the way of working papers in June.

**Mr. Wotherspoon:** — The minister then from what I hear . . . And we agree the Saskatchewan Pension Plan is a good tool, and certainly we're proud of the role that's played in Saskatchewan. But it really doesn't address the broad kind of income security that Saskatchewan people deserve and the kind of support that the CPP could, an expansion of the CPP could provide to Saskatchewan people.

Now it wasn't long. It was the previous minister of Finance with your government that I believe was of the commitment that or made the commitment that it was his desire to advance and expand the CPP and that he'd not only go to Finance minister's meetings to hear what proposals were on the table but that he'd be going there to be advancing and advocating for expansion of the CPP. From what I'm hearing here today, and it's a little disconcerting, is that that position has changed significantly with this Finance minister. Is that a fair

assessment?

**Hon. Mr. Krawetz:** — I wasn't present at the meetings with the former minister, so I don't know what position was identified. It's always been a working document. So I don't believe that provinces were ever asked by the federal Finance minister to say what is their position.

At the December meeting, there was good discussion by all provinces. Some expressed reservations about changes to the CPP because it would affect employer contributions. In Saskatchewan, I mean that's been the position of our government right from year one. We want to ensure that, you know, we have an adjustment that is sustainable within the province, that indeed we have to look at retirement numbers because, you know, numbers that were set years ago for contribution rates may change because of inflation. And those are the kinds of things that I'm going to look forward to the discussion in June.

So as we look at the options that might be presented to me as Finance minister and then to indicate what the Saskatchewan position will be on some of these, you know, I look forward to the June discussion with all Finance ministers across the provinces and the territories as well.

[21:00]

**Mr. Wotherspoon:** — We would humbly make the request that this minister act as the leader in advocating for the expansion of the CPP and providing the benefits that Saskatchewan people would derive from that expansion. And not doing so is a failed opportunity at a critical time when we look at income security and pensions.

But at this point in time — I do have a couple; I certainly have more questions — but I know that Mr. Forbes has a couple of questions.

**The Chair:** — The Chair recognizes Mr. Forbes.

**Mr. Forbes:** — Thank you very much. Just a couple of technical questions about the Saskatchewan Pension Plan and its relationship to the seniors' income plan. And in fact, actually I asked about this a couple of years ago and Mr. McGregor may remember that. But I'd asked about the connection. And I could be wrong, but my concern at the time was that low-income workers, particularly, you know, I know the Saskatchewan Pension Plan was focused on homemakers and people with very little income, and the fact that they may actually have their savings that they'd put away in the Saskatchewan Pension Plan essentially clawed back because they were making just a little bit too much for the seniors' income plan.

And I, you know, I looked back at *Hansard*. There was not a commitment or information there, but I think when I was talking to the general manager of the Saskatchewan Pension Plan she indicated that there was a relationship, an exemption maybe, with the senior income plan. And so I'm wondering now with the expansion of the Saskatchewan Pension Plan, what is the relationship? Because I think that both those plans are very good, especially for low-income seniors, and I would hate to see one be affected and in a negative way.

So if the minister can tell me, is there a protection so in effect that people that have put savings into the Saskatchewan Pension Plan don't see those savings being lost, but they can take essentially advantage of both programs?

**Hon. Mr. Krawetz:** — Thank you for your question, Mr. Forbes. You know, I can't answer that question specifically in terms of whether or not the new rate, the new adjustment to \$2,500 and how it's going to affect the other plan. We want to ensure that people are treated fairly, and I will undertake to provide to you, or through the committee directly to you, an answer regarding that and how the new change affects that. My officials cannot provide that answer today so I will undertake to do that.

**Mr. Forbes:** — I appreciate that. And you understand because, you know, it is interesting. There was some research done on this and in fact if you haven't saved over 50,000 you need to almost save 100,000 or else in effect you lose benefits in the GIS [Guaranteed Income Supplement] and the Saskatchewan Income Plan. And a lot of seniors don't realize that. They'd be better off buying a car. In fact actually, and I do have the *Hansard* here, we'd talked about TFSA's at the time, the tax-free savings accounts. And so I hope that if you could provide me with that answer or if there's more clarity around that, I'd sure be happy to help from my end, and I look forward to your answer.

**Hon. Mr. Krawetz:** — Thank you for your comments. As I said, you know, I think what we want to ensure that is if there is, you know, mistreatment of someone's account because of some provision that has been put in place, we need to be aware of that. And right now I cannot answer that because I'm unfamiliar with that. So we will do an analysis and get back to you on that.

**Mr. Forbes:** — Thank you very much.

**The Chair:** — Are there any other questions? Ms. Higgins.

**Ms. Higgins:** — Thank you very much, Mr. Chair. Kind of keeping in the same vein, can you give me any idea — or a list would even be nicer — of the pension plans that the Government of Saskatchewan, whether government proper or government agencies, Crowns or Treasury Board Crowns, contributes to on behalf of the employees? How many plans would there be?

**Hon. Mr. Krawetz:** — May I ask, Mr. Chair, if Ms. Higgins, if you could ask that question again now that Mr. Smith is up here to ensure that he understands your request.

**Ms. Higgins:** — Well I'm looking for the amount or a list of pension plans. Like how many pension plans would there be across government, Crowns, Treasury Board agencies?

**Hon. Mr. Krawetz:** — Mr. Chair, I'll ask Mr. Brian Smith who is the representative of the pension plans, or the director.

**Mr. Smith:** — Mr. Chairman, there are several pension plans in the public sector and government. And if I go through them, I'll go through them in terms of government. There's a public service superannuation plan; the public employees pension

plan; the STC [Saskatchewan Transportation Corporation] pension plan; the Anti-Tuberculosis League pension plan, which are all pensioners now; the SaskPower superannuation plan; SaskTel Pension Plan; and the Workers' Compensation Board superannuation plan.

So there's eight in the Crown corporations and executive government and the Teachers' Federation plan also in the Ministry of Education. In addition to those two plans, which the government may contribute to directly or indirectly, the teachers' retirement plan in Saskatoon and the Saskatchewan healthcare employees' pension plan administered in Regina. So I believe those are all the pension plans with only one exception and that's the Saskatchewan Research Council pension plan.

**Ms. Higgins:** — Very good memory. So of these pension plans, and I know when we go back to the old days, probably as far back as when the member from Cannington was first elected, I know since then pension plans have changed more to boards and away from the Department of Finance or the Ministry of Finance. Like there used to be a connect in the old days, much closer than there is nowadays. But of all these pension plans, how many trustees would currently still be appointed to the various boards that administer the plans? Finance, I guess is . . .

**Mr. Smith:** — Mr. Chair, I can answer. The public employees pension plan, the legislation has changed over the years that the eight members of the pension board are directly appointed by four labour unions and four groups of employers. For the municipal employees' pension plan, the Act changed over the last several years to provide appointing organizations, and I believe there are 10 organizations outside of government appoint directly to the board of trustees.

The other plans, predominantly the members of the boards are appointed by order in council with the exception of the teachers' retirement plan, Saskatoon, and the Saskatchewan healthcare employees' pension plan. So it's only the two. The rest of the plans in terms of SaskPower, SaskTel, I'm not sure who appoints the members. I believe it's the SaskTel board. But the rest of them are usually by order in council, so it's the two largest plans that we administer — the public employees pension plan and the municipal employees' pension plan — are no longer appointed by order in council. They're directly appointed by statute by appointing organizations.

**Ms. Higgins:** — So then what is left that is appointed by order in council?

**Mr. Smith:** — The appointments, Mr. Chairman, for the public service superannuation plan is by order in council. The appointees for the Power Corporation superannuation plan are by order in council, and the Liquor and Gaming Authority superannuation plan is by order in council as well.

The Workers' Compensation Board I believe appoints the members of the Workers' Compensation Board superannuation plan and SaskTel board would be responsible for appointing in some way the members of the SaskTel pension plan board.

**Ms. Higgins:** — So then is any direction, advice, or support through the Ministry of Finance offered to any of these boards, or is there any connect that is there, or no?

**Mr. Smith:** — For the public employees pension board and the Municipal Employees Pension Commission, the members of the board and commission are trustees and would not accept advice from any entity. They have to act in the best interests of the plan members. For other plans where they are not trustees, most of the boards make independent decisions based on advice from external consultants, experts in the field. Because all of the appointees to all the boards are not experts in the field of investments, administration, accounting, legal, and so most of the boards rely on expert advice from third parties.

**Ms. Higgins:** — So then when we go back to mid-'90s, there was voting shares in SaskPen and SaskPen Two — and also maybe in SaskPen Properties — voting shares that were held by the government on behalf of plans. Is that still current or not?

**Mr. Smith:** — Mr. Chairman, back in the '80s and '90s, the pension plans owned shares in SaskPen Properties, which was a section 148 company under *The Income Tax Act* which was allowed to invest in real estate. Over the succeeding years, and I believe as late as 2010 or as early as 2010, most of the plans sold their shares in SaskPen to the Greystone Real Estate Pooled Fund.

SaskPen Properties was used by pension plans primarily to invest in real estate in, predominantly, in Regina. And most of the pension boards wanted to diversify their real estate investments across Canada and sold their shares in SaskPen Properties to the Greystone Real Estate Pooled Fund. And the Greystone Real Estate Pooled Fund now invests for I think it's 45 institutional organizations, primarily pension plans, all across Canada so that the pension plans now get the diversification from Vancouver Island to Newfoundland instead of being concentrated in Saskatchewan.

The pension boards that we deal with, I should say, do not make investment decisions, and they haven't for some time. They make investment policy decisions. And so the Public Employees Pension Board, the Municipal Employees' Pension Commission make investment policy decisions, and then they hire investment managers to actually make the investment decision. So whether a pension plan should buy IBM [International Business Machines Corporation] stock or a building in St. John's is made by an external supplier.

So the boards make policy decisions. The actual investment decision, thankfully, is made by experts and not by administrators like myself or the boards.

**Ms. Higgins:** — So while all the shares would have been sold, but the entity is still active?

**Mr. Smith:** — Mr. Chairman, the entity could be active. We sold all of the shares that we owned in SaskPen Properties to the Greystone Real Estate Pooled Fund.

**Ms. Higgins:** — So, sorry. Then just for clarification, we being whom?

**Mr. Smith:** — Public Employees Pension Board, Municipal Employees Pension Commission.

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

**Mr. Wotherspoon:** — Mr. Chair, on . . .

**The Chair:** — Any other questions?

**Mr. Wotherspoon:** — Please.

**The Chair:** — Mr. Wotherspoon.

**Mr. Wotherspoon:** — Thank you, Mr. Chair. On that topic, if we could have a bit of an update in the world of pensions here, and just what our unfunded liabilities sit at right now, and what's occurred in the last couple of years. I know that there was a lot of strain on pensions of course over the last couple of years, specifically the hemorrhaging that went on two years ago with the economic challenges.

[21:15]

**Hon. Mr. Krawetz:** — Mr. Chair, the number I think that the member is looking for is the estimated '11-12 pension liabilities for the end of the year. And that number is going to be \$6.3685 billion.

**Mr. Wotherspoon:** — Thank you.

**Hon. Mr. Krawetz:** — And that's found on page no. 90.

**Mr. Wotherspoon:** — Thank you, Minister. That page, do we have the information there to show what's occurred over the last four years with respect to those pension liabilities?

**Hon. Mr. Krawetz:** — Mr. Chair, the document that I'm referring to of course is the budget summary. That only gives you the two years. In order for us to provide you with a four year, we'd have to go back into the public accounts documents for year ending back, I guess, it would be '09 and '08, and we don't have those two documents with us right now to indicate. As you can see on the forecast for '10-11, that forecast was going to be 6.1, 6.1 on page no. 90, and now it's going to be rising to 6.368.

**Mr. Wotherspoon:** — Is there any specific plans this minister has to address that pension liability or any specific concerns that this minister has with respect to those liabilities?

**Hon. Mr. Krawetz:** — We don't have . . . I guess if you're saying is there a plan to add, you know, certain specific amounts of dollars into paying off a liability, the answer is no, because government has inherited, you know, a liability from many, many years. It's an obligation. It's statutory. We're going to have to ensure that we will pay for it as we look at the winding down of what I'll call the old plans, and the member's familiar with the old pension plans.

We're going to see, and the concern that I do have is that we're going to see over the next two or three or four years, probably as much as four or five years, an increase in the amount of dollars that we will have to be allocating especially into the teachers' pension plan. Actuarial studies are indicating that we may have to have an expenditure into, you know, 250, 275 million. Again those are numbers that are not . . . I'm not giving you an accurate number because we don't know what that number will be.

That is of concern of course because we're going to have to use General Revenue Fund money that currently is being used elsewhere or we're going to have to use new general fund money because of a growing revenue we hope to be able to ensure that that statutory obligation is met. So that is a concern. We will see after about five years that we're going to start to see a drop-off in the amount of dollars that will be required to continue to ensure that our annual obligations are met, and then we'll start to see a decrease in the liabilities of the pension plans.

**Mr. Wotherspoon:** — Thank you, Minister. In the world of Saskatchewan labour-sponsored, tax-credited funds, Mr. Minister, my question would be if there is any changes you're looking to bring as far as increasing personal limits. I believe right now 5,000 is the personal limit, and it's certainly been outstripped for some time by inflation.

**Hon. Mr. Krawetz:** — The current pension plans, the regulations that are in place, the \$5,000 limit has allowed two pension plans to . . . or two investment plans to develop. It's a pretty sound program in the province of Saskatchewan. So currently government has no desire to do any changes, I think is the question that you've asked.

**Mr. Wotherspoon:** — Would the minister see some benefit to increasing those limits? Certainly that's occurred in other jurisdictions. And 5,000 has been the amount for quite a few years, and if you put that in perspective of what's happened in inflation over that same period of time, 5,000 just isn't what it was, you know, a decade ago.

**Hon. Mr. Krawetz:** — The \$5,000 limit has, as you've indicated, has been an amount that's sort of an universal limit that people can afford, that limit has been there. There hasn't been, in my meetings with many different groups and associations, there hasn't been an interest in raising that with me. Of course if there are concerns that people feel need to be addressed because we're no longer keeping up with the times, we'd be open to doing an assessment and seeing whether or not those kinds of changes would have value.

**Mr. Wotherspoon:** — I think these funds, with good regulation and strong management, can provide a nice economic tool to providing capital back into projects here in our own province. So it's an interesting piece to watch, and I'm just wondering to see if that was, wondering if that was on your radar and certainly I think it's something we should be considering to look at.

I guess my other question is just there would be two pieces there. The other portion would be the fundraising caps that those funds have specifically — how much they can capitalize and fundraise in a given year. Has there been any movement on that in this year? Have those funds been fully subscribed, over-subscribed, and has there been request to increase those fundraising caps?

**The Chair:** — I'd remind the members that at 9:30 we have to recess and move into the other committee so they can have their full time. Thank you.

**Hon. Mr. Krawetz:** — I'll make my comments short then, Mr.

Chair. First of all, you know, your comment about the investment plans that we currently have in place, I mean we also see an investment expertise that we have acquired here in the province because of those two plans. So you know, I mean, we need to continue to monitor that to see whether or not changes need to be made.

But in relationship to the other question that you've asked, last, I think, two years ago there were some changes that were made to the limits. This year we have not contemplated making any changes.

**Mr. Wotherspoon:** — Well we still have a little bit of time to . . . [inaudible interjection] . . . Okay. So I'm hearing from the Chair that we need to likely conclude at this point in time. Can I have one last question, Mr. Chair?

**The Chair:** — A quick one.

**Mr. Wotherspoon:** — Long-term care facilities, the 13 that were committed to that are in various stages of receiving funds, can the minister enlighten us as to which projects have received funds and which ones remain deferrals? And I believe it was stated the other night by the Health minister that he would categorize these as unfunded liabilities because the commitment's that solid. I'm wondering if the Finance minister sees that in the same light?

**Hon. Mr. Krawetz:** — Mr. Chair, because again this is quarter three, this is quarter three information, I know that we provided a very significant amount of money. I think it was in the area of \$47 million. There were various dollars provided, some very small amounts because the certain LTCs [long-term care] are at the very beginning stages.

But we'll provide you and I will undertake to provide a complete list of the expenditures that were granted at Q3 for each of the LTCs, and that will show you the full amounts as to whether or not . . . I believe, I believe if not all, most have received some dollars. Some have received in terms of the latter construction stages. They've almost received all of their dollars. But we'll provide that for you.

**Mr. Wotherspoon:** — Thank you very much. Just to make sure that information comes in a context that we can make useful, if you can provide the projects, the 13, the costs that are associated with those projects and then the transfers that have occurred to date, so we know the outstanding dollars that are required for each project.

And at that I'd simply like to say thank you to the minister for taking questions here this evening but to the many ministry officials that joined us here this evening and assisted us in our work. So thank you very much.

**Hon. Mr. Krawetz:** — Thank you, Mr. Chair, to my officials for being with me this evening, and thank you to the committee members for their questions.

**The Chair:** — Thanks everyone very much. And we will now recess until 9:30 and the other group has moved in.

[The committee recessed for a period of time.]

[21:30]

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

**Subvote (OP01)**

**The Chair:** — Okay. The time now being 9:30, we would call this meeting to order. Next on the agenda is consideration of Office of the Provincial Secretary, vote 80, page 123, the main Estimates book. We will begin the discussion with central management and services subvote (OP01). Minister Harpauer is here with her officials. Madam Minister, would you do your introductions and if you have any opening statement.

**Hon. Ms. Harpauer:** — Thank you, Mr. Chair, and good evening to committee members. I'm joined tonight by, to my immediate left, Van Isman, the deputy provincial secretary. Behind me I have Linda Spence, the acting chief of protocol. Also behind me is Charles-Henri Warren, the executive director of francophone affairs branch. And farther to my left is Marj Abel, the director of financial planning. And behind me I have Karlene McMillan, acting director of financial services.

So I'm pleased to have this opportunity to provide this committee with a brief overview of the Office of the Provincial Secretary and the related details in the 2011-12 budget. The Office of the Provincial Secretary operates in an environment based on relationships with governments, organizations, and communities. These relationships provide opportunities to honour our history, celebrate our achievements, and promote the diversity, character, and growth of our province. The 2011-12 budget enables a number of important initiatives and allows us to continue to fulfill our mandate to promote Saskatchewan's interest and commemorate our collective heritage by recognizing the contributions of our citizens and celebrating our diversity.

The budget of just under 3.58 million for the Office of the Provincial Secretary includes an overall increase of 221,000. The increase will allow for a number of new initiatives as well as provide funding to enhance existing programs.

One hundred thousand has been allocated for the Clayton Gerein Legacy Fund. The establishment of this fund is part of a multi-ministry initiative in response to a funding request by the Rick Hansen Foundation disability, innovation, and inclusion initiative. The Office of the Provincial Secretary is proud to provide 100,000 a year over the next five fiscal years for this initiative. Clayton Gerein passed away in January of 2010. He represented Saskatchewan for nearly 30 years on the international stage in seven paraplegic games from 1984 to 2008. He inspired a whole generation of people with disabilities to lead active, healthy lifestyles.

This fund will introduce and support the involvement of individuals with physical disabilities in wheelchair sports and other recreational opportunities. It will not only serve as a memorial to Mr. Gerein but will also continue to spread his message of active living and improved quality of life for all.

As you know, the protocol office is responsible for the honours

and awards program, symbols, and the Legislative Building art collection, as well as for official visits, events and ceremonial functions. The 2011-12 budget allows for an additional 160,000 for the coordination of one-time and state ceremonial events. These events include ceremonies to celebrate our Olympians, state funerals, visits from the Governor General, royal visits, and formal and celebratory events.

In 2011-12, this will include preparations for the upcoming Diamond Jubilee celebrations, the Year of India in Canada events, farewell and installation ceremonies for the current and incoming Lieutenant Governor, and possibly a visit from the new Governor General.

The protocol office also provides logistical supports for official visits to Saskatchewan, including those made by diplomats accredited to Canada, members of the consul corps, heads of state and government from other countries, including delegations involving people of ministerial rank or higher. International relations are a vital cornerstone of Saskatchewan's outward-oriented economy and the Office of the Provincial Secretary continues to play a role in developing and nurturing relations with valued trading partners.

There has also been an increase in funding to support the growth of our Francophone community. In Canada and Saskatchewan, there is a growing support for bilingualism. The vitality, innovation, and character of the Fransaskois provide the unique opportunity to attract bilingual and French-speaking people from other parts of the country and the world and support the growth of our province.

The 2011-12 budget provides 100,000 for the creation of a Francophone community infrastructure fund. This funding will be used for a new, ongoing program that will provide assistance for capital projects that support the vitality of Francophone communities. We will consult with the Francophone stakeholders to determine the criteria that will be used to guide funding decisions as the program is developed.

The francophone affairs branch has also been allocated additional funding for the Terroir Centre, a community-driven, rural development initiative. The centre will support the development and the marketing of niche agri-food products in that region such as free-run, organic chicken or bison. It will provide value-added opportunities for producers, support the local economy, and strengthen pride in the local culture. An additional 25,000 will be provided by the Office of the Provincial Secretary for the Terroir Centre project conditional on equivalent federal funding.

In the summer of 2011, Saskatchewan will host the 2011 Conference of the l'Assemblée Régionale Amérique, which is the American chapter of the Assembly of French-Speaking Parliamentarians. The Assembly of the French-Speaking Parliamentarians is composed of parliamentarians who have in common the usage of the French language and who are motivated by a common will to promote understanding and co-operation between Fransaskois or francophone communities. They work to develop linkages and networking beyond racial, cultural, and religious differences to promote French language. Ten thousand has been provided to support this event.

The remainder of the additional funds for the ministry will cover increases in the ministry's overall operating costs and salaries. This budget will allow the Office of the Provincial Secretary to meet the goals outlined in the ministerial plan fulfilling their mission to share our culture, linguistic, and governance values with the people of Saskatchewan and the world and showcase Saskatchewan as a province that has much to offer. So with that, Mr. Chair, I would be very pleased to answer any questions.

**The Chair:** — Thank you, Madam Minister. And if there are any questions? Mr. McCall.

**Mr. McCall:** — Thank you very much, Mr. Chair. Madame Ministre and officials, welcome. Bienvenue. I guess the first question I'd start with and certainly the . . . We're very interested to see the announcement around the creation of the Clayton Gerein Fund and certainly it would appear to be a very worthwhile initiative. Have there been activities such as this funded out of the Provincial Secretary's estimates in past?

**Hon. Ms. Harpauer:** — Not to my knowledge. This is a relatively new initiative. Although the Provincial Secretary office has undergone specific initiatives in the past such as the Terroir Centre, this is another sort of specific initiative that it has undertaken.

**Mr. McCall:** — But in terms of the, I guess again we think the Clayton . . . On behalf of the opposition, the Clayton Gerein initiative is a fitting tribute to a Saskatchewan citizen that did a lot for the province, but it was with a bit of surprise to see that the Office of the Provincial Secretary was contributing \$100,000 a year for the years forward. Could you describe for the committee a bit of the decision-making process that saw Provincial Secretary as one of the contributors out of executive government for that initiative?

**Hon. Ms. Harpauer:** — There was a number of ministers that had had discussions on what we could do that would profile the province. Obviously because the Rick Hansen Foundation is known Canada-wide — and I know that those discussions were began when I was in my previous portfolio of minister of Social Services — so at that time, the then minister of the Provincial Secretary felt that it was a profile piece for the province because it ties in with the medals and awards. It also is something that the Rick Hansen Foundation have been lobbying us for and would be sort of championing Saskatchewan's initiative across our country as he makes his travels.

So it was rather a joint decision then between the Ministry of Social Services, the Ministry of Parks, Sport — I'm sorry, that name's going to elude me as to the entire name of that ministry — and the Provincial Secretary. In essence we sort of said we could do a joint initiative with the least amount coming out of the Office of the Provincial Secretary.

**Mr. McCall:** — Okay. Are there any other initiatives similar to this that the Office of the Provincial Secretary is anticipating for the years to come?

**Hon. Ms. Harpauer:** — Not for the upcoming year. We are looking at specific events in the upcoming year which we have accounted for in our budget, but not a specific initiative such as

the fund that we were just talking about.

**Mr. McCall:** — Okay. Thank you, Madam Minister. Moving through the specific allocations, and I refer to page 124 of the Estimates, starting out under central management and services, just to get a precise idea of the expenditures and the reasons for up, down, status quo in terms of the amounts. Under central management and services, starting with executive management, that's seen the amount nearly doubled there. Could the minister explain for the committee what's entailed in the executive management expenditure and the rationale behind its near doubling?

**Hon. Ms. Harpauer:** — Absolutely. Specific to page 124, under central management you see an increase of 114,000 to 217,000, which I believe is what you're referencing; 100,000 of that increase is the Clayton Gerein legacy fund and the other 3,000 increase in that line is for salary increases.

**Mr. McCall:** — Central services is holding the course. I guess that is fairly self-explanatory, as are accommodation services. Moving into Provincial Secretary and the allocations between the different branches of the office. Lieutenant Governor's office, again, under that heading, certainly there would be a greater amount of work in terms of the Queen's Jubilee coming forward. But if you could break down for us what is entailed in the expenditure for the Lieutenant Governor's office?

**Hon. Ms. Harpauer:** — So the Lieutenant Governor's office is the salary and operating for the Lieutenant Governor. The Queen's Jubilee does not fall under that line item. It would be instead under the protocol office line item. So the line item of the Lieutenant Governor's office is just that — that is the Lieutenant Governor, his staff, and his operating costs.

**Mr. McCall:** — How many FTEs [full-time equivalent] are entailed in that expenditure, Madam Minister?

**Hon. Ms. Harpauer:** — Five.

**Mr. McCall:** — Five FTEs. And again, if you could, for the committee just outline what those FTEs, what their duties would be, what the positions are, what their duties would be.

**Hon. Ms. Harpauer:** — Heather Salloum who is the director of the Office of the Lieutenant Governor and the private secretary to the Lieutenant Governor. We have Christopher Dove who is the hospitality coordinator and steward. We have Patricia Langston who is the itinerary coordinator and office manager. We have Peg St. Godard who is the congratulatory message coordinator and receptionist, and we have Carolyn Speirs who is the researcher/writer/communications officer.

**Mr. McCall:** — Thank you, Madam Minister. Moving into the protocol office, again an increase in expenditure of just under \$200,000. If the minister could outline for us what the reason was for that increase in expenditure for starters?

**Hon. Ms. Harpauer:** — Yes. The protocol office change in expenditure, so there's one decrease. So if we work through the math, there's 150,000 increase for one-time celebratory events and conferences in anticipation of the events that I described in my opening remarks. We are pretty sure we're going to have the

event for our Lieutenant Governor leaving, an event for the new Lieutenant Governor. We are pretty sure we're going to have a visit from the new Governor General, and there's going to be some preliminary work done for the Queen's Jubilee. There's \$10,000 to support increased state ceremonial events. There is a \$7,000 decrease which is related to moving the art collection in Moose Jaw to the Ministry of Tourism, Parks, Culture and Sport. And there is an \$11,000 increase for mandated salary increases.

[21:45]

**Mr. McCall:** — In the protocol office, what of the 1.2 million estimated, how much of that is specifically for events?

**Hon. Ms. Harpauer:** — We're estimating 501,000 for salaries, so the remaining 724 is for operating. Much of the operating will be events. It's difficult to give exact numbers because of the cost of events and what events actually get scheduled. I know we had some pressures in our last budget with a state funeral, which of course you can't anticipate. So specific event-for-event going forward, we can't give you specific numbers. We just have a budget that we can use. We can only go to the last year and say what those events cost.

**Mr. McCall:** — In the changeover from various of state functions previously being handled by the intergovernmental affairs to the protocol office playing a greater role, how is that transition progressing?

**Hon. Ms. Harpauer:** — There won't be . . . It's progressed fine. The two offices still work very closely, jointly, not necessarily for specific events but definitely for any other officials that, or ministers, including the Premier, who is going on trips out of country. Both protocol and intergovernmental affairs work together on the preliminary work and with accompaniment if necessary on those trips. They also work together for dignitaries coming here in the coordination of schedules and what the different interest areas of dignitaries.

I don't think the intergovernmental affairs are specifically involved with an event such as the Lieutenant Governor's leaving or a new one being instated, but I could be mistaken. No, they're not involved in those type of events.

**Mr. McCall:** — Last year there was quite an interesting list of travel that had taken place under the aegis of the protocol office. Could the minister describe for us what travel has been undertaken over the year past and what's been anticipated for the year to come.

**Hon. Ms. Harpauer:** — In February-March there was a meeting regarding the relocation of the Ministerial Conference on the Canadian Francophonie office to New Brunswick. That was held in Fredericton, New Brunswick. In April 2nd to 4th, there was . . . Oh, that's an event. Sorry. Oh, in April 2nd to 4th for the funeral of Chief Justice Bayda, the deputy minister at that time had a trip from Regina to Winnipeg. In April 6th to 11th, there was a trip to Montreal. It was the consular corps outreach presentation that was made by the minister at that time. And the protocol officer, in April 10th to the 20th, there was a preliminary planning trip for the Premier's mission to Asia, so that involved the protocol officer going to Montreal,

Beijing, Tokyo, and Shanghai.

In May 2nd to 17th, for the National Federal Terminology Council was held in Ottawa. May 9th to 11th, there was meeting with Citizenship and Immigration Canada, meeting with the federal officials for the Troupe du Jour funding, and that was held in Ottawa. In May 11th and 12th was the Premier's mission to Asia. So that was a trip from Vancouver, Beijing, Shanghai, and Tokyo.

June 4th and 10th, for the India outreach, the deputy minister at that time made a trip to India. June 16th to 19th, the deputy minister . . . Sorry, we'll omit that because the trip was cancelled. June 21st to 24th, the minister at that time and the deputy minister and some officials went to the Ministers' Council on Francophonie Affairs at Yellowknife.

In August 16th was the International Day of the Canada-Ukraine advisory committee at Ottawa. On August 20th was the cadet senior leaders course at Cold Lake.

September 12th to 14th was the presentation to the consular corps in Vancouver and another in Calgary. September 25th to October 3rd was the Saskatchewan Ukrainian relations advisory committee trip to the Ukraine.

And October 6th to 8th was a bilateral meeting with the Francophonie Summit which our Francophonie director went to. That was held in . . . No, the protocol officer went to that. That was in Ottawa. On October 18th to the 25th, we had Charles-Henri Warren went to Switzerland for the Francophonie Affairs Summit.

On November 2nd to 3rd, an official went to Ottawa, and 50 per cent of that travel cost was paid for to represent Saskatchewan to participate in a working session on the topic of Francophonie economic development in Canada. And November 3rd and 5th was the Saskatchewan Ukraine relations advisory committee meeting in Edmonton. November 20th to the 21st was the enthronement of the metropolitan of the Ukraine Orthodox Church of Canada in Winnipeg. November 22nd to 24th was the Saskatchewan Order of Merit dinner in Toronto. And in December 5th to 12th was the chief of protocol conference in Ottawa. February 18th to the 28th was the Premier's mission to London, yes.

**Mr. McCall:** — Thank you for the travel log, Minister. I'll not ask you what you did on your summer vacation.

**Hon. Ms. Harpauer:** — I went to one, but I wasn't . . . It was all officials.

**Mr. McCall:** — Thank you, Madam Minister. In terms of the expenditure for various flights, hotels, is there, do you have a dollar figure attached to the travel?

**Hon. Ms. Harpauer:** — The total for all of that travel was 108,980.

**Mr. McCall:** — Okay. Now in terms of the year to come, are you anticipating a similar expenditure, a similar sort of itinerary?

**Hon. Ms. Harpauer:** — We have a Francophonie conference in June that tentatively I will go on along with Charles-Henri Warren. I'm not sure if there'll be any other officials on that trip or not. We also have just had very preliminary discussions because the one trip that I was on was the luncheon that we hosted for the diplomatic corps in Vancouver and Calgary. And we've had initial discussions on whether to do a similar luncheon where we promote our province to the diplomatic corps in our eastern provinces.

**Mr. McCall:** — Okay. I guess one of the more notable sort of destinations last year was the trip to New York City to liaise with the High Commissioner of the Solomon Islands. Does the minister have any updates for us on the Solomon Islands endeavours of the protocol office?

**Hon. Ms. Harpauer:** — Yes, I do. The reason for the trip last year, which wasn't to the Solomon Islands, the deputy minister at that time made a trip to New York because that was where he needed to go to find out what needed to be done for protocol and for security should a dignitary come from the Solomon Islands, and he did indeed come and I met with him on March the 1st.

**Mr. McCall:** — Thank you, Madam Minister. So what has come of that initiative? Do we have a trade agreement with Solomon Islands or what tangible benefits have derived from that?

**Hon. Ms. Harpauer:** — His interest was largely on education, and so there was a number of meetings that were arranged for him both with the post-secondary education minister and his officials as well as with post-secondary education institutions. I don't have a follow-up in my office of what is happening in the post-secondary ministry as a follow-up. I know that was one particular interest he had, both in perhaps the Solomon Islands accessing some of the skills and the courses that we have available here, as well as the potential of students coming from the Solomon Islands to Saskatchewan. So it was a two-way dialogue that he was interested in having. So the follow-up would best be taken with the Advanced Education minister.

**Mr. McCall:** — But suffice it to say that the protocol aspect of it went off well?

**Hon. Ms. Harpauer:** — Very well. He was a very gracious ambassador and a joy to meet.

**Mr. McCall:** — Thank you, Madam Minister. Moving along in the protocol office, again if you could for the committee and for further clarification, if you could just recap the main events planned under protocol for the year to come. I know you had touched on some of that in your opening remarks, but just for the sake of clarity if you could recap the events and the dollar figures attached to them as possible.

**Hon. Ms. Harpauer:** — Again, we won't have specific dollar figures attached until the events are being planned. We anticipate some events around the Year of India in Canada, and we're working with the cultural community on what those events will be. We are anticipating a visit from the new Governor General. We are waiting for a date, potential date that that may take place and then we'll plan accordingly. We will



have . . . We should have tentatively, and again we don't have a date or what we will plan around it, our existing Lieutenant Governor will have completed his term and we will have a potentially new Lieutenant Governor that will be . . . have an event for the new Lieutenant Governor. The Diamond Jubilee will be, preparation event, sort of preparation expenses that we anticipate because that will be a large event. But it won't actually take place till 2012.

So that's the ones that we're fairly sure we'll have, and of course you always have the unexpected.

**Mr. McCall:** — Okay. Again, is there with the Year of India in Canada for example, what's the dollar figure attached to those events?

**Hon. Ms. Harpauer:** — We're anticipating approximately 25,000.

[22:00]

**Mr. McCall:** — Okay.

**Hon. Ms. Harpauer:** — We're anticipating again another approximately 25,000 for the new Governor General visit. And all of this will be sort of approximate. For the Lieutenant Governor of Saskatchewan farewell, approximately 15,000, and the installation of the new Lieutenant Governor, possibly around another 25,000.

**Mr. McCall:** — Moving into francophone affairs, if you could explain for the committee the reduction in expenditure, I guess, off the top, Madam Minister.

**Hon. Ms. Harpauer:** — So we have to work from the reduction and then add on. There was a reduction of \$200,000 which was one-time funding last year that was given to the Troupe de Jour initiative. That is a theatre in Saskatoon. And by our ability to provide the 200,000, it then accessed considerably more federal funding. So it was a great initiative in Saskatoon. And I know that I was there for the opening along with some members from your party was there as well.

So if you take the 200,000 off and then add on the 25,000 that I mentioned for the Terroir Centre initiative; 10,000 for the l'Assemblée of French-Speaking Parliamentarians Conference; 100,000 for the new francophonie community infrastructure fund, that's establishing a new fund entirely; and then 11,000 for mandated salary increases.

**Mr. McCall:** — Okay. One of the things that's outlined in the yearly plan for the office, and which certainly applies in the case of francophone affairs, is the leveraging of federal dollars. What was the target for last year? What was achieved in that regard? And what is the target for this year? And what is the likelihood of achievement?

**Hon. Ms. Harpauer:** — The Troupe du Jour initiative of course was a one-time initiative. If you will just give me a moment, I'll find out how many federal dollars were included. For the Troupe du Jour initiative, it was approximately \$900,000 of federal funding. And we get approximately \$860,000 of federal contributions for the francophonie affairs

branch.

**Mr. McCall:** — So of the \$962,000, 860 of that — am I understanding that correctly? — 860,000 of those dollars come from the federal government in this year's estimates.

**Hon. Ms. Harpauer:** — Yes.

**Mr. McCall:** — Okay. I guess which programs federally do those dollars come from?

**Hon. Ms. Harpauer:** — The Department of Canadian Heritage.

**Mr. McCall:** — Of the \$962,000 identified for expenditure under francophone affairs, if the minister could break down for the committee what's entailed in that expenditure.

**Hon. Ms. Harpauer:** — Salary is 590,000, and the operating is 372.

**Mr. McCall:** — So in the operating, what's going into that?

**Hon. Ms. Harpauer:** — Okay. So there's the funding for the Terroir Centre initiative. The francophone branch also does a lot of interpretation for other ministries, translating different documents, legislation, etc., from English to French. And we also have the Bonjour website, which is the one-window access that is becoming more and more known and the usage has gone up, that francophone speaking people can access that will direct them and help guide them to other services that we have in our province.

**Mr. McCall:** — Okay. What's the FTE complement under francophone affairs?

**Hon. Ms. Harpauer:** — 8.2 FTEs.

**Mr. McCall:** — 8.2, and if you could describe how those FTEs are deployed, Madam Minister.

**Hon. Ms. Harpauer:** — So we have here tonight of course Charles-Henri Warren who is the executive director. We have a bilingual translation coordinator. We have an admin assistant. We have a bilingual translator; we have three translators — sorry — a deputy director of policy and services, a program consultant, and an interactive comm service officer, communications officer.

**Mr. McCall:** — Could the minister describe for the committee the main objectives for the francophone affairs branch for the year to come?

**Hon. Ms. Harpauer:** — They're twofold, both in assisting what I call our historical francophone communities in accessing services, but also becoming more and more important as many of our immigrants coming to our province are also French-speaking immigrants. So they offer those services so that is one of their mandates.

We also feel that the branch is important in helping to coordinate events to promote the French culture and language that will be in part of working with a stakeholder group in seeing how we can promote the language and the culture. We

also have a francophonie advisory committee that the officials meet with on a regular basis if they have recommendations of how we can strengthen either services or promotion. Those recommendations are taken seriously and followed up on. And so it's both the promotion and the service to help assist French-speaking individuals and communities to access services.

And now we'll have this new fund that we're announcing this year for infrastructure initiatives that hopefully will also trigger future federal dollars. And we will see what we can do and what the stakeholders will suggest of projects that will promote the culture, the language in different infrastructure initiatives.

**Mr. McCall:** — For, I guess, a general question in terms of the importance and impressive work of the advisory committee, does the minister have a tally or a scorecard that you might be able to provide to the committee in terms of recommendations that have been accomplished, recommendations that are being contemplated perhaps not accomplished, and recommendations that would be outstanding? Is there some indication the minister could provide for the committee?

**Hon. Ms. Harpauer:** — Overall recommendations made by the advisory committee have had a very positive impact on the implementation of the Saskatchewan French-language services policies. I've got a sheet of positive impacts and, you know, a couple of areas we're working on. Now I could read it into the record if you like or I could just give it to you, whichever you prefer.

**Mr. McCall:** — Time being as precious as it is, Madam Minister, if you could provide it to the committee, that would be perfectly acceptable.

**Hon. Ms. Harpauer:** — Okay, that's what we'll do. The committee has actually had a few reports. Some are specific to different ministries, so then the ministries address the issues that they have identified specific. Some are broader. And so this is a summary. But I'm more than willing, if you have questions from the summary that I provide for you and you let me know, I will provide whatever material that you would like from the advisory committee.

**Mr. McCall:** — Okay. I guess my dominant question out of the work of the advisory committee is the ongoing rollout of the French-language service program. So I guess if the minister could describe for the committee the state of that rollout and what the game plan is for the year to come.

**Hon. Ms. Harpauer:** — If you don't mind, I'm going to have Charles join us. Something that specific I wouldn't be able to answer.

**Mr. Warren:** — Sorry, just to make sure I understand the question well. So you mean the rollout of the French-language services policy?

**Mr. McCall:** — Yes.

**Mr. Warren:** — Okay. Basically that's the next point of work for the committee, will be to look at the policy because basically the policy provided that, at some point, it'd be a

review so that would be the time that the committee will be doing this, starting this spring.

**Mr. McCall:** — But in terms of the main initiatives that have taken place to date — and certainly you'll have a finer understanding of work that's been undertaken, accomplishments made, and what remains outstanding — I guess if you could, if you could describe that for the committee.

**Mr. Warren:** — In terms of accomplishment, I guess a few of the examples I could provide . . . And let me preface by saying the committee's approach has basically been to try to find win-win situation where between, you know, what they hear from the francophone community and what they hear from ministries.

So in terms of a couple examples, one of the recommendation was that the Public Service Commission do a survey of language capacity in the public service to have a better sense of who would be capable of providing services. So the PSC [Public Service Commission] did that survey. And now we're in the process of contacting these people and see, okay, you know, if we get calls from francophone citizens to the French-language services centre, would you be able to provide assistance?

And so it's an example of where the committee was able to make a recommendation that will ultimately allow us to offer better services with existing resources.

**Mr. McCall:** — I guess in terms of . . . again, not that I'm completely fixated on federal dollars. But the response that this whole federal agency providing funds is Canadian Heritage, there's for something like the French-language service centre, if you could describe how that is funded. What's the mix between federal and provincial funding, and if that is solely out of Canadian Heritage, in terms of federal dollars represented?

**Mr. Warren:** — Basically the current funding is the federal government has put \$100,000 a year. The province is putting 150 a year. And the funding is coming through Canadian Heritage, basically through as an annex to our French language . . . well the Canada-Saskatchewan francophone agreement.

[22:15]

**Mr. McCall:** — In terms of the francophone affairs branch, are there acting positions right now in terms of the staff complement involved or is it . . . There has been some turnover in the branch. Is the staff in place now and ready to take the plan forward, or there's still a number of acting positions? What's the status of the staffing situation there?

**Hon. Ms. Harpauer:** — So Charles-Henri is relatively new. He started with us in September of 2010, and we're hoping he's staying. The former executive director took a job in New Brunswick where his wife's family were from. The deputy director of policy and services is acting. The person that was in that position took a year leave, and we have one translator position is vacant right now and the policy analyst program consultant is vacant, but they're actively seeking someone for that position right now.

**Mr. McCall:** — Okay. I guess telescoping that question a bit backwards. What's the status for the other sectors within the office, sectors within the office. You're right to narrow your eyebrows there, Madam Minister. In terms of the protocol office, are all those positions filled with permanent staff? How many are acting? What's the situation there, Minister.

**Hon. Ms. Harpauer:** — Linda Spence is acting as the chief of protocol right now, and we are trying to fill that position.

**Mr. McCall:** — There are no other acting positions within protocol?

**Hon. Ms. Harpauer:** — No.

**Mr. McCall:** — Okay.

**Hon. Ms. Harpauer:** — A few vacancies right now. The junior protocol officer position is vacant because Linda, that's where she was prior to becoming the acting chief of protocol. And there is another junior protocol officer position vacant right now.

**Mr. McCall:** — Okay. And are those positions . . . What's the process that goes into the filling of those positions, Madam Minister.

**Hon. Ms. Harpauer:** — Now we're in the process of filling the chief of protocol officer position, and I will get the deputy minister to describe the process that we are undertaking.

**Mr. Isman:** — We did a fairly extensive recruitment, advertising nationally through a number of different media channels as well as through the Public Service website. And that was earlier this year. We had a number of applicants come in. There was not anyone from that list of applicants. There was actually one that was quite promising, but did not pan out.

And so subsequently we've broadened our approach and gone out broadly to the protocol community throughout the country in terms of soliciting interest in the position.

**Mr. McCall:** — When did the chief of protocol position become open?

**Hon. Ms. Harpauer:** — January 31st.

**Mr. McCall:** — January 31st. What was the reason for that?

**Hon. Ms. Harpauer:** — [Inaudible] . . . employment in Enterprise.

**Mr. McCall:** — That sounds very enterprising. Okay. Are there any severances outstanding or, in terms of termination, outstanding for protocol or francophone affairs? Nothing outstanding in terms of the office?

**Hon. Ms. Harpauer:** — No.

**Mr. McCall:** — Okay. Thank you. Continuing on with the francophone affairs branch, the infrastructure program, if the minister could describe for the committee what this means. Will Montmartre be getting a second Eiffel Tower? What is

anticipated there?

**Hon. Ms. Harpauer:** — I've had the initial conversation with the president of ACF, L'Assemblée communautaire fransaskoise, and asked him to come forward with some proposals that will be unique to the culture or language. And so that organization is going to do so, and we will take a look.

And we're also going to then look and see if any of the proposals that they come forward with will align with possibly more federal dollars that we can . . . You know, what do they, what programs will they have that potentially could leverage some more money from the federal government. So that is the initial task. So they haven't come forward with proposals at this point.

Just in the meeting, they brought up ideas of some communities already have cultural museums that perhaps could use some infrastructure money just in repairs and upkeep and whatnot. They had also mentioned the potential of a radio broadcast, which was a unique suggestion.

So we haven't identified anything specific at this point, and it will be totally in consultation and suggestion of the stakeholders.

**Mr. McCall:** — Okay. The minister references federal programs. What federal programs would those be?

**Hon. Ms. Harpauer:** — I have no clue. So you know, this is to start to explore that possibility of whether or not there is other areas where there would be federal dollars available.

**Mr. McCall:** — Okay. And again, what was the dollar figure attached notionally to that in the budget, for the office?

**Hon. Ms. Harpauer:** — 100,000.

**Mr. McCall:** — Okay. And again, is there a set target in terms of federal dollars hoped to be leveraged along with that?

**Hon. Ms. Harpauer:** — Well we would love if it was the same type of leverage ratio as the Troupe du Jour, but I'm not counting on it being that great of a leverage. So no, we have not set a target.

**Mr. McCall:** — Thank you, Madam Minister. The Terroir project, again if the minister could just describe for the committee what's entailed there?

**Hon. Ms. Harpauer:** — The Terroir initiative is a community-driven rural development initiative led by the Assemblée communautaire fransaskoise in the Batoche area. The creation of the Terroir Centre would support local communities in developing strategies to support agri-tourism and value-added production while developing new markets for their products. It is modelled, UNESCO [United Nations Educational, Scientific and Cultural Organization] defines terroir as a specific geographic area where a human community has developed over its history an ensemble of distinctive cultural traits of know-how and practice. This know-how reveals originality and an authenticity which creates a recognition of the products and services as cultural heritage

items originating from that area and from the people who live there.

My understanding is that there are similar development initiatives in France and Quebec, and this community group are modelling it after the Quebec model. In Quebec it's been very successful in developing new products, creating jobs, and reinvigorating communities so that the Terroir Centre initiative would meet growing consumer demands for niche local agri-food products and kind of create its own brand, if you may, promoting that area and the uniqueness in a niche market.

**Mr. McCall:** — Again, what are the dollar figures attached to the project?

**Hon. Ms. Harpauer:** — We've dedicated 25,000 for the project, and we will dedicate an additional 25,000 on the stipulation that they also get that matching amount from the federal government.

**Mr. McCall:** — And those federal dollars would be out of Canada, Canadian Heritage? Where would they be coming from?

**Hon. Ms. Harpauer:** — That would be out of Western Diversification.

**Mr. McCall:** — Okay. In terms of the impact around agriculture, economic development, is there any contribution identified from other line ministries of the provincial government?

**Hon. Ms. Harpauer:** — At this point, it's only coming from our ministry, but I know there has been conversations with the Minister of Agriculture. That's just been conversations at this point.

**Mr. McCall:** — And certainly nothing included in this year's budget?

**Hon. Ms. Harpauer:** — No.

**Mr. McCall:** — Okay. In terms of the involvement or the work that the francophone affairs bureau would do in concert with the immigration branch of Advanced Education and Employment, is there any sort of activity that the francophone affairs branch undertakes in that regard?

**Mr. Warren:** — So just to give you an example, one of the last reports that came out from the advisory committee on francophone affairs was on the topic of immigration back in December. So part of the work we're doing is following up with Immigration in terms of what their response to the recommendations is going to be.

There's already been some progress we've seen. For instance one of the recommendations was to have the province engage more, in a more thoughtful manner with Mauritius as a source country for immigration. And I believe it was last month that there was an ACF delegation, you know, with some funding from the province that went to Mauritius on a recruitment mission. So that would be, you know, some kind of an activity that in this case was mostly on the immigration side. But our

office is involved in terms of supporting the links between that ministry and the francophone community.

**Mr. McCall:** — So to be clear, the role that the francophone affairs branch would play is one of facilitation. But in terms of funding for the delegation, that would come out of immigration? Okay.

I guess one last question while I have you. There's a lawsuit I believe that is outstanding in terms of French language education, in terms of French language education in the city of Regina and previous budgets. Is the Minister of Education . . . I know this crosses over a bit, but does the francophone affairs branch have any involvement in the work around that lawsuit?

**Hon. Ms. Harpauer:** — No. And very quick answer, because yes it does cross over to another ministry, but an agreement has been reached for the Robert Usher school. So when the Education estimates come up, I'm sure you're going to be interested in following up further on that agreement. But there's been a mediation process in place that has worked well so far, and we are dedicating dollars to renovate the Robert Usher school to accommodate the French students.

**Mr. McCall:** — Merci, Madame Ministre.

**The Chair:** — Thank you ladies and gentlemen. If there are no other further comments, I'd like to thank the minister and her staff for being here. And being the time 10:30, we now are adjourned. Thank you.

[The committee adjourned at 22:30.]