



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

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

Mr. Fred Bradshaw, Chair  
Carrot River Valley

Mr. Nathaniel Teed, Deputy Chair  
Saskatoon Meewasin

Mr. Steven Bonk  
Moosomin

Mr. Ken Cheveldayoff  
Saskatoon Willowgrove

Mr. Mark Docherty  
Regina Coronation Park

Mr. Greg Lawrence  
Moose Jaw Wakamow

Mr. Doug Steele  
Cypress Hills



[The committee met at 13:01.]

**The Chair:** — Well good afternoon, committee. Good afternoon, everybody. And welcome to everybody that is watching this with bated breath on television. I'm Fred Bradshaw, the Chair, and we have Nathaniel Teed, the Deputy Chair. Substituting for Steven Bonk today we have Derek Meyers. Ken Cheveldayoff will show up momentarily. Mark Docherty is here, Greg Lawrence, and substituting for Doug Steele is Travis Keisig.

Before we begin today, I would like to inform committee members that pursuant to rule 145(3), chapters 11 and 26 of the Provincial Auditor's 2022 report volume 2 were committed to this committee on December the 6th, 2022.

Committee members, before you, you have a copy of today's meeting notice which is our agenda. Today we will be considering Provincial Auditor's report chapters and annual reports for Saskatchewan Government Insurance.

Before we begin that consideration, we have two small matters to address as a committee. The first matter deals with the deadline for Crowns to submit status updates in regards to Provincial Auditor reports. Currently the deadline is 48 hours prior to a committee meeting, but if that 48 hours falls over the course of a weekend, committee members do not have significant time to review the documents prior to the meeting.

On October the 19th of this year, the Standing Committee on Public Accounts changed their deadline requirement to three business days rather than 48 hours. I believe a member is bringing forward a motion to that effect for our committee. Mr. Docherty.

**Mr. Docherty:** — Thank you, Mr. Chair. I've got the following motion:

That status updates be provided to the committee three business days prior to the CCA meeting; and further,

That the CCA status update guide for officials be updated to reflect this change in the process.

**The Chair:** — Do committee members agree with the motion as read?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. The next matter we will consider is an addendum to the 2020-21 annual report of Saskatchewan Opportunities Corporation. In March of this year, Saskatchewan Opportunities Corporation was transferred under Innovation Saskatchewan, where it became the purview of the Standing Committee on the Economy. Because the addendum was tabled before the transfer while SOCO [Saskatchewan Opportunities Corporation] was still under the purview of the committee, the addendum is still considered to be an outstanding business for our committee.

The addendum corrects a misprinted term in the independent auditor's report found within the annual report. Our committee concluded consideration of the annual report itself on August the

24th, 2021. Do committee members have any questions? Is it the committee's wish to conclude consideration of the addendum?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried.

### Saskatchewan Government Insurance

**The Chair:** — We will now move on to consideration of Provincial Auditor's chapters relating to SGI [Saskatchewan Government Insurance]. The 2022 report volume 1, chapter 16, Saskatchewan Government Insurance, confirming only qualified drivers remain licensed; and the 2022 report volume 1, chapter 17, Saskatchewan Government Insurance, monitoring automated speed enforcement fines.

I want to welcome and introduce the Provincial Auditor's staff. We have here Jason Shaw, Tara Clemett, and Kim Lowe. So with that, I want to welcome the minister and the officials from SGI here today. Minister, first I'll ask you to introduce your officials before I turn it over to Ms. Clemett to make her presentation. Then I'll allow the minister some opening comments before we proceed to questions and answers. Minister.

**Hon. Mr. Morgan:** — Thank you, Mr. Chair. I appreciate your comment on how exciting the television would be, and I would just urge people to consider putting new batteries in their remote.

Anyway I am joined today by Penny McCune, president and CEO [chief executive officer]; JP Cullen, chief operating officer of the Auto Fund; Robert Osicki, chief insurance officer; Jeff Stepan, financial officer; Tamara Therrien, chief human resource officer; Kwei Quaye, vice-president of traffic safety; Randy Stoneham, vice-president of Auto Fund operations; and Tara Boutin, director of driver programs.

Mr. Chair, I have a number of comments that I will wait until after the comments from the Provincial Auditor but can make those at any time that works for the committee.

**The Chair:** — Well thank you, Minister. Okay, Tara.

**Ms. Clemett:** — Perfect. Thank you, Mr. Chair, Deputy Chair, committee members, Minister, and officials. With me today is Mr. Jason Shaw. He's the deputy provincial auditor that was involved in the audits at SGI. Mr. Shaw is going to present the two chapters that are noted on the agenda. He will pause after each presentation to allow for the committee's discussion and consideration. Neither presentation has new recommendations for the committee's consideration. Both presentations outlined follow-up audit work that we did to confirm that SGI implemented the outstanding audit recommendations that we did make.

I do want to thank, before I turn it over to Mr. Shaw, the president and CEO of SGI and all their officials for the co-operation that was extended to us during the course of our work.

**Mr. Shaw:** — Thank you, Mr. Chair. Thank you, Tara.

*The Traffic Safety Act* makes SGI responsible for issuing licences

to eligible drivers and confirming that only qualified drivers remain licensed to operate motor vehicles.

In 2016 we audited and found SGI had effective processes to confirm only qualified drivers remain licensed, except for the five recommendations we made. Since 2016 we have completed three follow-up audits assessing SGI's processes on implementing those five recommendations. We found SGI had implemented four of the five recommendations by November 2019.

In chapter 16 in our 2022 report volume 1 starting on page 189, we report that by February 2022 SGI implemented the last remaining recommendation. SGI uses its Auto Fund IT [information technology] system to track and maintain key information about licensed drivers. It has written guidance for staff to record out-of-province summary offence tickets into its IT system within 14 days of receiving that information. SGI received about 16,000 out-of-province tickets over about a two-year period.

For all 30 items we tested, we found SGI entered out-of-province traffic offences into its IT system within the 14 days as expected. By entering traffic offence information within its expectations, SGI can commence its disciplinary process, for example requiring further education or suspending a licence for unsafe drivers in a timely manner.

Thank you. This concludes my presentation on this chapter.

**The Chair:** — Well thank you. Thank you for that. I want to welcome Mr. Cheveldayoff to the meeting. Thank you for making it, Ken.

Anyway, do any members have any questions? Mr. Teed.

**Mr. Teed:** — I could direct this to yourself or to the minister, but prior to introducing the written recommendations, where was the breakdown at this point? Were we seeing these things just taking a long time to be entered into the system? Is that why there was kind of a need for written . . .

**Ms. Clemett:** — Yeah. So specifically with the recommendation here, it would have been, these out-of-province tickets are occurring. You want them in your system quickly so obviously consequences can occur. And you are correct in that those weren't being entered in a timely manner, and as a result there could be drivers out there that really shouldn't be on the road and should have changes that should occur to, obviously, their driver's licence. And so you want that to happen in a timely manner.

**Mr. Teed:** — And as far as out-of-province tickets, so there must be a mechanism there to ensure that those folks, that we're sending those tickets to them. And then when they're returning to the province is that the point where we're seeing that these tickets aren't being paid or if these drivers are entering the province with these demerits and not . . . How are we tracking that?

**Hon. Mr. Morgan:** — There's a lot of money that's involved in this. Prior to a number of years ago, the tickets just accumulated and nothing happened. Then the out-of-province fines were

placed with the fine collection office in Saskatchewan, which is the same office that collects support payments for spouses and collects in-province fines as well. They started working with other provinces to try and develop and improve the interprovincial collection of fines.

It's still very much a work-in-progress, and it's a paper-based system at this point in time and ultimately needs to be an interconnected electronic system between the fines. But when they started collecting them and having them on there, they were able to intercept payments that would be made to people from the federal government, such as a GST [goods and services tax] rebate or an income tax rebate. And so those monies started to be paid directly to the province.

And a lot of those people were . . . The fines were several years old or they'd forgotten about it completely, so they were surprised, unhappy. And as a province we were quite pleased that it happened. And when I was the Justice minister, I got calls calling me a third-world tinpot dictator, something that I took some considerable pride and satisfaction in because I knew that that person had no recourse. We had their fine paid, which is what should happen.

And as we work with the other provinces that may not have the same level of sophistication on fine collection as our province does, they'll get up to speed. But we take pride in the work that's done. I think we're 90 per cent or so of the collection rate of in-province ones, and I'm not sure what the out-of-province one is, but it's coming. The auditor's here. She would know better than I about what the fine collection rate is for in province. I know it's high.

**Mr. Teed:** — That's all the questions.

**The Chair:** — Okay, have we got any more questions from the committee? The Provincial Auditor's 2022 report volume 1, chapter 16 has no new recommendations. I will ask a member to move that we conclude consideration of this chapter. Mr. Cheveldayoff has so moved. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. Ms. Clemett, could you make your next presentation, please?

**Mr. Shaw:** — Thank you, Mr. Chair. Thank you, Tara. For my second presentation, SGI operates the automated speed enforcement program under *The Traffic Safety Act* and related regulations. For the 12-month period ended November 30th, 2021, its automated speed enforcement program issued almost 70,000 fines. The program utilized nine cameras that rotated through locations within the areas of Moose Jaw, Regina, Saskatoon, and Wakaw. This is an increase of one camera from our 2019 audit. This additional camera was added to the Wakaw area in 2020.

In 2019 we audited and found SGI had effective processes to monitor that the fines issued from its automated speed enforcement program were accurate and reliable except for the four recommendations made. In chapter 17 of our 2022 report volume 1, starting on page 191, we report that by February 2022 SGI had implemented all four of the recommendations. On page

192, we found SGI updated all contracts with key parties for the program. For example, it had written contracts in force with all municipalities and police services that deliver this program. It also enforced provisions in its contracts leading to all police services consistently issuing fines to out-of-province vehicles.

[13:15]

Since the 2019 audit, SGI changed the third-party service provider responsible for maintaining and operating the speed-camera technology for the program and for processing violations. For our sample of issued fines we tested, we found fines were calculated accurately.

By having up-to-date and enforceable contracts with key parties, SGI can monitor that key parties are fulfilling obligations of each contract. Consistently issuing tickets to all registered owners of out-of-province vehicles caught speeding provides equitable treatment of registered owners of in- and out-of-province vehicles.

On page 193, starting in 2020 SGI required in its contract with its service provider to receive an independent audit report annually to confirm the service provider sufficiently maintains the integrity of data in the IT system used to process program fines. We found SGI had reviewed this audit report as expected for the 12-month period ended June 30th, 2021.

Lastly, on page 194, SGI formalized an appropriate process to periodically monitor rejected violations to check whether the third-party service provider and police services follow its policies. A rejected violation is where the speed-camera technology takes a photograph of a motorist's vehicle, but the service provider or police service does not issue a ticket to the registered owner of the vehicle. This can occur for various reasons such as the licence plate isn't readable or the photo was of an emergency vehicle such as an ambulance operating during an emergency.

Starting in January 2020, SGI began analyzing violation rejections quarterly to identify any unexpected trends. Also we found SGI held regular meetings with key parties responsible for the program to monitor the fulfillment of their contract obligations and discuss issues related to the program equipment and the rejected violations.

Improving monitoring of rejected violations means SGI better understands whether the service provider and applicable police services issue all tickets that should be issued and whether they comply with SGI's program policies.

Thank you. This concludes my presentation.

**The Chair:** — Well thank you for that. Minister Morgan, do you have any comments on this?

**Hon. Mr. Morgan:** — I note that the auditor has indicated that SGI has complied with the recommendations, so I appreciate and thank the officials for having done that.

This is something that's of significant importance to the municipalities. There's a cost to operating the cameras that has to be borne out of the fine proceeds, but there's also the net

revenue after the payment of the operation that goes back to the municipalities. And as of July 31st, 2022, going back for the preceding three fiscal years, Regina received \$8.7 million; Saskatoon, 5.7; Moose Jaw, \$5.4 million.

So for the municipalities that received the revenue sharing from the speed cameras, it's worthwhile from a cost point of view, not to mention the significant safety that's enhanced by having people slow down through either a school zone or on a highway area.

**The Chair:** — Well thank you, Minister. Are there any other questions? Mr. Teed.

**Mr. Teed:** — Yes. On my route here today I noticed that Apple Maps has started to warn you when you are entering an intersection with a speed camera, which I thought was very interesting. And of course you instantly start to ensure you're going to be stopping.

Are there plans to expand this program into other municipalities? Like, it seems it's quite a profitable opportunity for municipalities; it increases safety.

**Hon. Mr. Morgan:** — We focus on the safety aspect of it rather than the revenue. It has to be a high enough area, and the municipalities would be discouraged from having something where the speed limit was artificially low to create more volume there. So it's a matter of that. And there's a cost to acquiring the equipment, setting it up, having it calibrated, monitored, and the things that are done.

So I think it certainly would be an option for more municipalities to come on and to participate. Nobody's been told no, that I'm aware of. It's a matter of, you know, that SGI officials have discussions with the municipalities to determine what's appropriate, where they would be.

Over the last year or two — you and I are both Saskatoon MLAs [Member of the Legislative Assembly] — Saskatoon changed the parameters for ticketing people through school zones. It was done only Monday to Friday and not during the summer. Now it's 7 to 7, seven days a week, all year round. So it's somewhat different. Anyways it may change the threshold or the desire for other municipalities. But it's certainly, and it has been regarded as, a very effective tool.

**Ms. McCune:** — If I may, there is actually a committee specific for this and it's SGI, the Ministry of Justice, Highways, Saskatchewan police chiefs. But basically municipalities apply if they want a camera, and they look at the data and the collisions and determine if it's warranted. That's why Wakaw was added and there has been interest. But as the minister said, we balance it with benefit verses cost, and again it's about safety, not revenue. So there is a committee that decides that.

**The Chair:** — I'd just like to remind the officials when you go to speak, could you please state your name for Hansard so they can get that. Thanks. Mr. Teed.

**Mr. Teed:** — I think that winds up my questions on that.

**The Chair:** — Okay, thank you. Do any of the other committee

members have any questions?

The Provincial Auditor's 2022 report volume 1, chapter 17 has no new — oh yeah, I'm on the right one — has no new recommendations. I will ask a member to move that we conclude consideration of this chapter. Mr. Lawrence has moved. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. That concludes our business today with the Provincial Auditor's office. We'll just wait for a couple of minutes while they gather up and leave.

[The committee recessed for a period of time.]

**The Chair:** — We will now consider the following annual reports for SGI: the 2021-22 SGI Canada annual report, the 2021 SGI Canada Insurance Services Ltd. annual report, the 2021-22 Saskatchewan Auto Fund annual report, the 2021 Coachman Insurance Company annual report, and the 2021 Saskatchewan Government Insurance superannuation plan annual report.

Minister, do you have any comments on this?

**Hon. Mr. Morgan:** — I do, Mr. Chair, and for the benefit of . . . And I know there's some new people probably on both sides. The quick background are that there are, within what we're dealing with today, two separate entities.

One is the Auto Fund, which is a statutory insurance program. It was established in the late '60s, early '70s and upgraded to require and supply no-fault insurance around the year 2000 or thereabouts. The Auto Fund is designed to operate on a break-even basis, so premiums and price, every structure is such that it's intended to break even, reflecting what the returns might be on the investment portfolio or on the claims rate. The Auto Fund provides licences for drivers and registration for vehicles. The coverage on it is based on what is prescribed in the statute for deductibles as well as liability insurance.

The other entity is SGI Canada, which is more like a typical insurer. It provides and operates at a profit, with the profit coming back to the GRF [General Revenue Fund], but it operates home, business, auto extension policy, and the usual things that an insurer would. A subsidiary of SGI is Coachman Insurance which operates out of province. And there may or may not be questions on Coachman Insurance with the officials that are here. One of the businesses that SGI is not in, it does not provide life insurance or financial benefits of that type, but it deals with all of the things that a general insurer would.

So we would welcome questions regarding the difference between reinsurance, co-insurance, subscription policies, and whatever, that type of thing comes from the members.

The remarks that the officials prepared me, and they're relatively brief, are that 2021-22 fiscal year was a good one for both the Auto Fund and SGI Canada.

Let me start with the Auto Fund. The Saskatchewan Auto Fund is the province's compulsory auto insurance program. It administers driver training and licensing, vehicle registrations

and requirements, along with many important traffic safety awareness activities and initiatives. Unlike competitive insurance companies, the Auto Fund is not intended to make a profit. It is meant to break even over time while maintaining a rate stabilization reserve to act as a cushion to protect customers against sudden rate hikes due to unexpected events.

In the 2021-22 fiscal year, the Auto Fund collected just over a billion dollars in vehicle insurance premiums. Thanks to a diversified portfolio, it posted investment earnings of \$108.7 million despite the volatile markets that existed.

On the other side of the balance sheet, claim costs make up the biggest expense, more than \$926 million. That includes costs for both damage and injury claims. The massive hailstorm at the end of August 2021 alone resulted in approximately \$65 million worth of damage. Fortunately the Auto Fund was able to limit its losses through reinsurance, which is essentially insurance for insurance companies. So the net cost to the Auto Fund for that storm and all of the others in the past fiscal year was \$24.5 million.

Reinsurance was good news for the Auto Fund and it was good news for the customers as well. SGI customers received rebates of \$100 for every vehicle or motorcycle that was registered on March 9th, 2022. This was part of the government's effort to help people deal with the increased cost of living.

SGI customers already benefit from, on average, the lowest basic auto insurance rates in Canada and the most comprehensive package of injury benefits. One of the ways drivers can keep insurance costs low is through discounts that they earn from safe driving records. SGI provided drivers with \$160.9 million in discounts under the safe driver recognition and business recognition programs in 2021. The Auto Fund delivers exceptional value to the people of this province and also serves the public good by making our roads and our communities safer.

I'll move on now to talk about SGI Canada which is the competitive arm of the corporation. SGI Canada provides insurance for your home, property, business, or farm as well as additional insurance for your vehicle. While the Auto Fund is exclusive to Saskatchewan, SGI Canada operates in five provinces — Saskatchewan, Alberta, Manitoba, Ontario, and British Columbia — and it competes with other insurance companies in all of those jurisdictions.

2021-22 was a good year for SGI Canada. The company saw an underwriting profit of \$52 million with particularly good results in Saskatchewan, along with profits in Ontario and Manitoba. Investment earnings for 2021-22 were \$32.3 million which again was a strong result in a volatile market. The company's overall profit was \$81.8 million which enabled it to return a dividend of \$57.5 million back to the province.

Of course it was not all good news. The August 2021 hailstorm, as I mentioned earlier, also meant a lot of claims for SGI Canada, and it was not the only storm of the year. The company saw more than \$54 million in storm claims during the year, the lion's share of which originated in this province, Saskatchewan.

It's a perfect example of why it's important for SGI Canada to do business outside of the province. Geographic diversification



allows the company to offset losses due to catastrophic storms in one region with profits in another. SGI Canada's focus on a stable and consistent approach to long-term growth helps it deliver value to the people of Saskatchewan by providing a dividend back to the province.

With that, Mr. Chair, we would certainly be prepared to answer any questions.

**The Chair:** — Well thank you for that, Minister. And are there any questions? Mr. Teed.

**Mr. Teed:** — Yeah, I have a few questions. And I like that you set out both the Auto Fund and SGI Canada. Kind of my questions surround those. I just want to say to start, congratulations to yourself on being appointed as the CEO. I've read some really great articles about that. It's amazing to see someone move through the ranks and make it all the way to the top, so huge congratulations.

[13:30]

**Ms. McCune:** — Thank you so much.

**Mr. Teed:** — Very excited to see what you'll bring to the corporation and moving forward.

I think I'll start with just a broad initial question, possibly more to the minister. In the Throne Speech, the government outlined a plan to focus on core business in their Crown corporations, and we saw in that Throne Speech the winding down of our publicly operated liquor stores happening right now.

Of course this kind of sends a ripple out into other Crown corporations, other folks who are employing folks in unions. And as you might know, our constituency assistants in our offices are in the same union as SGI, so they're COPE [Canadian Office and Professional Employees Union] employees. So I've been certainly privy and hearing a lot of feedback from folks at SGI with just similar concerns.

So I think my initial question would be, does the government see SGI Canada and the Auto Fund as core business? Are there plans to continue to maintain and support this entity? Maybe I'll pass that over to you just to . . .

**Hon. Mr. Morgan:** — Yeah, SGI is subject to the legislation, but I can tell you, and offer reassurance to the people that work in your offices, that there has not been any discussions about divesting any portion out, privatizing, selling off, or doing anything any different than the operations that are there. This is an entity that provides good service to the citizens of our province, and in that regard what it's doing now is serving the core business, which is helping the citizens of our province.

I mentioned in my earlier remarks that for benefits of diversification, it's essential they carry on business in some other jurisdictions as well. And so they're carrying on in the Western provinces, from Ontario west, and there's been no intention of winding down or liquidating or making changes to that. The expectation is that they would carry on those businesses, be profitable, make money, spread risk.

But I'm not privy to, nor do I expect we have any discussions about any kind of winding down, selling off, or anything else. SLGA [Saskatchewan Liquor and Gaming Authority] was a different entity and was not subject to the legislation. But this is something that, you know, I don't think there's any question it belongs in that legislation. This is something that's there for the benefit of all the citizens of the province.

**Mr. Teed:** — Thank you. Are there plans to continue to reach out into other provinces and continue to diversify that business in the SGI Canada front? Are there plans to branch out into other insurance offerings like life insurance? I did some googling just to see if I could buy some life insurance from SGI Canada, and it wasn't an option.

**Hon. Mr. Morgan:** — Yeah, it's not under consideration at this point in time. We want to continue to maintain what's taking place in other provinces, and the recommendations that come forward is that SGI says they want to continue, that market conditions dictate how much of a market share they have in the other provinces, and want to continue to work to make that business thrive and grow. I don't know, Penny, if you want to . . .

**Ms. McCune:** — Yeah. Penny McCune. Yeah, we do have opportunities to grow in the jurisdictions that we're currently in with our current brokers. All of our products are distributed through brokers, and we're quite comfortable with the portfolio that we have and lots of opportunity to grow. So we do see opportunities to grow. We're not considering other jurisdictions at this time and we're not looking into getting anything outside of what we call the property and casualty insurance. That's our specialty and so we're not looking beyond that.

**Mr. Teed:** — Another concern that's been raised, and it kind of segues into another area of questions, we've had some concern from SGI employees about the continued trend towards contracting work outside of the corporation. You know, we get a lot of notices from folks where jobs are terminated within the unions. And I guess my initial question is, why, with such a profitable Crown corporation, are we seeing jobs leave the province when those jobs could be created here in Saskatchewan?

**Ms. Therrien:** — Thank you for your question. Tamara Therrien. There aren't jobs leaving the province in terms of contracting out. The thing that raised some concern with our union this year was us contracting out to a print company the production of cheques, rebate cheques that would be delivered to the residents of Saskatchewan as part of our rebate program.

To be 100 per cent honest, we didn't have the technology or the equipment or the staff to deliver that kind of volume of cheques on that kind of notice period, and so we undertook to arrange to have a print company deliver that service. And so the union is very much aware of that and very much aware of any plans that we have to outsource any type of work within the company.

**Mr. Teed:** — So is there . . .

**Hon. Mr. Morgan:** — I can add there just, you know, that there was no political direction given to either contract it out, do it in-house, do it in-house. The direction was given was, get the cheques out as quickly as possible.

I know one of your members said, oh, well you can get the cheques printed at the U of R [University of Regina] print shop. There's RFPs [request for proposal] done on a regular basis. If the U of R print shop or somebody else wants to apply, they can certainly look at the credentials. But the cheque-printing process is somewhat complex because it has to be on secure paper and there's a fairly detailed process, not to mention the incredibly high volume that has to be done. I think we send out in the range of, each time, roughly a million cheques, so it's not something that you do with your basement Gestetner.

**Mr. Teed:** — No, that makes sense. Some of the concerns I heard at the SFL [Saskatchewan Federation of Labour] convention were that there were situations where, you know, adjusters . . . where files were leaving the province to contract workers. Is there any information you have on that work leaving? Or when are we bringing on contract workers to do work within the Crown corporation? Are there any specific examples you can provide?

**Ms. McCune:** — I can speak to that. So basically we do bring in independent adjusters when there's a big storm. So we always use our internal adjusters first. But when there's a big storm, what we want to do is get out to our customers as quickly as possible, get the claim estimated so that we can make sure that they're looked after and the claim gets going. And that's typically when we bring in independent adjusters. And we do have contracts that we have in place so that when there is a catastrophe, we have the people we can call on to come and help us and make sure our customers are looked after. So it's only in events, like, that are beyond our capacity.

**Hon. Mr. Morgan:** — The other time it might happen is where a Saskatchewan registered motorist is travelling out of province or out of country and is involved in a . . . [inaudible] . . . They would have to contact SGI, and SGI would contract with an adjuster in that area.

**Mr. Teed:** — Kind of those act-of-God moments wherein it's just not feasible to be keeping that many employees. Okay, that's good to know. It kind of moves into some of my questions around the salvage auction outsourcing.

So that's been another topic that's been raised since I've become the SGI critic and was raised with my predecessor. Folks who have been followers of this salvage auction process have been reaching out with frustrations over this new way that they're going about it, things like a \$200 fee to register or bid on product. When did the government decide to outsource online auctions at SGI salvage? And why isn't that something that we could provide in-house?

**Ms. McCune:** — So the salvage bid system was a homegrown system that we've had, I'm going to say for over 30 years because, I think, that's where I started, in salvage, and it was over 30 years ago. And so the system was very inefficient, lots of manual effort when we auctioned vehicles and people manually calling.

So we did do an RFP for what type bid systems are out there. We did actually approach Saskatchewan companies to see if there was anyone capable of doing them, and there wasn't. So with the RFP, we selected this provider and they are well known in the industry for the functionality of their bid site. And so it really has

modernized the platform for salvage.

The fee is very typical in the industry. And we did a lot of consultations with salvage providers and some of our top customers and the indication was yeah, we're pretty used to that when we do auctions. We're also phasing it in so, for long-standing customers, there will be no fee for a period of time and just getting it up and running.

But the main thing is there's a lot more functionality on photos that can be put on the site. So when someone is bidding, they get a lot better information and know what they're buying. And there's a lot more efficiencies for the staff internally which has been really great for us because we've really been relying on salvage to help with the supply chain issues and that's been a real benefit for us in Saskatchewan.

**Mr. Teed:** — So for folks who maybe are jumping on board now, they're maybe seeing this \$200 fee as a first-time sign-up, but whereas there may be folks who are grandfathered in who won't be seeing a fee. Is that kind of . . .

**Ms. McCune:** — Yeah, my understanding is we were phasing it in. Like the fees weren't coming in until we were up and running. But I can confirm that. But we just wanted to get it up and running so people could see the benefits. And as I said, we did a lot of pre-consultation on it and the benefits of the new system are what attracted a lot of our customers to support it.

**Mr. Teed:** — Were there any reductions in employees at SGI as a result of transitioning? I've heard some conflicting messaging from the union saying yes, we have seen losses of positions; folks have been affected. Are there any numbers as to folks who have seen their positions change or be shifted around because of this?

**Ms. McCune:** — From the salvage bid system? Or just . . .

**Mr. Teed:** — Mm-hmm.

**Ms. McCune:** — Okay. No, actually what we've done in salvage is we've increased staff because we wanted to dismantle more vehicles to help get parts to repair the vehicles. So we didn't want our people who had a claim . . . We prioritized those and made sure that they got the parts to get their vehicle back to them more quickly. So we actually increased staff in salvage.

**Mr. Teed:** — Perfect.

**Hon. Mr. Morgan:** — There was no political direction on this. This was an operational decision made by SGI. And you know, certainly a sound decision, but it wasn't one that was given with a view to change levels of staffing or anything else.

**Mr. Teed:** — Wonderful. Does this, I guess the IAA or this auction salvage company employ anyone with a physical presence here in Saskatchewan? Have anyone?

**Ms. McCune:** — That I don't have with me. I'd have to get back to you. But I know they're popular in Western Canada. I'm not sure where their head office is. I don't believe it is in Saskatchewan. I think it may be in Alberta, but I would like to confirm that.

**Mr. Teed:** — And what are the terms of that contract between SGI and IAA? Does SGI have a fee that they have to pay to be involved or to use this service? Is it a flat fee or is it kind of revenue neutral?

**Ms. McCune:** — I wish I would have read the contract on the salvage. My recollection of it, it's a fee per vehicle that is sold on the bid site itself. And I can tell you that with the efficiencies and the broadening of market with the new bid site, the margin of profit or capabilities for us to get more dollars into salvage were significant. So the cost-benefit of moving to this system, it more than paid for itself.

**Mr. Teed:** — Okay, good. Well I appreciate that. It gives me some information to reach out to the folks who have been reaching out with concerns on that. And I jumped on there myself, you know, to see what this looked like, and I'm going to kind of continue to explore it, see what I can find.

I'm going to move over to some questions around the minimum capital test and rate stabilization reserve because I think I have asked all my thoughts. Actually no . . . Yeah, I'll jump into capital test. We had some questions about the current amount of money in the rate stabilization reserve. How much money is sitting in that reserve?

[13:45]

**Mr. Stepan:** — Jeff Stepan, chief financial officer. Right now in the rate stabilization reserve, as of the date of this report, is just over a billion dollars, a billion and 51 million.

**Mr. Teed:** — And what is the current state of the minimum capital test?

**Mr. Stepan:** — The MCT [minimum capital test], the measure that we use is the rolling 12-month MCT and that number was . . . 149 per cent. Thank you, Minister.

**Mr. Teed:** — I know you had sent out some rebate cheques. Are there any plans to change the minimum capital test target of 140? One forty-nine is much closer, but is there plans to increase that MCT in the future?

**Mr. Stepan:** — Yeah, not to increase that. Every year we do an analysis of our capital management policy, and we look at that level of capital. How we determine whether the level of capital is adequate is we do stress testing. We say, what would happen if we had an investment market crash, and how much would that deplete the minimum capital test? We want to stay at a minimum of 90. And just how much of a buffer above that do we need in order to stay above that if one of these adverse scenarios has happened?

We have gone through a bit of an adverse scenario lately with the investment markets, as I'm sure you're aware, so that's really a good test for us. But that is every April, we do this financial condition testing, the stress testing, and then we update from there.

**Hon. Mr. Morgan:** — The minimum capital test is regarded as sort of an industry accounting method of doing it. We had a provincial sort of analysis where you look at it and you say, we

would not want to leave the people in our province where there would have to be an increase in fees because a bad decision was made. So we may appear to be overly cautious. But the idea I think, to your constituents and mine, it would be unacceptable to have any kind of a significant adjustment in it.

There also recently has been — and I'll let Mr. Stepan speak to it as well — changes to the industry accounting practices. Is it IFS or ISF?

**Mr. Stepan:** — IFRS [international financial reporting standards] 17.

**Hon. Mr. Morgan:** — IFRS 17, which is a new industry accounting . . . [inaudible] . . . So it focuses on the various things that would be included for what you would determine would be a reasonable amount of reserve. So it talks about what cash reserves, what other things are in there.

So there was a number of other factors that were applied — some up, some down — to it. And I think the recommendation that we have is that it would be worth our while to let that maintain some stability till that process is fully implemented, as well as with the recent volatility in the markets, before they would be recommending any change to the MCT.

**Mr. Teed:** — How have we . . . How has the recent market volatility affected that in the last couple, the last two years maybe?

**Mr. Stepan:** — Yeah, it's been interesting. So our latest published financial statements as of June 30th show that, for the Auto Fund, there was a decline between claims and investment volatility of \$231 million. Now what's interesting — and you talk about exciting TV; let me tell you about MCT calculations — most of the volatility, it was in equity markets. And as you reduce your equity exposure, it actually reduces the penalty for the MCT calculations. So MCT wasn't hit that hard as a result of the equity market volatility. So we're still sitting at within a reasonable bound in terms of the MCT calculation, within a range.

**Mr. Teed:** — Perfect. I know like we have seen SGI rebate dollars to customers twice in the last couple years. Is there any plans to formalize a policy or process when it comes to those rebates as we see the MCT kind of float above that 140 per cent?

**Hon. Mr. Morgan:** — I don't think there is any plans to do it at this point in time. I think what we would want to acknowledge is that this is money that belongs to the people that paid the premiums. But it's difficult to determine what the nature of the claims are, what the changes are to the accounting policy, whatever. It may be something at some point in time to do that, but had we had a policy before, we would have probably advanced more money than we should have, and would have not have enabled SGI to weather the current volatility. So at this point in time the answer is no, and it's not in the immediately foreseeable future.

**Mr. Teed:** — And then probably no plans for additional rebates in the future at this point?

**Hon. Mr. Morgan:** — Not right now. We're looking at trying to

maintain some stability going through. The good thing is that, bit by bit, the markets are starting to recover. And as a newbie you will have a pension that won't have very much money in it, but if you are looking you will have seen a dip in it. For some of the MLAs like Mr. Cheveldayoff, been around a lot longer, he probably looks at it and there's tears.

**Mr. Teed:** — Absolutely. You know, we've seen dips in the market. We also have seen kind of an affordability crisis looming. Are there any plans to revisit rates that customers are paying since we are kind of sitting over that 140 per cent? Is there opportunities to provide some of that affordability, like that, down to consumers at all?

**Hon. Mr. Morgan:** — Overall we have some of the lowest rates in Canada, and I think we made two repayments to customers, so there would be no plans to either do a rebate or a reduction in fees right now. The position SGI has taken is they want to maintain stability and caution.

**Mr. Teed:** — Okay. Thank you so much. I have a few more questions. I was reading through the annual report last night, and I was happy to see SGI's five-year plan for diversity and inclusion. I guess I would maybe ask if there are any current statistics around that? Are there any measurables that are being put in place? What's the process around gathering that data within the organization?

**Hon. Mr. Morgan:** — Because they have an old, white male as the minister, they have to more than compensate for it in the other things that they're doing, so I will let the HR [human resources] . . .

**Mr. Teed:** — Thank you.

**Ms. Therrien:** — Thank you, Minister. Tamara Therrien, CHRO [chief human resources officer]. Yes, we rely on data that is provided by individual employees who work with us. So we have a self-declaration system through our human resources system, and as of the date of this annual report, our Indigenous population is 8.93 per cent; our visible minorities are 18.79; persons with disabilities who have self-declared are 8.26; and women comprise, I believe, just over 57 per cent of our total workforce.

**Mr. Teed:** — Do you do any tracking for LGBTQ+ [lesbian, gay, bisexual, transgender, queer and/or questioning plus] folks?

**Ms. Therrien:** — Not in terms of self-declaration at this time, but we do have plans to start an employee resource group of same. We did do an anonymous survey through the Canadian Centre for Diversity, and from that survey we know that about just under 8 per cent of our employees declare in that category.

**Mr. Teed:** — Fantastic. So over the next five years what are some plans to increase these numbers? What does the five-year strategy look like? Is there any details you can let us know of now or come back and . . .

**Ms. Therrien:** — So we do have a comprehensive diversity, equity, and inclusion strategy and, you know, I think you know over the next year or so key to that will be building partnerships with external agencies in terms of increasing some of our hiring numbers. We also have plans to stand up a number of employee

resource groups to provide a supportive and inclusive environment within our organization. We're also signator to the Indigenous Engagement Charter that has been put forth by the chamber, and we have a number of activities and supports that we put in place there too.

**Mr. Teed:** — Fantastic. Yeah, in my previous employer I was involved in one of those resource groups, and it certainly made the workplace feel like a much more welcoming environment when you can participate and also be part of moving that corporation or business forward in those areas, so I really appreciate that information. I think those are fantastic numbers and, yeah, appreciate it.

**Ms. McCune:** — If I may, I just want to say that the inclusivity is a really important strategy for us. And we started an intentional leadership culture over five years ago and that is really about how we show up every day and we're accountable. But it's also about being inclusive and collaborating and listening to all the perspectives, and we think we'll just have a much healthier organization as a result. So I think we've done a lot of good work to set the foundation, and we just need to really focus in on all the various diverse groups and making sure they feel included and what that means and looks like for them.

**Mr. Teed:** — That's wonderful. Thank you so much for sharing that. I have one last question I'll dive into. I didn't read about that leadership. I thought that was great to read about. It's nice to see that being built into your annual report, into the corporation.

I had some thoughts or questions around SGI's plan to pool insurance brokers. I read about, you know, whereas . . . So you know, SGI is something that we all interact with, probably a couple times in our life, probably more where we're renewing. How has that plan gone, to shift towards an individual broker customer into more of like a pool of folks that are serving?

**Ms. McCune:** — So that certainly isn't our plan. That's just the way the industry is moving. So there is broker consolidation. So there's large conglomerates that are buying up independent brokers and so we just have kind of a new portfolio. We have some very large brokers, we have medium size, and then we also have our small independents. And we service them all. We're just, you know, we're just actually looking at how we do that more effectively because they all have different needs. But certainly that wasn't SGI's initiative, it's just the way the market's going across Canada.

**Mr. Teed:** — Now that makes sense. It just . . .

**Hon. Mr. Morgan:** — When the computer system was brought in for renewing plates and renewing your information online, you'll note that there is a drop-down menu where you pick the broker that's there. So it establishes and maintains the relationship that you, the customer, would have with a broker.

What Ms. McCune is referring to is the number of brokers that are in the province and the consolidation in the industry. And it's not just consolidation like we saw some years ago with credit unions in a given geographic area would consolidate. This is a nationwide consolidation.

So I think SGI is watching it carefully with a view to try and

make sure that we're able to maintain the service levels across the province that we have now. So that's sort of the goal that we would want to make sure we do.

**Mr. Teed:** — Yeah. I was just mostly interested in it as someone who has engaged with an adjuster and, you know, where you have that back and . . . phone call if you can't get a hold of that person. It seems like a positive move, and it was just . . . I hope that it continues to . . .

**Ms. McCune:** — Oh, are you talking about pooling of adjusters?

**Mr. Teed:** — Yeah, sorry.

**Ms. McCune:** — Oh. Okay. I'm sorry.

**Mr. Teed:** — Maybe I used the wrong . . . but no, it's . . .

**Ms. McCune:** — Sorry, you said brokers which is . . . They're independent businesses.

**Mr. Teed:** — Right.

**Ms. McCune:** — Yes, what we've done in Saskatchewan is we've basically set up our adjusters to handle claims more efficiently and effectively. So we have a provincial intake for claims so that the call gets answered as effectively and quickly as possible. And then as there's complexity to the claim, it goes to pools of experts.

So instead of randomly adjusters taking on a claim that maybe they haven't seen before or that they don't get that often, now we have pools of experts that take on the claims, and it's really enhanced the process. Both the employees like it and the customers. It's making it more efficient. And when there is complexity, that's when you really need people who know what they're doing and the customers get the answers that they need more effectively.

**Mr. Teed:** — Fantastic. Thank you so much. I think that is everything I had made some notes on at this time. Maybe I'll just ask if there are any other exciting things happening in the future — plans, things of note that over the last couple years you've seen in the company as a new CEO. Are there things that . . . an imprint that you're looking to make in the future?

[14:00]

**Ms. McCune:** — Well we talked about inclusivity, so that's certainly something. But the company is moving to a new system, so we're in the middle of that and we're calling it our transformation.

And the leadership culture was definitely where we started. We wanted to make sure everyone was prepared for a change, but just like the salvage system, we have an old home-built system at SGI that we're moving to modern platforms. And so both the Auto Fund and SGI Canada are moving to new systems.

So if you're concerned in your question about the future of SGI, you know, we definitely feel comfortable because we're investing in the future. And we know that this new platform is going to make us more efficient and set us up in modern cloud.

And we know that that's really going to help the company into the future and we're pretty excited about it. So that's our major focus and priority right now.

**Hon. Mr. Morgan:** — We were really pleased when Penny became the CEO. She contacted some media, or they contacted her, and she opened up her office and gave the media tours to show them that there was no gold-plated fixtures. So I've now toured the offices over there, and they are standard offices throughout the building. So anyway, I'm glad that some of those rumours were put to rest.

You had asked a couple of things earlier that we now have answers for about salvage operations and the \$200 fee. It is waived for the first year that somebody . . . and then it's \$200 a year after that. And I think if you look at any of the auto auction services, you pay either a fee per auction or on an annual basis.

You also asked about the company that they had contracted with. I don't remember the name of it, but they have no physical presence in the province that we're aware of. They're an online process.

**Mr. Teed:** — Thank you so much.

**Hon. Mr. Morgan:** — And so far I have no information myself as to how it's working, but you had Penny's answer as to the effectiveness of that.

**Mr. Teed:** — Well that's greatly appreciated. Thank you so much. I think that is all of my thoughts and questions here after reading through those two annual reports. I'm just going to quickly . . . I have one more thought. So with the older salvage system, it was just old, clunky. Were there fees involved with that? Was that an in-house, and was it just modernization then? Is that kind of the . . .

**Ms. McCune:** — Yeah, it was in-house and again it just . . . Like you know, we have integration with various partners to source parts and whatnot, and it's just really . . . we couldn't get the efficiencies out of it. And so like I said, what we're hopeful and why we waived the fee for the first year is that once people start using it and see how much more efficient and effective it is, they have a much better idea of what they're buying before maybe they travel across the province to pick up the vehicle. And so we'll hope they see the benefits out of it.

But it's definitely a step forward for salvage. Salvage is, you know, kind of a small division and it hasn't got a lot of attention, so it's a really big deal for them. And like I said, its cost-benefit more than pays for itself and it will be much more efficient for them and customers.

**Mr. Teed:** — As someone who drives an older, sturdy vehicle, I was trying to search for parts on Kijiji and those parts go fast, let me tell you.

**Ms. McCune:** — Especially these days.

**Mr. Teed:** — Yeah, yeah, in this market, in this economy, yeah. So it's exciting to hear that there is modernization happening and I really appreciate the clarity you've given to that change. It's certainly something that I can bring back to folks who have been

raising concerns and I really appreciate that. I think at this moment, I think, those are like the total of my questions for SGI Canada and SGI Auto Fund. I appreciate all the answers here today.

**The Chair:** — Well thank you, Mr. Teed. Are there any more questions from the committee? Seeing none, I will now ask a member to move that we conclude consideration of the 2021-22 SGI Canada annual report, the 2021 SGI Canada Insurance Services Ltd. annual report, the 2021-22 Saskatchewan Auto Fund annual report, the 2021 Coachman Insurance Company annual report, and the 2021 Saskatchewan Government Insurance Superannuation Plan annual report.

Mr. Docherty has so moved that we conclude consideration. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. This concludes our business with Saskatchewan Government Insurance. Minister Morgan, do you have any final comments?

**Hon. Mr. Morgan:** — Thank you, Mr. Chair. To you and to all the committee meetings I would offer our thanks and our appreciation. And I failed to thank the auditors for the work that they've done, not just on this file but on a number of others.

I would like to thank the people in Hansard, the building folks, everybody in Legislative Assembly Services, broadcast services, security, and everybody that makes it possible for the people in the legislature to carry on business as they should. But significantly today, I want to thank the staff at SGI. They spent a lot of time in preparation for the work that they do today, but more importantly, they provide good service to the citizens across the province, and I think our citizens are very well served.

The member opposite asked the question fairly about whether there was any plans to privatize, contract out. So I want to be able to assure him and everyone else that there is no such plans and that it's something that I personally value and I think all of us do.

So to you and to everyone else, I would ask that you have a Merry Christmas, joyous holiday season. If you're travelling on the roads, be exceptionally careful. There's an old motorcycle line — rubber side down; shiny side up. But I've been in the parking lot so the saying now is, rubber side down; dirty side up. But best to all of you.

**The Chair:** — Mr. Teed, do you have any closing comments?

**Mr. Teed:** — I just want to echo the thanks sent by the minister to all the folks who joined us today. And again a congratulations to yourself on the new job. And I guess it's not super new anymore but it's new.

**Ms. McCune:** — Six months in.

**Mr. Teed:** — Six months, yeah. And again, yeah, just thank you so much to all of yourselves and the staff at SGI for the amazing work that you do for the folks in Saskatchewan. Thank you for preparing for this today. And I'll echo a Merry Christmas to everyone who joined us here today.

**The Chair:** — Well thank you. And I certainly want to mirror the minister's comments and yours, Mr. Teed, and wish everyone a Merry Christmas. I guess I'm actually a little shocked here. Ms. McCune said that she was working in salvage 30 years ago. I think she must have started when she was 10 years old if that's the case.

Anyway, that said, I want to thank everybody for being here today. And this concludes our business with Saskatchewan Government Insurance. It concludes our business today. And I'll ask a member to move a motion of adjournment. Mr. Keisig has so moved. Is that agreed?

**Some Hon. Members:** — Agreed.

**The Chair:** — Carried. This committee stands adjourned until Tuesday, December 20th, 2022, at 1 p.m. Thank you.

[The committee adjourned at 14:08.]