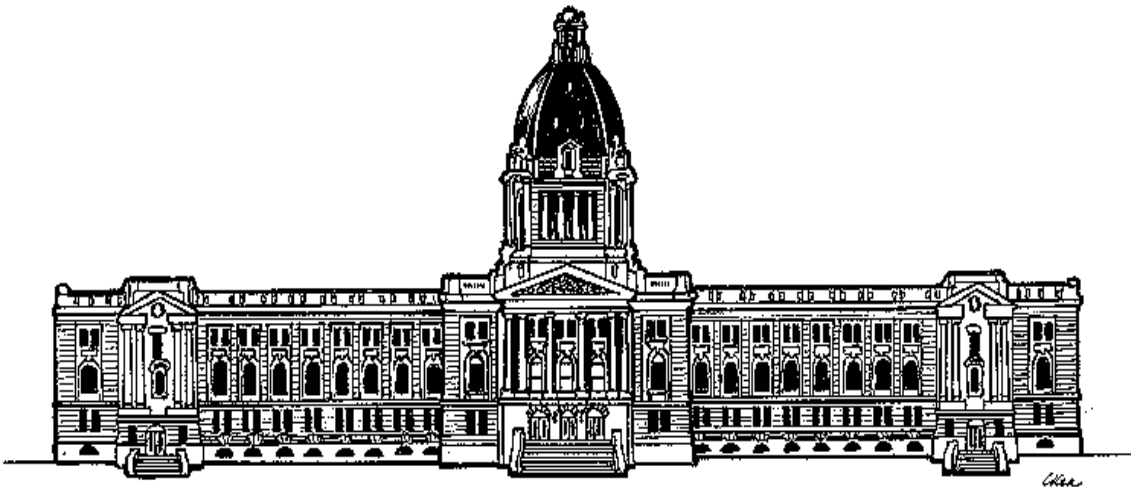




STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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STANDING COMMITTEE ON CROWN AND CENTRAL AGENCIES

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[The committee met at 18:58.]

The Chair: — I want to welcome everybody to the meeting of Crown and Central Agencies tonight. The time being 6:58, very close to 7 o'clock, we will start. I see there are no substitutions, and we also have six documents to table today to the members. I've provided a list to members of the documents that are to be tabled. If the members agree with tonight's agenda, we can proceed.

Tonight's agenda includes consideration of estimates for the Ministry of Finance, estimates and supplementary estimates including vote 18, Finance; vote 12, Finance - debt servicing; vote 82, Growth and Financial Security Fund; vote 151, Municipal Financing Corporation of Saskatchewan; vote 175, debt redemption; vote 176, sinking funds payments, government share; vote 177, interest on gross debt - Crown enterprise share; vote 195, changes in advances to revolving funds.

**General Revenue Fund
Finance
Vote 18**

Subvote (FI01)

The Chair: — With that I will introduce the minister. We will begin with vote 18, Finance, central management and services, subvote (FI01). Tonight with us we have Minister Krawetz and his officials. I would ask the minister to introduce his officials and, if you like, provide a quick opening statement. And also the first time an official comes to the mike, if he wants to introduce themselves just for Hansard, then from thereon in they're good. Mr. Krawetz.

Hon. Mr. Krawetz: — Thank you very much, Mr. Chair, and good evening to committee members on both sides of the House. I want to thank you for your comments regarding the number of estimates of course that are coming before this committee. It's not just the estimates for Finance, but it's a number of other responsibilities, and all of those of course are statutory. So the vote that will be taking place is on Finance.

I do want to introduce the officials that are with me, Mr. Chair. Of course seated on my left is Clare Isman who is the deputy minister. On my right is Denise Macza, assistant deputy minister of treasury board branch. We see a lot of Denise at treasury board. And to Clare's left is Arun Srinivas. Arun is the director of taxation policy.

And in no particular order, Mr. Chair, seated somewhere behind me is Rae Haverstock who is the assistant deputy minister of treasury and debt management. I think everybody knows Rae. Margaret Johannsson is the assistant deputy minister of revenue. Just acknowledge so that everybody knows who you are. Terry Paton is the Provincial Comptroller. Brian Smith is the assistant deputy minister responsible for the public employees' benefits agency. Joanne Brockman is the executive director of economic and fiscal policy. Louise Usick is the director of financial services and Dawn Popescul who is my chief of staff at the back.

Mr. Chair and committee members, we also have officials from the ministry here to observe and learn about the proceedings of the committee, and they are seated further back. Mr. Chair, the officials are here to help supply information to the members of the committee.

My opening remarks will be brief. As you know, the Ministry of Finance estimates, vote 18, are found beginning on page 69 of the Estimates book. As noted the 2013-14 expense budget is \$67.8 million. That is a decrease of \$380,000 or about point six of one per cent for the ministry's operations. When pensions and benefits are included, the budget grows to \$358.9 million which is an increase of 7.2 million or 2 per cent.

One of our highlights this year is the introduction of amendments to *The Saskatchewan Pension Plan Act*. The changes help provide an important new choice to help Saskatchewan people save for retirement. They also lay the foundation to allow the Saskatchewan Pension Plan board of trustees to apply to become a licensed pooled registered pension plan, or PRPP, provider in the province of Saskatchewan. A PRPP is voluntary, less complex, and less costly for employers. It allows the assets of employees from multiple employers to be pooled into large, cost-effective pension plans.

As you know, we are supporters of the PRPP option, and in Saskatchewan, Mr. Chair, only 47 per cent of workers have access to a workplace pension plan. The Saskatchewan Pension Plan has been described as the working model of a PRPP arrangement. During its 27-year history, the Saskatchewan Pension Plan has demonstrated its success at providing a simple, low-cost, and voluntary pension arrangement.

Mr. Chair, we are pleased to be part of the team, which also includes the Ministry of Justice, to bring forward an innovative retirement savings option for the people of this province. In addition I'd like to touch briefly on a few operational highlights from within the ministry.

One is our continued effort to provide easy ways for more Saskatchewan businesses to file and pay consumption tax returns electronically. This is for taxes like PST [provincial sales tax], liquor, tobacco, and fuel taxes. To achieve greater participation, Mr. Chair, the ministry will be releasing a new version of the Saskatchewan Electronic Tax Service, or SETS, in the first quarter of 2013-14. The ministry has introduced enhancements to SETS which include providing the ability for business tax payers to attach electronic files and allowing same-day corrections of submitted returns in the event taxpayers make errors on their original submission. SETS is available to taxpayers 24 hours a day, 7 days a week, making it more convenient to file returns and reducing the administrative effort of processing tax returns and payments at the ministry.

Also our ministry continues to work with ISC [Information Services Corporation], the Ministry of Economy, and Workers' Compensation Board on the business registrations Saskatchewan project or, as it's more well known, the business portal. Enhancements our ministry is pursuing to the portal in 2013-14 will make it easier, not only for new businesses but also for existing businesses to submit registrations, provide for electronic registration for additional tax types, and introduce

other transactions including business consent forms and business asset declarations. It's a way we can make things easier for both new and existing businesses in Saskatchewan as our province and our economy continues to grow.

In addition our ministry continues to undertake initiatives to streamline government so that taxpayer dollars are used effectively. For example we continue to see the benefits of efficiency throughout the government through the centralization of an accounts payable unit within the Ministry of Finance.

For '13-14, 2.7 million has been allocated to continue the operation of the centralized accounts payable unit to process all supplier invoices and employee travel expense claims from across executive government. That's a reduction of \$700,000 from the previous year due to a one-time expense for system development. 2013-14 will be the first full year of operation for the centralized unit, and it is expected the government will save approximately 1 million to \$1.4 million annually, beginning this year, by processing employee travel expenses and supplier invoices centrally.

Mr. Chair, those are just a few examples of the initiatives the Ministry of Finance is undertaking to help move Saskatchewan forward. I know there will be questions, so I will end my remarks there, Mr. Chair, and get right into the questions that I'm sure will come from the opposition.

The Chair: — Thank you, Minister. The floor is now open for questions. Mr. Wotherspoon.

Mr. Wotherspoon: — Thank you very much. Thank you, Minister, and thank you to all officials that are here tonight to provide answers and take your time to do so.

A question to the minister: if you could just touch base as it relates to the restatements schedule at the back of the budget and if you could work us through what those restatements mean for Finance, what changes occurred, and what the impacts were, page 169.

Hon. Mr. Krawetz: — Thank you, Mr. Wotherspoon, for that question. And as you've already indicated, the Finance restatement schedule appears on page 169 of the budget book. There are three sections of vote 18 that are restated. The first one is under central management and services, and this is the transfer of the communications responsibility of the communication office to Exec Council, centralization of that. So that's a \$30,000 movement of dollars to Exec Council.

In the second one, the Provincial Comptroller, as I mentioned in my remarks, we have centralized accounts payable from . . . I believe about 12 ministries were responsible for various forms of accounts payable, and we have centralized that. So this is various ministries that are now not responsible for accounts payable. The Provincial Comptroller's office will be. So you can see that. That's an inflow, if I could use that term, of 392,000.

And then in the last category, this is revenue. This is within our own division where now the accounts payable that used to be in one of our sections is now the responsibility of the comptroller's office, so 13,000 has been reallocated from within

our ministry to the comptroller's office.

Mr. Wotherspoon: — What was the justification for transferring the responsibility to Executive Council of the communications contract or the role?

Hon. Mr. Krawetz: — It's more of an IT [information technology] thing, Mr. Wotherspoon. Managing the Web and ensuring that the website is controlled in a concise and consistent way, that was felt to be better managed by Executive Council on behalf of all ministries.

Mr. Wotherspoon: — So was that a consistent approach then? Is that 30,000 then reflected in most ministries as it relates to what's been described as, I guess, communications of a technological nature?

Hon. Mr. Krawetz: — Thank you, Mr. Wotherspoon. Thirty thousand is probably a low because we didn't have a lot of communications expense. Some of the other ministries with many more communications people, that would have been a greater amount of dollars that would have been moved from one ministry to the other.

Mr. Wotherspoon: — And do you know the total of that consolidation or that transfer from ministries to executive government when you consolidate all of those dollars?

Hon. Mr. Krawetz: — Actually, Mr. Wotherspoon, if you look at the bottom of page 168, just the previous page under Exec Council, you'll see for communications office the restating for their ministry of course means that the transfer of responsibility from various ministries was 1.326 million. So that is the total amount.

Mr. Wotherspoon: — And is that 1.326 million, is that all communications of the same nature, online technological communication?

Hon. Mr. Krawetz: — It's the transfer of both the dollars and the FTEs [full-time equivalent]. You can see there, there's 10 involved as the number of FTEs. And that's the web management and the consolidation of both the dollars and the personnel.

Mr. Wotherspoon: — And all focused around sort of online communication. Is that the role of those 10 FTEs?

Hon. Mr. Krawetz: — My officials tell me that it is digital and yes, it would be that.

Mr. Wotherspoon: — Thank you. If we could just gain an understanding of the changes in your ministry as it relates to the full-time equivalents in the current year: where those changes are being made, why they're being made, what the impacts are on programs and services?

[19:15]

Hon. Mr. Krawetz: — Thank you for that question, Mr. Wotherspoon. As we have indicated, the number of FTEs will change by a net of 9.9, which really means for '13-14 we're actually reducing 11.9 first and then we're adding two. So I'll

go over the 11.9 reductions.

First of all, in the area of treasury and debt management division there will be a reduction of 1.2 FTEs there. And that's primarily due to the wind down of a bond program and some vacancy management that produces that 1.2 reduction.

In the Provincial Comptroller's division there's going to be a reduction of 1.3 FTEs, and that's all around the area of vacancy management that we currently can utilize.

In the budget analysis division there's going to be an additional point eight FTEs. First of all, the reduction is going to be 1.2, a vacancy management, but that is where we're adding the two. And we're adding the two primarily to deal with an area that we refer to often as PAR, P-A-R, and that's planning, accountability and reporting branch. They will obtain another two.

And for the revenue division we're going to have a reduction of 8.2 FTEs. There are two FTEs that will be eliminated because of the business portal, and then there will be five less for organizational design improvements, and 1.2 for vacancy management. So that's a total of 8.2 less.

So if you add up all those numbers you should have an 11.9 reduction and then a two addition. So net, we will be at 9.9 change in the negative, which means that for '12-13 we had an FTE of 329.3 and for '13-14 therefore we will be at 319.4.

Mr. Wotherspoon: — Thank you for that information. In the revenue division there's a reduction of 8.2. Five of those were suggested they were organizational redesign. Could the minister speak to what the changes are there and also how many FTEs were in the budget last year, within the ministry last year in that division?

Hon. Mr. Krawetz: — Thank you, Mr. Wotherspoon, for that question. I can tell you that the number in the '12-13 year was 152.1. So now with the reduction of 8.2, we will have 143.9 FTEs within the revenue division. Now as far as the technical thing about whether or not there is design improvements and how we work this, Margaret Johannsson can best answer that.

Ms. Johannsson: — Hello, I'm Margaret Johannsson. A few years ago we reorganized the division to organize our structure so that all audits are together, all operations are together, and we were able to consolidate functions. We now have auditors who audit not only PST but fuel and tobacco. As well we've been able to consolidate functions in operations. And so most of the changes this year are as a result of retirements so that we can make three positions into two and consolidate functions.

Mr. Wotherspoon: — What's happening this year with ministerial travel?

Hon. Mr. Krawetz: — Thank you, Mr. Wotherspoon. I anticipated that you might ask that question, so I brought a sheet of paper that will supply you some information of the last five years. And it, I think, shows that our government and our ministers, cabinets have been very, very conscious of ensuring that utilization of travel expense was done wisely.

And I'll start with the 2008-09 number. In '08-09 the total travel, and this is for both out of province and within province by cabinet ministers, was 819.6 thousand. So I'll just give you that as a rounded number, 819.6. In '09-10 it was 655.7; in '10-11 it was 599.0. In '11-12 it was 518.0. And to March 31st — and again these may not be exact because there are still some transfers that could be done during the month of April — that number is now at 459.6. Very, very close. It won't change very much.

So you can see that since '08-09, you know, we were in the 800's and then 600 or just about 700 and continued to decline. So for this last fiscal year, '12-13, we expect that the cost will be around \$460,000.

Mr. Wotherspoon: — Will there be any other travel of a minister that would be paid for by sort of another extension of government, an agency of government, Crown corporations, another budget line that's not captured here?

Hon. Mr. Krawetz: — To our knowledge, Mr. Wotherspoon, all travel is paid out of the numbers that I gave you for each of the years, including this last year.

Mr. Wotherspoon: — And as far as the reductions in full-time equivalents, are any of those roles or capacities that were being delivered through, in part through those full-time equivalents now being contracted by way of additional contract or extension of a contract?

Hon. Mr. Krawetz: — I can say, Mr. Wotherspoon that, you know, I gave you the numbers for this year. And over the course of four years, as we looked at reducing the size of government by about 15 per cent, for Finance it has meant about 50 FTEs. And none of those positions, none of those reductions involved contracting out in any way.

Mr. Wotherspoon: — And how does the ministry break down as it relates to the value of contracts over the past four years? And it's maybe information that you're not able to provide here tonight, but if you have that information handy, great. If not, if it could be provided back.

Hon. Mr. Krawetz: — Thank you very much for that question, Mr. Chair. The material that we'll provide will come out of the Public Accounts, and we'll be able to do that for March 31 just past. Looking at the Public Accounts document of previous years, we do have contracts with our financial suppliers, whether that be BMO [Bank of Montreal] or RBC [Royal Bank of Canada]. We have contracts with various accounting firms: KPMG, Deloitte. We have contracts with Phoenix. I see in the past we've had a contract with Phoenix Advertising.

So I don't know whether those contracts exist for '12-13, but we'll definitely put those all together for you. And we can supply that information to you directly at the next sitting of the committee.

Mr. Wotherspoon: — Sure. That's appreciated. And if that could just be compiled as to the value of those contracts, the total value for the past four years.

As it relates to contracts, have there been any contracts that the

minister's identified or had identified with him that haven't been tendered within his own ministry?

Hon. Mr. Krawetz: — Could I just ask for clarification, Mr. Wotherspoon? Is your question about whether there are any tenders that have not been tendered?

Mr. Wotherspoon: — That's right, any contracts within your ministry that have not been tendered, as in, has someone identified to you or have you identified a contract that didn't follow the process that it should have over the course of the past year or beyond?

Hon. Mr. Krawetz: — In our process I mean we will have some contracts that will be awarded on a sole-searching basis. There will be tenders that will be through the regular process. I can explain about the — this year in fact, after a five-year contract — the contract for provision of financial services to the province, and that went through a long process of tendering.

So we follow the procedures that are there for the various amounts. And as far as whether all contracts are tendered, the answer to that question would be no because some are sole-sourced in that respect. So there isn't a public tender, if that's your question.

Mr. Wotherspoon: — And the ones that have been sole-sourced are under the threshold and compliant with public sector policy.

Hon. Mr. Krawetz: — Yes.

Mr. Wotherspoon: — How many dollars were spent on communications out of your ministry or plans where you budgeted for communications?

Hon. Mr. Krawetz: — Thank you, Mr. Wotherspoon, for that question. Mr. Chair, for '12-13 as far as advertising for our budget, for the Ministry of Finance's budget, we spent a total of \$106,471. And the values break down into five components, and I can give you those specific amounts. For creative media strategy, we had \$13,881. For the budget print ads, we had \$47,416. For budget signage banners — as I did my post-budget speeches we had a banner, a couple of banners — they were \$2,699. The online ads — we call those the budget banner online ads — the cost there was \$38,349. And infographics for social media, that had a cost of \$4,126. So total then is the 106,471.

[19:30]

Mr. Wotherspoon: — How much in total was spent by government to communicate the state of the finances in Saskatchewan or budget-related communication?

Hon. Mr. Krawetz: — As far as the expenditures of Finance, the number of 106 is the total number spent by Finance. I can give you an example of Advanced Education. That would have had some expense doing the advertisement that you made reference about universities. Caucus also had some pre-budget ads that were paid for by caucus, and other ministries have done that. But as far as Finance, the total expenditure of Finance was that \$106,471.

Mr. Wotherspoon: — Thank you. Would the minister be able to provide back to the committee, if it's not available tonight, the total value of expenditure to communicate aspects of this year's provincial budget, both expensed to date but also planned throughout the duration of the year?

Hon. Mr. Krawetz: — Sure, absolutely we'll determine which ministries did some advertising and incurred some costs, and we can compile that.

Mr. Wotherspoon: — Or those that plan to throughout the year, those that are budgeted to do so.

Hon. Mr. Krawetz: — Related to the budget, or related to the expenditure of dollars in their budget?

Mr. Wotherspoon: — Well, related I guess to the . . . well, I guess you're taking . . . Yes. Related to the budget or the dollars that are within that, so communication of . . . So maybe I guess what I'm asking then is all communications budgets, so no, related directly to budget.

Hon. Mr. Krawetz: — Yes. Okay. We think we can do that for you.

Mr. Wotherspoon: — Okay. Could the minister tell me a bit about the process he embarked on to analyze labour-sponsored venture funds before making the changes that he did?

Hon. Mr. Krawetz: — Thank you, Mr. Wotherspoon, for that question regarding the labour-sponsored venture capital. There's been a lot of discussion for more than just this year, to committee members. We've had discussion about the labour-sponsored venture capital in Saskatchewan for a couple of years because the limits had been increased from \$50 million per fund to \$55 million for one year. And then there was a debate about whether or not that should continue, and it did. It was again in place for this last year, which meant that of course the total amount for the two funds would have been about \$110 million if they would have both been at the limit.

There was a lot of consultation throughout last summer. Kirk McGregor and Arun were responsible for a meeting with the fund providers right now, the two existing funds. And there were a lot of consultations regarding whether the funds, the amount of credit was appropriate or should it be less, whether or not there were areas that investment dollars were being placed. And there were concerns about, you know, larger companies acquiring smaller companies, and then initially investment fund dollars were put into those small companies. So it was a bit of a question about whether or not the dollars were being allocated to the right place.

So a lot of meetings took place. We made some changes for the previous year, the previous calendar year, which would have been, I guess that would have been 2011. And then for 2012 we also made some changes regarding agricultural land and a number of other things.

So I'll turn it over to Arun to give you a better feel for when meetings occurred, how they occurred, and the changes that we've put in place, keeping in mind that at the same time as we were announcing basically our changes for this year, the federal

government was announcing its change, which of course is the eventual elimination of the labour-sponsored venture capital. So there was a lot of debate about where we should be in terms of dollars. And I'll have Arun explain that a little bit better than I can.

Mr. Srinivas: — Thank you, Minister. So in last year's budget there was a mention that one of the objectives of the government was to review tax credit programs to determine that they're still meeting their objectives and operating effectively and efficiently and that one of the programs that would be reviewed over the course of 2012-13 would be the labour-sponsored venture capital program.

So over the course of the year, last summer and fall, Finance and the Ministry of Economy conducted extensive consultations with the venture capital funds, with investee businesses, with business groups, and other interested stakeholders on the program. As a result, some interim changes were announced in the fall, as the minister mentioned: one being to require the funds to invest in active investments rather than passive investments; and another being, where they've invested in an active, small- or medium-sized Saskatchewan business and that business becomes quite successful and is bought out by a larger business, that they then divest of the shares acquired of the larger business and churn that capital back into small- and medium-sized businesses. Another was to clarify what qualifies as small- and medium-sized business, and another point was to get out of passive investments in agricultural land. So those changes were announced in the fall.

Then as part of the budget, we conducted some further review of the program and the cost of the tax credit, which grew to 18 million immediately, in the immediate past taxation year, and had the potential to continue to grow up to 22 million per year. And so as a cost containment measure, one of the changes that was announced in this year's budget was to reduce the maximum annual capitalization for each fund to, well to \$80 million for the entire program, and with no more than 50 per cent of that total being available to any one particular fund.

The other change was to . . . One of the results of the consultations was that the program goals have shifted in that when the program was created, there was a different capital environment than exists in Saskatchewan today. And there's much more availability of private equity capital for businesses in Saskatchewan and that this was perhaps an opportunity to refocus the program to areas of more specific need in the province including the innovation sector. So one of the budget announcements was also to try to focus or encourage the funds to invest a greater proportion of their capital in innovation-related investments. So that was the other change.

The day after our budget of course the federal government came out with their budget and announced significant changes to the federal program. Since then, the ministries of the Economy and Finance have been in discussion. We've had a few meetings with both of the labour-sponsored funds to talk about both the provincial changes and the implications of the federal changes so that we better understand what the combined impacts might be on the funds, and we continue to have those discussions.

Mr. Wotherspoon: — I asked the minister before whether he

had awareness before the federal budget to the phased-out elimination of labour-sponsored venture funds. The minister relayed that he hadn't had that information. Since that point in time, has the minister communicated with the federal government? And if so, what position has the minister communicated as it relates to the federal elimination?

Hon. Mr. Krawetz: — I think that's a pretty straightforward answer. The answer is no. I have not communicated. That's a federal decision. I want to reiterate that prior to the federal budget being announced the day after our provincial budget, we had heard rumour that there was a thought of doing something similar to what we had done in reducing the amount of credit, but we were never consulted or never told that this was going to be the direction that would be followed.

Mr. Wotherspoon: — Does the minister have an opinion on that decision, the federal government's decision to eliminate that program?

Hon. Mr. Krawetz: — The decisions of the federal government are exactly that. We have no control over those decisions. We are more concerned about our own credit because it's an expense to our treasury and that was what, as Arun has explained . . . And we were looking at it from a cost-effective and still meaningful advancement.

I mean the average contribution into the fund, the average I think is around 4,200, if my numbers serve me well. It's about 4,200, so it's not like we have large investors that are, you know, putting forward huge amounts of money. We still believe that the investment fund in Saskatchewan, especially if it can promote innovation and promote firms that are wanting to get started, if that can still be a goal, you know, we'll know that. And we'll know that whether or not we still achieve something close to \$80 million.

As Arun indicated, last year we had a credit of about \$18 million because we had one . . . One of the funds was about 55 at the max, and the other one was about 35. So that was our total of \$90 million worth of investment. With the 20 per cent credit, we had about an \$18 million cost to the treasury. Now we're reducing that to 80 million combined. I do not know whether or not both funds will reach their maximum amounts of that half of the 80 million. If they do, then that will be a clear indication that our program is still working here in the province of Saskatchewan.

The feds are going to continue to . . . I mean the program is in effect for five more years. I believe they're staging it or reducing it from the current 100 per cent down to 80 per cent this year, 60, 40, 20, and then finally zero. So it'll take a few years before the feds have completely eliminated the labour-sponsored venture capital. And whether or not there is going to be need for some other federal incentive, I guess it will remain to be seen. The analysis will be done by the federal government.

Mr. Wotherspoon: — The minister referenced the 4,200, I believe, average investment that was placed into these funds. I'm not sure what you're . . . whether you were relaying a message or an opinion about that investment. Do you have a thought around that \$4,200? Is that a small investment? Is that a

good thing? How does he view that investment?

Hon. Mr. Krawetz: — No, the point of mentioning the 4,200: the maximum amount that a person can contribute is \$5,000. So you know, if I was sort of a greenhorn at this and I was asked, well what do you think would be? Well I'd probably say, gee, I bet every individual is investing \$5,000. And the answer to that is, no it's not. Because the average is 4,200, so we know there must be people that are contributing far less than 4,200 and there's many probably that are contributing 5,000.

I think it's an opportunity for Saskatchewan people to invest in, through these investment funds. They are able to get a tax credit and, you know, when we look at the fact that last year was \$90 million and this year we're hoping for 80 million of investment into companies and into beginning companies, into companies that will, you know, be innovative, that's still something that we want to continue to have in this province, and that's why we did not make a decision similar to the federal one which was to completely eliminate this.

[19:45]

Mr. Wotherspoon: — I think it's actually a really positive story to tell that you have an average investor of \$4,200, showing that certainly not everyone's able to maximize that investment. We have many average households, hard-working households that are utilizing this tool and investing in their province, likely with a level of pride as well in placing that dollar into capitalizing the Saskatchewan economy and in turning, turning the Saskatchewan economy.

So I think that it's a program, and I know the many people that have contacted me with the impacts have shared with me their disappointment in that this was a tool that they were able to participate and what's been a good economic story in Saskatchewan. And certainly lots of questions exist in those investors. And what's nice about those investors, when we talk about the \$4,200, is there's no minimum investment to be placed in there, and so many of the other funds where somebody could place an investment into Saskatchewan, the minimum threshold is much, much higher and certainly beyond the reach of many average, hard-working families all across the province.

Now the minister mentioned that there's some analysis that's being done to talk about the combined impact, the federal and the provincial cuts coming together at the same time, or changes at the same time. But just to back it up a little bit. We talk about this as an expense item of \$18 million a year. What does the minister have by way of evidence or within his files that would suggest sort of the return on investment as to those \$18 million that's a direct tax credit? How long does it take for that to be generated back to the people of the province by way of economic activity, consumption taxes, personal income taxes, corporate income taxes, that are derived by the increased economic activity?

Hon. Mr. Krawetz: — Thank you, Mr. Wotherspoon. I'll make two comments. First, your first part of your opening statement before you asked a question was, you know, I concur with you that investors, smaller investors, have an opportunity to build Saskatchewan. And that's what we were looking at.

The other side though, at a time when we want to ensure that we continue with balanced budgets, we have to make some choices that said we can't . . . In this case, we weren't going to look at an expenditure that could have risen to \$22 million. So that was a decision that government has made. It's something that we're going to continue to review, absolutely. If indeed we have both funds that are maximized this year and it's at \$80 million by next February, I guess it'll be February 28th next year, there will be further discussion, I'm sure, at government levels.

Your question about being able to assess when you get a return, I mean we have some of the documents that were prepared by the funds that they believe that in some of the investment dollars into this company or that company or that there were jobs created and there was a return. We can try to compile all of that information for you to determine, you know, what the forecasting was by the labour-sponsored venture capital funds. But as far as the analysis of whether or not the investment dollars into a particular fund, whether it would have been an oil and gas fund or whether it returned to government directly — personal income tax because somebody extra was employed — we don't get into that kind of extensive tracking.

I think it would be almost impossible to do because whether or not the job would have been created had there not been the investment fund, it's pretty hard to track. The investment firms do have some estimates of some of the returns and we can compile that for you and provide that to you.

Mr. Wotherspoon: — No, that's appreciated. And I'm sure that the ministry's operated on some sort of assumption on a return on investment. I'm sure it in some ways has been aided maybe by the analysis that the minister's referencing, of the funds. But if you could just expand a bit here tonight as to what that information is suggesting. Are those dollars returned to the people of the province over a period of two years or three years or four years? Or what's being suggested by the information from those funds? But then also the ministry assumptions.

Hon. Mr. Krawetz: — I can probably put my answer into sort of three or four components. First of all, the research that Finance does is general in nature. We don't get into the specifics of what the investment fund . . . If the investment fund invests into agricultural land, we're not tracking the return back to government. The investors are tracking that because of course their money is in the fund for eight years and they want to have a return. And obviously the investment in agricultural land will produce some profit to them, and the fund will be able to do that.

As far as the return to government, that's pretty difficult to track. If the investor has put money into agriculture, what will it return to the province of Saskatchewan? We know that of course exports are up and all those kinds of things, so we think that there must be some return to the government. Very difficult to track.

The other part of this of course, the actual labour-sponsored venture capital is the responsibility of the Ministry of the Economy. And the Ministry of the Economy has been doing a far greater analysis of agricultural fund investments versus oil and gas fund investments and all of those kinds of things.

So some of your answers that you might seek might be from the Ministry of the Economy, which you might be able to ask later on tonight, from my understanding, because Ministry of the Economy does more of that analysis than does Finance. Finance basically is the administrator of the labour-sponsored venture capital in terms of setting the amounts and ensuring that the credits are applied correctly.

Mr. Wotherspoon: — And agricultural land is no longer a viable investment within these funds. Is that correct?

Hon. Mr. Krawetz: — That was the change that Arun referenced. In the previous year we made a decision that the funds, and was supported by the funds, the two funds that indicated that they were prepared to step away from investment into agriculture land.

Mr. Wotherspoon: — I'll take you up, endeavouring to follow up with my late night date with the Minister of the Economy downstairs in this Assembly here tonight, to follow up on some of those I guess assumptions. But as it relates to the repayment or the recouping of that tax credit that we're speaking about in the \$18 million amount, there was reference to the fact that the funds had some projections or analysis of their own that they've supplied that suggests from their perspective a return on this tax credit. Are you able to share here tonight what that looks like? Does that suggest a certain number of years to return the tax credit that people have outlaid?

Hon. Mr. Krawetz: — We don't have that analysis at, you know, at the top of our minds right now, but we're working with the Economy, as I said, and the funds. We know the funds had projections about job creation, about the number of full-time employment that would occur, so we can compile that for you. But in terms of being able to project a return of, whether it be a 15 million or an \$18 million tax credit, and how long it would take the government to recoup that based on the investments of that particular year because again, some of the fund, the dollars actually aren't necessarily invested immediately. It may take the fund a while to get them invested. So the return is not there at all because the government is on the hook for a credit but yet that fund money may not be invested into a company that's already creating jobs, growing, building, and thus returning some dollars to the coffers of the treasury either through personal income tax or purchasing power through PST or whatever.

Mr. Wotherspoon: — No, understanding that when they receive those dollars, they're going to place those based on the market fundamentals, the economic analysis there. And I would, you know, certainly I'd think that the investors, the shareholders across the province value that independence and ability for them to place that in a timely way into the market in a way that's going to generate the best return for those investors. So there's a reduction in the total capitalization of these funds or the total subscription to these funds. So that certainly reduces, by way of these funds anyway, some of the direct investment back into Saskatchewan. Is it the minister's assumption that that reduction will automatically be picked up by regular private sector capital markets, capital that exists?

Hon. Mr. Krawetz: — We strongly believe that there is a far greater amount of private capital that is available to investors

and companies that want to build. We see that. As I have been to, you know, out of province, that I've been to Toronto and other places dealing with financial institutions, and the desire of course to invest in Saskatchewan, whether that be within Canada or from the United States, we're seeing that. So I think that there are private dollars that will become available.

Now whether or not it's a full replacement because as you've indicated, you're right in saying that last year it was 90 million, and this year even if both funds operate at their capacity which is 40 million, we'll only be at 80 million. So that will mean that there might be \$10 million of less monies available for investment into firms. Now we'll have to see whether or not that poses a problem. I'm sure the beginning company that was relying on the two funds for dollars and all of a sudden they're not able to find those dollars, I'm sure you and I will hear about that.

Mr. Wotherspoon: — Just going back again, you know, if the subscription limits are capped out and funds are tapped out so investors can't access those markets . . . And these investors, it's almost the wrong term. They're Saskatchewan families, and I believe there's over 50,000 families that have, or people that have invested into these funds.

So certainly I'm aware and welcome the dollars that exist in capital markets from across Canada as referenced here today. But I really do believe it's a good story and has positive benefits to have Saskatchewan families placing their investment into their province and caring about the economic well-being of the province. And if we deny the ability for somebody to do that, where do they take those dollars? Well it's rather difficult for the average investor, the average household to place those dollars as directly into Saskatchewan, and a lot of those dollars will flow certainly far outside our borders.

My question would be, as it relates to those 50,000-plus shareholders, the families and people that have entered into these funds, those dollars are held, as I understand, are held for eight years once an investor has entered into those funds. There's a significant change in this budget intimated to redirect that into an area titled innovation. I've raised this with you in the House already, questioning the level of fairness for shareholders that entered into these funds looking for a solid return in an investment in Saskatchewan. And I guess I look to the minister again: does he feel this is fair to be that heavy-handed, if you will, or that directive in where those dollars will be placed for the funds that have been locked in, recognizing that investors have placed that dollar and are locked in for eight years?

[20:00]

Hon. Mr. Krawetz: — Thank you again for the question that you've asked in the House, and my answer will be the same. As we look at tax credits, and the goal of a tax credit is to encourage development into one area or another area, and that's a decision that government has made. We want to encourage innovation.

The difficulty at this moment and that debate, or discussion and negotiation probably I guess is maybe a better term, discussion with the two investment funds about what is the definition of

innovative, innovation — what firms, what funds are eligible to be called innovation? — that's not clear right now, and that's what we're prepared to do. And my officials and Economy officials will continue to work with the people involved in the two funds to try to establish what might be a fair and reasonable expectation as to what is meant by innovation.

But in that respect, you know, we've been pretty clear right from our early discussions well over a year ago that we wanted to ensure that if there was to be a credit, that there had to be some dollars that were put towards innovation or that type of firm, and that still remains in effect. Whether or not we continue with the current amounts that we've projected, the percentages that I told you about — 15, 20, and 25 over a three-year period — that will continue to be monitored.

And we're going to continue to receive feedback from the people at the two funds and in fact other investors as well because we are hearing from some other groups in the province who would, you know, recommend alternatives and changes. And we're going to continue to work with them. We believe that a labour-sponsored venture capital fund as we have currently reduced it, in not only its size but in terms of being able to direct some of the monies towards innovation, is the right thing to do. And we'll be monitoring that as we move through this year.

Mr. Wotherspoon: — Isn't it a tad strange to be defining innovation at this stage of the game? Now don't get me wrong; I'm glad to hear there's some discussion going on that I hope will be quite open minded on the end of the ministry. But when I see the black and white print of a budget that comes out that says that starting capitalization and innovation with 15 per cent in 2013, it seems to be a firm statement.

There was reference to apparent consultation. It seems passing strange that we'd be at this stage and the ministry is printing that into the budget book, where now those funds are going out to market to find the best return for Saskatchewan people based on the parameters of the program, but the parameters of the program aren't described.

So there must be, you know . . . I guess I would look to the minister then. He must have had a pretty clear definition of innovation going into budget when it was printed in the budget. So I'd ask for what that definition was and then maybe just a little bit of discussion of where those discussions may be headed.

Hon. Mr. Krawetz: — Well I'll begin, Mr. Wotherspoon, by indicating that in the fall the Premier released the Saskatchewan plan for growth. And we identified in that Saskatchewan plan for growth what I'll say are the accepted innovation areas. And I think we identified sectors that will typically include information and communication technology, health and life sciences, industry biotechnology, and clean/environmental technology. Those were the areas that were identified, and they're sort of the consistent ones.

What we've indicated, and it's in the budget document as you've indicated, we said . . . And I quote from that document. It says, "In defining eligible innovation-related investments, the Ministry of the Economy will be guided by the Saskatchewan

plan for growth and will consult with innovation stakeholders." And what we were doing in that respect by stating that is we want the fund managers to be involved with the Ministry of the Economy to determine whether or not there are other corporations that develop significant new innovations that you and I haven't even thought about yet. So we didn't want to limit it to the ones that I just mentioned as saying these are the only ones that you can invest in. We wanted to ensure that those consultations occur, and the Ministry of Economy has been directed to do that with the investors.

I think that allows for a broader definition. I don't think it in any way curtails what needs to be done right now because there is an understanding of what that base is. And one of the funds may come forward with an innovative corporation that, under the current definition, isn't going to fit. And I guess we have to be open on this and allow for that kind of consultation to occur. And that's what we promised in the budget, that indeed this base of identified, normal sectors is sort of where we know we can call that innovation, but other areas may be pursued as well.

Mr. Wotherspoon: — Well like I say, I'm glad to hear an openness and a dialogue that's going on within the sector. Because I think that it's problematic, the announcement that was made on budget day, the vague statement that was made. And certainly I'm sure you've received people coming into your office, as I have, and contacts and phone calls of some pretty regular, hard-working families that have been coming to me to seek whether or not they should be in the funds or not. And I immediately tell them that's never . . . don't come to your MLA [Member of the Legislative Assembly] for investment advice, that's for sure.

But what I see in them is a lot of uncertainty about the program. And for good reason because it seems it's sort of being made up as we go. And I think that when . . . to make a statement as bold as that there's going to be new thresholds for innovation, but to have innovation not defined or described back to the sector or to those fund managers that are placing those dollars, to make that statement without embarking on with consultation with those fund managers is problematic.

Anyways this is where we're at: the budget's already been released; the statements have been made. And I'd urge openness of this minister, which I'm hearing some of that here tonight, to make sure we arrive at a solution that protects the integrity of those investments made by over 50,000 Saskatchewan people and respects the important role these funds play in the Saskatchewan economy.

So that's going to be an important aspect to be described, what innovation in this minister's or this Premier's mind is, that's because right now those funds, or very soon, will be placing dollars into markets. They're going need to know that. The investors need to know that.

I also shared the question around fairness, and I think this is an important one. Certainly shareholders do have rights. And when somebody's placed an investment that's held for an eight-year period of time it's, I would suggest, certainly unfair to be changing the prospectus in a very dramatic way and as it stands right now, in an ill-defined way.

And so I've addressed the question of fairness, but I guess I would also get to the question of legality. And is the minister, does the minister have legal opinions to suggest that a change of this nature — dictating thresholds, directing the investment when shareholders are invested and locked in for eight years — does he have legal opinions that support this as being a legal measure, as a legal measure? And does he have any suggestions or any opinions contrary to that suggesting that there may be legal implications for making such a change?

Hon. Mr. Krawetz: — Thank you very much, Mr. Chair. Mr. Chair, as far as officials that have consulted with Justice, Justice's opinion is that the changes that we're suggesting and have introduced can be done and, to our knowledge, Justice is not indicating that there is a contrary opinion that would say it can't be. So we are taking guidance from Justice. Economy would be as well. And we don't believe that either in Economy or in Finance that we have any other opinion other than the one that we garnered when the question was asked of Justice, are these changes doable? The Justice response was yes.

Mr. Wotherspoon: — Just to fully understand the changes that are being made, is it possible to separate these dollars?

I guess the concern would be that if Cathy entered into — I shouldn't use the member's first name — into this fund this last year, it's now going to be pooled into a . . . I guess two questions. Is the 15 per cent in 2013, does that take the holdings of all of the fund that's in place now, let's say \$500 million with both, all the funds? And is 15 per cent required on that entire amount or is 15 per cent required on the go-forward basis?

[20:15]

Hon. Mr. Krawetz: — Thank you, Mr. Chair. And to your question, Mr. Wotherspoon, the explanation in the budget document and the information that was circulated of course was that we were going to be looking at innovation related investments by targeting a minimum proportion of their aggregate net in capitalization in such investments. It's not clear. And in one concept we might think that it's the aggregate amount, and in the other concept, it might be the investments of the year. We've heard very clearly from the funds that they believe it shouldn't be the aggregate amount, so that is currently being discussed. And I think that there is definitely a need to ensure that there is clarity.

And the Ministry of the Economy will be working towards clarifying this as quickly as possible because, as you've indicated, funds are, you know, acquiring dollars. The new dollars could be coming in, and they could be then trying to determine whether or not this is a percentage of the aggregate amount based on their entire investment portfolio, or is it the net of this year? So we need to clarify this, and at the moment I can't give you that answer as to whether or not it will be one or the other.

Mr. Wotherspoon: — No, I appreciate the minister's humility in all of this, because certainly this isn't organized in the fashion it should be. I also appreciate the ministry's willingness to express that there's some openness to be working with the sector to get this right and in a timely way. And certainly it

would be a concern to those that have placed dollars into that fund to go back and have that prospectus changed sort of on the fly to, while those dollars are locked in, to now have those dollars directed by order of government or the Premier or this budget to place those holdings into investments, not on the principles of deriving the best return, but based on some new definition of government.

And in saying that, even if it's in on a go-forward basis, there's still some concerns because those could potentially all just pool. So if these are on a go-forward and the 500 million becomes 580 million and the 580 becomes 860, there's a pooled impact, and an impact nonetheless on the person who's locked in, who's entered in with different terms and a different prospectus.

So I would urge the minister — and maybe he's thought of this already, and I'd call for openness — of some ability to, a mechanism to separate the fund activity on a go-forward that would cause potentially a directed investment into a certain area. I think this would be some consideration that may allow the integrity of the fund to be maintained based on the terms that, as I say, the 50,000-some hard-working people, when they've placed those dollars and they knew those terms and they're locked in now, they'd have continuity to that plan.

So is there an ability to separate that fund and those investments on a go-forward basis so there's not a pooling effect with the changes and the direction made by government in this budget?

Hon. Mr. Krawetz: — We hear your concerns, and I will make sure that Finance works with Economy to clarify those. You have raised concerns that we have heard from the funds, the managers of the funds, and that is currently being discussed, and you have my assurance that we will take a good, hard look at this to ensure that we're not going to put any past investments at risk or a return at risk.

And whether or not that means a tighter definition of innovation or whether that means ensuring that we can identify what is aggregate meant over a period of time, whether it be the aggregate over the next three years, so that when you look at that number of 25 per cent in 2015, and let's . . . supposing you're right when you use the \$80 million compounding factor, in three years time that would be \$240 million dollars. So now are we talking about 15 per cent of that . . . or 25 per cent, sorry, of that 240? We will clarify that.

Mr. Wotherspoon: — The changes, as introduced, I certainly do see as egregious. I've chosen of course to not battle it out over the floor of the Assembly through question period and through the media because I'd like to see a co-operative solution to be found on this, because it does matter to a lot of families. And I appreciate the minister's approach here tonight, but I think all will be assured by timely communication, timely plans. And certainly I appreciate being kept in the loop as these changes are made, because they truly matter not just the Saskatchewan economy but to families. And not enough families are in either a position to put dollars away for retirement . . . those that have, have worked hard to do so. Certainly we need to protect the integrity of that investment. So thank you for your answers.

As it relates to credit unions and the changes made by the

federal government as it relates to the small business tax rate, I understand there is an impact on credit unions here in Saskatchewan. My question to the minister is, what credit unions are impacted by the federal change? And then one of the existing questions or lingering questions was, will the province follow suit with the same tax treatment, thus reducing the . . . or increasing taxation for the small credit unions?

Hon. Mr. Krawetz: — Mr. Chair, the changes that the federal government made were not made with any consultation with us. We were, I think, caught completely off guard by that and so were credit unions.

We have had an opportunity to meet with SaskCentral Credit Union, Keith Nixon, and he's indicated to us that he's going to compile the information exactly as I asked him, which is the same question you've asked me. How many credit unions are going to be affected by the federal change? We want to know, you know, who, first of all. And then why, in terms of the amounts, or whether it's related to their dollar value, or what conditions they receive that 2 per cent small-business effect.

So he has agreed that they will provide to Finance additional information. For this year, for this budget, I mean our budget did not contemplate any changes to the credit union system, so that is in place for this year. We will try to analyze, with the help of credit unions, how they are being affected by the federal changes and then to determine in subsequent year or years as to whether or not there is any desire to change the Saskatchewan position. But for this budget, the answer is there will be no change to the credit unions regarding the federal change here in the province.

Mr. Wotherspoon: — So that's good that we're collecting information, understanding the impact to the federal government, and that it's status quo this year for the provincial government. There was a concern that the provincial government would follow suit with the same tax treatment of those credit unions.

Is the minister in a position here today to make sure that those credit unions don't have a higher tax rate imposed upon them with the province in years forward, taking the same steps and measures that the federal government has?

Hon. Mr. Krawetz: — Now you know that I can't make a promise for the future. I can tell you that the promise for this year is our budget is being debated here in this Legislative Assembly and there will be no changes for this year. That is a guarantee.

Whether or not, and we'll have to do the analysis, and we'll have to have discussions with the credit union system regarding how many are affected, if any. And that will be for future Finance ministers and future governments to change or not change.

Mr. Wotherspoon: — Thank you. I appreciate that the minister's seeking information from those credit unions, but certainly it's in our interest to support our small credit unions who may be impacted by the federal government. And certainly we don't want to exacerbate that impact with sort of a harmonized change at the provincial level. And so I urge the

minister to understand that circumstance and to protect . . . in many cases these are going to be the smaller rural credit unions because of the threshold that relates to the earnings that the federal government has imposed. So anyways that's good.

As it relates to the discussion around oil revenues, and specifically the differential on oil and the Keystone XL project, what analysis can the minister share with us and table as it relates to the impact of the XL Keystone project to the bottom line of Saskatchewan?

[20:30]

Hon. Mr. Krawetz: — Thank you, Mr. Chair. This is a very technical question for a Finance minister, and maybe the Ministry of Energy and Resources would be better able to answer this, but I can tell the members of the committee that there are basically two situations that occur.

First of all, we look at WTI [West Texas Intermediate] prices. And if Saskatchewan oil was all light oil, medium sweet, I guess, or whatever words are used to described the kind of oil, we would be able to get WTI prices. But because our oil mix is a blend, it's a blend of light — and we've been fortunate in the Bakken with a lot of light oil — but we also have some pretty heavy oil. So as a result of that, the price that we are able to get is different than WTI. So that's the first point I want to make is that the Lloyd Blend crude oil price is what we would be getting. It's not the WTI.

Now the question that you're asking about is the analysis about, you know, whether or not there would be a change if there were additional pipelines. Finance does not have that analysis. I would think Energy and Resources might. But we do know that in the last, you know . . . We've been using a number, a differential percentage, which is the discount. Because Saskatchewan can't get its crude to a place, to a buyer, they discount it, and they discount it because we can't get it there. If there are additional pipelines or were additional pipelines — whether they're running west through BC [British Columbia] or whether they're running into Eastern Canada or whether or not it's a Keystone — then the understanding is that we would get the full price without being discounted.

Now the discounts have varied, as we saw last year. I shared that in Q3 [third quarter]. We saw the differential percentage rise to as high as 20.4 per cent, where we've been normally in that 15, 16 per cent range. So what kind of dollar figure did it mean for us? Well all you have to do is take the total value of the revenue that we get from oil and then take 20 per cent of that as a discount. And you know, we're losing a lot of money in relationship to the amount that we could get if indeed it wasn't discounted.

So I would suggest to you, Mr. Wotherspoon, I think Energy and Resources will be able to have more accurate numbers and the analysis. Because, you know, in the request to Finance through questions, it said, give us the analysis. We don't have that analysis. We know that it's there because we're working with that differential. And as a result, my officials indicated, as we project our revenue and the amount of revenue we're going to get from oil, we do have to build in this discount.

Now last year, as I indicated for '12-13, we had a percentage of WTI at 20.4 per cent. For this year we are estimating 17.9. And for the next year we're expecting that to narrow. And we're seeing signs of that already, and we're expecting that to narrow to 15 per cent. So we will see, without even the pipeline being constructed, we will see an improvement or we believe there will be an improvement in the discounted differential. If there are additional pipelines built and we have the ability to bring oil to the buyer and get full price, we will get millions. In fact I think it will be hundreds of millions, but that better be something that Energy and Resources provide to you.

Mr. Wotherspoon: — I like this. I'm writing my set of questions for estimates as we speak for the Minister of Energy and Resources and the Economy.

As it relates to the Premier put out his booklet in the fall, and he announced a measure where he made a commitment to reduce corporate income taxes in this province for the largest corporations. That was something then that was delayed by this government in this budget. In fact I support the delay of it. I didn't see it, and when the Premier put his booklet out in October, you know, we were on the record to say we didn't see this as a responsible, sustainable measure to be putting forward at this time.

Now I've noticed, I've noticed in this budget and even in your speech, you did go to significant lengths to reaffirm that commitment and that promise into next year to reduce corporate taxes from 12 to 10 per cent. This is I mean, prefaced, understanding the pressures that this government's facing, our province is facing with its budget. The pressures of growth that municipalities are facing across the province.

I'm just wondering, from the minister, what suggests to him that that's going to be more sustainable and more responsible to do next year, to forfeit those revenues that right now are collected and invested back into our province or placed into other priorities such as potentially being able to get us into a position once again where we can start reducing debt or some of these other important priorities?

Hon. Mr. Krawetz: — Thank you. There are always discussions about priorities of government. And in the discussion about the corporate income tax, it's a matter of whether or not we were competitive, whether we were competitive with especially Alberta and British Columbia. And of course with both of those provinces at a 10 per cent corporate income tax, it was felt that our 12 percent was uncompetitive. So we made the promise that we were going to move from 12 to 10 over a period of the term of government. But we also indicated that we would only do that within a balanced budget.

And you're right, as we began our discussions in treasury board, and trying to achieve a balanced budget, we looked at the cost. And again, over the full implementation of the corporate income tax, I think it's about 160 million . . . [inaudible interjection] . . . Right. Currently for this '13-14 year, a tax point, one percentage point, is worth \$80.8 million So if you multiplied that by two points, which is the difference between 12 and 10, you'd be talking about 160, 162 million on '13-14 values. So that means the full implementation of that.

How quickly do you do it? Do you do it in one fell swoop? I don't think so. Even if we were to begin this process next year, I think it would be a staged approach. But that's for debate during the treasury board process for next year. We knew that to achieve a balanced budget this year, we weren't going to be able to do that. Subsequent to that, we've already seen that British Columbia has changed its CIT [corporate income tax] from 10 to 11 in the budget that was produced by British Columbia not more than a month ago, I think it was.

So you know, we will constantly continue to assess what it means to be competitive. We were interested in looking at what Alberta might do. There were rumblings in Alberta, everything from a personal income tax change from 10 per cent and introducing a PST, which is of course currently zero in Alberta, to maybe even some discussion about the corporate income tax. None of that occurred in Alberta. So I guess the response from Saskatchewan's point of view, if we do a comparison of ourselves and Alberta, we're probably still uncompetitive in terms of 12 per cent versus 10 per cent. British Columbia, now we're not quite as uncompetitive if they're at 11.

So we're going to continue to assess that. I did, as you indicated. I made reference to the fact that we have a promise and we said that it is going to be fulfilled. Our desire and our goal is to get from 12 down to 10 within a balanced budget approach. And it will be a priority that will compete against other priorities. And in this case, in this year the priorities, as you've indicated, you know, the \$10 million additional dollars to move the surgical wait-list initiative forward was a higher priority than introducing the corporate income tax reduction.

Mr. Wotherspoon: — When I look at the increases in debt that's skyrocketing for our municipalities that are taking on significant pressures by way of the growth and expansion in the province, when I look at the debt taken on by our school boards and our universities, when I look at the debt that's being taken on by this province as a whole and the important services that we need to provide to a growing province, I simply assert again that I see this as a wrong-headed approach at this point in time.

We do need to be mindful to ensuring we have a competitive and strong economic environment for our businesses, and certainly our largest corporate sector is an important part of that. But I'd suggest in large part that's being fulfilled right now, and it's certainly the wrong time to be making that reduction, tying the hands of government.

You know and certainly by way of . . . It's been referenced by the minister a couple times about balanced budgets and these pieces. We need to put this in the full perspective, and understanding the words certainly of our auditor that's highlighted the consecutive deficits that have been managed by this government and also the significant debt growth that's going on over the course of the past year and then this year, almost \$2 billion of total public debt in the province of Saskatchewan over two years. So as the minister's looking at the corporate income tax rate and looking at Alberta, I'd also remind him to also know that they're in a big deficit as well over in Alberta, and we should be careful not to sort of race quickly with our corporate tax rate before we're taking care of the needs we need to fulfill here to Saskatchewan people, to our communities, and also get our finances shored up to stop the

constant raid on our growth and financial stabilization fund and to stop the continual drain of the Crown corporations.

And maybe as I touch into the Crown corporations, I'll just ask a question of the minister here. It's sort of been the last couple years we read the one thing at budget time where there's a number there that's going to be taken as a dividend from our Crown corporations. Of course in the past two years that's changed in a significant way where late in the year your ministry has been, or your government's been back into those Crown corporations for significant dollars, well over \$100 million each year. That's certainly not sustainable practice. It doesn't allow the independence of that Crown sector that they require.

Can the minister make the commitment here today that he won't be back in or his government won't be back into the Crown sector looking for further dollars in this fiscal year?

Hon. Mr. Krawetz: — Before I get to answer your final comment or your final questions, Mr. Wotherspoon, I'll just go back a little bit, though, to I hope reassure people in the province of Saskatchewan about, you know, our desire to make Saskatchewan more and more competitive by reducing tax. And I think our government has done exactly that.

There has been a direction for our government to continue to reduce small-business tax. And we were at four and a half not too long ago, and we reduced that to two. Manitoba of course is at zero on the small-business tax side. And there was an interest and a desire by many to say oh well we have to follow Manitoba because we have to get to zero as well.

Well we saw what happened in the Manitoba budget just last week when in fact the PST that Manitoba had, which was at 7 per cent, went to 8 per cent. The tobacco tax which, you know, we had moved to tie them at 25 cents a cigarette, they've moved ahead now to 29 cents. So the analysis of where Saskatchewan sits relative to other provinces is always there.

We made a decision that we were not competitive in the personal income tax side. And you are very aware of the changes we made where now our personal exemption that each one of us has is well over \$15,000. We continue to use indexation on January 1, and I think the total value of our income tax reductions to make us more competitive has resulted probably in about a 450, \$460 million savings to people in the province of Saskatchewan because we made those personal income tax changes.

[20:45]

I think we're seeing the benefit of that. We're seeing the fact that, you know, back exactly it was on budget day when Stats Canada indicated the new population numbers for our province. On that date 1,089,807 people now call Saskatchewan home. That's a growth of over 82,000 people. Many of them of course are paying not only personal income tax but are paying consumption taxes like PST — our 5 per cent, not the Manitoba's 8 per cent — and we're seeing that.

So you know, while I recognize what you have indicated in terms of priorities, and my answer is going to be exactly the

same, when it comes time to develop the next budget for the fiscal year '14 and '15, the debate over continued reductions . . . And it's not just corporate income tax. There is a desire to try to be more competitive with Alberta, and you know that the Alberta exemption is over \$17,000 whereas ours is over 15,000, so immediately people will say you have to become more competitive with Alberta. Their personal income tax rate is a flat 10 per cent; ours is at 11, 13, and 15. They have no PST; we have five. They have, you know, corporate income tax of 10; we have 12. So those are all things that we're going to continue to look at. And you know as I said, I don't know whether there will be an introduction of a reduction of the corporate income tax. That will be something that treasury board will recommend or not recommend as we move forward.

Now to get to your comments about the Crowns and utilization of dividends, every government has utilized the dividends from Crowns especially in years when the Crowns are doing well, and this last year they did. We know that there is a ratio that we want to remain within so that indeed the debt-to-equity ratio is not out of ordinary for those kinds of Crowns. When you say, can I guarantee that we would not have to go to further dividends for this next year, you know, it all depends on disasters. And you raised in the House, you raised some concerns about past PDAP [provincial disaster assistance program] claims. And of course we are also very aware of maybe future PDAP claims. We know that we have set aside within the Growth and Financial Security Fund . . . You're right; I would love nothing better than to not have to use the Growth and Financial Security Fund to ensure that we're not having to pay out money.

But over the past number of years, whether those expenses have come from people facing flooding claims or whether they're agricultural claims, the government has been there to ensure that we meet the challenge. And that's why we've enhanced things like crop insurance. That's why we've enhanced the PDAP values that we currently cover. So if indeed we have a slow melt, which we seem to be having right now — in fact as I was looking out my window at about 6:30, it was snowing again which I didn't really appreciate — but you know, we're going to be there for the people of Saskatchewan.

And if the revenues that we need are going to be enhanced because . . . sorry, the expenditures are going to be enhanced because of some problem in the province, we are going to look at all options to ensure that we meet the challenges of what the people in this province require.

Mr. Wotherspoon: — The concern is that this drain of both the growth and fiscal stabilization fund and as well the Crown corporations has been continual. It's been repeated, and it's been done in an unsustainable way during what's been really special economic times for the province of Saskatchewan. And it is concerning that the minister can't rule out reaching back into the Crown corporations again this year, recognizing the over \$2 billion that's been taken over the past five years by his government.

And certainly governments past have also relied on a dividend. A dividend is a fair, appropriate consideration, but the kind of exorbitant and unpredictable grabs that we've seen by this government isn't sustainable, and it doesn't take much to chart

out the drain on the dollars of those Crown corporations. They're escalating debt-to-capital ratios or the drained growth and fiscal stabilization fund to realize that this government's going to have to come to grips pretty fast with putting forward a sustainable plan for the future.

And really any notion over the past few years of responsible balance is undermined when anybody simply looks at an auditor's report or looks at the chart of debt growth or looks at the drain on our Crown corporations or our rainy day fund. They all come at a consequence, which puts in context again the discussion around the wrong timing to forfeit those dollars that are derived through corporate income tax.

Now some of this discussion goes back to a discussion that we've certainly had many times, Mr. Minister. And I'm not looking for us to take a whole bunch of time here tonight or to ramp up the political rhetoric on it, but what I would say is that it's known to the people of the province that we are out of line with the rest of Canada in how we report our finances, that really any comparison to jurisdictional neighbours or to other provinces is something that Saskatchewan people are really denied the ability to do because of the fact that your government plays by a different set of rules and, yes, a set of rules that were utilized as well by the previous government.

But can we not get past all of that and realize that Saskatchewan people deserve better and that it's time for us to plan towards implementation of summary financials? And is this minister considering making those shifts, providing that transparency and accountability to Saskatchewan people, improving the progress in our reporting of our finances? And does the minister have any commitments and any timelines he could share with us here tonight?

Hon. Mr. Krawetz: — Thank you for the comments. And there are a number of things that you've made a comment about, and I'm going to sort of back up to the first comment.

And the first comment you made was about the Growth and Financial Security Fund. And you indicated of course, you know, huge money is being taken out of the fund. I can clarify for the people of Saskatchewan that the only time the Growth and Financial Security Fund has had an amount transferred out of it was last year — \$50 million for highways. And we had a budget that we produced and that you were very well aware of it.

And by the end of the fall because of, you know, all of the things that have happened in Saskatchewan — whether they be related to growth or whether they would be related to the extraordinary weather that we've had two out of the last five years — there was a desire to continue to enhance highways. And we felt that it was necessary to transfer 50 million out of the Growth and Financial Security Fund because it was well over \$700 million, and we moved 50 million out. That's the only transfer that we have made out of the Growth and Financial Security Fund. So I think your preamble sort of suggested that we have taken over and over again out of the Growth and Financial Security Fund. That's not accurate.

When you did mention the usage of dividends and you indicated that, you know, for a period of time we have used

more dividend than we budgeted for in the spring, the answer, you are absolutely correct. When we looked at the fiscal year back in 2011-12, when indeed we had budgeted a dividend transfer, and then along came PDAP claims of . . . I think there were \$360 million worth of PDAP claims. But fortunately, because Saskatchewan does produce some hydroelectrical power and because the water levels were extremely high, SaskPower generated additional revenues beyond what they had anticipated. So we used a portion of that to make sure that we would be able to meet those PDAP requirements.

You know, I've looked at the years of government in the past. And you know, I mean there have been years as I can show you . . . in 2002-03, the actual dividend to the GRF [General Revenue Fund] was \$300 million in '02-03. In '03-04, it was \$200 million. In '04-05, it was 268. '05-06, it was 220. And in the last two years, we've had 240 million in 2011-12, and we had 273 million in 2012-13. Both are considerably higher than they were in budget for the reasons that I've just explained.

So you know, that process of ensuring that Crowns remain viable, we directed that CIC [Crown Investments Corporation of Saskatchewan] through the Crowns would only provide a dividend up to 90 per cent of their products, not more. And in fact, all of that was met. In this last year, we also indicated, and because of the infrastructure demands at SaskPower, that we were not going to utilize any of SaskPower's dividend. And we didn't. So that continues to be there.

Your comment about continued debt growth at the Crown corporation level, the answer is yes. It continues to grow. It continues to grow in a number of areas whether it's . . . I'm sure you've taken a look at the transactions that we're going to see . . . whether they're VLTs [video lottery terminal] in the Saskatchewan Liquor and Gaming Authority, whether or not the additional dollars that are going to be provided to the city of Regina through a Crown corporation to ensure that the commitments to Regina are met, or whether they're just SaskPower hookups with Boundary dam and all of the things that need to be done. The Crowns will continue to invest and continue to borrow, and indeed there will be debt.

The government's debt is now down to \$3.8 billion. And when you take a look at the percentage of that, the government debt to GDP [gross domestic product], that is now down at less than 6 per cent when at a time not too many years ago the government debt was as high as 20-plus per cent. So we've made some progress. And we have to be mindful of that. We have to ensure that our Crowns are viable. And the process of ensuring that you don't take more monies from the Crowns than what the profits were for the previous year I think is a very sensible one, and that you continue to ensure that these Crowns, the debt to equity ratio continues to be within the standard that is acceptable.

They are assessed on an annual basis. In fact I think we have some bond rating agencies in the province very shortly that will be doing the analysis, and they take a look at that. They take a look at all of the debt — the debt of government, the debt of Crowns — and we've been fortunate to get a AAA rating. We want to continue that. We want to continue that. So we're mindful of that and I think, you know, have been prudent in that respect to get that AAA rating from Standard & Poor's, and we

want to maintain that.

Now as far as the method of financial reporting in the province of Saskatchewan . . . And this answer is probably not meant for you. It's meant more for the people in the province of Saskatchewan to understand a little bit about what we do.

In 2004 the government of the day then introduced legislation through *The Financial Administration Act* that put in place the system that we have today. And that system is one that we report on the General Revenue Fund budgeting as well as we report the summary financial statements. We report the summary financial statements at budget, and we report the summary financial statements at mid-year. That process has been in place as I said since 2004.

Now we recognize that the auditor has indicated that she — in this case because we have a female auditor — the auditor has indicated that she would like to see only the summary financial budget. And we've had a number of meetings with her, and we're going to continue to have meetings with her to see whether or not there are things that we can do differently, to see whether or not we can enhance the transparency and the accountability to the public.

And as I've said in answers to your questions here in the House, I think we're quite unique in how we are held accountable to the people of Saskatchewan. We do have the GRF, and people can see exactly what that particular section is doing. It's not meant to be the summaries. And I guess that's my discussion with the auditor.

If I can use the analogy of your own personal expenses, the GRF is strictly the chequing account. That's revenues and expenditures that are coming in. The summary financials are everything. As you've indicated, they're a good way of understanding the financial position of the province because we know that the summaries contain the regional health authorities. They contain the school boards. They contain the Crowns. They contain the non-profit insurance organizations like Workers' Compensation Board, the Auto Fund, the Crop Insurance Fund. All of those things are contained within summaries. Can we do a better job of ensuring that summaries are understood better by the people of Saskatchewan? We believe we can.

[21:00]

And we're going to explore the possibilities of how we might be able to enhance the summaries and to ensure that the auditor, while she may not agree with the fact that we will have both systems in place — because we currently are not desiring a change from doing both the General Revenue Fund and the summaries — but we do recognize that there are things that we may be able to do on the summary financial statement side that will meet some of her goals and some of those changes. We're going to be open-minded in that respect.

But my final comment, Mr. Wotherspoon, regarding . . . And you saw what happened in Alberta, where Alberta has a different way of budgeting on a summary financial basis, but this year in fact they actually produced three different statements within their budget. They produced an operating and they produced a capital and they produced a debt fund. So

they're almost moving back to something that we're going to be doing because the next step for Alberta would be to move to a General Revenue Fund and everything else that they're doing.

So my long answer to a short question is that we're prepared to look at and continue our discussions with the auditor and see whether or not there are things that we can do better to ensure that we're transparent, to ensure that we provide an accurate amount of information through the summaries to the people of Saskatchewan. And we believe we do.

Mr. Wotherspoon: — Lots of information the minister put forward there. The summaries provide the full true picture. It's the expectation of public sector accounting standards. It's where other provinces are, and it's certainly what Saskatchewan people deserve. They certainly have the capacity to look at those books and fully understand their finances, and they deserve nothing less.

And I think that in your conversations that are being suggested with the auditor, what is a large concern is the government's continual focus on the GRF statement and utilization of that to communicate the apparent health and welfare of our financial state to the people of the province, whether it's in billboards or ads or news releases. And that's where Saskatchewan people deserve to see the true, full state of their finances in a way that they can compare themselves to the rest of Canada.

And even, I mean I recall even the deputy premier of Alberta recently weighing in on this discussion and making a comment I believe through Twitter as it related to the province of Saskatchewan and basically adding debt onto the Crown corporations and suggestions of . . . That's how they were suggesting or how your government was suggesting that its budget was balanced. So there's been critique that's come in that direction as well over to the province of Saskatchewan.

I care about most is us being leaders here in Saskatchewan. We're laggards right now on this front. And you know, we need to provide Saskatchewan people the full picture.

In your answer, you also talked about previous dividends. You neglected to reference \$755 million in, I believe, in 2009 that your government took from our Crown sector. You did reference as well about that from the growth and Fiscal Stabilization Fund, how I had referenced and characterized that it's unsustainable to continually draw from this fund. Your answer was that you've only drawn only once I believe to the tune of \$50 million. Well I would urge the minister just to look at a bit of the recent history of that fund and what's happened on an annual basis.

And you know, I only have the budget from just 2012-13, so just the year before that, and in that year the fund at the beginning of the year was over \$1 billion. So certainly to characterize that 50 million that was taken was the only dollars is not fair characterization. Year over year over . . .

An Hon. Member: — Debt repayment, \$325 million.

Mr. Wotherspoon: — Year over year we've seen that fund depleted. I know we do need to wrap up our time here tonight. All of this discussion would be less a debate if we just had the

full, true picture of our finances through proper summary financials, and that's something that's certainly important.

What I would urge of the minister right now as well, to just suggest to Saskatchewan people how he feels it's a sound budget in a year where the sad reality seems to be that we're going to need to be stepping up to the plate to provide some security and safety to Saskatchewan people in communities by way of flood mitigation or potential flood damage, how it's responsible to have, as we've highlighted, \$80 million of outstanding PDAP claims. No dollars dedicated in this budget or very few dollars dedicated in this budget to flooding or flood mitigation — this in a year where certainly there's a lot of challenges that exist for us. And it would seem to many that the only reason that the minister didn't dedicate a reasonable dollar towards protecting Saskatchewan people is to sort of manufacture an outcome on paper for budget day.

Hon. Mr. Krawetz: — Well I'm sorry that our discussions, Mr. Chair, are ending at this point because I think we've had a good discussion over two hours. But to suggest that somehow the books aren't relevant is unfortunate, Mr. Chair. But I'll leave it at that.

You know, there have been years in the planning for spring-related flooding and summer-related flooding. We have had years where the budget of PDAP is zero. Expenditures are zero because there were no expenses. We can't plan for a disaster. We don't know what that disaster is going to be. But as I've indicated, Mr. Chair, in this House, we have that Growth and Financial Security Fund. We have something that we call \$182 million that's been there and has been designated and, as I indicated in my comments here in the legislature, that money is going to be available if indeed we have a significant flood damage as a result of the snow melt.

Now, Mr. Chair, the point that people in the province of Saskatchewan have to remember is that all of PDAP is cost shared. It's cost shared with the federal government. Some of the cost sharing is 70 per cent to 30 per cent, that is the feds have the higher proportion. Or it's 80/20 or in fact some of it's 90/10. So if indeed we were to have \$100 million worth of disaster occur in the next week or two, where we have that kind of PDAP expenditures, the province would only be responsible for probably 30 per cent of that or maybe \$30 million.

So we know that we have the monies set aside, and in fact we have a projected surplus right now on the GRF side of I believe it's \$65 million and on the financial summary side it's \$150 million. So if we were having to incur that additional 20, 30, \$40 million worth of expenditure because the total expense has grown to 100 million, 120 million, 130 million, we'll be able to meet that. And I think the people of Saskatchewan understand that we've been there to ensure that we've met their costs before, and we will be there again.

The Chair: — Thank you. The time being . . . If you want to just do a quick wrap-up and thank you, Mr. Wotherspoon.

Mr. Wotherspoon: — Thank you, Mr. Chair. Just waiting for the light to go on there. Thank you to the minister, and thank you to all the ministerial officials for being here tonight, for your answers. And to all the civil service and the officials,

thank you for the work that you do throughout the year. And thank you to the minister for taking the time with us here tonight and for endeavouring to do some work on various files that are certainly important to Saskatchewan people.

Hon. Mr. Krawetz: — Thank you, Mr. Chair. Mr. Chair, I too would like to thank my officials very much for all of the technical support. Without them, I would not have been able to provide the information that the member asked. And I want to thank the member for two hours of good, spirited discussion.

The Chair: — I want to thank the committee. The time being 9:09, the two hours are put in. We have another minister coming and officials, but we will take a quick, five-minute break while we exchange minister and officials. So we'll resume at 9:14.

[The committee recessed for a period of time.]

[21:15]

The Chair: — The committee is now back in session after a brief recess to change ministers and officials. We will now consider vote 13, Central Services, central management and services subvote (CS01). We have with us today Minister Heppner and her officials. Ms. Minister, would you please introduce your officials, if you like, and provide an opening statement. And also I'll just ask that the officials just state their name for Hansard before they begin answering questions the first time, then an answer can follow after that.

General Revenue Fund Central Services Vote 13

Subvote (CS01)

Hon. Ms. Heppner: — Thank you, Mr. Chair. Good evening, everyone. With me tonight to my left is Ron Dedman, deputy minister, Central Services; Cam Swan, Chair of the Public Service Commission; Robert Guillaume, associate deputy minister, Central Services; and Robert's in charge of ITO [Information Technology Office]. And to my right, Shelley Reddekopp, assistant deputy minister, corporate services.

I'm going to restate some of my remarks for committee members who weren't here last time I appeared and go over some of the initiatives and successes of the ministry from the past year. As I mentioned earlier this month, Central Services is a newly formed amalgamation of government's three core service providers: the Information Technology Office, Public Service Commission, and Government Services have united under a single ministry to provide support and services to government and its employees.

This ministry is at the centre of essential business services and initiatives of government. Central Services serves as the human resource arm of executive government. It ensures the necessary IT infrastructure, security, and supports are in place across government. It provides the office space, vehicle fleet, and operational services required to keep government in business.

Providing support and services to government ministries and

agencies is our primary function and the core of what we do, and we've had some great accomplishments this year. I'm going to focus primarily on our IT and human resource accomplishments this evening. Although a number of these projects were mentioned in our previous meeting before this committee, I will summarize them again, as I mentioned, for those who were not present.

We worked with Social Services to develop a new system to track clients and protect at-risk children. The new Linkin system will have positive implications for the people working in the social services sector and their clients.

We completed an enterprise-wide upgrade of our government email service which brings us forward nearly 10 years. This successful project has reduced risk and mitigated future operational expenditures of maintaining an outdated system.

Our IT division has assessed 600 applications that our client ministries have identified as critical as part of an initiative to rationalize and inventory all applications in government.

In addition to these accomplishments, as I have already mentioned, the ITO division has also completed a three-year program to stabilize and renew government's IT network. This program helps to ensure continuity of service to our clients so they in turn can serve the people of this province in an efficient and effective manner. We have developed an IT strategic planning framework and facilitated IT strategic planning within four customer ministries. This planning helps ensure we're providing the right services at the right time to the areas that need it. And we've continued with our risk management assessments across government to help ensure ministries factor IT-related risk into their decision-making processes.

In the Public Service Commission division, we're also hard at work at providing excellent service to our clients. We implemented recommendations to better support employees who are returning to the workplace. This will help ensure employees are fit to work and will increase their productivity. We've successfully managed the corporate mentorship program to provide career and professional development opportunities to public service employees. We worked with other ministries to develop a health and safety strategy for all government ministries to ensure safe work environments for employees.

One of the most exciting highlights from this last year was our success at being recognized as a top employer in Saskatchewan. This put the Government of Saskatchewan's workforce in the same category as Cameco, Mosaic, SGI [Saskatchewan Government Insurance], and SaskPower. This designation helps us to attract the brightest and best employees to work for the people of this province. These are just some of the many examples of how we've been helping the province's ministries to better serve the people of Saskatchewan.

Heading into next year and beyond, we must continue with these services and make them even more efficient and effective for our clients. I spoke earlier about some of the projects we're going to be working on this year. I'm going to take a few minutes to highlight a few more projects the ministry will undertake in the months ahead.

As I mentioned before, we are operating in a rapidly changing world of technology, and we need to keep pace. That is why this budget includes \$1.5 million for IT architecture renewal to upgrade IT operating systems from Windows XP to Windows 7, an additional \$500,000 for an enterprise security program to begin to scope a multi-year, multi-phased approach to security risks in the IT environment.

In addition to these projects, we have partnered with ministries on a number of online and interactive initiatives to ensure their IT supports are up to date and appropriate. For example, we are now entering the second year of a three-year partnership with Corrections and Policing and Justice to replace aging technology within the courts and correctional services. We are also going to replace our Cisco servers. They are approaching end of life, and it's time to replace them to ensure that our IT systems continue to operate smoothly.

We also have some exciting plans for the year in the area of people management. We want to engage with key groups to help grow the skills of the next generation of employees and create opportunities for a more diverse workplace. That is why we will continue to invest in offering a student employment program to over 1,000 students each year to assist students in gaining valuable work experience to build successful careers, offering work placement through groups like the Open Door Society and others so that we can help people like new immigrants gain job skills and competencies that will help them establish a career in our province.

In addition we're implementing a succession management program throughout government to help develop and retain key professional and technical employees. We're purchasing an exit interview tool to better understand how we can improve our workplace and continue to be a top employer in Saskatchewan.

Again as I mentioned last time, the ministry will continue to focus on infrastructure renewal and providing cost-effective support services to government. We're here to ensure government has the tools, processes, and people necessary to provide excellent service to the people of this province.

And with that, Mr. Chair, I am open to questions.

The Chair: — The floor is now open to questions. Ms. Chartier, you have the floor.

Ms. Chartier: — Thank you, Madam Minister, and thank you to your officials for your time tonight. We really appreciate it.

We'll jump right in here. Last year we talked a little bit about the lean initiative, and the ministry had just wrapped up a contract, the 1.4 million over the two years. But there was a request for proposals that went out, and this time last year the ministry was in the middle of making a decision on another contract. So I'm just wondering where that's at.

Hon. Ms. Heppner: — I don't have the specifics on that request for proposal, but we are going to track down one of the folks working on that file and get it to you.

Ms. Chartier: — Tonight?

Hon. Ms. Heppner: — Yes.

Ms. Chartier: — So you don't have the details on the specific request for proposals. Do you have the details about what the . . . Was it for a lean consultant to carry on that work?

Hon. Ms. Heppner: — I'll get that information to you this evening. There is another staff member in the building, and we're getting him in.

Ms. Chartier: — Okay, good. So I'll put lean on hold here for a minute. Okay, yes, no worries.

Let's talk about the representative workforce strategy then. Looking back to the plan for 2012-2013 and '13-14, the goal right now is — I just have to find the right page here — the goal for Aboriginal persons . . . I understand the target is 12 for this next year. And the year for which we have the latest numbers, it was 11.8. Is that right?

Hon. Ms. Heppner: — The number I have as of March 31st, 2013 for Aboriginal employees in government is 11.7.

Ms. Chartier: — 11.7. So that, just looking over the . . . page 5 of the '13-14 plan. So we go from '07-08 to 11.4, to 11.6, to 11.8, to 12 in '10-11, and then 11.8, and 11.7 now. So any thoughts on that reduction? Why? It's obviously not a marked reduction, but any thoughts on why that number is decreasing?

Hon. Ms. Heppner: — Well as you've stated, the difference between 11.7 and 11.8 is not a drastic reduction. Part of the challenge when you're looking at a representative workforce is people need to self-identify. So the number may be 11.7. I would say it's probably higher than that, but it is a self-identification process so those numbers aren't always going to be completely accurate either, which makes it a challenge for us to track that and monitor it as well as we go forward.

Ms. Chartier: — In terms of the numbers who have self-identified, we've got a company like Cameco who just in a recent news release can talk about having more than 40 per cent of its employees of Aboriginal ancestry or Aboriginal heritage. So obviously organizations like Cameco have figured it out and have committed to it. So I'm wondering, what resources has the Public Service Commission put in place to do a better job and get these numbers moving in the other direction?

Hon. Ms. Heppner: — Well I would obviously commend Cameco on the work that they've done. We also have to recognize their business is primarily in the North where there is a very high percentage of Aboriginal communities. And I'm not sure what their method is, if it's self-identification, what the variation in their numbers would be, how they go about doing that.

We do have an employee-run committee network within government, the Aboriginal Government Employees' Network, which we work with. They are there to help in the public service, for making Aboriginal employees feel welcome and part of the team and that sort of thing, which is obviously going to help.

We want to be, as I've said in my opening remarks, we're

already listed as a top employer and we obviously want to be seen as an employment opportunity for First Nation and Métis people as well. And I think having this organization within government is a good start in getting there.

And as I said, Cameco is doing an awesome job, but their place of business is also kind of in the midst of Aboriginal communities, so their numbers are obviously going to be quite a bit higher than the government's are going to be. But I think we're making good steps with this organization in government to help out.

[21:30]

Ms. Chartier: — The Aboriginal employee network has been in place for quite some time, has it not? So we look at the numbers who haven't increased and in fact have taken a step backwards. So in terms of the Aboriginal employee network, it's great to have this organization in place, but obviously it's not enhancing your numbers incredibly.

So I'm wondering . . . I think my question was, what resources have you put in place to try to increase that number? We have an Aboriginal population that by about 2031 will have . . . about a quarter of our population in Saskatchewan is expected to be of Aboriginal descent. So we've got a long way to go to get to that 25 per cent of a representative workforce. So what resources is PSC [Public Service Commission] specifically putting in place to get there?

Mr. Swan: — It's Cam Swan, Chair of the Public Service Commission. As the minister had indicated, we work closely with AGEN [Aboriginal Government Employees' Network]. We have an employee who works directly with them, and they work on a number of different initiatives including some initiatives that came from AGEN themselves around welcoming. The new initiative is what they call ta wow, which is Cree for welcome. So it's really First Nations saying here's some ideas that we have to help make us feel more included.

The talent development branch within the Public Service Commission works closely with this network and a number of other networks. Additional resources that we . . . I mean really, we have overall resources dedicated towards inclusion. Specifically for First Nations, we work through AGEN around ideas that will work for First Nations employees.

Ms. Chartier: — Can you tell me . . . So there is one employee who is dedicated to Aboriginal recruitment and retention. Has that number . . . How long has . . . Maybe not this particular individual, but how long has that position been in place?

Mr. Swan: — For approximately five years.

Ms. Chartier: — This position has been . . . You don't have a budget year in which this position was implemented?

Mr. Swan: — Approximately five years from today, so it would be . . .

Ms. Chartier: — But approximately or . . .

Mr. Swan: — Five year, five years. Not approximately. Five

years. Sorry.

Ms. Chartier: — Okay. So in twenty . . .

Mr. Swan: — Whatever that would be, 2008, I guess.

Ms. Chartier: — 2008-2009 budget year?

Mr. Swan: — 2007-08.

Ms. Chartier: — 2007-08. Has this been the only position dedicated in this work or has there been other staff over that time period?

Mr. Swan: — It's the only position specifically dedicated, but there are several other staff that work . . . They work in our talent development branch. So there are several other staff that are not dedicated specifically to this, but they certainly help out on it as they do on a number of other initiatives.

Ms. Chartier: — Would their other initiatives all involve diverse, a representative workforce or other . . .

Mr. Swan: — It involves diversity certainly for other groups, whether it's visible minorities or disability, but it also involves really around overall talent. It's around recruitment talent development overall including diversity groups.

Ms. Chartier: — How many staff in the talent development branch would have that in their job description?

Mr. Swan: — We have a total of nine staff dedicated to all of the diversity initiatives within the Public Service Commission.

Ms. Chartier: — Are those full-time equivalents?

Mr. Swan: — Yes, that would be full-time equivalents.

Ms. Chartier: — Okay. But they have a fairly broad job description or do other things other than Aboriginal recruitment and retention?

Mr. Swan: — Yes, they do more than that, more than just Aboriginal recruitment and retention. It's all around recruitment and retention overall, but included in that is Aboriginal recruitment and retention.

Ms. Chartier: — We don't quite have these lights synchronized here. If this person has been in place since the '07-08 budget year — so we've had one individual who is committed to this work — do you think that it's possible, with the marginal improvements and in fact a decline last year, that there should be perhaps more resources put into this? Or what is the ministry's plan at this point in time to improve that number?

[21:45]

Hon. Ms. Heppner: — Just for clarification, the budget year that that position was introduced was '08-09, to make sure that we clarify that. And I also want to say while we have the nine positions within the talent . . . development branch, sorry, with at least one of those focused specifically on Aboriginal and Métis inclusion in the public service, this is more than just that

unit within the Public Service Commission. Deputy ministers across government do hiring, and looking at inclusion and diversity is part of their job as well. So I wouldn't want anybody watching tonight to think that we just have one person in all of government who's keeping an eye on this. It really is more than that. It's government-wide with deputy ministers participating as well.

We're also going to be updating our diversity and inclusion strategy to make sure that if there's gaps in the system or things that we could be doing better or doing a better job of recruiting and retaining, we want to make sure that we have those processes in place. And as I said before, I realize that numbers are what we have to record this, but it is self-identification. We can't make people tell us what their origins are or if they have a disability if it's not one that's a visible disability. So we're working with the numbers that people . . . when they self-identify. As I said before, the numbers in the public service could be quite a bit higher. We don't know because it is a self-identification process. But we are in . . . That's not to say that we don't have to do a better job, and that's why some of these other processes are in place.

Ms. Chartier: — The Aboriginal Government Employees' Network is a . . . can you tell me a little bit about how that works? Am I correct in understanding that it's a committee of Aboriginal employees who have volunteered to do this work? And they would interact . . . Instead of me just supposing what happens, I'll get you to tell me.

Mr. Swan: — The Aboriginal Government Employees' Network, or AGEN as we call it, is both the executive government and the Crown sector. And it is indeed; people volunteer to be involved with that network. It is a network. It's around inclusion. It's around items that are important to First Nations in the workplace. But it is truly them putting, people who are interested in that, putting their name forward. And that's what makes it work is it's people with common interests.

Ms. Chartier: — And how does the one dedicated staff work with the network? Because obviously the network, you're talking to people who know this issue well and know about recruitment and retention. So what is the interplay between the dedicated staff person and the network?

Mr. Swan: — Basically the employee works with . . . The AGEN has a board of directors. So they really kind of take their direction from the board, or he takes his direction from the board. But it is around not just recruitment; it's around recruitment, inclusion, and really day-to-day issues to ensure that First Nations employees can be productive employees, can feel welcome, can have a support network for lack of a better way of describing it. So it's really dealing with day-to-day interaction. And that particular individual works directly with AGEN and works through the Public Service Commission to put some of the details on the ideas that come from that network.

Ms. Chartier: — Thank you for that. Looking at the '13-14 plan, I know, Madam Minister, you mentioned the diversity and inclusion strategy, and in the report or in the plan on page 5, it talks about the implementation of a new diversity and inclusion strategy. So I'm wondering what that new diversity and

inclusion strategy that's been developed over the past year looks like? For all intents and purposes, where the rubber hits the road, what will that look like?

Hon. Ms. Heppner: — Thank you for the question. There is still work to be done within this year. One of the things that we're going to be looking at because there's . . . we talked about AGENs. There's also the disability network with government employees and the Saskatchewan Visible Minority Employee Association network. So there's a number of these employee driven networks within the public service, and part of what we want to do is utilize them more and have them interact with each other as well. They can probably . . . I'm guessing there's some common initiatives that they have, and if they can work together, I think that's probably going to benefit all of us.

They have, the networks, have identified some issues and initiatives that they would like to work on in the year ahead, so we'll be looking at those. I don't have any specifics on those for you this evening. Part of it is having diversity champions within ministries to . . . part of an education process for people to better understand the need for diversity within the ministries, within the public service, and how that benefits everybody.

And the Premier just lately has named a Legislative Secretary for disabilities who is working with the Minister of Social Services. But the minister and I have spoken, and he's going to also be working with the Public Service Commission on disability issues as well as part of his work for the Minister of Social Services. We've kind of offered in the Public Service Commission that he can come and give us ideas and talk to the employees that we have within the ministry already, see where we can do things better, if there's barriers in place, regardless of what the employees needs are, whether it's disabilities or other things that he comes across as well in the course of his work. He'll be reporting back to the Minister of Social Services, and I'll be working with her on his report and recommendations when that happens. I'm not sure a timeline on that, though. But I'm looking forward to that as well, and having these networks, I think, communicate with each other is going to be beneficial as well.

Ms. Chartier: — Thank you for that. Again just going back to page 5 with the mention of the implementation of the new diversity and inclusion strategy that was developed over the past year, is there actually a document? Is there a hard copy? If I asked written questions or did an FOI [freedom of information], would there be a document that I could obtain?

Hon. Ms. Heppner: — There isn't actually one document. But to save you the effort of an FOI, trying to, like, look for stuff in the ministry, I was just talking to Cam and we'll put together a presentation with some of the highlights and the core issues behind what the strategy's been developed on and get it to committee members.

Ms. Chartier: — That's okay. You don't need to whip out and do that right this moment, but thank you.

Okay, I know your lean officials are waiting here very patiently, so we'll move on to lean. So the specific question that I was asking, obviously, this time last year a two-year contract had just wrapped up and a \$1.4 million expenditure. And there was

just an RFP [request for proposal], and from reviewing *Hansard* of last year, the RFP had just been issued, and you were waiting to find out about a successful bidder, I suppose. So can you tell me about that.

Hon. Ms. Heppner: — Yes, I can. The contract was awarded to Westmark. It's up to three years. We have the option to renew year over year but to a maximum of three years. In this year it's \$1.1 million. That is for work to be carried out both in executive government as well as both the education and advanced education sectors are interested in participating. So this is for initiatives in those third party areas as well.

Ms. Chartier: — So 1.1 million in the 2013-14 fiscal year?

Hon. Ms. Heppner: — The 1.1 was for '12-13 but we actually only spent 922,000. And we're currently negotiating for the '13-14.

Ms. Chartier: — And what was the . . . So the 922,000 that was spent, what was that spent on? Can you tell me what that work, what . . . how many people were involved in that work? Was that one consultant? And what did they do?

[22:00]

Hon. Ms. Heppner: — I'm trying to find that information, but that is for '12-13 which is last budget year. And we have information I think for this budget year. We'll try to get that information to you. As I said, that would have been for last budget year, and we don't have that information, but we'll try to track it down.

I have estimates for '13-14: for training — and these are just estimates — 242,000; lean management systems in Economy, PSC, Highways, 180; value stream mapping as requested by ministries — we don't have those requests in for this year yet — 300,000; consulting, 20,000. And then there's also, as I had said, both Education and Advanced Ed, post-secondary sector, there's 250,000 for training in those two areas, as well as value stream mapping in those two areas for 250. And that's our estimation for the contract for this year.

Ms. Chartier: — Sorry, I don't have a calculator on me.

Hon. Ms. Heppner: — The total of that's 1.3.

Ms. Chartier: — 1.3 for . . .

Hon. Ms. Heppner: — Give or take. It's an estimate right now.

Ms. Chartier: — You bet. So 1.3 allocated this year for the contract to Westmark for '13-14, okay, for PSC lean work. Okay.

If you could endeavour to get me the '12-13 because that was actually a question that I had asked at last budget time when the RFP had gone out, so the one that expired at the end of 2012. You're embarking upon a new one, so I really would like those numbers for '12-13.

Is the goal . . . So you've had last year, this year, and you said up to three years. The contract is renewed annually but with a

possibility of up to three years. Is there a point where your staff throughout, not just in Public Service Commission, but throughout government has the sufficient expertise to no longer need a consultant?

Hon. Ms. Heppner: — As the member can imagine, this is a bit of a fundamental shift in government and how we do things within government. As I said, part of the contract this year is to third parties, Advanced Ed, and Education. And it's about a . . . well more than a third of the total contract is for those sectors.

We will continue to train our own people with the view that eventually we will have the expertise in-house that that will no longer be necessary. But as I said, it is a fundamental shift and it's going to take some time. At the end of this three-year contract, we will re-evaluate to see what kind of expertise we have in the ministry and what kind of consulting requirements, if any, we will need after that.

Over 2,500 government employees have been trained in lean so far. So this really, truly is a government-wide project. But it will take some time to have this fully embedded within government, and the training does take some time. But we will be re-evaluating at the end of this contract to make sure that we're not duplicating efforts and making sure that if we've got the expertise within ministries, that we can use our own people to keep training our own people.

Ms. Chartier: — So obviously the PSC is the . . . has done, has lead the lean initiative across government. Have other ministries spent individually on lean initiatives as well?

Hon. Ms. Heppner: — The other ministries aren't contracting out on their own for consultant work. There's work that's being done internally within ministries that would be covered by those specific ministries. It's people time, people costs. But for the contracts for the consulting work, I don't believe that there's . . . that work's being undertaken by specific ministries, with the exception of Health has its own contract. I don't have information on that. You'll have to check with them.

Ms. Chartier: — Health has its own contract, is the only one that's hired consultants then as well?

Hon. Ms. Heppner: — Yes, it's just Health.

Ms. Chartier: — Okay. Thank you. Has every ministry — I believe the answer was yes, last year — but has every ministry embarked upon lean initiatives thus far?

Ms. Heppner: — Yes, they have.

Ms. Chartier: — Is there a point that you reach . . . So we have a consultant here, obviously that culture shift that you talk about or embedding lean initiatives in the culture of government. Is there a point that you reach where you've done lean, you've gone through the process and you've found efficiencies, and then what happens after that? So you find efficiencies. You change the way things work, and then obviously it's good to keep up with things. But how does lean work once you've done the initial initiatives?

Ms. Heppner: — Well I'm not sure that you ever stop finding

efficiencies or better ways of doing things. I think what we've realized is there's some obvious gains to be made at the front end, things that are kind of like glaring things. I know that our government has talked about this before, is just the storage and use of blood products to automatic savings of about \$10 million per year. That was a big obvious one with some big savings.

But I don't know that you ever get to the point where you say, we're done. We're good. We can't find any more improvements. So I think once the mindset and the culture is changed to embrace this within ministries, I think it's an ongoing process. You'll always find something that you might be able to do a little bit differently, a little bit more efficiently.

But like I said, there will come a point, I would imagine, where we'll have folks trained within the ministry who can do that, and start stepping away from the consulting and have more of it done in-house. But I don't know that you'll ever get to the point where you stop and say, we're good. There's no other efficiencies to be found.

Ms. Chartier: — And of course you always want to strive for continuing improvement. But so you get the low-hanging fruit initially with this, but I think the question was . . . I just am curious how lean, after several years, rolls out. Like I'm curious about what that looks like if . . . in other places where it's been in place for many years, what does it look like on an annual basis in an organization? How do the people that you've trained operate and function? What do you do after you've got the low-hanging fruit and you're trying to create a cultural shift? And how do you keep finding those efficiencies? Do you have regular . . . I've not experienced lean so I'm just wondering about what that looks like a few years down the road.

[22:15]

Hon. Ms. Heppner: — Well I don't know that I could say today what it's going to look like in five, ten years, how that's going to operate. The whole philosophy behind lean is that it is a process of continuous improvement, so it's a bit of a hypothetical question of how it's going to end up looking. I don't know how it's going to end up looking. We'll work our way towards that. Like I said, we're training up folks within the ministry and hoping that the mindset changes and people look for ways of doing things differently. But as for a structure of how this is going to look in five, ten years, I couldn't answer that question today.

Ms. Chartier: — Obviously, though, we're looking at how other companies have utilized lean. So I'm wondering, once you've got the low-hanging fruit and you've got these people trained, what do the trainers do once you've . . . Obviously we can't project into the future here, but what have other organizations found? I really am curious what the role of the trainers are and what people do, sort of beyond that initial work that you do.

Hon. Ms. Heppner: — I'm not sure exactly how to answer your question other than what I've already said. I'll give you an example with Toyota, which is I think one of the very first companies that ever used this approach. They've had it in place in their corporation for years — years and years. And still today, they'll get thousands of suggestions from employees on

how to do things differently.

As I said, it's the mindset that there is opportunity for continuous improvement within whatever organization that is, whether those improvements are better workspace, work life for employees, or better outcomes for customers. And customers, when we're talking government, are obviously the people of this province.

So it's a mind shift. It's a culture shift. It's a way of doing things differently, of looking at things differently. And I would suggest once this is in place and embedded within ministries, it will just be commonplace practice to come up with new ideas on how to do things differently.

If you're asking about structure, I don't see that it's a structure. A structure would actually negate the whole purpose of lean, because it's not about setting up committees and having more processes. It's doing things differently, and I think it would just be employees coming forward with ideas, whatever they see would be an area for improvement.

Ms. Chartier: — I appreciate that it is about a cultural shift. And I'm not being judgmental here. I really want to know. I've not experienced the lean process myself. In terms of training, I'm wondering. So you're training the trainers in essence right now, but I don't know what the trainers do. I want to know what it looks like when you embark upon this.

Can I suggest something? Perhaps you could invite me out to a lean . . . It's a three-day . . . I'd be interested in knowing what it looks like. So instead of trying to come up with anecdotes or examples, I would love over the course of the summer or when someone is embarking upon it, to come and see what it looks like.

Hon. Ms. Heppner: — Absolutely. We'll take you up on your offer. I do want to point out from an employee point of view . . . And I know that the previous minister has used this one before, and I think this just gives you an idea of what this process is supposed to be about: employee engagement, doing things differently, asking people for their opinion.

It was an employee in Sask Liquor and Gaming said, I've been here for 28 years and no one has ever asked me for my ideas and how to make things better. And I think that really wraps up the philosophy behind this. It is a philosophy. It's a way of doing things differently, doing things better.

There will be lean leaders within ministries. And I think their role is to make sure that everybody else in those ministries is an active participant in this. We want the opinions of employees. They're the ones who are doing the job every day, and I'm sure if you ask any one of them, they'll be able to tell you how to do it differently or do it better, do it more successfully. And that's what we want is those people engaged in the day-to-day process of how to get the job done.

But happy to take you up on your offer, and we'll check with the folks on a time that would work out because it's . . . I think it would help with just kind of the process of how all of this works.

Ms. Chartier: — That sounds good. And just in terms of the '12-13 numbers when . . . I know that you were going to try to get those. When can I expect to have the '12-13 lean numbers?

Hon. Ms. Heppner: — We'll endeavour to get those to you by the beginning of next week. Well it would be all committee members.

Ms. Chartier: — Thank you. Moving on here, just going to question period on March 6th, 2013. I know in question period, Madam Minister, you had pointed out that the Public Service Commission had a contract with ClimbIT, and I'm wondering what that was for.

Hon. Ms. Heppner: — Mr. Chair, while I'm happy to answer questions about this budget, the member's question has nothing to do with this budget. That contract was let years ago.

The Chair: — Okay. I'll just remind the members, yes, we're just dealing with this year's budget. Okay?

Ms. Chartier: — Historically I think that there's been latitude at estimates to deal with issues that arise in the current year, and this is something that came to light on March 6th, 2013.

The Chair: — I'll leave that up to the minister to decide if she has officials with the information. Sometimes they don't have the information that goes back for years. So I'll leave that up to the minister if she can answer. But if she doesn't have the information, she's not obligated to answer.

Hon. Ms. Heppner: — It was for knowledge centre SharePoint site. Contracts through the ministry in '11-12, 47,250; '12-13, there were two, 37,170 and \$1,596.

Ms. Chartier: — Would you mind? I'm a slow writer here, so '11-12 was how much?

Hon. Ms. Heppner: — 47,250.

Ms. Chartier: — 250. And then '12-13?

Hon. Ms. Heppner: — 37,170.

Ms. Chartier: — 37,170. And then you gave me . . .

Hon. Ms. Heppner: — There's a second amount in '12-13 of 1,596.

Ms. Chartier: — 1,596.

Hon. Ms. Heppner: — Happy to take these questions in question period if ever anybody would ask me a question there, but we'll do our best here.

Ms. Chartier: — The reason I like estimates is because we can dig down a little bit deeper, and question period doesn't always offer you the opportunity to ask or get detailed questions in, or answers for that matter. So the knowledge centre, you called it knowledge centre share?

Hon. Ms. Heppner: — SharePoint service.

Ms. Chartier: — SharePoint service. Can you tell me what these contracts were for?

Hon. Ms. Heppner: — It's an information sharing site. It streamlines HR [human resources] forms and services across executive government through the employee service centre.

Ms. Chartier: — In English?

Hon. Ms. Heppner: — That was as English-ized as I have it, actually. It's an information sharing site for government employees, HR, that sort of thing, through the employee service centre.

Ms. Chartier: — Okay. Can you tell me a little bit about the original contract. Looking at your response in question period, the original, the '11-12 contract was tendered.

[22:30]

Hon. Ms. Heppner: — The first contract, we have an agency of record that was hired to work on this project, and they subcontracted to ClimbIT for the '11-12 contract which is the one that I had mentioned in question period. That contract was \$71,000. And then the other ones were follow-up to complete the project.

Ms. Chartier: — Sorry, \$71,000 was . . .

Hon. Ms. Heppner: — We have an agency of record that was hired to work on this project. They subcontracted to ClimbIT for a contract of \$71,000. That wasn't contracted through the ministry. That was a subcontract through the agency of record, which was all following all proper rules. The other contracts were follow-up to complete the project. Those were contracted through the ministry, and those are the contracts of the amounts that I told you, the 47,000, 37,000, and 1,500.

Ms. Chartier: — Who was the agency of record?

Hon. Ms. Heppner: — The Phoenix Group.

Ms. Chartier: — The Phoenix Group?

Hon. Ms. Heppner: — Yes.

Ms. Chartier: — Okay. So Phoenix Group contracted in . . . was that in '11-12 as well for the 71? So Phoenix Group contracted 71,000. Was that in '11-12?

Hon. Ms. Heppner: — Yes.

Ms. Chartier: — The Phoenix Group contract . . . Sorry. The light, the timing here is not great here. So Phoenix Group contracted with ClimbIT and then to do the initial work through . . . Well that was the subcontract. So for PSC's contracts, were those tendered contracts?

Hon. Ms. Heppner: — As I said in my answer in the House during question period that day, the procedures weren't followed for the follow-up contracts. There was a belief within the ministry that because the ClimbIT had already been used that they could just carry on and renew that contract.

If they wanted to do that, they should have issued an ACAN, which is an advanced contract award notice, which basically puts on the website that, by the way, we want to follow up on this contract. Is there anybody else out there who thinks they can do the work, who wants to bid on it as well? If not, we'll just carry on. That wasn't done.

The other way that it could have been done is to put out an RFP for that work to be done and have ClimbIT and anybody else who wanted to be involved bid on that.

Neither of those processes were followed, as I said, because employees at the time thought they could just renew a contract that had already been in place. That is not the way we do things. That is not the way this government operates. And again, as I said in my answer in question period, the employees in the ministry who were part of that contract have been spoken with to make it very clear to them what our rules and procedures are and that those are to be followed. The Deputy Minister to the Premier also sent a letter to all deputy ministers and heads of treasury board Crowns to remind them to remind their employees who are participating in the awarding of contracts, what the rules are and that our expectation is that those rules are followed 100 per cent of the time to the letter.

In this instance, they weren't, and as I said in my answer, I acknowledge that. And we are taking steps to make sure that doesn't happen again. I don't believe that there was any malicious intent involved in the ministry. But we want to be an open and transparent government and allow any company who wants to participate in government contracts to have the opportunity to do so. In this case, those procedures weren't followed, and we are making sure that they are followed in the future.

Ms. Chartier: — Thank you. So in light of this particular experience, did you have an opportunity then to look back over other contracts? Obviously staff didn't have good information. Did this trigger a review of other contracts? Did you find anything else in a similar vein?

Hon. Ms. Heppner: — There was an examination within the Public Service Commission of other contracts to make sure that the rules are followed. And this was an anomaly. There was no other ones that were found to have not followed the appropriate rules and guidelines.

Ms. Chartier: — How far back did the examination go?

Hon. Ms. Heppner: — The examination was for anything that was started or finished within the last fiscal year.

Ms. Chartier: — So it was '12-13?

Hon. Ms. Heppner: — Yes.

Ms. Chartier: — There was no concern then since this last, the previous contract . . . I guess with the investigations, you have employees who obviously have misinformation. Did you look at specific contracts that those employees had dealt with, or what was involved in the examination?

Hon. Ms. Heppner: — As I said the contracts that were looked

at were in last fiscal year which would include contracts that those employees would've been involved in. And again there is no other ones that were found to be outside the rules and guidelines in place.

Ms. Chartier: — Just out of curiosity, one of these, the contract from '11-12 obviously was the year before the examination, so I'm wondering why you chose to just look at '12-13?

Mr. Swan: — What we chose to do is we looked at, we felt '12-13 was a good place to review to see what ones are active contracts or ones that are recent contracts. I think it's also fair to say had we found any anomalies, which we had not, we would have dug deeper, which may have included going into prior years as well.

Ms. Chartier: — And when did you do the examination?

Mr. Swan: — Basically we'd done the examination as soon as possible after we discovered there was an issue, within days basically.

Ms. Chartier: — When did you discover there was an issue?

Mr. Swan: — When did we discover there was an issue? We discovered there was an issue when the minister basically informed, right at that timeframe. When she informed through question period, so that's when we discovered that there was an issue with this particular contract, when we looked at it, because we realized that some of the assumptions made were incorrect.

Ms. Chartier: — So prior to . . . I just want, like, a time frame, end of February or beginning of March 2013. When did the minister, who triggered the review? What happened? Can you tell me a little bit about that?

Mr. Swan: — We would've initiated that right at the end of February.

Ms. Chartier: — In terms of the services that ClimbIT provided, the knowledge centre SharePoint. Is that in operation today?

Ms. Heppner: — There is still some work to be done before it's fully operational.

Ms. Chartier: — So the work started in '11-12, and it's not operational yet. When is the expected time of it being operational?

Hon. Ms. Heppner: — I don't have an estimated completion date today.

Ms. Chartier: — Who's working on it?

[22:45]

Mr. Swan: — We'll be using our own IT resources within a ministry to bring that to the finish line.

Ms. Chartier: — Can you tell me about . . . I am a bit of a

Luddite. And so knowledge centre SharePoint, is this something . . . How complex is it? Obviously we're in year three of trying to get it up and running. How complex is this kind of project? What does it do?

Mr. Dedman: — Ron Dedman. SharePoint sites are quite common in the Public Service Commission and are used to distribute information. Sort of overarching above the work that was done on this site, we were also looking at how perhaps we can find a better method to deliver a lot of the information that we need to distribute. So there's discussions right now on how we might put that on one site as opposed to a number of SharePoint sites that exist at the moment.

Ms. Chartier: — So this is . . . So just let me get this straight here then. We have spent money on something that isn't operational, and the company that was contracted to set it up hasn't completed the work. And now your staff are going to complete this, or you'll be looking at something else completely different?

Mr. Dedman: — I think we'll complete this site. But at the same time, we're looking at having fewer SharePoint sites than we currently have in the Public Service Commission part of Central Services.

Ms. Chartier: — How much staff time or resources do you anticipate you'll need in order to be able to complete this particular site?

Mr. Dedman: — The technical part of this work is very close to being done. We still have to stream the actual forms and information, which is sort of the communications part of this, to make that site operational.

Ms. Chartier: — So how much in terms of person hours or expenditures in staff do you think it's going to take to get it across the finish line?

Mr. Dedman: — Technically very little, like a week or two. We have two people in ITO that handle that type of SharePoint work. But this SharePoint site . . . And this SharePoint site has the content and the technical operation component. So the technical part is very close. To get it operational, we have to put the content into it.

Ms. Chartier: — Did ClimbIT complete their part of the contract? When did their work stop on this?

Mr. Dedman: — I think it completed about March of this year.

Ms. Chartier: — So they stopped working on it in March of 2013. And why did they stop? Did they fulfill their contract? So they completed their work in March 2013 . . . or stopped working. I won't say completed. They stopped work on March 2013. What led to them not doing it anymore?

Mr. Dedman: — It got to the end of their portion of the contract. So they finished what they were asked to do when they stopped work on this.

Ms. Chartier: — We had talked earlier about these not following proper processes in terms of tendering. Was there a

written contract?

Mr. Dedman: — Yes.

Ms. Chartier: — So they have completed all the requirements of the written contract?

Mr. Dedman: — Yes.

Ms. Chartier: — Can you tell me a little bit about what you're . . . First of all — again this Luddite in me who doesn't know very much about shared services but — is it usual to have a contractor do this amount of work and then you got your own IT people who do it? Is that a normal way of doing it?

Mr. Dedman: — Well I think as I said, the technical part of this is pretty much finished. It's now the communications part of putting the material into the process.

So under normal circumstances, we would find resources to do this work through the normal process that ITO has to bring contractors on stream. And that wasn't followed because this was kind of a unique thing that started really as a communications with some IT component. And then once the overall communications part was done by that ministry or the agency of record, then the ministry followed up and thought that their process was okay to just have them continue the work. So normally, and now for the Public Service Commission, when they need an IT resource, they would get it through Central Services' procurement process.

Ms. Chartier: — I think my question then is so ClimbIT was contracted to do . . . in a written contract both years — '11-12, '12-13. There was a written contract for both those years?

Mr. Dedman: — Yes, that's my understanding.

Ms. Chartier: — Have you seen the written contract?

Mr. Dedman: — Not personally.

Ms. Chartier: — How are we aware of their existence?

Mr. Swan: — I've seen the contract with ClimbIT and they've completed work for us. That's how I'm aware of their existence.

Ms. Chartier: — May I ask who signed off on the contracts?

Hon. Ms. Heppner: — Obviously I don't have that information here, but I'm wondering what the purpose of the member's question is in asking what public servant signed off on these contracts. And I'm not saying this to be argumentative. I'm honestly confused as to why that would be an important thing. I'm not about . . . I don't have the information here, as I said previously. None of these have anything to do with the budget that's before us.

Happy to answer the questions. I don't have the contracts here. And I don't have the name of the public servant who signed off on them, and I'm not sure why that would be important. We've already said that those involved made a mistake in the awarding. We've accepted that. We've accepted there was a

mistake made, and we've taken steps to correct that.

Ms. Chartier: — Would it be possible to get a copy of the contracts?

[23:00]

Hon. Ms. Heppner: — We will endeavour to get a copy of that to members of the committee. And I know their next question will be timeline — beginning of next week.

Ms. Chartier: — Thank you. So I know you described two pieces: the technical piece and then the communications piece. So in these kinds of contracts, is it normal to break it out where a company would do this part and then your staff would do the rest?

Mr. Dedman: — As a general rule, one way to look at this is that you hire your expertise in development, people that can put it together for you. Then you want to configure it to the Government of Saskatchewan systems so that there are no security concerns and it can fit in with the system. And then into the future, with something like this, you either have internally or by contract the ongoing maintenance of the software that you've developed. So sometimes that's done internally. Sometimes that's done under contract. But the interface to bring it into the system has an IT component of Central Services in it.

Ms. Chartier: — Again forgive my ignorance here, the piece that is left to be complete . . . Then you said communication. So what does that mean?

Mr. Dedman: — It's content that we're talking about.

Ms. Chartier: — Okay. And you said that'll be about a week of work for two staff.

Mr. Dedman: — The connecting, the IT component will be a week or so for two staff. The content part, I think it will be ongoing. You'll start with some, and you'll add and you'll add as you go forward. But the SharePoint allows you to put your initial piece on and then to add more to it as you go along.

Ms. Chartier: — And when do you anticipate then that this'll be up and running for your staff to be able to utilize as a SharePoint?

Mr. Dedman: — We don't have an exact date, but it will not be long.

Ms. Chartier: — I don't need an exact date, but just rough. Are we looking at three months, six months down the road? What are you thinking?

Mr. Dedman: — I think certainly by three months it should be fine. Perhaps quicker, but it will an ongoing process.

Ms. Chartier: — Okay. And what exactly is this SharePoint? You've talked about doing a broader SharePoint, and you said there's lots of SharePoint services in PSC and in government in general. What is this particular one about? Or what does it do? So again, forgive my ignorance on this kind of thing, but what

will this one do?

Hon. Ms. Heppner: — That was one of my first answers on this. It's through the employment service centre. It's HR forms and services available through executive government.

Ms. Chartier: — Okay. Thank you for that. I know that we're running out of time here. Moving on here to . . . You know what, actually I'm just going to just check my list and see if there's anything else that I needed to confirm. No, I think I'm good.

The minister last year in estimates . . . And this was something I didn't know very much about, the pension issue, the — let me just find the page here — non-permanent pension issue. The minister mentioned last year that one example of change:

The member knows that we've been working on the non-perm pension initiative, making sure that there is people who would have a right to pensions [who] were looked at. There's been a lot of work in the last two years to ensure that we've had people come forward and gone through a large number of files.

And she mentions working on a final intake. I wasn't aware of this particular issue and didn't ask any questions. But I have had a constituent who's come forward who went through a process last May, and he was waiting to hear about . . . He had to appeal. He went through an appeal process last year. So I'm wondering where you are with this particular issue.

Hon. Ms. Heppner: — Thank you for the question. Yes, there is quite a few of the original claims that have been settled. There's a few groups left outstanding. And we're in settlement negotiations with those, so I can't really comment much on those. I don't want to infringe on that process obviously.

But for individuals who had put claims in, we've settled almost all of those. Obviously there's been some that had been denied because they didn't qualify. There was quite a bit of advertising done, so there's thousands of requests to government to find out if they qualified and if they didn't, so ministries had to go through all of that information as well. So like I said, most of them have been settled. There's a couple of groups left outstanding and then obviously some denied because they didn't qualify.

Ms. Chartier: — How many of the original claims have been settled?

Hon. Ms. Heppner: — The latest numbers I have, as I said . . . I'll tell you the numbers that were approved. There is 1,022 claims have been approved. 646 have been denied. So the total settled is 1,668, although 1,022 of those were approvals. That's to date. Like I said, there's some left outstanding.

Ms. Chartier: — Of those who have been denied, how many of those . . . I understand there is an appeal process, and this was my constituent's challenge or issue. So I'm wondering, of those 646 who were denied, how many have appealed?

Hon. Ms. Heppner: — I don't have that number on me. Of the 646 denied, how many of those appealed? That I don't have

with me. I'm happy to get that information to committee members. I just don't have it with me tonight.

Ms. Chartier: — Okay. In terms of the appeal process, this is what my constituent was trying to understand. He went through the appeal process last May. And it's been a couple weeks since I've spoken to him, but he still hadn't heard about the results of the appeal as of a few weeks ago. So I'm wondering a little bit about the appeal process.

Hon. Ms. Heppner: — Obviously I don't want to jeopardize your constituent's privacy by talking about that person specifically in committee, but if you want to discuss afterwards, just for privacy issues obviously, I'm happy to follow up with you to look into his claim to find out where that is because if the appeal was last May of 2012, you were saying?

Ms. Chartier: — Yes.

Hon. Ms. Heppner: — That's a long time to be waiting, so I'm happy to follow up with you, kind of off-line.

Ms. Chartier: — That would be great, and I'm sure he'd appreciate that too. In terms of the groups that are outstanding, what are left to be . . . And when we say groups are outstanding, what does that mean?

Hon. Ms. Heppner: — There are a few members of CUPE [Canadian Union of Public Employees]. There are several lawyers and a group of pilots that are still waiting. Decisions are pending.

Ms. Chartier: — Thank you. No. That sounds good. And I will take you up on following up with my constituent a little bit later.

A quick question here, and we don't have time to have a good full discussion about this, but last year we talked a little about merit pay. And some of the discussion on page 37 of last year's *Hansard*, the comments from Mr. Zerr were that "We are in fact looking at whether or not that's something that would be good for the public service but we haven't gotten into any decision points . . ." And then we talked about that it's in early stages of development. So I'm wondering where you've come in at a year from your discussions on merit pay?

Mr. Swan: — The short answer is still no decisions on that. We continue to look at a number of different things, comparing ourselves against other jurisdictions to make sure we have a workplace of choice.

Ms. Chartier: — Is that something . . . Are you anticipating making a decision, or is it an ongoing, far in the distant future kind of thing?

Mr. Swan: — I'm not sure how good I'll be at predicting how quickly. I wouldn't view it as tomorrow or anything. It's ongoing as part of overall comparisons to other employers. Sorry, I can't give you a more precise answer today.

Ms. Chartier: — But you're still considering the possibility of merit pay or performance bonuses, and that's still definitely on the radar?

Mr. Swan: — We considered a number of different factors. So I mean are we specifically focusing on just that? No. But we are focusing overall to make sure we're a competitive employer.

[23:15]

Ms. Chartier: — And just one last question or topic here. Also last year we talked about within-workplace happiness or assessment of how staff are feeling about things. And I think there was a conversation about the development of a tool for individual ministries on taking the temperature of the workforce. I'm wondering if that tool has been developed?

Mr. Swan: — We have not moved forward with an overall engagement survey across the service. There's a number of ministries that I know are doing work around engagement and assessing, you know, sort of the pulse of their staff through some of the organizational culture work and through some other initiatives they have going on within their ministries.

Ms. Chartier: — Is the plan . . . I know that the line, or that the language Ms. Aulie used is:

So we're developing a tool that can be used and it's actually based on some interjurisdictional questions that are developed. And that tool will be available for ministries to use as they get to the point in their culture journey where it would be helpful for them to assess the current state.

So is the plan in the near future to have a tool in place from PSC for ministries to use?

Mr. Swan: — Basically where we're at is we continue and have all along provided assistance to ministries in development of what makes sense within their particular ministry. So our staff provide expertise around, there's a number of different tools that are out there, and there's a number of different questions in other jurisdictions and through other professional organizations. So we provide the expertise to help the ministries ask the right questions, if that's the right way to put it, around this particular topic.

Ms. Chartier: — So individual ministries then are doing this work then right now on, I think the language last year was, taking the temperature of the workforce? Do you know how many ministries are in the process of doing this or have done it?

Mr. Swan: — Sorry, I don't know today exactly how many ministries are doing it, but several are pursuing this path, whatever makes sense within their particular ministry. And it's often wrapped around other work they're doing within their particular ministry. And we're providing expertise to help them around the lines of questions.

Ms. Chartier: — Thank you for that. And I know everybody looks pretty tired, and I know the Chair is shaking his head at me anyway. So I just want to say thank you to all the officials and to the minister for your time tonight. It's very much appreciated.

The Chair: — Thank you. Minister?

Hon. Ms. Heppner: — Thank you, Mr. Chair, and thank you to the members and for their questions this evening. And as I said in some of my earlier questions, we will commit to getting that information on those various issues back to committee members. And I would like to thank everybody who helped out this evening, everybody at this table and sitting behind us, and not just for their work that they've done tonight for us but the ongoing work that they do in the ministry. So thank you.

The Chair: — Thank you. The time being 11:19, we had our allotted two hours for this ministry. Since we've concluded our business for this evening, I would ask a member to move a motion for adjournment. Mr. Hickie has moved a motion for adjournment. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. This meeting now stands adjourned until the call of the Chair. Thank you.

[The committee adjourned at 23:19.]