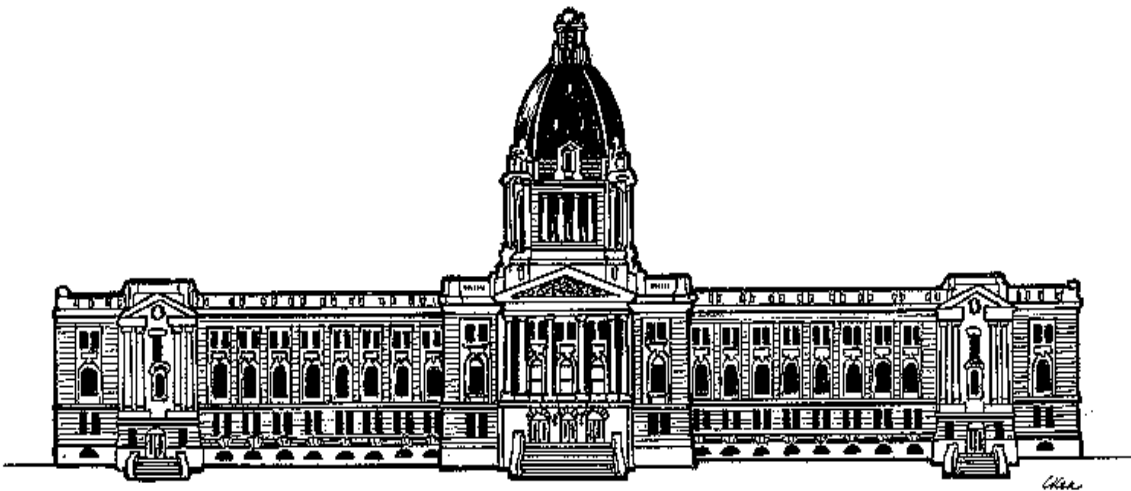




STANDING COMMITTEE ON THE ECONOMY

Hansard Verbatim Report

No. 9 – June 9, 2004



Legislative Assembly of Saskatchewan

Twenty-fifth Legislature

**STANDING COMMITTEE ON THE ECONOMY
2004**

Mr. Eldon Lautermilch, Chair
Prince Albert Northcote

Mr. Lyle Stewart, Deputy Chair
Thunder Creek

Mr. Michael Chisholm
Cut Knife-Turtleford

Ms. Doreen Hamilton
Regina Wascana Plains

Hon. Deb Higgins
Moose Jaw Wakamow

Mr. D.F. (Yogi) Huyghebaert
Wood River

Mr. Kevin Yates
Regina Dewdney

The committee met at 15:00.

**General Revenue Fund
Saskatchewan Research Council
Vote 35**

The Deputy Chair: — Well as it's now after 3 p.m., perhaps we can begin with estimates of the Saskatchewan Research Council. Before we do I'd like to make note that there are a couple of substitutions. Mr. Wakefield will be substituting for Mr. Huyghebaert, and Mr. Borgerson for Ms. Hamilton.

Mr. Cline, do you have officials to introduce?

Hon. Mr. Cline: — No, Mr. Chair, I don't have any officials. I was advised that the estimates would probably be voted off without the necessity of the officials being here so I'm here by myself. But having said that, if I am incorrect and there are any questions, I'd be pleased to try to answer them.

The Deputy Chair: — Are there any questions of Mr. Cline?

Mr. Wakefield: — Which vote, Mr. Chairman?

The Deputy Chair: — On Saskatchewan Research Council, vote 35, subvote Saskatchewan Research Council (SR01) in the amount of 7,779,000; is that agreed?

Some Hon. Members: — Agreed.

The Deputy Chair: —

Resolved that there be granted to Her Majesty for the 12 months ending March 31, 2005 the following sums, General Revenue Fund for Saskatchewan Research Council, 7,779,000.

Is that agreeable?

Some Hon. Members: — Agreed.

Vote 35 agreed to.

**Bill No. 13 — The Labour-sponsored Venture Capital
Corporations Amendment Act, 2004**

The Deputy Chair: — Next item, Bill No. 13, The Labour-sponsored Venture Capital Corporations Amendment Act, 2004. The Hon. Mr. Cline.

Clause 1

The Chair: — Thank you. Mr. Minister, we will be dealing with Bill No. 13, if you would care to introduce your officials.

Hon. Mr. Cline: — Thank you, Mr. Chair. Also I'd to thank the committee for its co-operation approving the estimates for the Saskatchewan Research Council.

And with me today to my left is Ms. Denise Haas, who's the executive director of investment and corporate resources for the Department of Industry and Resources. And to my right is Mr.

John Keeler, who's the director of investment programs for the department. And I did have a few words prepared about this legislation but I know members probably heard my second reading speech. So I don't know, Mr. Chair, if you wish me to take the time to go through this or whether you'd like to go directly to questions.

The Chair: — Well I think that perhaps your comments could be addressed during the course of the interaction with members of the committee as you have written . . . read your second reading speech into the record. With that, I would entertain a speaking order. Mr. Merriman.

Mr. Merriman: — Thank you very much, Mr. Chair, and Minister. Some of my speaking notes are slightly under water in my office, so I'll do the best I can from what I was able to salvage here.

During the minister's very short speech explaining this Bill, you mentioned a number of interested parties were consulted with the changes that were put forward. Could the minister inform me as to who was consulted and when?

Hon. Mr. Cline: — Yes, thank you very much for the question. And I'm resisting the temptation to tell my friend that he's all wet. Seriously, I do regret the fact that there was a flood in the opposition office, I understand.

But to answer the question, we consulted with Mr. Grant Kook, the CEO (chief executive officer) of Golden Opportunities Fund Inc., and Mr. Randy Beattie, the CFO (chief financial officer) of Crown Ventures Fund Inc., Tony Koschinsky from the civil law division of the Department of Justice, John Hague from Deloitte and Touche, Katherine Johnson from the Industry, Trade and Mines department of the Government of Manitoba, Arun . . . I'm sorry, Arun Srinivas, taxation policy, budget analysis division, Department of Finance.

Mr. Merriman: — Thank you, Mr. Minister. How many labour-sponsored venture capital corporations are in existence and what are your goals as to the growth of these numbers?

Hon. Mr. Cline: — There are two provincial funds and I'm advised 15 employee funds. In terms of the growth, we have been trying to encourage the growth of labour-sponsored venture capital corporations, and in fact I believe in the last few years we've been attracting more money to these funds than other provinces have been, relatively speaking.

Mr. Merriman: — Does that mean, Mr. Minister, that we're looking for an expansion from the two existing funds and the 15 employee funds?

Hon. Mr. Cline: — Well we're certainly, you know, open to applications from funds who would want to be registered subject to approval by the Department of Finance and the government in the normal process in terms of the amount of tax credit relief that the government would be prepared to budget for in any given year.

Mr. Merriman: — Are there caps on these existing funds as to the amount of capital they can bring in?

Hon. Mr. Cline: — Our plan, in answer to Mr. Merriman, Mr. Chair, is to have a cap of \$15 million per fund per year. That has to be put into the regulations. Assuming the legislation is passed, then when the regulations are amended our plan is to have a cap of \$15 million per fund per year.

Mr. Merriman: — A supplement to that then, Mr. Minister. At \$15 million per year, is there a maximum capital allowance? Is there a sunset clause on the number of years that that fund would be available, or is it continuous and ongoing?

Hon. Mr. Cline: — It is continuous and ongoing.

Mr. Merriman: — Thank you. I think that venture capital idea is seen as a success and one worth building on. Have you given consideration to expansion of this concept outside of the labour-sponsored concept in order to attract the much more needed capital, venture capital, to this province?

Hon. Mr. Cline: — We have considered that. My understanding is that the federal government will not allow or consider the expansion of the tax credit system we have for labour-sponsored venture capital corporations beyond those that are labour-sponsored. So that's the policy of the federal government.

And as you know, or I'm sure as Mr. Merriman knows, the way the system works is we have to have our system comply with the federal Income Tax Act. And in order to allow the tax credit to the investor in Saskatchewan, they will not allow us to take that system beyond the labour-sponsored ones.

Mr. Merriman: — In comparison to other provinces, Mr. Minister, where would you rank Saskatchewan in ranking . . . attracting venture capital? I assume your department keeps track of these figures since it's so intrinsically tied to economic development.

Hon. Mr. Cline: — Mr. Chairman, in answer to Mr. Merriman, I would say that my understanding is we are the only province in terms of the labour-sponsored venture capital corporations that has had an increase in the amount invested in the last year. The others were either stagnant or went down.

Mr. Merriman: — Thank you, Mr. Minister. Because these are labour-sponsored, what involvement, direct involvement does labour have in these two venture capital organizations?

Hon. Mr. Cline: — My understanding is that a labour organization, a trade union . . . I think it's the carpenters' in the case of the Golden Opportunities Fund, for example, if I've got that right. But in any event, a trade union must agree to be the sponsor of the venture capital corporation and typically I believe that the involvement of the trade union would be that they would be represented on the board of directors. So that I believe that in each case the trade union who sponsors the venture capital corporation has a member on the board of directors of the corporation.

Beyond that the day-to-day operations, of course, would be delegated by the board to professional management and the decisions made as to investments would be made by the professional managers that are hired by the board.

Mr. Merriman: — Thank you, Mr. Minister. Just for clarification so I didn't misunderstand you, that on the board of directors it would be one representative from labour and what would be the total board?

Hon. Mr. Cline: — Okay. I'm told, and I apologize, that the sponsors actually appoint the majority of the directors of the corporation so that you may get some members of the trade union that are on the board. I think typically that's not necessarily the majority, but they are appointed by the sponsor as well. So they not only will have a member on the board, they're responsible to appoint the majority of the directors of the corporation.

Mr. Merriman: — The majority or the total? They have . . . are there outside directors or is it totally controlled by that organization as to who sits on the board?

Hon. Mr. Cline: — Yes they could come from outside. The majority would be named by the sponsoring organization and the remaining directors — and of course the corporation would have bylaws as to the number of directors — would come from outside of the number named by the sponsoring trade union.

Mr. Merriman: — I guess what I'm trying to get to is, is there a formula that says if there's ten board members, eight are appointed by the carpenters' union and two are from outside or is it all ten could be appointed and no outside? Or is there any regulations or rules to that?

Hon. Mr. Cline: — Mr. Chair, in answer to the question, there is no rule other than that the trade union must appoint a majority of members on the board. So in that example, if there were 10 members of the board according to the bylaws, the trade union would have to name 6 of those people at least; but could name up to 10 for that matter, or could have bylaws designating how else they would be appointed.

And generally speaking, the boards tend to be made up of professional and business people who would have experience in managing a board of that sort.

Mr. Merriman: — What's the history on this, Mr. Minister, that if for instance, as you said, Golden Opportunities — which I'm an investor in — that the carpenters' union has the right to appoint six boards. What investment did they put upfront or what was their involvement in the beginning of this to allow them to have six board members to control this fund?

Hon. Mr. Cline: — It is, Mr. Chair, a requirement in the regulations that the majority of the board members are to be appointed by the sponsoring trade union. And I suppose the rationale is that under the legislation, you need to have a sponsor for the fund, which is a labour organization. And what they bring to the table is the ability for the fund to exist, in the sense that you've got to have somebody coming to the table who's willing to sponsor that fund. And so that's a fairly powerful thing for somebody to bring to the table because it is in effect the licence that then allows you to proceed to create a fund to begin with.

Mr. Merriman: — What I'm struggling I guess with, Mr. Minister, is when we say sponsor a fund, is that that they're

guaranteeing part of the capital in? Are they putting . . . did they put funds in to initiate and start the fund? What was their initial involvement in order to have this opportunity?

Hon. Mr. Cline: — I don't believe there's any requirement that they bring any money to the table. But it is required under the Income Tax Act of Canada that you have a labour organization that is going to sponsor the fund, and so that's what they bring to the table.

And then the fund itself will have to decide whether the labour organization is going to invest money into the fund and so on. But of course the largest, almost perhaps exclusive way in which these funds raise money is by obtaining investments from taxpayers for which the taxpayer gets a tax credit.

So I would surmise, and I think this is accurate, that a labour organization sponsoring labour-sponsored venture capital corporation would go to its members and others — you know, yourself included; myself included — and say, you know, here's a way that we can invest in a fund, invest in our province, and at the same time get a tax credit for a contribution. So there would be an incentive for their members to contribute.

And I think the bigger picture here and the objective of the creation of the fund would be to go to the public at large to raise the money from taxpayers. And I think that's more important to them than the labour organization actually investing in the fund. They want to raise their money through the tax credit system.

Mr. Merriman: — I certainly have no problems with that and I'm certainly not against it. It's just that, you know, okay we have the carpenters; why didn't we have the plumbers or somebody else? And if they have no investment as having six board members and they don't have any of their money in the pot or they're not directly involved in the fund from a financial point of view, it would bother me as an investor as to, you know, their ability to judge my funds accordingly. I would hope that they would have at least put up capital in the beginning.

Hon. Mr. Cline: — Mr. Chair, in answer to the question, I would reiterate that the labour organization that sponsors the fund will appoint people to the board who have some professional expertise with respect to investment or business. And so it's not their objective to have control of the board or control of the fund. It's their objective to have a professional organization set up. I think that's what they do.

I haven't heard any problems or any complaints about the structure of the organization so I think, I think really the system has operated quite well. And I don't think that it's ever been intended that the majority of the funds in the system or even a substantial amount would necessarily be deposited or invested by the labour organization.

I think that again, really the intent of it is to raise money fairly broadly from a big group of people through the tax credit system. And as long as the people on the board are professional people, business people, people with some expertise, I think that's the main consideration here. And I certainly haven't heard any suggestion that that isn't the case. I think they have very professional boards and professional people that work for

the organizations as well.

Mr. Merriman: — Thank you, Mr. Minister. I'm certainly not implying that that is the case. I'm just trying to get to understand how these funds are set up and the basis from which the board, which does have ultimate control and ultimate decision making in the funds invested by myself, you, and tens of thousands of other people in Saskatchewan. I'll get off that point, but I would like if you could at a later date give me a copy of the board of directors of that organization and their backgrounds if you would.

Next question, Mr. Minister, is what does the government budget on a yearly basis as to the tax credits provided under this program? And is the amount of the tax credit that government is willing to provide exceeded by applications for those tax credits under this program?

Hon. Mr. Cline: — It is going to be \$6.2 million per year.

Mr. Merriman: — Second part of that question was: are we getting requests to exceed the applications for the tax credits on our program? In other words, could we raise 8 million? Is there the need . . . is the market asking for that is my question.

Hon. Mr. Cline: — Well it has been raised. The 6.2 million came in this year, I think, to accommodate the amount of investment that we're seeing and that's up from 5 million before and I think that probably there will be requests to raise the limit.

And from a practical perspective, you know what happens of course, as you know, Mr. Chair, is that the people invest, usually the bulk of the investments will be in the month of, I don't know, the early part of the year prior to filing income tax. And then you get to the end of the fiscal year, March 31, and the people that have invested are going to be entitled to a tax credit.

And at that point, if the amount of money invested exceeds the amount of money budgeted for tax credits, government would have to make a decision either to raise the level available for tax credits or to deny people a tax credit once they've made the investment. And it's never been the practice of government to deny people the tax credit once they've made the investment.

So from a practical perspective with these two companies operating, I believe that if they go out and attract investments from individuals and individuals invest the money really on the understanding that they're going to get a tax credit, I would surmise that the limit will raise itself as those two funds are successful simply because I think it's difficult for government to deny the tax credit to some of the investors. Or alternatively to you know, sort of pro-rate the amount of tax credit that's available and say you get a partial tax credit.

So it seems to me that with respect to that question, the funds that are operating pretty much will go out and raise money. And my guess is that, you know, we budgeted \$6.2 million worth of tax credits, which is sufficient to meet the amounts, but if it wasn't, I think government would be hard-pressed not to raise that. So in a practical way I think that's what would happen.

But the question that might then arise is, if you get to the point where there are many other or some other labour-sponsored venture capital corporations being proposed, do you approve them all or do you approve only some of them, given that you may have only budgeted for so much in terms of tax credits? And that's a question that government would have to grapple with.

I don't believe that any applications have been put forward and denied because of that. But from a practical perspective I think the limit will go up as the funds are more successful and that really is what has been happening.

Mr. Merriman: — Thank you, Mr. Minister. And you know in section 6 which comes to your point — and I'll just sort of repeat the question, but I think it's worth repeating — that we have, in quotes, “forgone by the way of the tax credits,” seems to suggest that your government sees this only as a cost to the province.

But if the tax incentives provided here are helping companies open or grow and creating jobs, therefore expanding the tax base . . . should not really be seen as a cost to the treasury. And I think you sort of answered that — that if the desire is there and it is working in capacity to expand economic opportunity, it would certainly address it. I think that's what I'm reading from your comments if that's correct.

Hon. Mr. Cline: — Yes, Mr. Chair, I think that's a fair comment that . . . I would put it this way. If the money was being raised by the venture capital corporations and they weren't investing it back in the community, then it would simply be a cost to the taxpayer. But of course they're required within a certain time to invest the money in Saskatchewan enterprises which employ people. So I think we have to see it as an investment by the taxpayers themselves in economic development in the province.

And actually I was just out in Wynyard this morning, and they have Quill Lake resources there which produces potassium sulphate. And I happened to be talking to the CEO of that company, and I was very pleased to hear . . . for example, the Golden Opportunities Fund — and I asked him if this was public information and he said it was — had invested in that company to some substantial amount.

And that really made me feel good. It made me feel good about the tax credit system, and it made me feel good as a small investor in that fund myself. Because potassium sulphate, for example, is something that is widely used but there are very few producers of it. I think there's only one in . . . two in Canada, but I think one is going bankrupt — not in Saskatchewan. And I think there's maybe one producer in the United States, and a handful of others around the world.

So it seemed like something that made a great deal of sense to be producing and to investing in. And think it's a good example of what these funds can do. So I think yes, we need to view this kind of tax credit as a good investment in jobs and opportunities in Saskatchewan.

Mr. Merriman: — Thank you, Mr. Minister. One the major concerns I had, and this is the first time that I got the Bill, was

on the allocations aspect of it. If you could read it the way that, you know . . . it really gives you, the minister, the ability to discretionarily allocate the tax credits between funds. What will this do to the ability of consumers to choose funds rather than the government influence where those funds have to go, i.e., if Golden Opportunities is giving me a good return on my investment, I'm a satisfied consumer, and they're not allowed in the subsequent year to receive tax credits, you're actually forcing me into a fund that I may not want to go into that's not as successful.

Hon. Mr. Cline: — I should point out, Mr. Chair, that this goes back to what I was saying before, that the allocation probably would not relate to the existing funds in terms of the tax credit share that they have now.

In other words, those funds are already in existence so they're raising monies. And as they raise monies prior to the end of the taxation year, they will have their own customers determine what the level of the investment is. And I think once people have actually invested, it will be very difficult not to recognize those tax credits. So in one scenario you might have to then increase the amount of tax credit that was available.

But I think where the allocation would become more relevant is if there's an application, for example, for two new funds and if the cost of the tax credits this year is \$5.5 million, leaving about \$700,000 in tax credits that could be allocated. In the following year, if there were two funds and if that was the budgetary limit that we were given, we would have to say to new applicants, you know we only have \$700,000 in tax credits room to play with so there would be a limit to what they could raise and we would allocate the new tax credits between the new applicants . . . or the available tax credits between the new applicants.

And so as I said before the ability of government to approve new labour-sponsored venture capital corporations could be constrained unless the amount available for tax credits overall was raised. I do not believe that that would constrain the activities of the existing funds, but it could constrain the ability to approve new funds.

Therefore a policy decision would have to be made in the event there were new applicants, which would be whether to substantially raise the amount of tax credits that would be made available or to have no limit at all and license other applicants. And at that point you'd have to make a policy choice. But I think that would relate more to the question of creation of new funds than any constraint on the activities of the existing ones.

Mr. Merriman: — Thank you, Mr. Minister. And this is my major concern, and I'm just going to put it in a different context, and I think you will appreciate that you don't want to be in the position of choosing winners and losers. But if we have 6.2 million or . . . currently, this is market-driven. And it's driven by the ability of both fund managers to show a return on investment, show a good portfolio, good management criteria.

If we were to add two other funds into the program and cap them at 350,000 — or three-and-a-half million or . . . I think it's 350,000 you said, pardon me — you know, again we're limiting the market to decide. If in year two the fund number three has given a 75 per cent return and people want to jump on that

bandwagon because of their ability to manage their fund as taxpayers and investors, we should be allowed to choose freely who we wish.

And I think that this section bothers me because it puts that decision unfortunately in your pocket to make that decision. And I'm not sure that was your intent, to pick winners and losers as a minister, but to have the fund open for the public to decide, based on performance and other criteria they may have.

Hon. Mr. Cline: — Yes, Mr. Chair. Well, generally speaking, I agree. I think that the reason the provision is there is simply in case we have a situation where the demand for investment and labour-sponsored venture capital corporations exceeds what the legislature, through the budget, has told us we should allocate for tax credits. Then we would be left in a situation where we would have no choice but to allocate the available tax credits amongst the companies.

Having said that, the situation today is that we haven't had to do that because we've accommodated all of the people that want to invest in labour-sponsored venture capital corporations. From our point of view we don't want to pick winners and losers. We want people to make their own decisions as to where they're going to invest, provided it's in a properly licensed and established fund.

But at the same time we will respect the budget as set down by the Treasury Board, and the government, and the legislature. And if it tells us that, you know, we have so much by way of tax credits to give out, then if there are new applicants we'll have to allocate those tax credits because we have no choice.

And the answer is essentially to avoid any kind of allocation. I'm not lobbying for this to be done. But as an example, then the legislature should decide — if there's a great demand for investment in labour-sponsored venture capital corporations — simply to raise the limit appropriately. I'm not suggesting it's inappropriate now, because it meets all the needs. But if it doesn't at some point, then raise the amount that you budget for tax credits and put that into the budget. And then you could avoid any problem that way. And essentially it is a decision, a financial decision really, to be made by the government and the Legislative Assembly in terms of what you put into the budget.

And you know, speaking strictly as Minister of Industry and Resources, I mean, I suppose from our point of view we will be prepared to take any and all tax credits from the Legislative Assembly. But in making all the choices that the Legislative Assembly has to make on behalf of the public, they will in their wisdom decide what the appropriate limit should be. And we'll be the recipient of that. And if it doesn't meet the needs at some point, we may have to allocate. If that did happen I would want to probably speak to my colleagues and say, you know we should have a look at making some changes here in terms of the amount available.

Mr. Merriman: — Thank you, Mr. Minister. What this does, it does give you . . . This one passage here gives you the ability to do that. I agree with you that a budgeted amount of 6 million or 8 million — whatever the number is — is the methodology of, it's done. After that I think your job ends and it's then up to the market to decide which funds. And if fund A is the first one to

the gate and sells 6 million of that and there's only a million and a half left for the other three, then so be it. That's market-driven. I don't think it's the government's position to say that general public you will choose fund A, B, C, or D.

You know, if I haven't chosen in time to get my allocation that's something that I've neglected to do, but to say that instead of going in fund A, which where is I would choose to put my money, because of the allocation system I have to take fund D, I don't believe that that's an acceptable approach. I don't have a problem with the concept. I just think that after the budgeted amount, it then becomes free enterprise to . . . for them to sell and market their ability to deliver. And I have a major issue with that clause.

Hon. Mr. Cline: — Mr. Chair, well I understand Mr. Merriman's point, and I won't repeat what I said before other than to say that I don't fundamentally disagree with that point. I'm simply saying it is not our objective to dictate to the public where they should invest their money. We simply recognize the reality that if the demand for tax credits exceeds what the legislature has planned for, then we're left in a situation where we allocate because there's only a certain amount of tax credits available. And in an ideal situation that would be unlimited, but it's a situation like any other priority of government where, you know, you can't always do everything everybody wants you to do in every single area.

Having said that, it's somewhat . . . it's a good discussion, but it relates to a problem that hasn't arisen in the sense that we have always honoured all of the investment choices made by people investing in these funds by simply accommodating all of the investments and giving tax credits to all of the investors who invest in licensed funds. So that's been our approach, but we can't guarantee that there won't be more invested and that we won't, you know, run short of tax credits.

If we run into that situation, as I indicated to Mr. Merriman a moment ago, then I certainly would want to go to my colleagues in government and say this is the situation and how are we going to deal with it. But fortunately it is a hypothetical situation in the sense that we really haven't got into that kind of problem in the past.

Mr. Merriman: — Thank you, Mr. Minister. I agree it's hypothetical, but obviously the change is being put in, so it is being looked at, needed to be addressed. And the change, according to the way I'm reading it and other people, is that that does give you the ability to pick and choose.

Going back to section 4 in this Bill, it appears that a major change is being made in the current reading of the Act. It refers to a corporation Saskatchewan's head office in this Bill. The wording has been changed that would allow for these head offices to be located outside of Saskatchewan. Is that a correct reading of that position on section 4?

Hon. Mr. Cline: — The reason for this amendment is not to allow the labour-sponsored venture capital corporation to remove its office from Saskatchewan. It would still be required to have its office located in Saskatchewan. However it may be that labour-sponsored venture capital corporation in Saskatchewan might wish at some point to merge with another

venture capital corporation somewhere else, which may have its head office in Toronto or Vancouver or Calgary.

And what this provision says is that if it is going in to a merger and becoming part of a larger organization — which may be in the province's interest — then it must maintain its office in Saskatchewan; however, the head office of that merged entity might be located outside of the province.

So that from a practical point of view, everything that is in Saskatchewan now should pretty much remain. The investments have to be in Saskatchewan as well. But it enables that office to be part of a larger entity which may have a head office somewhere else. And so that's the reason for the amendment.

Mr. Merriman: — Mr. Minister, that's why I had the question and my surprise face because obviously I believe this is going to happen, and that was my question. If it is amalgamated with another corporation outside of Saskatchewan, well what does that do to the board makeup? Does the board makeup of that organization now change and we have directors coming from . . . six directors from outside the province potentially?

Hon. Mr. Cline: — In order for them to remain eligible to take investments and for tax credits to be issued, they would still have to comply with the other requirements we talked about earlier in terms of the board of directors, so that the majority of the board of directors would still have to be appointed in the merged entity by the sponsoring organization.

Mr. Merriman: — My question was more to that if they're merged and the new head office company has the ability or has the backing of appointing board members, is there the opportunity that the majority of those board members of this new organization — the six of ten that we talked about — will be outside-of-province people?

Hon. Mr. Cline: — That's true, but that is also the situation now. The requirement is that the labour organization sponsoring the corporation has to appoint the majority of the board members, but those board members could be from outside of Saskatchewan now. So yes, if they merged with another company you could have a situation where the directors came from outside Saskatchewan, but you could have that situation today as well.

Having said that, it's important to keep in mind that under either scenario, the investments raised on the tax credits system must be invested within the province of Saskatchewan. And so there's no doubt where the investment is going to go regardless of where the board of directors is from. And the status of the residence of the board of directors doesn't change with the amendment because there's no requirement now that a majority be from Saskatchewan.

And speaking for myself, I'm more interested in the expertise of the members on the board of directors than I am where they live, as long as I know that they must direct their expertise to investing all of the money in Saskatchewan. And that is what they must do.

Mr. Merriman: — Thank you, Mr. Minister. And I probably would have been able not to have to ask that question if I had a

copy of the board and who they were, and I certainly look forward to receiving that.

I guess one of the concerns I have is that Saskatchewan's economy is sorely lacking right now, is head office locations in our province. And you know, I see this change as an opportunity that we could be losing a head office from here to locations that . . . outside of the province.

And I ask you your comments, is this something that you're supporting or will you support that the head office of these organizations have to remain here in our province?

Hon. Mr. Cline: — I support that the office that they presently have must remain in our province. But I would not say that an organization which is a labour-sponsored venture capital corporation could not merge for example with another labour-sponsored venture capital corporation in another province, if they so desired, simply because they might be a stronger organization if such a merger occurred. I'm not advocating that.

But the simple fact of the matter is, if you have the same presence of the fund's office in the province but they just happen to be also part of an organization that has an office in another province, from a practical point of view it doesn't change anything at all. And as long as you have a rule that the money must be invested within Saskatchewan, which I think is key, nothing has changed there either. So the only intent of the amendment is to enable a fund, of which there are only two, to merge — at the present time, there may be others in the future — but to merge with other organizations.

And we've seen from past experience in this legislature that's it's unrealistic for government, if organizations want to merge or change, to have rules that restrict that or prohibit that from happening. Some examples are well Saskoil, Wascana Energy for example, where I think all the parties in the legislature agreed that the rule that said that they had to maintain their head office in Regina when there was a merger with another organization in Calgary, just didn't work for them.

And these are private enterprises. If it happens that one of them wishes to merge with another entity in another part of the country, that should be their right, Mr. Chair. You know, we've been told earlier in the questions that we shouldn't interfere with the market, and this is an example where we do not wish to interfere with the market. We will let the market decide what is going to happen and we will require that the money continue to be invested in the province of Saskatchewan. And it is a requirement that the office that relates to Saskatchewan remain in Saskatchewan. But it may not be the head office of a merged organization.

Mr. Merriman: — I understand, Mr. Minister, and it's very laudable of you to point that out. But I also have been involved in a lot of mergers in my career, and I can tell you that jobs do move when head offices are moved out of town. So my expectation level is, is that employees within this potentially merged organization will not be employed, as some of these functions can be done from head offices outside of this location.

I understand what you're saying; I agree. But, I mean, do you

have any guarantee that the jobs that are here today will be here tomorrow in and after a merger that we've just discussed?

Hon. Mr. Cline: — Well the legislation itself says that the location of the head office or primary place of business must remain in Saskatchewan. So the primary place of business must remain in Saskatchewan. Therefore with respect to a fund that exists in Saskatchewan, those functions, according to this legislation, must remain in Saskatchewan.

However the legislation says if a fund wished to merge with a larger fund — say from Toronto, Vancouver; it doesn't matter — that we would allow them to do that even though the head office of that larger entity would be outside the province.

And, Mr. Chair, if it is the position of the Saskatchewan Party that legislation should prevent a labour-sponsored venture capital corporation from merging with an out-of-province entity, then the Saskatchewan Party can take that position. That is not the position of the Government of Saskatchewan.

And this legislation is designed to allow those private companies to merge, point number one. But point number two, they must have their primary place of business in the province of Saskatchewan, if not their head office. And point number three, they must invest the money that they raise within the province of Saskatchewan.

But again, if it is the position of the opposition that these companies ought not to be allowed to merge, then the Saskatchewan Party can take that position. It is not our position.

Mr. Merriman: — Well I'm glad to see the minister is making his political statement. The aspect of the Saskatchewan Party is to protect jobs in this party and to ask questions to assure that those jobs are maintained to the best of our ability. And I'll continue to ask those questions and receive the answers.

I'm now going to turn it over to my colleague, Mr. Chair.

Mr. Chisholm: — Thank you. I just have a couple of questions. I'm wondering if the government has any concerns over what investments are and are not made by the working venture . . . the venture capital funds? Like I realize they have to be within the province, but other than that, do you have any guidelines regarding what they should be investing in and what they should not be investing in?

Hon. Mr. Cline: — No, we do not, Mr. Chair. We leave it up to the private sector managers of these funds to decide what they want to invest the money in.

Mr. Chisholm: — Well thank you. I guess the Working Venture Canadian Fund was kind of the precursor of the funds I believe that are available in Western Canada. And I think it's interesting to note that one of their investments is \$7 million in DC DiagnostiCare, which is a private MRI (magnetic resonance imaging) centre in Edmonton. That's why I'm wondering if the board chose to invest in a private MRI clinic in Saskatchewan, would the government have any problem giving people tax credits to invest in that particular vehicle?

Hon. Mr. Cline: — No. If indeed they wanted to invest in that

kind of investment and if they had the ability to operate that kind of enterprise in the province of Saskatchewan, that would be their decision. It wouldn't be government's decision. And so I mean regardless of what government's attitude may be toward private MRI clinics, the fact remains that it would be up to the fund to decide where it wanted to invest its money, as long as the money was invested within the province of Saskatchewan.

Mr. Chisholm: — Thank you. I guess another point I'd like to make was, on these investments it used to be that there was a five-year rollover period. If you held the investment for five years, you could roll it back out and back in and receive your tax credits. Then that all ended for a couple of years and there was no provision for rolling over and then they came in with an eight-year rollover provision, which is what we have now.

I guess initially and certainly in the first, say, eight years, we're looking at these Saskatchewan ones that are relatively new; the bang for the buck I think is pretty positive because there's a dollar coming into the fund and there's 20 cents of Saskatchewan money going back as a tax credit. As we move that through eight-year segments, there's a lot of 20 cents coming out of every dollar every eight years as the person rolls these back in, and no new money coming into the fund. It's the same money that was there, plus its growth.

So I'm just wondering if . . . has the Saskatchewan government considered any change to the rollover period or is that a federal thing, that the government just sides up with whatever the federal government decides in that regard?

Hon. Mr. Cline: — Mr. Chairman, in answer to Mr. Chisholm, it is a federal rule that, the eight-year rule that we have, and we just abide by the federal Income Tax Act in that regard.

Mr. Chisholm: — Thank you, Mr. Chair, that's all. Thank you.

The Chair: — Thank you, Mr. Chisholm. Are there further questions? Okay if there are no further questions, is clause 1 agreed?

Some Hon. Members: — Agreed.

Clause 1 agreed to.

Clauses 2 to 17 inclusive agreed to.

The Chair: — Her Majesty by and with the advice and consent of the Legislative Assembly of Saskatchewan enacts as follows: An Act to amend The Labour-sponsored Venture Capital Corporations Act, Bill No. 13, 2004.

Would a member move that Bill be reported without amendment?

Mr. Yates: — Mr. Chair, I would move we report the Bill without amendment.

The Chair: — It's been moved we report the Bill without amendment. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That's carried.

The committee agreed to report the Bill.

**General Revenue Fund
Industry and Resources
Vote 23**

The Chair: — The next item of business before the committee is the Department of Industry and Resources' estimates and they're found on page 90.

And so, Mr. Minister, if you would care to introduce your officials that will be with you today, we can resume discussion on these estimates.

Hon. Mr. Cline: — Thank you, Mr. Chair. I have the same officials with me as before.

And before we proceed to those estimates I'd like to thank you and the other members of the committee for moving the labour-sponsored venture capital Act amendments along to the legislature. And also I'd like to thank the officials for their assistance in that regard.

The Chair: — Thank you very much. If there are no further questions, administration (IR01) in the amount of \$3,506,000. Is that agreed?

Some Hon. Members: — Agreed.

Subvote (IR01) agreed to.

The Chair: — Accommodation and central services (IR02), \$3,760,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Agreed.

Subvote (IR02) agreed to.

The Chair: — Investment programs (IR07), the amount of \$15,896,000. Is that agreed?

Some Hon. Members: — Agreed.

Subvote (IR07) agreed to.

The Chair: — Industry development (IR03) in the amount of \$8,821,000. Is that agreed?

Some Hon. Members: — Agreed.

Subvote (IR03) agreed to.

The Chair: — Mineral revenues (IR04) in the amount of \$2,042,000. Is that agreed?

Some Hon. Members: — Agreed.

Subvote (IR04) agreed to.

The Chair: — Petroleum and natural gas (IR05) in the amount of \$5,108,000. Is that agreed?

Some Hon. Members: — Agreed.

Subvote (IR05) agreed to.

The Chair: — Exploration and geological services (IR16) in the amount of \$4,587,000. Is that agreed?

Some Hon. Members: — Agreed.

Subvote (IR16) agreed to.

The Chair: — Resource and economic development (IR06) in the amount of \$2,365,000. Is that agreed?

Some Hon. Members: — Agreed.

Subvote (IR06) agreed to.

The Chair: — Co-operatives (IR08) in the amount of \$710,000. Is that agreed?

Some Hon. Members: — Agreed.

Subvote (IR08) agreed to.

The Chair: — Tourism Saskatchewan (IR09) in the amount of \$7,165,000. Is that agreed?

Some Hon. Members: — Agreed.

Subvote (IR09) agreed to.

The Chair: — Saskatchewan Trade and Export Partnership Inc. (IR10) in the amount of \$2,591,000. Is that agreed?

Some Hon. Members: — Agreed.

Subvote (IR10) agreed to.

The Chair: — Saskatchewan Opportunities Corporation. There's no vote on that.

Amortization of capital assets in the amount of — is non-voted, non-cash expense and presented for information purposes only — that in the amount of \$4,693,000.

**General Revenue Fund
Lending and Investing Activities
Industry and Resources
Vote 171**

The Chair: — Okay the next vote is Industry and Resources, vote 171, in the loans under The Economic and Co-operative Development Act (IR01) in the amount of \$7,500,000. Is that agreed?

Some Hon. Members: — Agreed.

Subvote (IR01) agreed to.

Vote 171 agreed to.

**General Revenue Fund
Lending and Investing Activities
Information Services Corporation of Saskatchewan
Vote 159**

The Chair: — Information Services Corporation of Saskatchewan loans (SL01), statutory. Are there any questions on that particular item? Mr. Wakefield.

Mr. Wakefield: — Mr. Chair, where is that found?

The Chair: — That's found on page 146 under the title of lending and investing activities. There's no money allocated, Mr. Wakefield, so it's a matter brought forward for information. Okay.

Subvote (SL01) — Statutory.

Vote 159 agreed to.

**General Revenue Fund
Lending and Investing Activities
Saskatchewan Opportunities Corporation
Vote 154**

The Chair: — As well on page 147, the Saskatchewan Opportunities Corporation, no money allocated in the fiscal year 2004-2005. But if there are some questions, this Chair would entertain questions on that. Okay if there are no questions we'll move on.

Subvote (SO01) — Statutory.

Vote 154 agreed to.

The Chair: —

Therefore be it resolved that there be granted to her Majesty for the 12 months ending March 31, 2005, the following sums for the Department of Industry and Resources, \$56,551,000.

Is that agreed?

Some Hon. Members: — Agreed.

Vote 23 agreed to.

The Chair: — That was easier this year.

Also General Revenue Fund, lending and investment activities for the Department of Industry and Resources, \$7,500,000. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That then concludes the votes for the Department of Industry and Resources. I would like to thank the minister and his officials, and thank you for your attention to your duties today, Mr. Minister.

Hon. Mr. Cline: — Thank you, Mr. Chairman. I'd like to thank you and the members of the committee for approving our estimates, and also our officials here for their assistance here today. Thank you very much.

The Chair: — Thank you very much. Okay, the next item before the House we have the Bill No. 15, The Workers' Compensation Board Pension Implementation Act. Minister Higgins is assembling her officials.

**Bill No. 15 — The Workers' Compensation Board
Pension Implementation Act**

Clause 1

The Chair: — Thank you very much, Madam Minister. If you're ready, we'll proceed. The item before the House is Bill No. 15, An Act to implement Certain Provisions Respecting a Pension Plan for Employees of the Workers' Compensation Board and to make consequential amendments to other Acts.

Madam Minister, if you would introduce your officials we'll proceed.

Hon. Ms. Higgins: — Thank you very much, Mr. Chair. I have with me Peter Federko, chief executive officer of the Workers' Compensation Board. And he'd be very pleased to address any questions.

The Chair: — Thank you very much. Is clause 1 agreed? Mr. Stewart. Well, it could have been but wasn't.

Mr. Hart: — Not at this point in time, Mr. Chair. We do have one or two questions.

Minister, I wonder if you could explain, in your comments when you did the second reading on this Bill you mentioned that the surpluses have grown to \$5 million in the plan and the employer stopped making benefits. Yet I would presume though that the employees continued to make benefits, is that correct? And is there legislation that would allow the employer to stop making benefits while the employees make benefits? I wonder if you could just explain that whole . . . that scenario.

Hon. Ms. Higgins: — Mr. Chair, by the legislation the employer is not allowed to make contributions while there is a surplus but employees, by the legislation, are required to continue contributions to the pension plan.

Mr. Hart: — So the employer was allowed to stop making benefits, but the employees were required to continue to make benefits under legislation.

You also mentioned that the sharing of the surplus would be on a 50/50 basis. I presume that would mean that 50 per cent of the surplus would revert back to the employer and 50 per cent of the surplus would move to the new plan. Is that what you meant by that?

Hon. Ms. Higgins: — The surplus is shared 50/50. Fifty percent of that surplus will be used to enhance benefit levels for current employees and pensioners involved in the plan. And the other 50 per cent will be set aside to cover any future costs. And

at the end of . . . Or whatever future costs may arise. And at the end of the pension plan, when it is wound down, any surplus that is left will revert back to the employer.

Mr. Hart: — So the \$5 million is not moving to the new plan then. Or this current plan, superannuation plan is going to deregistered or de-established and the new . . . the 50 or so employees will move into the superannuation fund that is being set up by the board? Could you just clarify that, please.

Hon. Ms. Higgins: — The pension plan really stays as it is. What happens is that it moves out from under The Pension Benefits Act and will be administered by the board because this plan has no new members and there is a number of people that are still members of that plan. But when we went from a defined benefit plan to the new plan, this old plan was never given a process to wind down and in fact come to an end. So what this piece of legislation does is allow for this defined benefit plan to be wound down and provides for an orderly process to be followed for it to be wound down.

Mr. Hart: — Just so I'm clear, the plan will be wound down when the legislation is proclaimed, or will it be wound down when there are no longer any members within the superannuation plan? Could you just clarify?

Hon. Ms. Higgins: — It will be wound down when there are no members left. And what this does, the money stays where it is. It just switches so that there is a process in place for winding down and what to do with a surplus that is there, how it's to be handled, and how it will be administered. That's what this does.

Mr. Hart: — Okay. How many members does the plan have currently? I note in the 2003 annual report, it indicates that there are 44 active members, 2 inactive, and 52 . . . (inaudible) . . . a total of 98 members. Is that . . . has there been any changes to those numbers?

Hon. Ms. Higgins: — Basic numbers are about the same — 50 that are on benefits and just under 50 that are currently still employed or still actively working.

Mr. Hart: — So I presume then that this plan will be in existence for quite some time because we have 44 members who are still actively working and they will be covered by this plan until they are no longer members of it, due to the reasons . . . the most obvious reason I would presume. Or can they be transferred to another plan?

Hon. Ms. Higgins: — The most junior person enrolled in the plan has approximately 27 years of seniority, so within eight years they would be eligible for retirement. So we're still projecting it to be there for a while but, as we say, the most junior person will be eligible in eight years for retirement.

Mr. Hart: — Do the members, particularly the active members, do they have the option to move to the new superannuation fund that covers the other employees of the board?

Hon. Ms. Higgins: — When the plan was changed in 1977, all employees were given that option as to which plan they wished to . . . either stay with the defined benefit plan or go to the money purchase plan. So that option was at the very beginning,

but once the choice was made there is no option to switch. Whatever the decision was in 1977, that's where they are.

Mr. Hart: — I guess I just have one further question. Does the board feel that the \$5 million surplus will . . . is adequate to fully fund the plan until it is no longer in existence? And secondly, if in fact there should be a deficit, is the board responsible for making up that deficit?

Hon. Ms. Higgins: — Mr. Chair, as we kind of touched on earlier, half of the surplus will be used to enhance benefits but half of the surplus will be set aside to cover the costs of the employer contributions. In all likelihood and in any accounting that has been done, that is considered to be sufficient to cover the costs. But if for some unforeseen reasons it isn't, then yes, the board is responsible for continuing to make employer contributions to the plan.

Mr. Hart: — Mr. Chair, I have no further questions.

The Chair: — Thank you very much. Clause 1, is that agreed?

Some Hon. Members: — Agreed.

Clause 1 agreed to.

Clauses 2 to 20 inclusive agreed to.

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: Bill No. 15, 2004, An Act to implement Certain Provisions Respecting a Pension Plan for Employees of the Workers' Compensation Board and to make consequential amendments to other Acts.

Could we have a member move that the Bill be reported without amendment.

Mr. Yates: — Thank you, Mr. Chair. I move that we report the Bill without amendment.

The Chair: — Mr. Yates has moved that the Bill be reported without amendment. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

The committee agreed to report the Bill.

General Revenue Fund
Labour
Vote 20

Subvote (LA01)

The Chair: — The next item before the House is the Department of Labour, and that is still found on page 104 in the Estimates book. Administration (LA01) in the amount of \$1,001,000.

I think the minister is assembling her officials. So we'll give her a minute to get the officials together. Thank you.

Madam Minister, would you introduce your officials, and we will move forward on the estimates.

Hon. Ms. Higgins: — Thank you very much, Mr. Chair. To my right is Bill Craik, deputy minister of Labour. To my left is Melanie Baldwin from the Labour Relations Board. Also joining us today are Jim Nicol, the assistant deputy minister; Corrine Bokitch, executive director of the Status of Women office; Eric Greene, executive director of labour standards; Marg Halifax, director of the Office of the Worker's Advocate; Allan Walker, executive director of occupational health and safety; Kevin Kuntz, manager of budget and operations; and also Peter Federko, chief executive officer of the Workers' Compensation Board is also still with us.

I'm sorry. Mr. Speaker, I have the required copies of information that were requested the last time we appeared before the committee.

The Chair: — Thank you very much, Minister. We'll pass those out to members of the committee.

Hon. Ms. Higgins: — And also I apologize. Going through the minutes of the last Economy Committee when we appeared, there was a question by Mr. Hart that talked about the WorkSafe program and the budget for WorkSafe. And the figure that I gave Mr. Hart was approximately \$413,000 for the WorkSafe and that is for up in . . . the spring campaign for WorkSafe. And there is equal amount that has been budgeted for a fall campaign.

And I think I had said in the answer that I had given that that was for the total '04, but that's only for the spring program. And once the spring program is evaluated, the decision will be made as to whether to go ahead. But that money has already been budgeted for. So just so you're aware, I wanted to straighten that out first.

The Chair: — Thank you. Mr. Hart.

Mr. Hart: — Thank you, Minister, for that clarification. I must admit when you provided that figure of 413 and seeing the amount of advertising and so on that was being done, I was wondering perhaps if that was, you know, the correct figure. And I felt quite confident that you would . . . if it wasn't you would be providing us with the correct information as you did here today. So thank you very much for that.

I guess I'd like to . . . Our time is short and perhaps we'll have time at another occasion. We have another Bill to deal with where we can cover the rest of the estimates. I'm pretty certain we won't get through all the things I was hoping to discuss with today, Mr. Chair, and so we have to come back for Bill 50. So hopefully we can . . . our House leaders and so on can arrange that time.

What I'd like just to discuss a bit is some provisions of The Labour Standards Act today. And one of the questions that I have surrounds the 500 or so government employees who have had their positions terminated as a result of this year's budget. I understand The Labour Standards Act and I'm sure union contracts would lay out a process as to how these employees will be . . . how those terminations will be handled.

I wonder if you could just briefly explain what is happening now. I know I have heard from some employees who have had their positions eliminated and they have seniority and they are bumping other employees in other locations. And I was just wondering if you could just give me perhaps an overview of the legislation that would impact on this, very briefly, particularly dealing with the rights of the employees.

Hon. Ms. Higgins: — What I will give you is a very quick overview of this because it does not fall within our jurisdiction. This would be, the bumping process would be covered through agreements with the Public Service Commission and also within the collective agreements, if they are unionized employees, that are between the commission and the union.

But that's not something that we would deal with here, how the bumping process is laid out. That would be the Public Service Commission would be more appropriately asked.

Mr. Hart: — But does The Labour Standards Act not lay out requirements of length of notice and those sorts of things that would . . . or does that not apply in this situation?

Hon. Ms. Higgins: — It wouldn't apply in this situation.

Mr. Hart: — Okay, because also I noticed that there is things like group termination. And I was, you know, I was wondering if this particular provision of the Act would apply perhaps to the agrologists within Sask Ag and Food, the extension agrologists, that were . . . whose positions were terminated. Are you saying that this provision wouldn't apply either because it would be covered by the union contract? Is that what you're saying?

Hon. Ms. Higgins: — Yes, they would be covered by the union's contract with the collective agreement that they have in place.

Mr. Hart: — But are not union contracts the . . . do they not have to fall, you know, meet the requirements of The Labour Standards Act, in certain . . . you know, with group termination and length of notice of termination? You know, the length of the notice and those sorts of things or . . .

Hon. Ms. Higgins: — Most agreements are bargained and what is in the agreements quite often are better than what is in labour standards. But I mean, you would follow the collective agreement that's in place. I mean . . . and that would be followed for the bumping process that's going on currently.

Mr. Hart: — But I guess my question is this, the union contracts, the collective agreements, they have to at least meet the minimum standards laid out in this Act? Is that . . . Or do collective agreements have the provisions, and can they set their own terms and just ignore these minimum provisions?

Hon. Ms. Higgins: — To the member, you would follow the collective agreements that are currently in place for those workers that are going through changes to their jobs and are going through the bumping process. Bumping process would not be covered in labour standards. That is something that would be defined in the collective agreement or through the Public Service Commission.

There is notice in lieu of . . . or severance in lieu of notice. Notice has been given. There's a number of processes that are quite clearly defined in their collective agreements, and that's what they would be following currently.

Mr. Hart: — I understand that, and I guess the question I have is . . . it's more global in nature. Collective agreements, do they or do they not have to abide by the minimum standards in The Labour Standards Act as far as notice of termination and those sorts of things?

Hon. Ms. Higgins: — Better than the minimum is more consistent with what is in the legislation.

Mr. Hart: — That still doesn't answer my question. You said better than the minimum. To me it's a simple question, I mean, do the . . .

Hon. Ms. Higgins: — Well the same as or better than.

Mr. Hart: — Do collective agreements have to at least abide by the minimum standards of . . .

Hon. Ms. Higgins: — Yes.

Mr. Hart: — Yes. Okay. No, that's fine. That's all I wanted to know. Perhaps I didn't pose the question clearly enough or it's late in the day.

Hon. Ms. Higgins: — Well, it's late in the day and we're also confusing an awful lot of items. When you get into collective bargaining, and then we're talking about the bumping process that is ongoing in a number of areas, and you're also talking about group terminations which may or may not be accurate depending on the bargaining unit and how this all works out. So I mean, we're covering a number of issues all in one swoop. And it's . . .

Mr. Hart: — No, I realize that but, you know, I'm looking at some information from your Web site which deals with, you know, notice in lieu . . . or payment in lieu of notice and group termination and those sorts of things. And my question was, do collective agreements, union agreements between a union and an employer, do they at least have to meet the . . . I presume these are minimum standards that are laid out. And the question is, do the collective agreements reached, are they governed by this Act and the minimum agreements or do these provisions in this Act only apply to non-organized labour?

Hon. Ms. Higgins: — No, no . . .

Mr. Hart: — Everyone's treated the same?

Hon. Ms. Higgins: — Everyone's treated the same.

Mr. Hart: — Okay, that's . . . no, that's fine. I'd like to zero in more specifically on the Labour Relations Board. I have, of course, since becoming critic of Labour, had both employer groups and employee groups and individuals raise some issues around the operation of the Labour Relations Board. And I'd like to spend a bit of time this afternoon just exploring the operation of the Labour Relations Board. And I wonder . . . I understand that the Chair of the board is fairly recent to that

position. I believe that Mr. Seibel was the Vice-Chair.

I've had some concerns expressed to me about the process that's used to select individuals for the positions with the board, particularly the Chair and Vice-Chair and those sorts of things. I wonder if you could explain the process that is used to select individuals to fill those positions.

Hon. Ms. Higgins: — For the Vice-Chair positions the job is advertised. And I mean . . . and there is interviews and the whole process that we go through when the applications are received to pick a person that will appropriately fit the best qualifications for Vice-Chair on the board. Chairperson on the board is someone that is . . . through the department we look at . . . Now just wait, I'm going to make sure I'm accurate on this.

The last two Chairs have been people that have been promoted from Vice-Chair positions to position of Chair. Mr. Seibel was appointed to that position last August — end of August, could have been early in September — but our previous Chair left in August for other employment and Mr. Seibel was promoted to the position of Chair then.

Mr. Hart: — And how long a term was Mr. Seibel appointed for?

Hon. Ms. Higgins: — It's a five-year term.

Mr. Hart: — It's a five-year term. I notice that Mr. Seibel when he was Vice-Chair was also the executive officer and then now I see that he is also chairperson and executive officer. The previous chairperson was not the executive officer. Why the change?

Hon. Ms. Higgins: — Mr. Seibel had been doing that role previously as Vice-Chair and he maintained those responsibilities when he moved to Chair.

Mr. Hart: — So is this a new change with the appointment of Mr. Seibel? Like, has the past history been that one of the Vice-Chairs were the executive officer? Is there any pattern or just . . .

Hon. Ms. Higgins: — To my knowledge, there is . . . there isn't a pattern. I mean, it depends on workloads and if a person has a leaning towards more of the administrative work and that type of role over and above what they are doing as Chair or Vice-Chair. But there's no pattern.

Mr. Hart: — Okay. When I look through the last annual report of the board and a question came to mind as far as board members. Have you . . . Are there guidelines as far as the representatives, both employer and employee, do you have any guidelines as far as the numbers coming, say, from the public sector versus the private sector? Is there anything at all as far as guidelines to try and maintain a balance? Or do you just select those people whose names are put forward?

Hon. Ms. Higgins: — What we have done is we will send out letters to various sectors within the province, whether it be labour or it be employer. And what we look for — it isn't as much as a public/private split — what we look for is equal representation from employers and employees.

But we try to have sectors of the economy . . . experience in each of the sectors, so that you may have public sector represented but you would also have construction industry or . . . You know, we try and split it that way so that we have good representation through all of the sectors in the province as best as we can.

Mr. Hart: — When you ask for names to be put forward from employer and employee groups, do you get . . . are you provided with more names than you actually need? Or do you just ask for a specific number of names from each group?

What I'm getting at is when I look at some of the . . . I believe some of the people have since retired since the last report, '02-03 report. But it seemed to me, particularly on the employers' side, you know there are a number of employer reps, and I'm not saying that we shouldn't have employer reps from the public sector; we certainly should. But it seemed to me, there was . . . you know, I'm not sure whether we have the balance there.

And I was wondering if there's a template or, you know, a set number of employer reps and employee reps that should come from, you know, the two sectors, private and so many from the public sector?

Hon. Ms. Higgins: — To answer your question, I'm trying to think of . . . We've just sent out a number of letters because there is some terms that are expiring shortly on the board. So what happens is we will send a letter . . . I will send a letter to those organizations that have nominated that person and say there is X amount, whether it be three positions that will be vacant, asking the organization to put forward names. Quite often they will put forward if . . . I mean the people that they have put forward before, quite often those folks are renominated to sit on the board. Sometimes you will get a crossover, like currently we have a couple names that have been nominated by a couple different organizations. So then that will narrow the number of names that we have when you do away with the duplications.

But it can vary. Sometimes you will get more names than you need; sometimes you will get the specific number of names for seats that are open. So there's a variety of ways that will be responded to.

Mr. Hart: — Can you give me an idea as to what groups and organizations you send letters out to, requesting names to be put forward, both on the employee and the employer side?

Hon. Ms. Higgins: — We look at the Saskatchewan Federation of Labour, the Saskatchewan Chamber of Commerce, the Provincial Building and Construction Trades Council, the Construction Labour Relations Association of Saskatchewan, chamber of commerce, North Saskatoon Business Association, the Saskatchewan Mining Association, SAHO — Saskatchewan Association of Health Organizations, University of Saskatchewan, Prairie Implement Manufacturers Association. Yes, and I think that's everyone.

Mr. Hart: — So as far as you're concerned, you . . . From that list I haven't been able to, you know, determine whether you've omitted someone. But you feel fairly confident that the major

employer groups are covered and the major employee groups are covered as far as . . .

Hon. Ms. Higgins: — Yes.

Mr. Hart: — So that we have a balance. Because that's, I think that's what we need is a balance of representation from both employer groups and employee groups. But also I think, the purpose of my question is to try and get a sense of whether we have a balance between private sector employers and employees, and public sector employers and employees. Because I think it's imperative that we have that balance to make sure that the integrity of the Labour Relations Board is there. And if you don't have that balance, certainly the board's integrity would be in question.

Hon. Ms. Higgins: — Well, and the expertise and the understanding from various sectors right across the province.

Just for a little piece of information, one of the main employee groups that we send letters to seeking nominations to the board is the Saskatchewan Federation of Labour. And being they are the umbrella organization for a variety of unions and working people across the province, they will go through a process of their own. Also the nominations that they put forward will come from a fairly wide sector of interest groups — a spectrum of interest groups right across Saskatchewan. So they pay attention too, to make sure that they are giving us a very wide range of expertise back onto the board. So we get a little more variety from that area also.

Mr. Hart: — Does the Saskatchewan Federation of Labour represent all unions and bargaining units in the province?

Hon. Ms. Higgins: — Not all. A majority of . . . A large majority of them, but not all.

Mr. Hart: — Could you give me an example of some unions that aren't under these SFL (Saskatchewan Federation of Labour) umbrella?

Hon. Ms. Higgins: — Well the teachers' federation is not affiliated to the Saskatchewan Federation of Labour, where it is in other provinces. In British Columbia the teachers' federation is affiliated to the fed, whereas here it isn't.

Mr. Hart: — Okay. No, that's fine. I noticed that there . . . on the list of officers, personnel on the Labour Relations Board's Web site that there's a new name has appeared in the position of investigating officer. I just happened to be comparing a printout, a new printout and an old printout. So a couple of questions. First of all, the board has only one investigating officer, is that correct?

Hon. Ms. Higgins: — Yes.

Mr. Hart: — And briefly, what are the duties of that position and what type of qualifications would an individual need to fulfill that position?

Hon. Ms. Higgins: — I will ask Melanie Baldwin to address that. She will be much more aware of it than I am personally.

Ms. Baldwin: — Thank you, Mr. Chair, I don't have the actual job description with me for the investigating officer. The individual who fills the investigating officer position is charged with the responsibility for investigating applications under section 18 of The Construction Industry Labour Relations Act. That's a statutory responsibility. The board has also delegated the investigating officer the ability and the power to investigate applications under The Trade Union Act.

The investigating officer conducts votes on behalf of the board. The investigating officer conducts pre-hearings on behalf of the board. The investigating officer acts as a backup to the board registrar, in terms of supervision of staff, answering inquiries from the public, and dealing with parties before the board. And the investigating officer is a member of the senior professional staff at the board.

Mr. Hart: — And what type of qualifications would you look for in an individual to fill that position?

Ms. Baldwin: — Because the investigating officer is involved in, as an example, first contract arbitration cases where the investigating officer is appointed as agent of the board to sit down with the parties to a first collective agreement, attempt to conciliate an outcome and, if no outcome can . . . if a full settlement can't be reached, to report back to the board with recommendations, the investigating officer does need to have extensive collective bargaining experience as well as knowledge of the relevant legislation — The Trade Union Act, The Construction Industry Labour Relations Act — and general knowledge of the labour community and atmosphere in Saskatchewan.

Mr. Hart: — It would seem to me from what you've described is that it's important for this investigating officer to be a person perceived to be neutral to both the employer and the employee. Would that be a fair observation?

Ms. Baldwin: — I think it's fair to say that the investigating officer, in his or her duties at the Labour Relations Board, is expected to be impartial, as is the entire board with respect to employers and employees, yes.

Mr. Hart: — And would you also agree that if that individual was perceived by one group or the other to be . . . not to be neutral, that perhaps to be partial and be perhaps slanted to either the employee groups or the employer groups, that that individual would probably not be very effective in that position?

Ms. Baldwin: — I would say to you that, and to the Chair, that everybody generally in Labour Relations comes from somewhere. Some people come from the employer side; some people come from the union side. But it's extremely rare for somebody to come as a neutral to the Labour Relations Board. Having said that, and because we require expertise, we are taking people from one of those communities, generally speaking.

Our last investigating officer did come from the employer side. Our present investigating officer does come from the employee side. That may create some initial challenges for that person in order to assure parties before the board that they are impartial

and that they have assumed the investigating officer role which is an impartial role. But those challenges are challenges that we deal with at the board, and I think successfully so.

Mr. Hart: — Could you just describe . . . You mentioned that the previous individual that filled this position came from the employer side. Could you briefly describe the background? Explain that statement, came from the employer side. Where did this individual come from? What kind of an experience and . . . And also the current person in this position, you said comes from the employee side. So could you provide some background as far as this individual?

Ms. Baldwin: — Certainly. The previous investigating officer prior to coming to the board was a labour relations professional at the Saskatchewan Wheat Pool, so was acting on behalf of the Wheat Pool on labour relations matters. The incumbent of the investigating officer position was a representative with the Saskatchewan Joint Board of the Retail, Wholesale and Department Store Union, so was representing that union in labour relations matters.

Mr. Hart: — So what you're saying then is that the previous . . . So are you . . . Did it just work out this way or are you trying to, you know, go back and forth between the two groups? Or perhaps you could answer that question by just explaining the selection process that you went through to hire this individual, as far as how many applications you had and how many people you interviewed and, you know. I mean, I'm certainly not interested in knowing the names of the individuals you interviewed, but knowing where they came from, as you put it — whether they came from the employer's group or the employee's group.

Ms. Baldwin: — Yes. The investigating officer position is a public service appointment. So it is advertised through the Public Service Commission. And the process that's followed to fill that position is the process that the Public Service Commission mandates for filling out-of-scope positions within the provincial government.

The position was advertised. I think we had somewhat in excess of 100 applications for the position. We interviewed, I believe, five individuals. And they, some came from the employee's side in terms of being staff of unions, and I believe at least one came from the employer's side and there may have been more than one from the employer's side. But there certainly is no conscious decision made about where somebody comes from. We're looking for the best qualified person for the position.

Mr. Hart: — And you feel you have that.

Ms. Baldwin: — Yes, absolutely.

Mr. Hart: — Okay. I asked some written questions about the length of time it took to have a decision rendered by the board from the time the case was heard, and I asked for the statistics for both 2002 and 2003. And the answers that I was provided with show a significant increase in the amount of time in 2003. And I must say at this time that I have heard from individuals who have cases before the board and are quite concerned about the length of time that it's taking for a decision to be rendered.

Just for review, in 2003 for . . . or 2002 for decisions other than certification and so on, the average time was 56 days, and in 2003 that went to 100 days. That's almost, almost a doubling of the length of time. I wonder if you could explain the reasons why, you know, it's taking so much longer to have a decision rendered by the board.

Hon. Ms. Higgins: — One thing I will say to the member is that is one of the reasons why we have recently announced the appointment of a second Vice-Chair for the board. The board has been working short one of their Vice-Chair positions since Ms. Gray left last summer and Mr. Seibel was appointed as Chair. The other Vice-Chair position will be filled beginning July 1, so I believe that that will help speed up some of the decisions.

It's not always the hearing of the case but the writing of the decision that takes quite a bit of time and can be quite lengthy, the research. And while some decisions may be quick, others take longer, take more work. But it doesn't help when we're working short one Vice-Chair also.

Mr. Hart: — But I'm told, and I stand to be corrected, that the board actually isn't hearing more cases, or that the Chair is handling the same amount of cases as has been handled in the past. The criticism that I'm hearing — and I would like your comment on — is that it's taking this Chair considerably longer to render a decision, even though that individual is dealing with the same amount of cases as the previous Chair. Perhaps the board isn't hearing as many cases as it has because it was short one of the Vice-Chairs. Is that a fair comment?

I'm relating to you what I have been told by people who are very concerned about the length of time, individuals whose lives are on hold until a decision is rendered, and other people who keep track of this much more closely than I would. They're saying that . . . Their criticism is this Chair is taking far too long to render decisions.

Hon. Ms. Higgins: — Well I don't think it is fair because you are looking at the chairperson has also carried forward his administrative duties that you had questioned me earlier on, if this was common and if there was a pattern. Mr. Seibel has maintained those duties, plus the board has been working short one Vice-Chair. So I believe that much of this we will see straighten out as the new Vice-Chair assumes her role July 1. And if there is a redistribution, I mean of workload, if there is some changes that the Chair decides to make to better accommodate what's needed at the board, I'm sure he will see fit to do that.

But that's one of the reasons and the main reason that we appointed a new Vice-Chair.

Mr. Hart: — So let's just review the timeline here. The previous Chair left the board back last year sometime now.

Hon. Ms. Higgins: — In the summer. Early in the summer.

Mr. Hart: — In the summer. So now it's going to be about a year until, till the Chair and the two Vice-Chairs, till those three positions are filled. Is that correct? I mean, what's happened is that one of the Vice-Chairs has moved up to be chairperson of

the board and then you now have someone that'll be coming on board on July 1.

But in the meantime, people who have cases before the board and are waiting for a decision are . . . I've got letters from individuals whose lives are on hold, as such, until these decisions are being rendered. And I guess my question is, I mean, why do we need a year to get these three positions filled?

It's fine to fill . . . take that long to fill positions if other people aren't being directly affected, but that's not the case. In this case there are people who are being directly affected because of the length of time it takes to get a decision out of this board.

Hon. Ms. Higgins: — Well that's really unfair when you know as well as anyone else in this room that there was a provincial election that was held last October. And people are somewhat leery bidding on a new job when you're going into an election.

And I'm going to be quite blunt here because if there was any chance of a Saskatchewan Party government coming into place — and the comments that have been made by the Saskatchewan Party about feeling that the Labour Relations Board does not make fair, unbiased decisions — if there was even the slightest chance that the Saskatchewan Party may have been elected, who, tell me, in this province wants to put in a resumé into a job that if there was the slightest hope of your party being elected, who knows what would have happened to the Labour Relations Board? Because your party has made a number of decisions and a number of public comments criticizing the board, criticizing members, criticizing decisions, criticizing the way it operates.

So there's not a lot of uptake while we're going into a provincial election. So by the time the election was held, this government was re-elected, we put out a posting for jobs for Vice-Chair, the selection process was done, the decision was made. And this person has made arrangements in her life to assume the new role as Vice-Chair of the Labour Relations Board.

Here we are; we're at this point in time. That's the length the process takes. That's what happens when there are elections and other major events in the life of this province. And here we are. We will move ahead when the board complement is full, and the board will continue the good work it does on behalf of the people of Saskatchewan.

Mr. Hart: — Well, Minister, I think I'm going to be blunt. I think if this board was operated in a fair and impartial manner, fair and impartial people would have no concerns about applying. But I think what's happened here, there was a chance that there'd be a change of government and perhaps people sympathetic to your party were afraid that they may not be perceived as fair and impartial people, and therefore they were afraid to apply.

But in the meantime we have people like Tim Lalonde and other people whose cases are before this board, and their lives are on hold because you and your government are playing politics with a board that should be fair and impartial and neutral. And that is the sad results of when a government puts politics into a fair and impartial board.

And I would suggest that if a Saskatchewan . . . when a Saskatchewan Party is elected, you will see a fair and impartial board with fair and impartial representation on that board, and they will be dealing with cases in a timely manner.

The Chair: — Thank you very much. It's been a bit of a lively afternoon, and quite clearly we're going to be back to the Department of Labour estimates on another occasion. It is now past 5 o'clock, so this committee stands adjourned until call of the Chair.

The committee adjourned at 17:02.

