

SaskTel

The Chair: — We will begin our meeting of the Crown Corporations Committee. I'd like to welcome everyone here. This is the first meeting for the new sitting of the legislature. It would be my hope today that what we can do is complete the outstanding business. I've canvassed all the members and asked them if they had any other '94 or '95 reports that they wanted brought forward and it's my understanding that there are no further reports to be considered at this time.

That being the case, we have three outstanding items of business that I'd like to deal with today so that we can then formulate a report to go to the House, and it would be my proposal that we take the report to the House on Thursday, April 17. And I will talk a little bit later about the reasons for that timing.

But we have today to deal with the 1995 SaskTel report and the minister is here. At 10 o'clock we will move into consideration of the '94 and '95 Canada-Saskatchewan Crop Insurance reports. We also have to vote off the '94 and '95 Workers' Compensation Board report.

Is there any other business that members wanted to bring before the committee at this time? Okay then that will be our agenda for today.

Madam Minister, welcome. Will you introduce your officials, and I don't think that there is any need for an overview statement since you've been here twice before already on this.

Hon. Mrs. Teichrob: — Yes. Thank you, Madam Chairman. Since it is a continuation I guess of our appearance, I won't make any opening comments but I will introduce the people who are with me today; Sean Caragata is on my far right; Don Ching, chief executive officer; Randy Stephanson, chief financial officer; John Meldrum, Diana Milenkovic; and Basil Pogue behind me. And . . . sorry?

A Member: — I'm with CBC (Canadian Broadcasting Corporation).

Hon. Mrs. Teichrob: — Oh. Well there's a lot of people working over there. I don't know everybody.

And Carolyn Rebeyka from my office.

The Chair: — All right. So we actually have some media coverage today on this one, eh? Hopefully that will facilitate the proceedings rather than bog them down.

Mr. Bjornerud: — Thank you, Madam Chair. We have very little today. We've been up a couple of times before, so just a few of the things that we had maybe checked into before that I don't think you had even had an answer for us at the time.

The first one that . . . SaskTel had a contract, I believe, with the Philippines for \$36 million. Have we finished that project? Have we received all the monies owing to SaskTel or is that

project finished or is it still on?

Hon. Mrs. Teichrob: — Well there were a number of phases to the project and we've just entered another phase, but I'm not . . . Do you want to comment on that?

Mr. Stephanson: — Sure. We are negotiating right now the fourth phase. It is not awarded yet but we're negotiating for a fourth phase. We are very close to the end of wrapping up the third phase, but we still have people working there right now.

Mr. Bjornerud: — Okay. So that project is going well and no problems there?

Mr. Stephanson: — Yes.

Mr. Bjornerud: — We're going to jump a little all around this morning because there are questions I don't think we had answers for before, or maybe there wasn't answers for before. Long-distance competition coming in now. Do we have any idea how much of the market we've lost to this date? Like, at what point are we at now?

Hon. Mrs. Teichrob: — Well as the member will know, we won't discuss figures or percentages in a competitive atmosphere. But just let me say this, that based on the performance in other provinces in other telephone companies in Canada, as the competition moved in in different dates and stages, of loss of market share that other telcos had, we based some projections for 1996 on that, knowing that we were planning to have a competition . . . invite the competition at the end of 1996. Our market share loss was dramatically less than the experience of any other Canadian telco. And in fact when we started the win-backs, I mean started to contact the small percentage of customers that we lost, we started to win back at a faster rate than we were losing. And at the moment our market share loss is minimal.

Mr. Bjornerud: — All right. Is it still coming to your attention, like I know from AT&T and Sprint, and we've had it happen to us, and I believe you've had it personally happen to you, the problems of them flipping people over onto the competition side, away from you, really without authority. And I think this kind of burnt all of us really. It didn't make anybody very happy out there. And I'm not knocking competition at all, but it was the idea of the way these things are done.

Is this still happening that you know or not? It seems to me it's maybe quieted down a little bit, or they've backed off a little bit on this?

Hon. Mrs. Teichrob: — Well it seemed that at the end of 1996, in the latter months there was — as practically everyone in Saskatchewan knows or experienced — there was a concentrated blitz which certainly seems to have diminished to a large degree. I don't know if anyone can comment on whether there's any activity at all. My office is not receiving any feedback, you know, in the last few days or weeks about the kind of complaints you mentioned, the slamming. And I think

that . . . I'm sure they're not gone away.

The interesting thing about the whole competitive atmosphere is that people . . . The positive side is that people seem to have, generally, a perception that long distance was a luxury and they didn't really know, had really no idea what a minute of long distance cost.

And with the heightened advertising — not only by SaskTel but by the other companies — where the . . . I could sing the jingle for you if you like — call, call, call, and 13 cent Saturday and so on — people are thinking, oh hey, like 13 cents a minute. I can call my sister in Ontario and talk for 10 minutes for \$1.30. And it's not just SaskTel but the minutes, the usage of long distance, the number of minutes that have been used is going just like this. So it's a very interesting trend.

So taken together with the market share loss that was much . . . We like to feel confident that we have the loyalty of our customers but really, based on the experience of other provinces or companies, we didn't want to be unrealistic. But our market share loss was so minimal and the usage of long-distance minutes so much increased, that we didn't . . . the losses that we might have expected simply didn't materialize.

Mr. Bjornerud: — Thank you, Madam Minister. Going back to a subject that we had talked about before, and I'm just wondering if the problem's gone away. But we had talked about Symmetrix and re-engineering and the problems that it caused at one point within SaskTel. Have there been any problems or stress-related problems or people that have had to have psychiatric evaluations or anything like that since that time? Like, is that still a problem within SaskTel or not?

Hon. Mrs. Teichrob: — Well we wouldn't . . . There aren't any emerging issues and we wouldn't know what numbers of people, for whatever reason, whether it would be connected with that project or any other work-related stress, because access by employees to the employee assistance programs is confidential. So management wouldn't have knowledge of how many employees have availed themselves of that service or for what reasons, for confidentiality reasons.

Mr. Bjornerud: — I realize there's a confidentiality there, but would these employees in some cases not have come to SaskTel and explained they had a problem? Has there been any of that since that point? And I'm not talking really about Symmetrix or the re-engineering program; I think that's behind us. I think what I'm talking about is since that time maybe in other areas, even in different departments possibly even, is that not an ongoing problem or that doesn't seem to be a problem now?

Hon. Mrs. Teichrob: — It isn't, to my knowledge. I don't know if there's anyone else who wants to make a comment on it.

Mr. Meldrum: — Certainly with 3,800 employees you will have people that from time to time suffer from stress-related problems that may arise due to work, may arise through personal problems or perhaps some disability, but nothing out of the ordinary.

Mr. Bjornerud: — Okay. A little different subject here. I think one of the questions some of the people in areas where self-service is not yet available or very poor . . . what are we doing this year? Like, what's on the project for this year?

Hon. Mrs. Teichrob: — With the capital budget this year . . . And we've already made a preliminary announcement of naming I think six communities that will be served this year. I think that was in the nature of a press release about two or three . . . or even before the year end.

And some of them . . . I think Gravelbourg was one that was on that list that was recently actually connected. And we'll continue. I haven't got the list right in front of me, but there was Kelvington, Rose Valley, that area; Carrot River.

Mr. Bjornerud: — That's for this summer?

Hon. Mrs. Teichrob: — Yes.

Ms. Milenkovic: — That's for now. Carrot River has already turned up. It's gradual throughout the year.

Hon. Mrs. Teichrob: — So what we're doing is . . . You'll know this. Now that we have coverage, good, basically reliable coverage for all but about 15 per cent of the population of this province, over 86 per cent, I think — 86 per cent and growing, with the additions that we made to network this year — we hear more requests now from the 15 per cent who aren't being served than we used to hear when there were 95 per cent that weren't served. Because now the few people that are not yet served in the more sparsely populated areas and the areas that have difficult terrain where it's hilly or it's forested, sometimes it takes a lot more than one tower. Sometimes it takes a huge capital investment based on the nature of the terrain, to serve a few people.

So basically those are the only areas of the province that are not served. And we do have to be very careful, because the next wave of technology is already here. And satellite cellular technology is already available. It's just that it's still fairly expensive. The individual receiver is still about \$6,000 and weighs about 40 pounds. And it will become more portable; it will become cheaper. And when that time comes, the towers that we have invested in will be stranded investments; they will not be required. So we need to be very careful.

So we have a set of criteria. We're evaluating all of the communities and areas of the province that aren't served, on at least an annual basis. And as soon as we can afford whichever type of technology it is, whether it's an extension of the current or whether it's the next, then it's our intention to serve those.

But we have to be very careful on another count, because CRTC (Canadian Radio-television and Telecommunications Commission) doesn't regulate SaskTel Telco, but they do license Mobility. And we have competitors watching us who would complain to our regulator if we were seen to serve an area where we were not making cost recovery. Our competitors would complain to the regulator saying SaskTel is doing something that we can't do. They're using their core service to

subsidize and when we go to renew then our Mobility licence, it's a mark against us in terms of complaints of the regulator. So we have to be extremely careful.

Mr. Bjornerud: — But that would be a hard question to answer before you had it set up and running, wouldn't it, because how would you predict how much cell usage would be in that area. I'm thinking like in your area around . . . there's the Ituna area I know that is really either no reception or very poor. And there's probably a number of other ones within this 15 per cent that you've talked about. So it's kind of a guesstimate.

Hon. Mrs. Teichrob: — Yes, the criteria that we use, and Ms. Milenkovic might want to comment on this further, but we review the population; the highway traffic through the area in order to not have breaks — say if it's on a Trans-Canada Highway or Highway 16, a main road; and also local business conditions. Like as you know, in rural Saskatchewan there are a number of places where there are thriving manufacturing businesses and rural-based business that needs access to good communications; and the need for emergency service; and then the cost, based on the terrain and so on.

So using that, we do survey every community that's not now served and then within the capital budget that we foresee for the upcoming year, we plan to expand the network based on those factors.

Is there anything you want to add?

Ms. Milenkovic: — Yes, also adjacent cell sites where we've already had traffic and we analyse what the patterns have been there, and oftentimes the adjacent cell site to an unserved area will be some indication of the patterns.

Mr. Bjornerud: — Give you an idea.

Ms. Milenkovic: — And historically we've been pretty accurate in terms of forecasting.

Mr. Bjornerud: — Okay. A couple of other issues that we've brought up time and time again but I just wondered if anything, any more follow-up had been done on them, and the one I'd raised in the House yesterday was on an issue I think we both believe is a good issue, but has anything more happened to the school bus cellular service being provided by SaskTel? Were you moving on that at all, or not?

Hon. Mrs. Teichrob: — Well there has been a service in place, or a package available for school divisions and school bus drivers and owners, and it's been available I think now '94, '95 . . . this will be the fourth year. Do you want to comment on the particulars of it, Diana?

Ms. Milenkovic: — I don't have the particulars here with me but there has been . . . We have given the school bus . . . Education a rate for school buses. I think there . . . it's fine to say that you can have a rate for cellular service, but in some of the areas that the buses travel the areas aren't covered, and so that's two different issues. But we also have a FleetNet network

that's far more far-reaching into the rural areas than the cellular network is and that is an option for consideration for buses as well.

Mr. Bjornerud: — But a far more expensive option, is it not?

Ms. Milenkovic: — Well we would have to negotiate something with . . . oh here it is, thank you. We do have the details if you want them but there has been a school bus program available.

Mr. Bjornerud: — The program that is available for cell service, can you tell us, enlighten us, on to the dollars or what kind of a program is available for them now if they want it.

Ms. Milenkovic: — All right, it's exclusive for transporting children, so it's exclusive for the buses to and from school-related events. And all the cellular phones on the plan are billed to the school division. The network access is 16.65 a month, the contract term is two years, and the air-time rate is 50 cents a minute. So we don't charge them for activation fees and we give them detailed billing that's included in terms of their package. So it's a reduced package. It's actually discounted off the safety package that we offer general consumers.

Mr. Bjornerud: — How much a month was that? I'm sorry, I missed that.

Ms. Milenkovic: — 16.65

Mr. Bjornerud: — Okay. And this would be for each bus?

Ms. Milenkovic: — For each access for each phone that's . . .

Mr. Bjornerud: — For each phone that's in each bus.

Ms. Milenkovic: — Right, right.

Mr. Bjornerud: — Okay. I think that's what we were asking; was if something could not be done; that a lot of the school divisions we talked to said they felt that they could purchase the cellphone. That wasn't the main obstacle. It was the continuation of the cost every month that they just couldn't handle. So I think that was the area I was coming from — if there wasn't something more we could do to help them there.

The other one that's near and dear to my heart is our regional telephone exchanges. Has anything happened there?

Hon. Mrs. Teichrob: — Well the board has and the company has under active consideration a review of the exchange area boundaries. And as you know, this is not a simple problem because the calling patterns even within an exchange vary so greatly.

And so while . . . If you survey a community, for example, a number of the long-distance users will want access or longer toll free in one direction and the other half of the subscribers will want it somewhere else.

So it doesn't really matter. As you can see with the 40/40 plan,

it doesn't matter where you draw the boundaries, there's always going to be a small percentage of the callers that are on the wrong side of wherever you put the line.

But as I mentioned at the SARM (Saskatchewan Association of Rural Municipalities) convention, that this is under active review. We haven't refined it yet. We considered it . . . after the board considered it in detail at a meeting just last week, a number of proposals how this could be done . . . But we have costed the proposal that was made in the context — it was more than a proposal — of the Bill that was . . . that you yourself introduced.

And our feeling is, upon reviewing it, that the REDA (regional economic development authority) boundaries are not particularly appropriate. What people seem to be most concerned about is access to emergency services and health services, the school where their children attend so that if . . . Like with the winter that we've had where parents are phoning to make sure their kids are getting to school safely, or the school is maybe sending the bus home early because of a weather advisory and they want to make sure that there's a parent home at each home when the child is dropped off; that there's a lot of long distance as school divisions, as schools get further away from families and services move away.

The REDAs' boundaries don't necessarily accommodate that. And also the province is not fully covered by REDA, so if we use that, there would still be some areas where there were gaps. Also the costing would be . . . it was approximately \$73 million; using the REDAs would cost approximately \$73 million in long-distance toll loss, which would mean that to be revenue neutral every local rate in the province would have to go up to about . . . by about \$46.

So while people may be prepared, or they indicate to us that in some cases at least they're certainly prepared to have a slightly increased local rate in exchange for larger toll free boundaries, we think that that amount of adjustment would not likely meet with a great deal of favour.

Mr. Bjornerud: — Yes. I agree with you — the REDAs aren't the perfect solution if we went to this thing. I think that was just kind of a suggestion, or maybe one way. Maybe health districts would be another way.

I'll give you my own example in my area, and neither one would fit because they have three health districts. But we have a large centre such as Yorkton there and within a few miles, all of a sudden, we're long distance, we're long distance, different exchanges. To me it seems somewhat ridiculous in this day and age. We really haven't changed from the old days of the poles and wire above the ground to be honest with you.

So I think in my mind, a REDA was one example, a health district. But I think the big centre is where people — and you touched on that . . . where there's a hospital, policing, the main RCMP (Royal Canadian Mounted Police) depots and that, for an area.

So I think that would be some of the main criteria I think that I

would like to see. So . . .

Hon. Mrs. Teichrob: — With the 911 . . . as the provincial 911 becomes more developed, that will take care of the emergency service aspect. But it still doesn't answer — and we recognize this as a real issue — as we have the population shifts in Saskatchewan where people are going generally farther for services. They tend also to make more phone calls before they go.

Because if you're going to make a 7- or 8-mile trip to go and pick up parts or see somebody — you may have three or four things to do — and if one person that you want to see isn't in, well you'll do it next time. But now if you have to go 40 miles, you're going to phone everybody that you want to see, or phone every outlet that you want to buy something from to make sure they have it in stock before you leave.

So we recognize it as an issue and we're dealing with it.

Mr. Bjornerud: — You had touched on something there before about how much money it would take to cover the cost of these larger areas, and I find a little bit of problem with that because you don't . . . you know, how would you come up with a figure when you don't really know where these boundaries might be at the time?

My thinking is that now that competition's in, and one way to compete a little more with competition would be to make more of the phone exchanges local calls, which are taking it out of the hands of the competition, and SaskTel strictly deals with. So you know, to me there was an advantage at this point in time doing that and is another reason that I can use too, that we should be going this way.

Hon. Mrs. Teichrob: — I guess one of the issues is that we have about 30 per cent of our subscriber base that never makes a long-distance call. Never. These would be to a large extent rural seniors.

So that's one of the real stumbling blocks I guess, that if there are business people and others in a small community that want access toll-free to a larger community and they're prepared to pay a higher local rate, but then how do they rationalize that with their neighbours who are seniors who never make calls, who will also be subjected to the increased local rate? So it's not a simple problem.

Mr. Bjornerud: — One last thing, and I think the comment might have been made at one time by Mr. Ching, that local rates may have to go up as much as \$58 per month because of long-distance competition coming in. I would hope that has been revised at this point. But now that competition has been in, do you have a feel for where basic rates are maybe going to be moving on account of long distance?

Because I'd hate to have you come out with a program such as regional telephone systems and blame me for dumping another \$30 a month on the public and say the member for the official opposition said we want larger telephone systems and so here your rates are going up, when really it was long distance.

Hon. Mrs. Teichrob: — Headline says, “Liberals want higher phone bill.”

Mr. Bjornerud: — That’s right. I’m not sure but I think I’ve seen that somewhere.

The Chair: — Madam Minister, I will remind you there’s members of the media present; they can write their own headlines.

Mr. Bjornerud: — But I think what I’m saying . . . You know the question I’m asking, I believe, do you have an idea now? Are basic rates going to increase? I would hope not, but are they, on account of long distance?

Hon. Mrs. Teichrob: — Well I’ll let Mr. Ching . . . Certainly since you’re referring to the press report of the address that he made to the North Saskatoon Business Association last year, I think.

But it is true that our costs, our costs in Saskatchewan are higher per access, because of our geography, than any other telephone company in Canada, because we have fewer accesses per mile of network, or kilometre of network I guess you talk about these days. So when you take all the overhead costs and divide it into that, obviously you’re going to get a higher cost for a rural line than when they’re more dense.

But for that particular comment, I’ll turn to Mr. Ching to address that.

Mr. Ching: — The comment which I made in the course of my remarks to the North Saskatoon Business Association was that there was a substantial amount of subsidization, if you want to call it that, of certain parts of our network and that the capacity to provide that subsidization was drawn from our business in the long-distance area.

And the comment was made in the context that if there was a major or massive erosion of our market share and our margins in the area of long distance, that this was going to make it increasingly difficult for us to have the resources to be able to supply service to, especially the rural and residential customers, at a substantial subsidy.

And fortunately from our vantage point, we have not seen the erosion of our market share but we have seen some fairly substantial erosion of our margins. And so while we’ve suffered part of the problem, we haven’t suffered the other part of the problem. And that has made it easier for us to forestall any increases in local rate expenditures or costs.

Mr. Bjornerud: — Okay. Because at some point if SaskTel decides to try and recover all this cross-subsidy, or the subsidization that’s going to rural, I think we lose all the advantages of having a Crown.

And that leads me into my next question, is the Minister of CIC (Crown Investments Corporation), Mr. Wiens, had made the statement one day that every avenue would be looked at when it comes privatization. Has anything more happened with

SaskTel? Is that still being looked into or where are we at with that?

Hon. Mrs. Teichrob: — Well the Crown review, as you know, is still ongoing and doesn’t . . . the final report I think is not anticipated until sometime in the late summer, early fall. So stay tuned.

The Chair: — If you have no further questions, Mr. Bjornerud, I’ll recognize Ms. Bradley.

Ms. Bradley: — Thank you. I just first want to, you know, say that just right throughout the rural area as well as the city of Weyburn, when I’ve been around with the competition and so on . . . I mean people are very, very supportive of SaskTel and pleased you know, with how SaskTel is working.

But I just feel too, on the cellular service — I certainly get a lot of questions you know about that in the rural area. And I do understand, I think, that what you said you know, about the 15 per cent.

One question that comes up, because I represent an area that comes right to the border, is that there is some concern, and I’m not just sure about this, that because of the . . . that there could be a cellular service that would have stronger service there but because the border is right there that they can’t quite provide that? That there is some limitation because of the American border?

Hon. Mrs. Teichrob: — I’m not sure if what you mean . . . The example that I can think of is of an area in Saskatchewan close to the American border that does have cellular service, but the power is limited by regulation. But it seems that there is an American tower just across . . . just south of the border that seems to be stronger than our signal, and picks it up.

So he can be sitting in his yard, in his farm yard, in his half-ton truck, phoning his house which he can see, and doesn’t find out that it’s been picked up by the American signal until he gets a long-distance bill for it later.

So actually we have some of that in Saskatchewan too. Like depending on the terrain and depending on the atmospheric conditions sometimes, that a call that you make that’s just a few miles away within a cellular area will be picked up by an adjacent tower and you will get occasionally a long-distance bill, even within Saskatchewan.

Ms. Bradley: — Okay.

Ms. Milenkovic: — Maybe I can clarify it for you. Traditionally what we have done most recently with our rate plans is that if you travel in Canada, your rate plan that you have in Saskatchewan goes wherever. So you don’t have to pay roaming charges, let’s say, when you use your cellular phone. You have to pay long-distance charges, you know, when appropriate. But you don’t have to pay a difference in price for air time if you’re in Alberta or Ontario because we give you your rate plan wherever you travel in Canada.

But with the States it's a different ball game. We don't have . . . we have roaming agreements so that you're able to do that, but they've been charging us a premium for usage of cellular in their territories. And what happens close to the border is, when a caller from your constituency accesses an American tower they, you know, maybe pay a buck or two bucks a minute depending on what the flavour of the day is for that company.

We have been in negotiations with a company that covers the territory south right now, to reduce that rate substantially. So that if we don't have cellular services there and somebody accesses their tower, that the charges would be minimal instead of outrageous. And so one of the companies that we have been working with is Sagebrush to try and deal with this issue. Because they have towers that are closer to the border that have significant power.

Now they have deflected some of that. But rather than do that we're trying to say, well the roaming light will go on your phone and indicate that you are accessing a different tower. So you will know before you place the call that that's the case. But if we can negotiate at least a very lower rate, it might be worthwhile; that might be an alternative. So we are working to that.

Ms. Bradley: — Okay, so is . . .

The Chair: — This issue has been brought up two or three times already in the committee by various committee members and it would probably be helpful when you do find some sort of a solution for it if you could provide committee members with information on that. I think that there's a lot of members who have raised that concern.

Ms. Bradley: — And, okay, on that just very quickly and I don't want to take a lot of time, is . . . so it is still being trying to be negotiated on is what you're saying on that.

Ms. Milenkovic: — Yes. One company is coming to the table; the other one is not.

Ms. Bradley: — Okay. Is there some possibility like out of . . . like I know of Plentywood in that area. I mean if there's not a tower that's very accessible for us to actually though allow people right along the border . . . I mean, knowing that we're not going to put a tower there because . . . but that they could utilize that, all of the . . .

Ms. Milenkovic: — Well they would. They would pick up that tower in terms of their phone would roam onto it.

Ms. Bradley: — Right away.

Ms. Milenkovic: — The issue is we set a precedent then — and we're also talking U.S. (United States) exchange — we're setting a precedent for how much we would have to subsidize our customers when they pick up an American tower, or what we can negotiate or what's . . . what the customer would be willing to pay.

So what we've tried to do is down power, first of all, because

the rates were so high that customers were astounded when they got their bills. Or secondly, if we can get the rates low enough and the roaming lights go on and the customer can see that they're accessing another tower out of the territory. So we will get back to you if we get something that's successful in terms of an agreement.

Ms. Bradley: — And the other thing I just need to clarify, because I get a lot of concerns about it, is when you said SaskTel looks at if there are service, you know, say at Assiniboia, also at Weyburn, but you've got an area in between, so that's one of the things that is looked at. And should communities continue to, you know, do . . . you know, send in petitions and things like this, or can they be reassured that they will be, you know, checked every year? If they've already sent a petition in two years ago, that that kind of a thing is . . .

Ms. Milenkovic: — It's not the petition that's the driver; it's the economic situation and the traffic and the potential for this service. To have a return on the investment is basically the issue.

You are well aware that we are in a fully competitive market on cellular. Cantel right now is the only other provider of cell service, but we've all been awarded what we call new spectrum licences (personal communication service). There is going to be two other entrants in the market. They have to be in the market-place potentially by April '98, and that's Microcell and Clearnet.

And if that's the case, we've got four competitors in there who are going to start again on the LD (long-distance) side, where they go into the lucrative areas where there is a high concentration of population, more customers. And if they erode that base from us while we're building an infrastructure out there that has very few customer support, then we can't sustain the business.

So there's many factors. It's not whether a tower in your area is affordable — because in isolation it would be — but whether or not we can afford to constantly increase the capital expenditure on cellular when we have to migrate to digital maintenance. But definitely the consideration is there. And if there's increased oil activity or economic activity where we know that there's a sustainable usage, then by all means we will definitely look at it.

So every year is a new set of circumstances. We don't just sort of say, well that was history. We take a fresh look at it.

The Chair: — Thank you. I would remind committee members that the minister has to leave at 5 to 10, so if we could just adjust our questions accordingly.

Mr. D'Autremont: — Thank you, Madam Chairperson. I'd like to welcome the minister and the officials here today.

To carry on with the questions that Judy was asking, you indicated that one of the competitors across the border was cooperating in negotiation and one was not. What areas do each of those represent?

Ms. Milenkovic: — One of the companies . . . I think it's sort of split on the south part of the border. I'm sorry, I don't know if I've got the details here. I can quickly reference. But there's two companies that cover across and one I think is . . . one is Sagebrush and the other one is Com . . . something. I'm sorry, the details escape me.

Mr. D'Autremont: — The Sagebrush one is the one further west.

Ms Milenkovic: — Yes. Yes it is, and I'm not sure . . .

Mr. D'Autremont: — The other one is the one that I have the problem with.

Ms. Milenkovic: — Yes.

The Chair: — I told you, it's been raised in this committee several times.

Hon. Mrs. Teichrob: — Maybe you don't want to remember the name of it.

Mr. D'Autremont: — Well no, I don't even know the name of it, but . . .

Ms. Milenkovic: — I'm sorry, the name escapes me actually, because they just haven't participated.

Mr. D'Autremont: — I know the names of the power companies over there but not the telephone. But perhaps the thing to do is, rather than decreasing the power on our towers right along the border with those areas that we do have a problem, we should be jacking it up and making sure that our customers are accessing our phone and that we can maybe access some of their customers similar to the manner that they're doing to ours.

Hon. Mrs. Teichrob: — The power is limited by regulation.

Mr. D'Autremont: — Well it should be limited the same on both sides though, and obviously there's a problem there.

The Chair: — I think you're putting your finger on a free trade problem here.

Ms. Milenkovic: — The idea was so that there wouldn't be constant overlap and people paying long-distance charges, instead of . . . we're trying to get them to access our towers primarily. So our power is up. We were just trying to get them to deflect some of the radius that was coming into Canada, just because of the difference in price the customers were not willing to pay. If we can get the price down, then that makes sense, to increase power on their side as well.

Mr. D'Autremont: — But if they're not prepared to negotiate maybe we need to play a little harder ball with them and start stealing some of their customers, and perhaps at that point in time they'd be prepared to talk.

Ms. Milenkovic: — We'd have to build down there closer to

the border to do that.

Mr. D'Autremont: — Well that's not a problem.

The Chair: — Mr. D'Autremont, do you want to write the headlines for that particular manoeuvre?

Mr. D'Autremont: — Hey, I'm a free-trader. Let's go at it here.

Okay, on a different issue that Mr. Bjornerud was talking about, the larger exchanges. This has been an ongoing problem. I've been in contact with SaskTel since prior to 1990 on this particular issue.

At that time, it was indicated that the problem was digital switching; that if digital switching was throughout the whole system, that the bills could be compensated, or billing could be done in such a manner as to allow larger exchanges without actually having to make a bunch of connections. Is that still a problem, or is it simply an economic situation that prevents the larger exchanges?

Hon. Mrs. Teichrob: — It's the economics, strictly. You know, the capability is there. We've got 40/40. You could have 60/60, you could have 100/100, you could have province wide, but you know, what is the limitation on the impact on the local rate to accomplish that?

Mr. Ching: — There's no question that if we change to a different system that there would be problems in implementing it. But there is no formula that I think we can look at that would make some sense, that we couldn't put into place, that we couldn't accomplish in so far as our technology is concerned.

So while technology and implementation would be a problem, it's not an insuperable problem. It's one we could get around.

Mr. D'Autremont: — What I'm thinking of is a place like the Glen Ewen exchange with 75 phones. Would it be possible to just simply say that all phone calls to the Oxbow exchange would not be long distance? So that could be adjusted in the billing process and there wouldn't necessarily need to be any more connections. I know that you would have a fight as to who wants to go to Oxbow and who wants to go to Carnduff. But I'm just looking at the technical side, if it's possible to do that.

Hon. Mrs. Teichrob: — Yes. See, Oxbow is the centre of his world too.

Mr. Ching: — Actually that is one of the options that we're actively looking at at the present time — exactly that format of collapsing one exchange area boundary into another.

It presents some problems because people are divided within the individual exchange area boundaries as to where their normal telephone patterns are. But that certainly is a format that we're looking at. And certainly the technology can easily adapt that.

Hon. Mrs. Teichrob: — And as I recall, that's a very interesting part of the province where there are . . . and I just close my eyes and see the map with Alida and these really small ones. But the interesting thing is when you survey, everybody wants Estevan.

Mr. D'Autremont: — Not everybody.

Hon. Mrs. Teichrob: — Well a very large majority, so that you could combine some of those little exchanges, the 75, 100 subscribers and so on. But even collapsing six of them wouldn't give any of the people in that area . . . Estevan, which is what . . . So this is the problem you have no matter, as I said, when no matter where you draw the line, somebody's on the other side.

Mr. D'Autremont: — I know when the 40/40 came in a lot of people wanted to have access to Estevan. They wanted one major centre within their calling area.

Okay, we'll move on to the strike which I believe was in '95, or early '96 . . . early '96. There was a number of questions at that particular point in time about the settlement and about what managers received. I wonder if you could give some explanations on the wage settlement, the medical benefits, the paid days off, the free RRSPs (registered retirement savings plan) that workers received which added up to about 7 per cent, and how this fell within the guidelines the government had for a 1 per cent per year increase.

Hon. Mrs. Teichrob: — Well I could start off on that. It's three years. The first, you could sum it up sort of, by saying that the first year was a zero increase. The second year was 1 per cent of payroll, not 1 per cent across the board to individuals but of the sum of 1 per cent of payroll, in as yet undefined medical benefits. And in the third year the 1 per cent of payroll again became effective on the last . . . the very last day of the agreement. So while it's in the agreement, the employees don't benefit from it within this three-year time frame.

Then the exchange of days was, I guess . . . the upshot is that productivity is . . . well it's always important but when you're in a competitive mode, it certainly is. And we had this plan to exchange earned days off — in other words days that people were getting paid for when they weren't at work — in exchange for pay. So that was actually neutral.

The other feature, which was not really part of the agreement but has been an issue for a long time, and concurrent with the settling of the collective agreement, a joint management-union committee was set up with access to a new . . . an actuary with respect to some changes in the pension plan.

The pension plan at SaskTel is very well funded, has been very well managed, and has a huge surplus. In fact last year at the point where this review was authorized or agreed to, I think the surplus was over \$60 million. And it's running . . . the surplus is running into a situation where further contributions by the employer would in large part be taxed away by Revenue Canada.

The employer didn't particularly want to take a contribution holiday, which some employers have done. So what we did was set up a joint committee; agreed that in the three-year interim, while recommendations can be made which will protect the long-term integrity of the pension plan, that the employer contribution . . . the employer would take the contribution holiday from the plan, the contributions to the plan, but in lieu for three years will make a contribution to an employee RRSP. So that wasn't part of the collective agreement.

We cost the agreement as being within the mandate; that the total wage and benefit package provides for increases of 3 per cent over three years within mandate. Not all of those increases, as I said, are in cash, they're also . . . 1 per cent of it was medical benefits which were to be negotiated or defined and are still in the process of being developed.

So our position is that it was well . . . the settlement was well within mandate.

Mr. D'Autremont: — Well when it adds up to 7 per cent over three years, that seems to exceed that mandate.

Hon. Mrs. Teichrob: — Well it doesn't add up to 7 per cent over three years, it adds up to 1, 1, and 1, and not all in cash. And the pension arrangement is entirely a different issue and the RRSP is simply taking the place of the contributions that the employer would have made to any money purchase plan, except when the surplus runs into the Revenue Canada rules.

Why would we want to continue to make contributions which would be . . . the benefit would be transferred to Revenue Canada, rather than having the contribution of the employer take another form which benefits the employee? But you can't count that into the collective agreement because otherwise they would be getting, in the normal course of events, the matching contribution by the employer, to their pension contributions.

Mr. D'Autremont: — So you're no longer going to be contributing then to the pension plan, rather you're going to be contributing to RRSPs.

Hon. Mrs. Teichrob: — Just for the three-year interim period until this joint management committee, aided by an actuary, makes some recommendations on how to handle the future of the pension plan to protect the employees' contributions and the long-term integrity of the plan. The RRSPs are an interim measure while that work is being done.

Mr. D'Autremont: — But you're no longer then contributing to the pension fund. SaskTel is no longer contributing to the employees' pension plan.

Hon. Mrs. Teichrob: — SaskTel will be taking a three-year contribution holiday from the employer contributions during that period.

Mr. D'Autremont: — The 1 per cent though, on the last day of the contract for salary increase, means that that salary increase is in there though the next time you come to negotiate. So even though the employees have not perhaps received any cash,

other than one day's worth at the time the new contract will be renegotiated, that 1 per cent is still always a part of it. Whereas if you had provided a 1 per cent cash bonus to employees, that would not have been included in any future negotiations.

So in the long run it's still going to cost us more money.

Hon. Mrs. Teichrob: — Well it's true that that — for the next collective agreement — that that 1 per cent will become the benchmark for, you know, the starting point. But that's the case across the piece in the public sector if the mandate is 1, 1 and 1. So that's not different.

And actually, overall, the salaries in SaskTel as compared with other telcos are very moderate by industry standards.

Mr. D'Autremont: — I can see the next time that there's negotiations with the employees, they will get a 1 per cent increase at the beginning — or a 2 per cent or whatever the case may be, at the beginning of the contract. So on the last day of the previous contract they got a 1 per cent increase and on the first day of the next contract they get a 1 per cent or more increase, their net pay is going up considerably even though supposedly you will fall within your 1 per cent mandate.

Hon. Mrs. Teichrob: — Well not necessarily, because for instance in the settlement passed a year ago it was retroactive of course, but there was a zero per cent in the first year. So it isn't accurate to assume that there's going to be an automatic percentage increase each and every year.

Mr. D'Autremont: — Well we'll have an opportunity to pursue this later. I do have one question though still related to the strike. And that deals with managers that travelled from their home base and location to other areas, who seem to be receiving some significant benefits such as free hotel rooms, free meals, free weekends with their families out of town. Can you explain why these were necessary and what the total costs for those packages were?

Hon. Mrs. Teichrob: — Well I don't have the total cost at hand. Maybe somebody will be able to look for it, I don't know. But I think you know in terms of being compassionate as an employer, these management people were called upon to be re-deployed all over the province, places far distant from their home in many cases to keep the service up and running while the strike was on.

So obviously it wouldn't be fair that if extra travel and living expenses were incurred in carrying out those duties, that the company wouldn't cover those. In terms of the families travelling, if the management employee was deployed far away from his home and was working long hours and not able to go home for the weekend, then we did cover the costs in some instances where the family was allowed to join the managerial employee who was working in another site, for the weekend.

Mr. D'Autremont: — Well was the manager receiving additional pay compensation for any extra times that he worked?

Hon. Mrs. Teichrob: — Managers were compensated for the work they did and in many cases it was very, very long hours.

Mr. D'Autremont: — Yes, but they received overtime, etc. I would expect that rooms and meals would be covered. Those are living expenses away from home and that's no problem there, but I'm wondering about the idea of shipping their families up to wherever it was that they were at and spending the weekends.

Mr. Ching: — I think the thing you have to remember here is this, that normally we run the telecommunication system in Saskatchewan with 3,800 employees, give or take. And for the period of time of the strike, which was close to four weeks, we were running it with around 600 employees. And so we were really imposing upon the out-of-scope employees to spend long hours, and where we could allow them the luxury of leaving their assigned place and returning to their home base for the weekend, then that's of course the direction that we followed.

In certain cases where we simply were stressed to the point where we couldn't do that, where we were expecting employees that normally had their residence say in Regina or Saskatoon to stay in Yorkton for seven days a week, day in and day out, there was a special, I guess, dispensation to allow their families to come out to them for the weekends and for the company to pay the cost of it.

It was a peculiar, unusual set of circumstances. It's certainly not the sort of thing which normally is a cost to be borne by the company, but given the unique circumstances that existed, of expecting people to spend almost seven days a week, week in and week out, at a place other than their home base, it was felt that it was only sensible and justified under those unique circumstances.

Mr. D'Autremont: — Well we can pursue this later, Madam Chairman.

The Chair: — Thank you, Mr. D'Autremont. The committee will probably be moving to consider the 1996 SaskTel annual report sometime in May, so we'll be able to bring these questions up again at that time.

And at that point . . . and I guess I'm giving you fair notice, Madam Minister, that probably committee members will want to have an idea of the costing of the additional measures that had to be undertaken with respect to the strike.

If there are no further questions, Mr. Langford, you have a motion?

Mr. Langford: — Yes. I'd like to move:

That the Crown Corporations Committee conclude its review of the 1995 annual report of SaskTel.

The Chair: — Thank you. What's the committee's wish? All those in favour of that? Agreed. Thank you. Thank you, Madam Minister, and your officials.

We will be, as soon as the minister responsible for Crop Insurance comes, we'll be moving into consideration of that.

Before committee members leave — the officials can certainly leave — before committee members leave, I'd like to make a special announcement.

As some of you may be aware, if you have an historical bent, the Crown Corporations Committee first started its meetings in Saskatchewan 50 years ago, in 1947. Crown corporations were first formed in this province in 1946 and the legislation was passed to have a special committee of the legislature to oversee the Crown corporations. And the first meeting was held, I believe, April 2 or April 3, of 1947.

Since it's a 50th anniversary, it seemed to me that we should have a special celebration. And so what I am planning to do is to have a special celebration on April 17, which is the reason why I want to present the report of the standing committee on April 17.

We will be inviting as many past and current members of the Crown Corporations Committee as we can find to come to the legislature for tea and — all those that are available, Mr. D'Autremont, will be invited — for tea and a special birthday cake.

I've made arrangements with the library, with Crown Investments Corporation, and with the Archives, to do some special displays so that we can have an historical review of the state and status of Crown corporations over the last 50 years. And all members of the legislature of course will be invited, as well as officials from the Crown Corporations Committee, the Provincial Auditor's office, and the private auditing firms that do attend this committee.

The other thing that will be happening on that day is we will be taking a picture of the current members of the Crown Corporations Committee, probably at around 10:30 that morning. And we will also have the photographer stay so that we can get photos of any members, any past members of the Crown Corporations Committee who do come that day. And we would be wanting to introduce them in the legislature.

So I would ask members, if you have any suggestions for anything additional that you would like in terms of this celebration, to please contact me. We want to reach as many former members as possible and, if they're able to travel, to come to the legislature for that day and also to be introduced.

So that's the announcement. It's a happy birthday time for us in terms of this committee. And I thank all members for their diligence in terms of the questions and the input that they've had. I think you'll find when we do the display, that things have changed very considerably over the past 50 years.

We'll just take a quick recess right now and I will rustle up the Minister of Agriculture so that we can deal with Crop Insurance.

The committee recessed for a period of time.

Saskatchewan Crop Insurance Corporation

The Chair: — The minister is now here. We will resume our hearings. The matter before the committee is consideration of the 1995 annual report for the Saskatchewan Crop Insurance Corporation. I would welcome the minister and, Mr. Minister, would you introduce your officials please.

Hon. Mr. Upshall: — My officials — to my right, Dr. Murray McLaughlin, my deputy minister of Agriculture and Food; to my immediate left, Doug Matthies, general manager of Sask Crop Insurance Corporation in Melville; and beside Doug is Carol Eaton, executive manager of finance for Sask Crop Insurance.

The Chair: — Thank you very much. Since we've already had an overview statement on the Crop Insurance for 1995, we'll dispense with that and we'll just move right into questions that any committee members might have.

Hon. Mr. Upshall: — 1994-95? The year under review?

The Chair: — Yes, it's the '94-95 that we're considering.

Mr. Osika: — Thank you, Madam Chair. Good morning, Mr. Minister, and welcome to your officials. Nice to see you again.

I just have a few questions leading up to some of the significant changes that did occur with the crop insurance program from GRIP (gross revenue insurance program) and the changes that took place. Do you have . . . can you tell us what impact this had on the changes that have now taken place, the impact on the number of employees, the decrease in the number of employees? There were some significant changes in staffing and province-wise and then head-office-wise.

Hon. Mr. Upshall: — On the year under review, there are approximately — this is when we were starting to restructure Crop Insurance Corporation — there was about 17.5 personnel, I believe, reduced. And although it's not in the year under review, in 1995 of course the agents were . . . contracts were eliminated. And there were about 60 staff reductions in total for FTs (full time). I believe it would be FTs . . . (inaudible interjection) . . . Yes, in 1995 or '95-96, which is the next year after this year.

Mr. Osika: — Okay. So I guess what I was . . . I guess at this point in time there would be no . . . you wouldn't have a total handle on what the decrease in administration cost as a result of those changes?

Hon. Mr. Upshall: — For the year under review?

Mr. Osika: — Yes. Would there have been a decrease in . . . leading up to, under the changes?

Hon. Mr. Upshall: — In the spring of 1995 there was a decrease in administration costs, of about \$840,000. And then you can add onto that the elimination of the agents, which would total for Saskatchewan another \$5 million. Total \$5 million in '96-97.

Mr. Osika: — Thank you. Just a couple more questions. I wonder can you . . . in 1995, what were the number of program participants province wide?

Hon. Mr. Upshall: — In '96-97?

Mr. Osika: — No, '95.

Hon. Mr. Upshall: — '95-96?

Mr. Osika: — '95-96.

Hon. Mr. Upshall: — 1995, we had 41,232 contracts and 19,000 . . . or 19.1 million acres.

Mr. Osika: — Okay, is that . . . The following year has that changed? And I appreciate . . .

Hon. Mr. Upshall: — That's 58 per cent of the seeded acres were insured in 1995. And that was reduced to 55 per cent, or just a slight reduction in 1996 — 18 million, 18.7 million acres and 38,000 . . . or just about 39,000 contracts.

Mr. Osika: — Okay.

Hon. Mr. Upshall: — Every year you get a number of cancellations, a number of new people depending on people who quit farming and that, and this was just net down 3 per cent.

Mr. Osika: — Are you prepared . . . or could I ask you whether those numbers have increased or decreased with the new program in place?

Hon. Mr. Upshall: — We anticipate an increase. Of course as you know, the way the corporation works, until we get our seeded acreage reports in July — or June and by July we'll have the information . . . we've had a number of people, about 2,000 new people, come into the new program this year, which is fairly significant. But remembering that over 70 per cent of the people have contracts but only 55 per cent of the acres were insured, we anticipate a tremendous increase or a great increase in the acres of current contract holders. So it's really impossible for us to know until the numbers come in.

We, I say, anticipate an increase because Manitoba, with a very similar program, went from about the same 55 per cent up to 85 per cent when they introduced their program. And with the attraction, with the feedback we're getting of people liking the new program, we think it's going to be increased significantly.

Mr. Osika: — Thank you. Can I ask if there has been a trend of . . . or the number of outstanding account balances or people that are not able to pay or refusing to pay, is that number increasing?

Hon. Mr. Upshall: — As of March 31 of this year, just a few days ago, there were just under 2,500 contract holders who owed money from the previous year. There is still information coming in from CSO (customer service office) offices so that number is not a final number but it should be fairly close.

In terms of other years, cancellations have been, since '94, have been dropping. 1994 cancellations of contracts, which could mean cancelled by the contract holder or by the corporation for default of payment, were about 33, just about 3400 in '94; 2,600 in '95; and I believe . . . and about 1,400 so far this year. So the cancellations have been steadily declining, which is I think positive for the corporation.

Mr. Osika: — The dollar figures for those outstanding amounts — the 2,500 as of just March '96 . . . or '97, pardon me — would those figures be available?

Hon. Mr. Upshall: — No. We don't have them with us today. We were anticipating '94-95 questions, and certainly we can get those.

Mr. Osika: — I appreciate that and I understand, and I asked the question just in the event you might be able to answer that. For '94-95 then, what would the dollar amounts have been in those years? And what recovery process for non-payment are in place or in effect?

Hon. Mr. Upshall: — The recovery process is basically a standard process where the producer will receive a letter stating that he is in arrears. I believe they usually get three written notices. Then if nothing happens they get a phone call follow-up, and we encourage people . . . like our policy is that they don't have to, you know, for the most part don't have to pay everything up front. But we have some rules in place for repayment and the key is that they can make a repayment schedule so that the corporation knows that they will be able . . . they will have a schedule to fulfil their obligation of the contract. And for the most part it works pretty good.

Mr. Osika: — Is there a fixed interest rate for those who choose to take a period of time to repay? Is it . . .

Hon. Mr. Upshall: — Interest rate?

Mr. Osika: — Yes.

Hon. Mr. Upshall: — In the year under review the interest rate was 9.6 per cent. That's subsequently been changed to a floating rate, which is prime plus 3 currently.

Mr. Osika: — Thank you very much. Just one more area I want to touch on and that's in the area of your ongoing audit processes. Can you, for the year under review and subsequent if you have any of those figures, could you tell us what the number perhaps of instances or the amounts of recovery as a result of attempted frauds or errors in a completing of claims?

Hon. Mr. Upshall: — I can give you the current year. We'll have to look for '94 and the year under review, but . . .

Mr. Osika: — So we're even then. I ask you some questions and you don't answer them.

Hon. Mr. Upshall: — That's right, that's right. In January 1 to December 31, '96 there were 3,140 audits, different types of audits. As you will be aware, there were things like compliance

audits, compliance ratios, random audits, different reasons, 3,140. And we recovered 2 million, just over \$2 million from those audits.

Mr. Osika: — And how is that money recovered? Pardon me, before I ask you that one, were there any prosecutions entered and how many for criminal charges?

Hon. Mr. Upshall: — Just to finish off the question that I hadn't finished off earlier. After they get the two letters and the phone call, if people ultimately don't pay then we do proceed through the courts to try to recover the money. And then when the audits are done, if it is found that the corporation is owing money, we proceed on a similar basis. And at the end of the day we will have to use the courts to try to recover basically taxpayers' money, which is our obligation.

And now the question was dollar amounts?

Mr. Osika: — Dollar amounts and you gave me that I believe, \$2 million and some odd dollars; but the number of prosecutions as a result of the investigations carried out by the audit teams?

Hon. Mr. Upshall: — These are not the finite numbers, but approximately half a dozen went to trial last year and the corporation was successful on each of those counts.

Mr. Osika: — One final question, I promise. And that's how many people do you have employed on the audit process, province-wide, that would do nothing but give their time totally to reviewing claims, carrying out audit processes and procedures?

Hon. Mr. Upshall: — I'm told there are approximately 16 people, full-time people, employed in the audit process. And when we need extra help, we bring in adjusters on an as-needed basis.

Mr. Osika: — Thank you very much.

Mr. D'Autremont: — Thank you very much, Mr. Chairman. I'd like to go back into the dim past of 1991. And I wonder if you could indicate how many GRIP contracts there were in 1991, since Crop Insurance administered GRIP at that time.

Hon. Mr. Upshall: — Even though it's not in the year under review, because I'm so cooperative we'll attempt to answer that question.

If you turn to page 10 of the 1994-95 annual report that we're doing right now, you will see that in 1991 there were 49,135 customers under the revenue insurance program.

Mr. D'Autremont: — Okay, thank you. What was the total insured value with those contract holders? Do you have that information?

Hon. Mr. Upshall: — The liability, on the same page, is 3.2 billion.

Mr. D'Autremont: — Okay, thank you.

Hon. Mr. Upshall: — That's the net . . . gross liability.

Mr. D'Autremont: — Right. How much was paid out for the crop year of 1991?

Hon. Mr. Upshall: — \$818,300 . . . 818 . . .

Mr. D'Autremont: — 818 million is close enough.

Hon. Mr. Upshall: — Just let me check that. Okay, for the 1991 year, although this was paid over two years, the total indemnity was \$818 million.

Mr. D'Autremont: — Okay. Now for 1992, the year that the GRIP contracts were cancelled, how many contract holders would there have been at that time?

Hon. Mr. Upshall: — 43,815 —same page, page 10 of the report.

Mr. D'Autremont: — Yes, I don't have my report here so I can't check it. The insured values — what would they have been and what was the pay-out for the '92 crop year?

Hon. Mr. Upshall: — The liability was 2.7857 billion and the indemnity was 384 million.

Mr. D'Autremont: — Okay. Now I don't know, did you do any projections for the GRIP program, had the program remained in place as it was for the '91 year? What projections did you have for future years?

Hon. Mr. Upshall: — I am very cognizant of the fact that the GRIP . . . There's a lawsuit currently going on and I'm prepared to answer technical questions like the numbers, but as far as answering any further, I simply won't do that because I don't want to say anything that might lead to undue influence on either side of the case. So I think I'll stop right there.

The Chair: — That's perfectly sensible, Mr. Minister, and you're aware that we will be calling you back for the '96 report. And hopefully at that point any constraints that you have will have been removed by due process. Any further questions, Mr. D'Autremont?

Mr. D'Autremont: — Absolutely.

The Chair: — That's what I kind of figured. I just thought I'd give you a chance to . . .

Mr. D'Autremont: — To reconsider that?

The Chair: — Yes.

Mr. D'Autremont: — Since you're prepared to answer technical questions, again dealing with GRIP and the cancellation of the contracts, how much money was returned to the federal government for their portion of the allocations that had been placed in the GRIP program — 361, I think?

Hon. Mr. Upshall: — 126 million, I'm advised, is the federal government's share and 150 million of that apparently is put back into Saskatchewan agriculture.

Mr. D'Autremont: — Through other programs? Other federal programs?

Hon. Mr. Upshall: — Right. About 45 per cent roughly, 47 per cent.

Mr. D'Autremont: — And how much was retained by the provincial government?

Hon. Mr. Upshall: — The provincial government's ... was it 195 million?

Mr. D'Autremont: — How much was returned to farmers?

Hon. Mr. Upshall: — About 67 per cent or 130 million, significantly more than the federal percentage.

Mr. D'Autremont: — Okay, no that's not the numbers I was looking for. How much was returned from GRIP directly to farmers?

Hon. Mr. Upshall: — To farmers? The producers' share was \$261 million.

Mr. D'Autremont: — Okay, so 130 million of provincial money was placed back into new programs?

Hon. Mr. Upshall: — That's right — 72 million for the new safety net programs over three years, 18 million for ag innovation fund, and 40 million for the crop sector start-up.

Mr. D'Autremont: — The 72 million over three years, what programs did that go into?

Hon. Mr. Upshall: — Basically between crop insurance, any crop sector programs, and NISA (Net Income Stabilization Account).

Mr. D'Autremont: — I don't suppose you're prepared to make any comments on the Manitoba GRIP situation, with peas and lentil farmers.

Hon. Mr. Upshall: — That'd be purely speculative and I don't wish to do that.

Mr. D'Autremont: — Okay. Since you mentioned the NISA program, the original agreement with NISA was that the — I believe and you can correct me on this — that the provincial government matched the federal government contributions. Is that the case?

The Chair: — It was your party that brought it in Mr. D'Autremont, you should have the details.

Mr. D'Autremont: — I wasn't part of government at that time though or I would have.

Hon. Mr. Upshall: — Yes. Originally there was contributions where one portion federal government, one provincial government, and two producer dollars. And now it's ... In between times there was ... it went to one provincial, one federal, and three producer, with an enhancement of 2 per cent.

Mr. D'Autremont: — Plus an additional two from ...

Hon. Mr. Upshall: — 1.2 from the federal government and .8 from the provincial government. And current ... then now ... Now the current situation is it's one, one, three — one provincial ... or one, two, three rather. One provincial, two federal, and three producer, and that's the way it currently sits.

Mr. D'Autremont: — Was this part of the original agreement or are these amounts negotiable every year, or how is that decided?

Hon. Mr. Upshall: — Because it's not under Crop Insurance, we're just trying to decide what the answer is. But the enhancements were under a two-year agreement following ... exiting GRIP. And now we are ... I think we are trying for a five-year deal, agreement. But we don't have the detail out right now, the one, two, three. So like I say, because it's not under Crop Insurance, we just don't have that detail right now.

Mr. D'Autremont: — Well we can pursue it in estimates.

Hon. Mr. Upshall: — Right.

Mr. D'Autremont: — Okay. One last set of questions dealing with what Mr. Osika had been talking about, and that is those who are in default. You suggested that there was a schedule available for repayment. How does that work?

Hon. Mr. Upshall: — Of course the first thing we encourage producers to do is to, you know, find source funding in any place they can, not through Crop Insurance Corporation. Failing that, we are ... basically our starting position is that we ask for half of their outstanding amount down and a post-dated cheque for the remaining portion. If that's not possible, we then work on a case-by-case basis, looking at the individual situation.

We try to be very flexible. The corporation tries to be very flexible with producers. And the ratio of the people who are outstanding compared to the number of contract holders is very low, so I think they've been fairly successful at it.

Mr. D'Autremont: — Well I've received a couple of phone calls, one in particular on the issue. And because of the lack of grain movement, the person hasn't been able to sell any of their cereal grains other than some barley. But they're mainly wheat producers and so the grain is sitting in the bin. Crop insurance is due. They're not used to having somebody contacting them for payment all the time so they're panicking.

But the grain is sitting there. And there's the problem, is that they can't move. They haven't had grain cars into their local elevator since the middle of February. And even at that time it was barley shipments; it wasn't wheat.

Is some special provisions being made for those kind of circumstances where it's the lack of grain movement that is causing the problems?

Hon. Mr. Upshall: — Yes, we're looking at that right now, and there's a couple of problems that come into it. Although we are trying to . . . Like there's about 2,600 or so people who are in that category that should come to the corporation and sit down, and we understand the grain is not moving. The problem with . . . You know, some of the options are extending the deadline or rewriting their debt somehow; you know, renegotiating the debt.

The problem is that the grain hasn't moved till now. And being from the country, you know that the road bans are going on. They'll probably be on for another month. So if you were, let's say, to extend the deadline for a month, then those producers would be getting an undue advantage over others because by the end of April, the beginning of May, you have a pretty good feel for your soil conditions.

And there is a possibility there could be what we call the moral hazard come into it — you know, by giving one certain set of producers the chance to look at the conditions and then decide whether they want to take crop insurance or not. So what we're trying to do now is contact producers and encourage them to sit down with us and make, you know, an agreement for the repayment of their debt in order that they might be able to receive insurance for this year.

Mr. D'Autremont: — Those circumstances that I'm aware of, it's not a question of extending when you have to make the decision to belong to crop insurance, it would be more of a question of extending when they have to make their payment by, so that they could participate in crop insurance. So you wouldn't be providing a circumstance where all farmers would be affected, but rather, individual cases. And perhaps the area there is for those that, because of the grain movement, haven't been able to make their payments. If the deadline for them to make that initial repayment could be extended, rather than the deadline for when they would qualify for crop insurance.

Hon. Mr. Upshall: — We are right now in the process of contacting all the people who are with outstanding accounts that would affect their entry into the program this year or contract this year. Basically we're calling them and saying, you know, we're going to extend it to April 15 because we know grain isn't moving and during the next two-week period you have an opportunity to come in or talk to the corporation, to make an agreement of repayment — a repayment plan.

You can't put it much longer than that, because like I said, by the time you get to April 30 then you get some problems of people being selective of what they plant. So we're trying to find the middle ground here and giving those folks in difficulty . . . And like I said, Crop Insurance is very flexible. If the customer is cooperative, there usually isn't a problem with a repayment schedule. Only the times, on occasion, where there is no cooperation by the customer that it becomes difficult because the corporation has to be responsible for taxpayers' dollars, and they act accordingly.

Mr. D'Autremont: — Well perhaps if they can talk to Crop Insurance and receive some flexibility. Because I know in our area, road bans are already on and in all likelihood will be on probably until the end of April. The snow was going slow so it's going to be wet for that time period.

Hon. Mr. Upshall: — Yes, the extension to April 15 basically is we know that they're not going to be able to move the grain out but it will give them another couple of weeks to try to figure out financing for their entry or contract.

Mr. D'Autremont: — Okay, thank you. I'll talk to these people.

The Chair: — No further questions? All right, Mr. Bjornerud.

Mr. Bjornerud: — Just a couple, Madam Chairman. I've had a couple of calls, and probably you've had many calls, and if you could just explain this. A statement had come out from, I believe Crop Insurance just lately where the premium had been paid and now this looks like an income tax statement. The question coming to me is, what is this deal? Do you know what I'm talking about or not? Because I'm not all that sure I do.

Hon. Mr. Upshall: — Yes. This is under Revenue Canada rules. A corporation must supply the customer with a statement for the income tax year of their premiums and what they paid out, which is of course deductible, and the total number of claims that they received, which they have to claim as income. That's probably what you're talking about.

Mr. Bjornerud: — Okay. But the situation that has been brought to my case where the person actually had had no pay-out of any kind. This wasn't a statement for a year back or something, where the premium had been paid for the producer? There's nothing like that in there?

Hon. Mr. Upshall: — I guess all I can suggest, Bob, is just bring it to my office. I'm not sure we're going to accomplish anything here. I think if you want to bring the details to my office we can get it to Crop Insurance to get an answer to the person.

When we issue the tax slip, even if they didn't have a claim, what would be on there is the premiums that they paid, for their convenience. If you keep records like some of us do, you may not have the receipt. So that at the end of the year, you have just one page saying here's what I paid for crop insurance.

So they wouldn't have . . . if he didn't have any pay-out, it would just be his premium on there.

Mr. Bjornerud: — Okay. I'll maybe bring the exact thing to you and show you.

Just one last question. I had a call that if a person was in crop insurance last year, registered as having crop insurance but didn't insure any crops, are they automatically in the program this year then?

Hon. Mr. Upshall: — You're automatically rolled over to the

new year with the crops that you have listed. If you have registered no acres for three years in a row, then your contract can be cancelled. But the procedure is that Crop Insurance will contact the person before they cancel.

Mr. Bjornerud: — So then they would probably be contacted and have the opportunity, even though they didn't sign up at the deadline because they didn't think they had to.

Hon. Mr. Upshall: — Yes. They should be in it automatically.

Mr. Bjornerud: — Okay. Madam Chair, that's it for anything I have.

The Chair: — Are there any further questions of the minister or his officials? If not, Mr. Langford, I believe you have a motion.

Mr. Langford: — Yes. Madam Chair, I'd like to move a motion:

That the Crown Corporations Committee conclude its review of the 1994-95 annual report of Saskatchewan Crop Insurance Corporation.

The Chair: — Thank you. What's the committee's wish? Is that agreed? Thank you. The motion is passed.

Thank you very much, Mr. Minister, and your officials.

Committee members will be aware that we had one other outstanding report. And I've polled committee members and it appears that there are no questions at this time. So, Ms. Bradley, do you have a motion?

Ms. Bradley: — I move:

That the Crown Corporations Committee conclude its review of the annual reports of the Workers' Compensation Board for the years ending December 31, 1994 and December 31, 1995.

The Chair: — Thank you. What's the committee's wish? Is that agreed to? Thank you. That motion is passed.

I have circulated a draft report for . . . second report for the Standing Committee on Crown Corporations to be presented to the legislature on April 17, the day that we will be celebrating our 50th anniversary. Committee members have had an opportunity to look that over. So, Mr. Johnson, do you have a motion?

Mr. Johnson: — I move:

That the second report of the Standing Committee on Crown Corporations be adopted and presented to the Legislative Assembly.

The Chair: — What's committee's wish? Is that agreed? Agreed. Thank you very much.

And also again, according to the agreement that we've reached with all members, we will be trying to meet fairly regularly, every second Thursday from 9 to 11. Consequently I booked our next meeting Thursday, April 17 at 9 a.m., at which point we will deal with SaskPower from 9 till 10:30.

And then, as I indicated, we'll have a photographer here to take a . . . an historic first picture of the Crown Corporations Committee. After 50 years, we're going to finally have a picture taken.

Ms. Bradley: — And it'll be on the wall?

The Chair: — That's what we're . . . Yes.

Mr. Bjornerud: — Madam Chairman, SaskPower will be the only Crown that's up that day?

The Chair: — SaskPower will be the only item that we'll be dealing with on April 17. And we will adjourn at 11 o'clock and go to the reading room in the Legislative Library for a bit of a celebration for our 50th.

And I will talk to all members at some point in the next two weeks to make sure that we're all on board in terms of the plans. And again, if anyone has any suggestions that they want to make, to make this even more celebratory, please contact me.

Thank you all very . . . Oh, Mr. D'Autremont?

Mr. D'Autremont: — Since we're dealing with some administrative issues, some time during the past year we discussed the possibilities of participating in public accounts seminars. I wonder if anything has been done about that possibility?

The Chair: — Not yet. We're just into a new budget year. One of the problems that I have is that if we're going to be having a lot of meetings out of session, we are very tight on a budget, so we'll have to deal with that one.

I guess my suggestion would be if committee members are aware of seminars or conferences that would assist them in terms of their duties as a member of this committee, would you please bring it to my attention and then I will discuss the matter with the Clerk. We'll cost it out and we can then have a committee consensus on that.

The other outstanding item of course is the one that keeps dogging me for the last two years, which is the question of significant transactions. And I would at this point ask if Mr. Trew, Mr. D'Autremont, and Mr. Bjornerud would meet with me sometime in the next two weeks on the floor of the legislature, so that we can finally develop some sort of a definition for significant transactions.

We've received input from the Provincial Auditor and I have also received input from officials at the Crown Investments Corporation, so I think we can finalize this one too.

Mr. D'Autremont: — Rather than meeting on the floor of the

Assembly where it's difficult to carry on extended conversations . . .

The Chair: — That's true.

Mr. D'Autremont: — . . . without significant interference from the Speaker, perhaps if we were to meet there and then adjourn to some other location, it might be more appropriate.

The Chair: — Yes, I totally agree. And we have a whip's office that we can go to or we can . . . It will of course be subject to what's happening in the House on any particular day. But yes, I think that's a good idea. And maybe, Mr. D'Autremont, since you seem to be such an excellent traffic cop, you could take the initiative and corral all of us sometime within the next week. Okay?

Committee is then adjourned. Oh, I guess . . . apparently I need to have a motion. I can't be autocratic on this one. I don't understand why we have to change the rules now. Ms. Bradley is moving that we adjourn?

Ms. Bradley: — I move we adjourn.

The Chair: — Thank you.

The committee adjourned at 10:43 a.m.