



STANDING COMMITTEE ON THE ECONOMY

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**STANDING COMMITTEE ON THE ECONOMY
2006**

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Regina Elphinstone-Centre

Mr. Randy Weekes, Deputy Chair
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Ms. Doreen Hamilton
Regina Wascana Plains

Hon. Deb Higgins
Moose Jaw Wakamow

Mr. Delbert Kirsch
Batoche

Mr. Eldon Lautermilch
Prince Albert Northcote

Mr. Lyle Stewart
Thunder Creek

[The committee met at 15:00.]

**General Revenue Fund
Finance
Vote 18**

Subvote (FI01)

The Chair: — Good afternoon, colleagues. We'll call the meeting of the Committee on the Economy to order. We are here at the moment to consider the estimates for the Department of Finance. We are joined by Minister Thomson. Minister Thomson, if you could make any introductory remarks and introduce your officials, and then we'll get under way.

Hon. Mr. Thomson: — Thank you very much, Mr. Chairman. I am pleased to be joined by a number of officials today. Seated directly to my left is the acting deputy minister, Kirk McGregor. To my right is Joanne Brockman. Joanne is the executive director of economic and fiscal policy. Seated next to her is Dennis Polowyk, the assistant deputy minister, treasury and debt management division.

Seated directly behind us we have Brian Smith, who is the assistant deputy minister, public employee pension plan. Seated next to him is Terry Paton, who of course is the Provincial Comptroller. And then behind the bar we are joined by Len Rog who is the assistant deputy minister of the revenue division and Bill Van Sickle who is the executive director of corporate services.

I have no opening statement. I would welcome the questions.

The Chair: — Mr. Cheveldayoff.

Mr. Cheveldayoff: — Thank you, Mr. Chair, and thank you to the minister and his officials for coming this afternoon to the Legislative Assembly. I have a number of questions for the minister.

I'd like to begin with central management and services vote (FI01). There is an increase of \$800,000, estimated increase, from '05-06 to '06-07. And could the minister just elaborate where indeed that money is going to be spent in this area.

Hon. Mr. Thomson: — I'll ask the acting deputy minister to respond to the question.

Mr. McGregor: — Thanks, Minister. There's a number of adjustments that are involved in the central management and services subvote. It breaks down this way. The salary increases comprise \$107,000 of the increase. Economic increases, other costs, is \$80,000. There's an adjustment for redistribution of ministers' office costs across government which saves \$35,000. There was two transfers out: two positions to the ITO [Information Technology Office] and one position to the comptroller's division, for a saving of \$217,000. There was transfers in: two payroll positions for Industry and Resources and Government Relations, and funding for two IT [information technology] helpdesk positions from Justice, as an increase of \$172,000.

There was an increase for Microsoft Enterprise Agreement government-wide licences at a cost of \$136,000. There was a redistribution of central communications funding of \$225,000. There was a 2005-06 combination increase adjustment for the majority of the money at \$583,000. And finally there was a decrease in our capital for building renewal at a saving of \$300,000. Overall then the increase is the amount that the member prescribed.

Mr. Cheveldayoff: — Thank you, Mr. Deputy. Salaries have decreased some \$400,000. I'm just wondering, have there been any positions eliminated or is it all to do with the moving around of different positions that you alluded to earlier?

Mr. McGregor: — It's a result of moving positions in and out of the department.

Mr. Cheveldayoff: — So there's no cuts in effect — no jobs eliminated at all?

Mr. McGregor: — No, there's no cuts.

Mr. Cheveldayoff: — Okay. Could you elaborate on the supplier and other payments line item? It has increased from 3.3 million to 4.8 million. Can you enlighten us on what substantiated that increase?

Hon. Mr. Thomson: — Again as I understand, it is largely the issues that were indicated by the acting deputy minister. It's the economic increases. It is the Microsoft Enterprise Agreement, the redistribution in central communications funding, and the accommodation increase.

Mr. Cheveldayoff: — The full-time equivalents in the department have increased, I believe, by 36 positions. Could the minister outline where indeed those positions have been allocated within the department?

Hon. Mr. Thomson: — Mr. Chairman, the increases of the 36 FTEs [full-time equivalent] are a result of 18 new FTEs being added to Public Employees Benefits Agency, a revolving fund to meet pension workload requirements. There are 10 FTEs added in the Provincial Comptroller's division dealing with ongoing support of the MIDAS [Multi-Informational Database Application System] financial system.

An increase of four in the comptroller's division to undertake initiatives aimed at strengthening our overall financial management. An increase of three in the revenue division to strengthen procedures to minimize financial irregularities regarding receipt of cheques. An increase of one in the budget analysis division to reflect an actual utilization. An increase of two in the HR [human resources] branch, due to the transfer of payroll activities, one from the Department of Government Relations and one from Industry and Resources.

And this is offset, that is 38 offset by the elimination of two from the information technology division.

Mr. Cheveldayoff: — Thank you, Mr. Minister. Seems to be quite a high amount for the Public Employees Pension Plan — 18 individuals increase. I realize that there has been some

substantial changes going on there, but could you elaborate on the necessity for 18 full-time equivalent increase?

Hon. Mr. Thomson: — I'll ask Brian Smith to answer the question.

Mr. Smith: — Mr. Chairman, the Public Employees Benefits Agency currently administers 32 programs of which the Public Employees Pension Plan and the Municipal Employees' Pension Plan represent about 84 per cent of our budget.

The pension plans are providing more and more services. The trustees of the two plans, the Public Employees Pension Board and the Municipal Employees' Pension Commission, are asking us to provide more services to plan members. And for the year 2006-07, three additional people to provide information about retirement to about 75,000 plan members; four staff to help with the change in the administration of the Public Employees Pension Plan as we introduce Internet access for members, more choice for investment funds for members, more retirement tools and planning for members.

In addition, there's one person as an accountant to take care of daily valuations of the assets of the Public Employees Pension Plan. In addition there's one person to do more work on governance issues. We're constantly seeing more and more changes in the areas of pension plan governance. Two resources are required to work on the assets. Currently we have about \$5.3 billion in assets in the agency.

Additional two staff in the communications area. The requirements of the capital accumulation plan guidelines for pension plan members from the regulators require us to do more communications to plan members. In addition we also administer benefit plans, and there's one staff resource being added to the administration of the benefit plans.

And with the changing demographics, we're going to see an increased workload in the number of retirements in the next few years, and so one person to add to the administration of the defined benefit plans to deal with the increasing retirements, number of retirements.

Mr. Cheveldayoff: — Thank you. Are they taking on any additional work that was done outside of government that is now moving back inside of government at all?

Mr. Smith: — No, Mr. Chairman. These are all new services being provided to the pension plan members by the administration. They haven't been provided elsewhere at all.

Mr. Cheveldayoff: — Thank you very much for those answers. To the minister: getting back to the line item, supplier and other payments, we see again a substantial increase of one and a half million dollars there. Is this indeed where the minister's advertising campaign regarding the budget is accounted for, the 445,000? Could you just confirm that that is indeed the number still, and is that where it shows up in the budgeting?

Hon. Mr. Thomson: — Mr. Chairman, yes that is where the cost will be budgeted for.

Mr. Cheveldayoff: — The \$445,000 figure that we were

provided with, is that indeed the total cost of the advertising campaign?

Hon. Mr. Thomson: — I think the campaign is just wrapping up now, but that's my understanding as to what the budget was set for on it, yes.

Mr. Cheveldayoff: — Okay. And expenses have come in as budgeted for, or is the campaign on budget?

Hon. Mr. Thomson: — My understanding is that the campaign is on budget. We'll obviously provide more detail when we move into Public Accounts, but my understanding is, yes, that we are on budget.

Mr. Cheveldayoff: — Okay. The minister indicated that it's close to wrapping up. Is there an exact date when the commercials will be finished their run? I haven't had a lot of time to watch television, so I don't know if they're still running but if the minister could share that answer with us.

Hon. Mr. Thomson: — They should have been done on this past weekend. I think they were going to run the first . . . There are a couple of print ads which were running the first week of May, just depending on when the weeklies were printing. But the advertising campaign is now concluded.

Mr. Cheveldayoff: — And that campaign included television, radio, and print ads across Saskatchewan. Is that right?

Hon. Mr. Thomson: — That's correct.

Mr. Cheveldayoff: — Are there any ads outside of Saskatchewan? Did any run in any of the other provinces or anyplace else?

Hon. Mr. Thomson: — No, they were targeted to Saskatchewan catchment areas. Obviously there's some bleed of those areas outside the province, but the intention was to focus it within the province.

Mr. Cheveldayoff: — Does the minister feel that money was money well spent?

The Chair: — Before the minister responds, if I've been remiss in reminding members to please direct your comments through the Chair . . . And that's the process and I'd ask you to observe it. So, Mr. Minister.

Hon. Mr. Thomson: — Thank you very much, Mr. Chairman. Yes, we are of the view that it was an effective campaign. We'll need to analyze for next year what the appropriate mix was.

This was the first year that we've undertaken television advertising as part of the budget advertising package. We'll need to review what the appropriate mix is. Whether we were too heavy on print advertising or not I think is a question we'll need to deal with as we look at the agency work. And we'll need to take another look at how the radio ads worked. But certainly in terms of next year, we'll be looking at a comparable campaign.

Mr. Cheveldayoff: — Thank you, Mr. Minister. Mr. Chair, to

the minister, was this advertising contract put out for tender?

Hon. Mr. Thomson: — Each of the departments has an agency allocated to them and so we used the agency that was already our agency of record. That's done through a process that is worked out in advance. I don't know if it's tendered or if it works on a rotational basis. But it's long-standing practice that departments are simply awarded an agency and that's who they work with.

Mr. Cheveldayoff: — Mr. Chair, to the minister, could you identify who that agency of record currently is and if indeed it is a rotational basis or if they do have a contract with the department for a certain length of time.

Hon. Mr. Thomson: — The agency of record for the Department of Finance is Phoenix Advertising. And they have been the agency of record since . . . it's been several years. I don't know how long. We'd need to find when they were awarded the contract.

Mr. Cheveldayoff: — So it would be renewed on an ongoing basis then, on a year or two years or . . . Maybe if you could just undertake to get me that information.

Hon. Mr. Thomson: — My understanding as to how this works is that there are a number of agencies in the province, each of whom receives some government work. It is worked out on a basis of both their skills and abilities, their workloads, and the estimated spend of government departments on a relatively fair and equitable basis. So there's a number of different agencies that will be involved across government. And in this particular case, Phoenix was assigned to us some time ago and was called on to do the creative.

Mr. Cheveldayoff: — Mr. Chair, to the minister, would those agencies be across Saskatchewan or would they just be based in Regina that automatically receive some government work on a rotating basis?

Hon. Mr. Thomson: — This is a policy coordinated through the Executive Council and not directly by Finance or any other department. My understanding is that there are a number of agencies across the province that are called on to participate in this work.

Because this is the seat of government, there is obviously a larger number of firms in Regina that will be called on to do government work. But I know that in other departments we have used Saskatoon agencies.

Mr. Cheveldayoff: — Thank you, Mr. Minister. Mr. Chair, again to the minister, moving to vote (FI03), the Provincial Comptroller's office, I see an increase there of some \$800,000. And could the minister outline where indeed that money is going to be spent?

Hon. Mr. Thomson: — It's mostly the salary, the increased FTEs that we've previously identified as being attached to the comptroller's office, some 14 FTEs.

Mr. Cheveldayoff: — Okay. I've got the number as 10 previously identified for the comptroller. If you could just, Mr.

Chair, through the minister, outline again the responsibilities of those individuals and confirm the number for me.

Hon. Mr. Thomson: — FTEs in the comptroller's division to provide ongoing business and system support to all the government departments as it pertains to the MIDAS financial system. And then there's an increase of four in that division that deal with the strengthening of the financial management systems that we've identified.

Mr. Cheveldayoff: — Thank you, Mr. Minister. I guess my understanding of MIDAS and what I've heard it will do was increase efficiencies within the Department of Finance. And I'm just wondering why the increase is necessary. Will this be ongoing full-time jobs or at some time will we look at some of the jobs being redundant?

Hon. Mr. Thomson: — One of the things that we have been doing, Mr. Chairman, with the implementation of MIDAS, has been to expand the scope of the systems. And so one of the new initiatives that is under way is to provide direct online financial reporting, and this is part of what we are looking at within the 10 FTEs that are added here. So it is both an expansion of the system and an increase in terms of the usability of it.

Mr. Cheveldayoff: — Thank you, Mr. Minister. Could the minister just outline the whole transition to the MIDAS system. Is it working well? Is it on schedule? I know through Public Accounts that there is some substantial expectations from the new system enabling us to meet the demands of the Provincial Auditor. And in initial stages have we seen that happening, and are you satisfied with the new system?

Hon. Mr. Thomson: — Mr. Chairman, I'll ask the comptroller to answer the question.

Mr. Paton: — Yes, Mr. Chair. MIDAS is substantially complete at this time. There are some subsequent developments still taking place during the coming year and the subsequent year in a minor amount.

MIDAS financials became operational as of April 1, 2003. The payroll component and human resource component became operational on March 14 of this year. So we're approximately, I'll say 98 per cent complete. The project was originally budgeted at around \$38 million over, I'd say, about a five-year period, and currently the project is still under that budget. There is about, I'm not sure . . . The project was recently transferred to the Public Service Commission. I think there's about \$1 million worth of development yet to take place, but it's substantially complete.

Mr. Cheveldayoff: — Thank you. Several other questions, but my colleague, the member from Melville-Saltcoats, is here. And I know that he has some questions as well, so, Mr. Chair, I'd ask you to recognize him.

The Chair: — Thank you, Mr. Cheveldayoff. Mr. Bjornerud.

Mr. Bjornerud: — Thank you, Mr. Chair, and to the minister. Mr. Minister, yesterday in Public Accounts we asked the Provincial Auditor these same questions and found that we needed to go further today and ask you why . . . We want to talk

about the CAIS [Canadian agricultural income stabilization program] funding. And all we see in the budget last year when it first come out was the base funding of \$98.8 million and again this year. Last year it was fully funded later on in the year.

And I guess my question is to start with is, why do we not include, knowing that we're talking estimates here, why do we not include the full funding that we expect to have to put into the CAIS program upfront? Being that banking institutions out there, when farmers go for their operating loans — and I've had this brought to me on a number of occasions — that they feel that because the CAIS program is not fully funded on a regular basis that it's harder to get an operating loan because you don't have a stable program in place and not knowing if that funding will be coming later or not at all. So could you comment on that, Mr. Minister, please.

Hon. Mr. Thomson: — As my colleague, Minister Wartman, has explained, it has been our practice to look at the top-up to CAIS in the third quarter once the numbers become available for that particular year. So in this case we should have the 2006 numbers in place for us to look at, at the end of the third quarter.

This allows us actually to be ahead of the cycle of us not budgeting in the next year. So in fact we are essentially several months ahead of the funding cycle. It's just a decision that we make to try and deal with the funding as timely as possible.

Mr. Bjornerud: — Well, Mr. Minister, and through Mr. Chair to the minister, in all of the things we're talking about here to do with the budget and financing, we're talking estimates of what you plan you will have to spend on each area. And I would suggest that this is an area that an estimate would be fully acceptable. When you have to put the additional funds . . . Last year I believe it was 98.8 as a base and then you had to add I believe \$154 million, and you can correct me if I'm wrong. When additional money is put in, and say it is the same amount this year, 150, \$160 million — and I see no reason why that number will be much lower this year due to prices and things like that for commodities — where will that money come from at that point?

Hon. Mr. Thomson: — I should just clarify, Mr. Chairman, that the total funding last year was about \$160 million so it was not a top-up of 160 million. It was a top-up to 160 million from the 100. So that additional money last year was made available through the third quarter as a result of the efficiencies that we found within the budget or the increased revenue. That is our preferred approach for dealing with it again this year, is that as we have the 2006 numbers available to us, the final numbers, we'll then know for certain what the requirement will be and we'll be able to make a decision on the top-up.

Mr. Bjornerud: — I believe you are right, Mr. Minister. I was wrong. I believe the 154 million may have been for two years. Does that sound possible? Okay. Mr. Minister, I guess then, and maybe I missed it in your answer, but did you say where that actual, the dollars will come from to fund the additional money, say it is 150 million?

Hon. Mr. Thomson: — Mr. Chairman, the money comes as a

result of efficiencies that we find in mid-year or through increased revenue. And that is how we were able last year to make the double payment and this year how we anticipate we'll be in a position by the third quarter to make a decision about the top-up.

In the case that we are not at a position in this mid-year to make the decision about top-up at the third quarter, we would take it into account with the next budget cycle. But our anticipation is that, given the price of oil, and although it's still too early in the fire season to see where we're going to be on forestry, the anticipation is we would be in a good position to make the decision again early for the third quarter.

Mr. Bjornerud: — So, Mr. Chair, to the minister then, is what you're telling me that if say for an example . . . And I know today oil is — at what? — about \$75 a barrel. So it doesn't look very likely but say it did drop to \$50 a barrel, that in that case and the money wasn't there, that you would not fund that in this year. You would fund it out of next year's dollars. Is that what you're telling me?

Hon. Mr. Thomson: — We would take a look at that then into the next budget cycle. But our preference is to do it in the third quarter. We understand that farmers want to know as soon as possible what the final payments are going to be. So as soon as we know what the final payments are, we like to make the top-up.

Mr. Bjornerud: — Well thank you, Mr. Minister. And I guess that brings me back to where I originally started then, is that, as the minister has said, Mr. Chair, that the farmers would like to know that the program is fully funded, and they can expect a full payment when they actually qualify. And that carries on from where the problem actually arises, from not fully funding it right up, estimating what you think will be in there — needed in that program — and putting it upfront.

And I guess the direction of my question is that on behalf of farmers and actually even banking institutions out there that are loaning money to farmers, I think everybody would be much happier if that money was put upfront even as an estimate. And I think farmers would be better off when they go for operating loans.

Hon. Mr. Thomson: — I appreciate the argument that the member puts forward. One of the things that we need to be mindful of also is that there is a lot of change that happens within the agricultural sector as the member will be aware. Yesterday's budget had a significant impact. We are still working through in terms of what our cost requirements will be from the commitments made yesterday in the budget.

And so we need to take into account our total funding for the sector, but our preference is to do the CAIS top-up in the third quarter. And if not, we'll take a look at that into the next budget year.

Mr. Bjornerud: — Mr. Chair, to the minister, thank you for that. One other thing in the announcement yesterday in the federal budget, there's 1 billion new dollars for agriculture coming out. And I know we don't know — and you don't know — exactly how that's going to be put out or if it's going to be

cost shared. Should it be cost shared, will the provincial government be willing to take a look at putting a percentage in?

And I know you don't agree with the 60/40 formula and neither do we. We support you on that completely. But should some kind of a cost-sharing arrangement be asked for, would the provincial government be in a position to put in the provincial share for farmers, being that they're really in need of those dollars as quick as they can get them?

Hon. Mr. Thomson: — Historically the federal government has not required a provincial contribution of these kind of payments. And since the Liberals didn't require it, I would assume that the new Conservative government won't either.

Our early indication from the federal government is that there are a number of components within the billion that they announced yesterday. It looks like the vast majority will not be cost shared.

And we're still working through a number — as I understand — a number of splits in terms of how the funding will work itself through. And it didn't sound like the federal minister was totally certain yesterday either in terms of how some of these divisions were going to work between livestock and the grain and oilseeds industry and how we were going to deal with some of the one-time disaster funding, disaster relief funding.

So these issues are still being debated but I am encouraged by what I hear late yesterday, that it appears now that the new federal government is confirming the previous government's approach which was that this type of expenditure will be fully federally funded.

Mr. Bjornerud: — Okay. Thank you to Mr. Chair, through the minister. Thank you for those answers. I'll pass it back to the critic for Finance.

The Chair: — Thank you, Mr. Bjornerud. Mr. Cheveldayoff.

Mr. Cheveldayoff: — Thank you, Mr. Chair. Going to vote (FI05), the revenue portion, the revenue division is shown as having an increase in their budget of \$1.1 million. Could you outline where the \$1.1 million will be spent in the revenue division? Is it an expansion of duties? Will there be new audits or programs to administer?

Hon. Mr. Thomson: — I'll ask the acting deputy minister to answer the question.

Mr. McGregor: — Thank you, Mr. Chair. There are three additional FTEs that's been added to the revenue division to strengthen procedures, to improve controls, and minimize financial irregularities regarding the receipt of cheques. There's a \$70,000 increase in the payments to the Canada Revenue Agency. That relates to our increasing costs of our provincial tax credits. As credits get larger, so does our cost of administration.

There's a \$555,000 increase in costs for additional hosting costs which were previously cost shared with other users. So again that's a computer additional cost that we incur there.

And then the remaining portion, \$457,000 increase, is the result of mandated salary increases and operating inflation costs.

Mr. Cheveldayoff: — 457,000. Mr. Chair, to the minister: what is the total salary budget for the Department of Finance employees?

Mr. McGregor: — Mr. Chair, I'm referring to (FI05). Again, the total salaries for that division is \$9.495 million. So the increase would be on top of . . . on that one there.

Mr. Cheveldayoff: — If I understand the acting deputy correctly, so the 457,000 would be on top of the increase of some \$80,000 that is indicated here. Is that correct?

Mr. McGregor: — Mr. Chair, sorry for the delay. The answer I believe is that the salary increases are built into the nine four nine five number. But the reason why the increase over '05-06 is so small is that we're also maintaining some vacancy management so that other salaries are not being funded and positions aren't being filled. So that means that we're reallocating within the overall department, within the overall division. If the member would like, I can give a better answer in writing. That would be . . .

Mr. Cheveldayoff: — Okay. Thank you, Mr. Acting Deputy. I know that we'll have another chance to bring back Finance estimates so I think we'll . . . you know, we can leave that until another time.

Mr. Chair, to the minister, could the minister indicate how much Saskatchewan consumers pay in recycling fees? It's a question that a number of our members on this side of the House would like answered and if you could just give me a number that he has at his disposal now.

Hon. Mr. Thomson: — Mr. Chairman, I don't have that number available. That would actually be a question probably better asked to the Minister of Environment who handles most of those revolving funds.

I think that, if I can just clarify, I think that there is some confusion — I have been reading the written questions that have come back and forth — that there is a sense that this is treated as tax money. In many cases this is not. It's in fact deposits and goes into revolving funds instead. And so it doesn't get dealt with us through revenue division. So we can certainly take notice of it and provide it on to the Minister of Environment or the members can pursue it with him when he appears in estimates.

Mr. Cheveldayoff: — Thank you, Mr. Minister, for that undertaking. My information was that it was indeed asked in Environment estimates or in a question to the Environment minister. So we're going in a circle a bit here, but I appreciate his undertaking to get me that information.

Is this money then deposited into the General Revenue Fund? Is that where it ends up?

Hon. Mr. Thomson: — Mr. Chairman, it depends in large part on which levies are being discussed. Some end up in a revolving fund, some end up being directly refunded, and so

there is a bit of a complicated arrangement as I understand. There's not necessarily a single approach to every environmental surcharge and so this is really something that has been set up differently, depending on the industries and the surcharges that are involved.

Mr. Cheveldayoff: — Thank you, Mr. Minister. Mr. Chair, to the minister, further to that question, if he could provide me with the groups that receive money from this recycling fee, if there is indeed some groups that are tied to that revenue, if you could outline that for me in the written information he is to provide, that would be very much appreciated.

Hon. Mr. Thomson: — I can endeavour to find that. I think the obvious ones we'll be aware of. Obviously SARCAN is a large recipient. We have environmental levies for a number of other groups and agencies and products, and I'll work with the Minister of Environment to see that the opposition is provided with some answer.

Mr. Cheveldayoff: — Thank you. Yes, just to be clear, both the names of the groups and the dollar values that they receive would be appreciated.

Thank you, Mr. Chair. My colleague from Canora-Pelly I believe has some questions. I'd ask that the Chair turn to him.

The Chair: — Thank you very much, Mr. Cheveldayoff. Mr. Krawetz.

Mr. Krawetz: — Thank you very much, Mr. Chair. Mr. Minister, my questions are going to be around the pension plans that exist, specifically the public accounts document of '04-05 and some of the concerns that have been raised in the media in the last while. And I know Mr. Smith is present today and I'm sure will be able to assist in answering some of the questions.

Mr. Minister, the Public Accounts document . . . On page 57 of the Public Accounts document volume 1 for '04-05, it talks about the defined benefit plans, the two main defined benefit plans that currently exist. And they are the Teachers' Superannuation Plan and the Public Service Superannuation Plan. It indicates that the TSP, which is the acronym for Teachers' Superannuation Plan:

. . . provides inflation protection equal to 80 per cent of the annual increase in the Consumer Price Index. Other plans provide inflation indexing at the discretion of the Lieutenant Governor in Council.

Mr. Minister, could you answer the question as to how many people are affected by that second category that talks about the other plans?

Hon. Mr. Thomson: — Mr. Chairman, although this is not directly related to the estimates, we do have some information available today. The number I think, is . . . The member is looking at the Public Accounts volume 1 for 2004-2005 on page 57. If he looks at the column regarding PSSP [Public Service Superannuation Plan], he'll see that there are about 5,780 superannuates and surviving spouses. And then under the other plan, there's 2,307. The combination of those two should give us a relatively accurate number of the number who are not . . .

who are in defined plans but are not in the Teachers' Superannuation Plan.

Mr. Krawetz: — Thank you, Mr. Minister. Mr. Minister, because the document indicates that the indexing factor is at the discretion of the Lieutenant Governor, or in other words the minister and cabinet, could you indicate what amount was applied to those pension plans for this year in this budget?

Hon. Mr. Thomson: — This year we decided on an increase of 2.3 per cent which is relatively close to what the CPI [consumer price index] was estimated to be.

Mr. Krawetz: — Thank you, Mr. Minister. Mr. Minister, that's my next question. Could you indicate what the CPI was for last year? My understanding for last year is that those pension plans received an indexing factor of 1 per cent, and this year you're indicating that that factor is 2.3. Could you give us clarity on what the CPI was for each of those two years?

Hon. Mr. Thomson: — I don't know that I have that immediately in front of us. But the member would be . . . The CPI for 2005 was 2.3. I don't have the 2004. We don't have it readily available.

The basic assumption that is made in the actuarial calculations is that the pension benefits will increase by about half of the CPI. And so in terms of the ad hoc increase, that is essentially how it's adjusted. Now we've had several years in the past, when there were difficult times, when the increase was zero. And then we have some years like this where we are fully funding the CPI. But the actuarial assumption is that it'll be half of CPI.

Mr. Krawetz: — Now, Mr. Minister, in the Saskatchewan retirees' annual meeting last year which I'm sure that you're very familiar with — I know you have been on Public Accounts when the auditor has presented concerns about the pension plans — the president of that association in his report said that Saskatchewan is now the only government in Canada that does not provide legislated pension indexing for its retirees. Is he accurate in that statement, that Saskatchewan would be the only one that does not have legislated indexing of those pension plans?

Hon. Mr. Thomson: — It is true that we do not have a legislated indexing plan, but I think we need to be clear that not all provinces have legislated a CPI increase for these. And this is, I think, where we get into some of the differentiation.

There is no doubt, I think, a fair amount of understanding of the concern that the retirees raise. There are really two different groups that we need to deal with within these pension funds. There are a large number of retirees who have been retired out of public service for many years, particularly those who are living on survivor benefits or spouse's benefits who have very small pension amounts that they receive. This is no doubt a difficulty for them as they try to deal with cost-of-living increases. These survivors or spouses often have very small pension benefits. Or, women who retired out early in the plan often do not have a very sizeable income coming from this.

On the other hand, there are still people who are retiring out of

this plan as a result of the change only happening in 1978. So there are still members who are retiring who obviously will retire with a more — I don't know how we'd say it — a better pension benefit in terms of the overall dollar value.

So one of the things that we were going to try and work through this year is a better understanding of how we address the needs of these two different groups within the plan.

Mr. Krawetz: — Thank you, Mr. Minister. And the document, the public accounts document clearly shows that, you know, in the category of others, as you've indicated, the 2,300 that are within that plan, those superannuates and surviving spouses, there's only 68 active members. So obviously that's declining. It's a closed plan. The PSSP, there's 5,780 people that are involved there and, of course, there's only 1,580 active members there as well. So you're right in that respect.

Mr. Minister, the concern that has been raised by the superannuate group is, of course, their declining ability to keep pace with CPI. And you're right. We've done some research and, you know, the federal government, of course, has 100 per cent of CPI on its pension plans. Alberta has 60 per cent of CPI and I understand that Manitoba is 66.7 per cent or two-thirds of CPI. So not everybody has the same rules, and they change.

The concern that has been raised . . . And, Mr. Minister, I'm sure that you're familiar with the lawsuit that has been launched and the counteraction by your department in terms of the province fighting the class action certification. I understand that the 8,000 people that have launched . . . or a lawsuit has been launched on behalf of these 8,000 people, I guess is the correct way of phrasing that. And that the decision of the judge back in March of this year was to allow this to proceed and now the decision made by the province is to appeal that. Could you elaborate on where this class action lawsuit is at the current time?

Hon. Mr. Thomson: — I'm not in a position to comment on the lawsuit, on the class action lawsuit. The member has, I think, articulated the state of play at this point in terms of the filing and the counter-filing and the decision and the fact it's under appeal. And that is largely where we're at.

Mr. Krawetz: — I understand that, Mr. Minister. Mr. Minister, a couple of my final questions on this issue. When you refer to the 8,000 people that are contained within those pension plans, the PSSP and the others, what would be the amount of pension that would be paid to those 8,000 people?

I would understand if your officials can confirm that of course. This must be a declining number because this is . . . The group of people in the PSSP and in the others category is declining in terms of numbers. And as you've indicated, while they are still retiring with probably better financial positions than those early retirees of 20 years ago, there must be a global number that your officials can indicate to us that would be the number that is provided on an annual basis to those 8,000 recipients.

Hon. Mr. Thomson: — We are estimating relative stability in the overall number, in the aggregate number. The estimates this year contain spending for \$102 million for the PSSP. I don't have the number for the other immediately available but it

would be in a similar situation.

Mr. Krawetz: — Again, what was that number?

Hon. Mr. Thomson: — 102 million.

Mr. Krawetz: — 102 million, thank you. Mr. Minister, you also have in your document, the estimates document, where you allocate a sum of money to the Department of Learning which then is responsible for the TSP and, as indicated in the public accounts document, that is . . . there is an inflation protection amount there equal to 80 per cent of the CPI.

Mr. Minister, I noticed that in the Learning sector, which is not directly related to Finance, there has been a significant decrease in the amount of money required for funding of the TSP plan. Could you comment as to why that number is significantly less? And I understand that that number, Mr. Minister — I'm looking at page 117 of the Estimates document, teachers' pensions and benefits where it talks about the Teachers' Superannuation Plan — the decline from '05-06 is from 95 million to 71 million. So that's a significant reduction in the amount of money required for funding of the TSP plan. Could you elaborate as to why that occurs?

Hon. Mr. Thomson: — I'll ask the experts to step in and explain the wonderful world of pension budgeting.

Mr. Smith: — Mr. Chairman, on page 117 the estimates are going down for the Teachers' Superannuation Plan. It does not reflect the payments that are made to teachers' pensions. It is the net amount of payments made to teachers' pensions less money coming out of the Teachers Superannuation Fund. So it's \$71 million is the net number, is the total payments made to teachers for their pensions less the amount of money coming out of the fund for new teachers who are retiring. And so it changes each year based on how many teachers are retiring in that year.

Mr. Krawetz: — Mr. Smith, is that suggesting then that the difference between '06-07 and '05-06 is that there are far more teachers that have retired and therefore the money that those retirees is . . . that money is being subtracted from the amount that of course is put into the plan?

Mr. Smith: — That's correct, Mr. Chairman.

Mr. Krawetz: — Mr. Minister, the plan of course is . . . The TSP plan is one that will continue to change as the active members that are left in that plan . . . I think it's indicated that in the last document there were 3,811 active members in the TSP. And that peak will be reached by anywhere from 2010 to 2015 probably, when those final teachers are retired.

What will be the requirement then from your department to in fact fund the TSP if there are no further retirees eligible for retirement?

Hon. Mr. Thomson: — We do not have available to us today the information to answer this. And what the member may want to do is pursue this directly with the Teachers' Superannuation Plan in terms of what they have. So when Learning appears next, this is probably a question best posed to them.

Mr. Krawetz: — Well I respect that answer, Mr. Minister. However the Teachers' Superannuation Plan is a statutory obligation of government, of you as Finance minister. And you are responsible for 71.4 million this year. Do you expect that number to in fact be larger in 2015 when all teachers have superannuated that are in the current TSP plan?

Hon. Mr. Thomson: — Yes. I think we have articulated before that we expect the number to continue to rise until we reach the 2015-2017 year and then start to tail off again. But there are a number of issues that need to be dealt with in terms of what the accuracy of estimates would be moving beyond the '06-07 year, '07-08 year. As we start to look out, a lot of it depends on just how quickly teachers decide to take advantage of their pension, how many decide to retire in that time period. So I can't tell you exactly what we're expecting we're going to budget in each of those following years.

Mr. Krawetz: — Mr. Chair.

The Chair: — Mr. Cheveldayoff.

Mr. Cheveldayoff: — Thank you, Mr. Chair. Mr. Minister, regarding the schedule of revenue for the budget, specifically the fuel taxes, my understanding that the components of the fuel tax or the gas tax for vehicles, the aviation and locomotive, that number in aggregate is \$371 million. I'm wondering if you could provide a breakdown of those three categories and if indeed there are any other components that I'm missing here.

Hon. Mr. Thomson: — So we have then a number of different taxable fuels. I'll just read it off for the benefit of the committee. In 2006-2007 we are expecting \$188.9 million to be raised from unleaded gasoline; 146.4 million from diesel; 7.1 from liquid propane; 35.7 from railway diesel; point nine million, so \$900,000 from aviation; 9.4 million from gasohol. There are also then a number of offsets and rebates. There's 13.9 million First Nation rebates, 1.8 million for gasoline competition assistance program, and 1.4 million from commercial refunds. The net benefit then to the treasury of these fuel taxes is \$371.3 million.

Mr. Cheveldayoff: — Mr. Chair, thank you to the minister for that detailed breakdown. I appreciate the information.

Yesterday in Public Accounts we learned that the government is considering or is about to announce a First Nation equity loan fund. I haven't seen that accounted for anywhere in the budget. And I would just ask the minister if indeed that has been accounted for in the budget or is something new that's being considered by another government entity.

Hon. Mr. Thomson: — I do not have any information about that being funded out of the GRF [General Revenue Fund]. I'd need to review what was said in Public Accounts yesterday, and we could report back on that.

Mr. Cheveldayoff: — Thank you, Mr. Minister, for the answer. Is the minister aware of the fund that I'm talking about and, you know, would it be possibly through the Crown Investments Corporation?

Hon. Mr. Thomson: — It may well be. I'd need to review

Public Accounts to see what the context of it was.

Mr. Cheveldayoff: — Thank you, Mr. Minister. Mr. Chair, to the minister, it was discussed in the agriculture portion and in the comments with the deputy of Agriculture and also with Northern Affairs, I believe.

In yesterday's budget, the federal government talked about the monies that will be coming to the provinces that were coming from the '05-06 year — some \$3.3 billion — and there was some speculation about it last week. And I've read the minister's comments on it and indeed that was confirmed yesterday with \$3.3 billion.

Assuming that it's going to be allocated on a proportional basis, I'm estimating that Saskatchewan would be in the \$100 million range, a recipient of that funding. Is that indeed the case? Has there been correspondence in the last while with the federal government, and is the \$100 million accurate?

Hon. Mr. Thomson: — The C-48 money, as we would refer to it, is set at about \$108 million.

I do want to say on the federal budget that we have a number of concerns about the lack of detail that has been provided by this new administration on some of its spending initiatives. And there are significant concerns around the areas, particularly cuts that appear to be coming through environment that are affecting some of what we would consider critical infrastructure and critical infrastructure renewals in the province.

Key among those obviously are the reports today that it appears that we have lost funding to the PTRC — Petroleum Technology Research Centre — here in Regina, which as the member will know is a key organization in terms of making sure we have enhanced oil recovery in the province.

There is uncertainty as to whether there's funding continued for the forestry centre. There is uncertainty as to whether the money is continuing to fund the engineering work on the clean coal plant that would allow us to continue to operate in Estevan. There is concern about whether the funding for the private sector venture of the polygen plant will be continued.

There are a number of initiatives that we are just not aware at this point as to whether there is funding, although it appears at this point that have been cut without announcement in the federal budget.

The other concern that we would have rising out of the budget, notwithstanding the fact that we are pleased that there is additional agriculture money, we are concerned that we are still working through what the proportion of federal and provincial payments will be and what the schedule of those payments will be into Saskatchewan farms. We have no idea today, nor was the federal minister able to tell us yesterday what the proportion would be going to the livestock industry versus the grain and oilseed sector.

There are concerns that the federal government has decided with their health funding to look at a 6 per cent increase when most provinces are budgeting for 9 to 10 per cent increases. There are concerns that the money that was provided yesterday

in terms of cancer research will amount to about 1.5 million for the province. There is some question as to what that will actually do.

There are a number of issues that we'll need to work through with the federal government in terms of the announcements they made yesterday.

And we of course remain concerned ... well maybe I'll upgrade it from concerned to interested in what the schedule will be in terms of moving forward with equalization. It worries me somewhat that yesterday the federal officials were making a big deal out of the fact that Saskatchewan was getting — I think they were saying publicly — new equalization money of some \$13 million. Well I think for any of us in this Assembly who are clearly aware of how equalization works, we know that that money was all immediately clawed back through associated equalization.

So my hope is that as we move out of the spin cycle of the federal budget and have more of an opportunity to engage federal officials, we'll get a better understanding of both what the benefits are to Saskatchewan's economy and what the impact of the cuts are that the federal government is clearly undertaking.

The decision not to fund the Liberal promises in child care and in environment will have a significant impact on Saskatchewan residents and particularly on our critical infrastructure. And we're quite concerned about that. Now we'll need to engage them on that, and we'll work our way through and have hopefully more to say on that in the coming days.

Mr. Cheveldayoff: — Thank you, Mr. Minister. Looking at the clock I see that we've gone past our time, so at this time I'd like to thank you through the Chair. And to you and all your officials, I indeed look forward to more discussion regarding the federal budget and the \$250 million in the child care plan and other things that the minister has alluded to and things that I want to discuss. But at this time I'd like to thank the minister and the officials, and thank you, Mr. Chair.

Hon. Mr. Thomson: — Mr. Chairman, I too would like to thank the members for their question. I do look forward to returning to the discussion, particularly around some of the key issues that we have and are going to need to engage the federal government on. I appreciate the support that the member has offered on helping to advance Saskatchewan's cause. And I think that in the coming weeks we'll need to make sure that we fully understand what is Saskatchewan's interest in terms of dealing particularly with equalization.

I was somewhat concerned yesterday to hear reference that perhaps there was movement away from the 10-province standard initiative that I thought we had bipartisan agreement on. And we'll need to return to a discussion on this to make sure we are absolutely in lockstep so that we can engage the federal government in a clearly bipartisan or non-partisan way on equalization.

The Chair: — I would thank the minister and his officials for appearing before the committee. We'll look forward to seeing you again, I am sure. At this moment I'll briefly recess the

committee to allow for the next group to take their place. And this committee stands recessed.

[The committee recessed for a period of time.]

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

Subvote (SR01)

The Chair: — Welcome members, I believe we'll reconvene. And welcome, Minister Cline. And we'll begin the consideration of estimates and supplementary estimates for the Saskatchewan Research Council.

Minister Cline, if you could make any introductory remarks you might wish to make. And if you could introduce your officials and then we will get under way.

Hon. Mr. Cline: — Thank you, Mr. Chair, and members of the committee. I am here today with Dr. Laurie Schramm, who's the president and CEO [chief executive officer] of Saskatchewan Research Council. He is to my right. And to my left is Mr. Robin Dick, who is a financial analyst with the Saskatchewan Research Council.

And we're here today to give you some information and answer questions about an organization that we are proud of and that I believe everyone in the province can be proud of, namely the Saskatchewan Research Council.

It is Saskatchewan's leading provider of applied research, development, demonstration, and technology commercialization. Since I've been Minister of the SRC [Saskatchewan Research Council] I have been exposed to many different aspects of their work, ranging from diamonds to oil recovery to alternative fuels. And I have to say that the work that goes on at SRC is truly a testament to the talent and energy that exists throughout Saskatchewan.

SRC's mission is to help strengthen the economy with quality jobs and a secure environment, and they certainly are accomplishing this on a daily basis. In fact, SRC's 2004-05 economic impact assessment showed that SRC contributed to the creation or maintenance of more than 1,900 jobs in Saskatchewan and contributed to a direct economic impact of more than \$268 million on the provincial economy. These numbers are a reflection of SRC helping to grow Saskatchewan's businesses and industry.

Let me give you some examples of some of the successes. SRC, with partners, has developed nine vehicles running on alternative fuels such as natural gas and hydrogen. Their most recent vehicle is a truck that operates on hydrated ethanol. The technology development of this unique vehicle is very exciting as it is not only good for the environment, but is complementary to Saskatchewan's growing ethanol industry.

With the support of the Petroleum Technology Research Centre, SRC has just built and commissioned a large, high-pressure, scaled physical model. This apparatus, which is unique in the world, is allowing SRC researchers to finalize the development

of a new solvent vapour extraction process for use in Lloydminster-type heavy oil reservoirs. This process will help increase heavy oil recovery in Saskatchewan with reduced environmental impact.

SRC's Pipe Flow Technology Centre is carrying out a study that aims to develop and improve technology for pipeline transport of heavy crude oils and bitumen. A consortium of heavy oil and oil sands producing companies operating in Saskatchewan and Alberta is funding the research. This research is urgently needed to reduce the high truck volume on municipal roads. The technology will also add value to Saskatchewan's energy reserves.

SRC's geoanalytical laboratories operates the only full-service diamond lab in the Prairie provinces. Because client demands from Saskatchewan and around the world are increasing, plans are now under way to build a much larger facility to handle even higher volumes. In addition, the lab's workforce has grown fivefold, from under 20 to around 100 in just the last two years.

On the uranium side, clients will call SRC's uranium services world renowned. The mining and minerals division has further extended its services with the creation of the new SRC 3-D virtual reality centre. Partial funding for the centre was provided by the Western Economic Partnership Agreement. Clients are seeing benefits and cost savings from this centre as it is already being used to design their drilling programs.

In September 2005, SRC hosted Canada's biggest science experiment. This event involved more than 3,000 grades 5 and 6 students from across Saskatchewan who participated in an experiment to test different parameters of water in their area. The purpose of the experiment was to show students the fun side of science and to encourage them to consider careers in this area.

These are just a few examples of the exciting work happening at SRC. It's truly an organization that follows the motto of providing smart science solutions for the benefit of Saskatchewan's people. Thank you.

The Chair: — Thank you very much, Mr. Cline. I recognize Mr. Stewart.

Mr. Stewart: — Mr. Chair, I'd like to, before we begin, welcome the officials. I'm certainly a supporter of the work of the SRC and as such it's going to be difficult for the minister and I to develop the usual cut and thrust that we look forward to in estimates. But we'll do the best we can and we do appreciate your help here today.

Mr. Chair, firstly for the minister, we haven't had the benefit of seeing an annual report for SRC as yet and wonder when that might become available.

Hon. Mr. Cline: — Yes. Well I have the annual report for '04-05 with me. It is here. And this I realize, Mr. Stewart, I think is asking about the '05-06 annual report. And it would normally come out in the summer about the middle of July. So it isn't out yet but that's the time that it does come out. It's a very interesting report with many interesting pictures and

graphs in it.

Mr. Stewart: — Thank you, Mr. Minister. I understand, Mr. Chair, that the minister enjoys books with pictures. Mr. Chair, to the minister, what is the relationship between SRC and the PTRC in Regina?

Hon. Mr. Cline: — The relationship between the SRC and the PTRC is that the SRC I would describe as one of the founding partners, Mr. Chair, along with industry, the University of Regina, and the Department of Industry and Resources, and also NRCan [Natural Resources Canada] — the federal government. So really we're a founding partner with the federal government, the provincial government, and the University of Regina along with the SRC and we have one board member, who is Dr. Schramm, representing the SRC on the board of the PTRC.

I should point out that the PTRC itself is a free-standing organization alongside SRC but I wouldn't describe it for example as reporting to the SRC. The SRC would be involved in its governance really only through having a member on the board.

Mr. Stewart: — Thank you. Mr. Chair, I wonder, can the minister indicate how much of the research council's funding this past year came from the province, how much from the federal government, and how much was received from contracting for research services to the private sector.

Hon. Mr. Cline: — Yes. Mr. Chair, this is a very good news story. It's a very good question. I'm going by the '04-05 year, but this year's result would be somewhat similar. Of the total revenue of SRC is about \$27.8 million. The grant from the province, that is from the taxpayers through the budget, is about 7.8 million. So roughly speaking you could say there's \$28 million at SRC; \$8 million comes from the province, and the balance, almost \$20 million, is raised by the SRC.

I can break that down in this way. There is from the private sector, that is private industry, about \$15 million last year that would be contract payments to SRC. A company would come along and say, we'd like this done; would you please do it. And then they would pay SRC. That's about 15 million. Then governments — both the federal government, the provincial government, and sometimes international governments — ask SRC to do some work for them. And that total is approximately \$5 million.

And so you can see that there's 15 million from industry, about 5 million from various governments, then the government grant of approximately 8 million for a total of approximately 28 million.

Mr. Stewart: — Thank you very much, Minister. Mr. Chair, to the minister: could the minister answer the same question for the PTRC — how the funds are generated and the total amount.

Hon. Mr. Cline: — Yes, I'd be pleased to do that. Before I do that, I should indicate, Mr. Chair, to Mr. Stewart that we do have some draft statements for '05-06 on what is happening. And basically it's the same trend that I talked about a minute ago except that instead of 28 million, they're now up closer to 33 million. And the bulk of that comes from the private sector

coming to SRC which is now up to, instead of 15 million, nineteen and a half million. So the story, I'm happy to say, just gets better and better every year in terms of the SRC's ability to sell itself to the world.

And now to get to the question about the Petroleum Technology Research Centre. The figures I have are for '04-05. I don't believe I have figures for the current year, not yet. But their total revenue would be \$4.6 million. And of that, 1.6 million would come from our Department of Industry and Resources; 1.5 million would come from the federal government; \$927,000 would come from the US Department of Energy — they have always been a partner with us around PTRC — and 563 million would come from industry. So . . . Oh I'm sorry, did I say 563 million? Of course I meant 563,000 came from industry for a total, as I said, of about 4.6 million.

Mr. Stewart: — Thank you, Mr. Minister. Mr. Chair, to the minister: could you tell me about the makeup of the board of SRC? And I don't necessarily mean the names on the board, but how the board is chosen and from what fields and so on.

Hon. Mr. Cline: — I'd be very happy, in fact, to provide the names of the board which I have in my material somewhere — here it is — because I'm quite pleased with the level of expertise there is on the board.

To answer the first part of the question, the board members are appointed by the provincial cabinet by order in council. But there is a procedure that we follow whereby the board of SRC itself recommends names to us. Of course, sometimes other names may be recommended that we would suggest to the board that they could have a look at. And the board is made up of people who bring to it certain technical or professional knowledge that could be helpful.

The Chair is Mr. Keith Hanson of the Sun Ridge Group which is involved with matters pertaining to energy efficiency. Then the Vice-Chair is Michael Monea, who is also the gentleman that is in charge of the Petroleum Technology Research Centre. Then Dr. Schramm, of course, is the president and CEO, and he serves as secretary to the board. The president of SaskEnergy, Mr. Doug Kelln, is a member. Larry Cooper of Scientific Instrumentation Inc.; Craig Zawada who is a practising lawyer in the city of Saskatoon; John Bennett of Beckman Farms Ltd., from agriculture sector; Dr. Peta Bonham-Smith who is with the department of biology at the University of Saskatchewan; and Ms. Patsy Gilchrist who is with SIAST [Saskatchewan Institute of Applied Science and Technology].

Mr. Stewart: — Thank you, Mr. Minister. Getting on to more specifics, Mr. Chair, last year the minister indicated that SRC was working with the community of Nipawin to conduct a pilot project for making ethanol from wood waste. I wonder could the minister provide an update as to the progress of this project.

Hon. Mr. Cline: — Yes. I am advised that the technology development stage of that project, that is developing the technology that would be used at Nipawin, is a two-year project which was always contemplated. And they've been through the first year of developing the technology at SRC. They still have another year of work to go, and hopefully at the end of that two-year period they would have developed some technology

that could be suitably used at Nipawin.

Mr. Stewart: — Thank you, Mr. Minister. And it may be premature for an answer to be available for this next question. But for the pilot project at Nipawin, Mr. Minister, what quantity of feedstocks will be required, roughly? I mean, is it realistic to produce ethanol on a commercial scale? And what size of plant is envisaged if this pilot project comes to commercial . . .

Hon. Mr. Cline: — In terms of the quantities, I think it's important to remember that what they're building is a pilot plant. And so they'll be using a quantity which wouldn't be the same, I would think, for example as if they had an actual plant. And bearing in mind that the purpose of the pilot plant will be to see how effectively and efficiently they can turn wood waste . . . And is there flax straw they're going to try as well? Okay, initially wood waste and then . . . wood waste in the form of bark; later, flax straw.

But the pilot plant would really be used to see if we could efficiently turn wood bark into ethanol. And I don't have the amount of wood that they would need for that purpose with me today, but I would be pleased to undertake to provide you with a specific answer on both the amount of the wood waste for the pilot and then, if they know, how much wood waste you'd have to use in a real commercially viable enterprise to make money.

So I'll ask the officials to get that information for me, and then, Mr. Chair, I will send a letter to Mr. Stewart with that information and any other information that he needs us to gather.

Mr. Stewart: — Thank you, Mr. Minister. That's appreciated. Mr. Chair, to the minister: I'm assuming we don't have this answer yet but — and this is what the pilot project is all about — but I was going to ask about the economics of it. And I'm sure we're not there yet. Is that correct?

Hon. Mr. Cline: — Yes, Mr. Chair, to Mr. Stewart, that's exactly correct. The pilot plant is a project to see if this can be done in a commercially viable way. And to my knowledge, I don't believe anyone in the world has really established that yet, although I'm aware that Iogen does a lot of work. But I don't know if the technology — not just of Iogen, but any technology for this — is fully proved.

So we will be making an effort to prove this at Nipawin. And hopefully we'll be successful because I think that everybody would agree that if we can figure out a way to use wood waste and make it into ethanol and use it to power our vehicles, farm machinery, and so on, it will be good environmentally, it will be good from a cost point of view for people who use it, and good for the farm economy as well.

Mr. Stewart: — Thank you, Mr. Minister. Mr. Chair, to the minister: I understand that this pilot project is in progress, and there are no definitive results at this point. Now what is the end date with SRC for this project? And I'm wondering when we can look forward to some solid numbers.

Hon. Mr. Cline: — Mr. Chair, to Mr. Stewart. The SRC's involvement is to produce the technology that would be used in Nipawin. We believe that our involvement will be about

another year, the second year of the two-year developmental stage I referred to. Then we may be involved if asked to be involved by the new generation co-op, but pretty much the machinery that we come up with will be turned over to the new gen co-op at Nipawin. And they will then operate the machinery to see if it can be used to turn wood waste bark into ethanol in the first instance. And of course they may make the decision to further contract with SRC either to do some additional work or with respect to their processes. And of course we'd be pleased to work with them. Or they may indeed contract with someone else if they need to.

Mr. Stewart: — Thank you, Mr. Minister. Mr. Chair, to the minister: last year Dr. Schramm indicated that hydrogen production could be performed in some sort of a limited capacity at least from existing operations like the upgrader in Regina and probably Lloydminster, and the chemical plant in Saskatoon. I'm wondering what other sorts of industrial processes lend themselves to hydrogen production as a by-product.

Hon. Mr. Cline: — Well that's a very interesting question and I'll ask Mr. Schramm to comment in a moment about other opportunities to produce hydrogen, but I do know that — at least I believe — that if we had a polygeneration facility like the one at Belle Plaine that we had discussed at the committee before, then I believe one of the by-products of that facility would be hydrogen. And of course we have at SRC created the first-in-the-world light-duty, hydrogen-diesel truck and light-duty, hydrogen-gasoline truck. And there are probably other ways in which hydrogen can be produced and I think I'll ask — I assume the question, Mr. Chair, is relevant to Saskatchewan — where in Saskatchewan would we produce other hydrogen or where are the sources?

I'll ask Dr. Schramm whether he's familiar with any others.

Mr. Schramm: — Yes. Thank you. In addition to the opportunity mentioned by the minister around polygeneration, there are the hydrogen opportunities that Mr. Stewart mentioned related to the chemical plant in Saskatoon, the refinery in Regina, and of course at Lloydminster as well.

Additional ones that we have identified over the last year are there's a proposed Regina landfill site project involving SHEC [Solar Hydrogen Energy Corporation] labs, another Saskatoon company, that proposes to capture the methane from the Regina landfill site and use their proprietary technology to convert some at least of that methane into hydrogen. And that would be another potential source of sufficiently pure hydrogen for vehicle use.

And the other principal one that we're looking at in Saskatchewan right now with a couple of communities in the province is the possibility of wind turbine demonstrations that not only produce electrical power from wind but divert some of that power to the production of hydrogen from water.

And all of these have to be demonstrated in terms of economics and everything else. But those two additional ones have some potential to produce hydrogen for fuel in the province.

Mr. Stewart: — Thank you very much, Dr. Schramm. I

understand very little about the production of hydrogen; you have to understand that. I'm wondering, is Saskatchewan in a particularly strong position to become a leader in the production of hydrogen fuel in the country, or do equal or better opportunities exist in many provinces?

Hon. Mr. Cline: — Mr. Chair, I would say that Saskatchewan is in a good position I think to build a hydrogen industry in the sense that we are technological leaders at SRC in terms of some of the things that have been developed, including the two vehicles that are powered with hydrogen — diesel in one case and gas in the other. And we think that there are opportunities that we can pursue to build on that.

There are also opportunities in Manitoba that could be mentioned because they have so much hydroelectricity — that that could be used to produce hydrogen — and some opportunities in British Columbia because of environmental sensibilities.

Now one of the goals I guess that we have — and Dr. Schramm can comment a bit more — is to try to develop some technology like the two trucks, which is patented. I believe we've applied for patents on that technology. We have some patent protection and one of our partners does as well.

And of course what we're hoping is that at some point this technology could be commercialized. And it wouldn't be the case, I don't think, that SRC would be in the business of producing hydrogen motors for vehicles or anything like that, but perhaps we could license our technology to other players who then would use it.

And of course ideally what we would like to see as SRC is to get some Saskatchewan-based business developing products for the hydrogen market. And I feel that since no one, you know, has captured this market yet, that the attitude we should take is that we are in just as good a position to develop this as anyone else in the world and it should be part of our vision to do so, and certainly our Premier has spoken to this many times.

And it is part of the policy of the government as set out in the Throne Speech last November that, I believe it's by the year 2025, one-third of our energy needs in Saskatchewan would come from renewable fuels. And it's hard to say exactly where that will be. It could be ethanol, it could be biodiesel, it could be hydrogen or a combination of those. But we're very dedicated to working on the area of alternative fuels and well ahead of most parts of the world in that regard.

Mr. Stewart: — Thank you, Mr. Minister. Mr. Chair, to the minister, does SRC hold other patents besides the ethanol and diesel truck patents mentioned?

Hon. Mr. Cline: — Yes, Mr. Chair, to the member, Mr. Stewart. SRC owns approximately 12 patents and is applying for patent protection with respect to six other areas. So there are quite a few patents there. We don't have the exact number in front of us right now, but those are roughly the numbers and we'll confirm that with Mr. Stewart when we write him to respond to undertakings.

Mr. Stewart: — Thank you, Mr. Minister, I appreciate that.

Mr. Chair, to the minister, will the PTRC or SRC be impacted either negatively or positively by yesterday's federal budget?

Hon. Mr. Cline: — That remains to be seen. There are actually several areas where the new government in Ottawa is having another look at commitments that they've made or have been made with previous federal government, I should say, with our province and several others. And some examples of those are the clean coal MOU [memorandum of understanding], the polygeneration MOU that we had with the previous government, which I raised with Minister Gary Lunn who is the federal Minister of Natural Resources.

And in the area of PTRC, we have funding for this year. But next year our agreement with the federal government comes to an end and, of course, we're hopeful that the federal government will recognize that the work done at PTRC, like SRC, is world-class. We are the leaders in the world at PTRC with the work being done around carbon dioxide sequestration and other matters. So it's very important to the province of Saskatchewan and the oil and gas sector, not to mention the University of Regina, that the federal government arrive at a renewed agreement with the province of Saskatchewan on the PTRC. But that has not been determined yet.

Naturally, I've already met with the federal Minister of Natural Resources to encourage him to ensure that this partnership continues. And I also have met with Carol Skelton; who of course is Saskatchewan's representative in the federal cabinet but also is responsible for Western Economic Diversification, to encourage her to use her good offices to assist us in allowing the PTRC to continue to go forward with both provincial and federal support and industry support.

And we don't have answers to those questions yet, because everything is up in the air in terms of reviewing this kind of agreement. Having said that, I'm anticipating that the federal government is going to continue to work with us on the PTRC because it just makes such sense to do what they are doing in terms of Canada's energy needs. I think it's crucial. And it also makes sense — and I've told this to both ministers — from the point of view of having a pragmatic approach to the reduction of greenhouse gas emissions. Because the federal government, as I understand it, is more interested in pragmatic solutions than they are in necessarily signing accords like the Kyoto accord.

So every opportunity we have, we mention to the federal officials that, you know, really, carbon dioxide sequestration is one of the best ways to cut down on greenhouse gas emissions plus double production of heavy oil in Saskatchewan. So it's such a brilliant — if I may say so — operation and idea, and working so well, I would be a little bit shocked if this agreement wasn't renewed next year. And I have every confidence that our federal government will agree that we need to continue to move forward.

Mr. Stewart: — Good. I'm glad to hear that, Mr. Minister. Mr. Chair, to the minister, what projects if any is the PTRC currently working on besides CO₂ sequestration?

Hon. Mr. Cline: — I'm sorry, did the member say PTRC?

Mr. Stewart: — Yes.

Hon. Mr. Cline: — Yes, okay. Mr. Schramm indicates there are a number of projects that SRC is working on for PTRC, and he will give me a list of those in a moment.

But I can mention while he does that, that in addition to the carbon dioxide sequestration, the PTRC is doing work around other ways of extracting oil out of the ground. One of them is called vapex which, as I understand it, is basically the injection of steam or some steam-like substance into the ground to try to get more oil out of the ground. They also do research into various chemicals which are environmentally benign and other substances that could be put into the ground to move oil along. So they're looking at that.

Now I'm told that at SRC we're also working with PTRC on, for example, the application of miscible and immiscible solvents to enhance oil recovery. This is related really to what I said a minute ago about the work they're doing. Experience with improved recovery technology development for heavy oil fields, developing improved processes for enhancing oil production using water flood techniques in addition to the vapex, the chemicals, the carbon dioxide. Water flood is another technique. And they work with them in terms of field technical support and applications.

SRC is the leading researcher in the solvent vapour extraction study partnership. This recovery method could be a huge boom for Saskatchewan's heavy oil. It applies to thin reservoirs or those with underlying water, which amounts to a large portion of the province's heavy oil reservoirs. And it is environmentally friendly because it doesn't involve water injection. Instead gaseous solvents such as propane and butane are injected and recycled to reduce oil viscosity and improve oil recovery.

So you can see that really what the PTRC is doing is trying to look at every possible method there is — and there would be some that I mentioned but some that maybe they haven't thought of yet — to increase the recovery of oil out of our oil pools. And that might involve CO₂; it might involve water; it might involve solvents; it might involve vapour, with the objective being this: that we have in Saskatchewan, as far as I know, 35 billion barrels of oil sitting under the ground. The problem is we can only get about 15 per cent of that, so I think that's roughly 6 or 7 billion barrels of oil out of the ground using the conventional technology.

So that is why we worked with SRC and the U of R [University of Regina] and the federal government to set up the PTRC to ask ourselves the question: well if we're leaving 85 per cent of the oil in the ground using the present technology, what methods can we come up with to improve that?

And I know that in the case of Weyburn and Midale CO₂ injections, they've gone from an average recovery of 22 per cent in at least the EnCana particular field. They've taken that up to more like 45 per cent, so they've doubled production. We still are leaving there 55 per cent of the heavy oil in the ground because we just can't get it moving to come up.

So we're looking at various methods to do that. They have scientists and engineers that work at the PTRC that spend their days — and probably some of their nights — thinking about things they could try, you know. And there's no limit to the

number of experiments that they might try. And so that's, in a general way, what they're up to and some of the ways that they're looking at to try to do that.

Mr. Stewart: — Thank you, Mr. Minister. Mr. Chair, to the minister, I'm curious about vapex technology. Do we know yet if there may be applications for the vapex technology and other heavy oil extraction that is oil sands rather than just regular conventional heavy oil pools?

Hon. Mr. Cline: — Okay, the answer is kind of the opposite. The question was whether you could take the vapex technology and then use it in the oil sands. I am advised by Dr. Schramm that actually the technology itself was developed for use in the oil sands to begin with and what we're doing is adapting it to use it in heavy oil.

But of course I am anticipating that what Mr. Stewart may be wondering is, could then we be using vapex for example to get oil out of the oil sands on the Saskatchewan side? And there is a possibility of that.

There are certain physical challenges to oil sands that exist in Saskatchewan but my impression . . . Not being an expert in it myself but talking to companies like Suncor and Syncrude that do a lot of this work — especially Suncor — they do a lot of vapour injection or other steam methods to get a lot of their oil out of the oil sands. That is what is being contemplated now by the technical people. And we don't know at the present time whether you could use vapex-type technology to get oil sands out of Saskatchewan but there are various people in the government and in the private sector that are trying to figure that out.

Mr. Stewart: — Thank you. Thank you, Mr. Minister. Mr. Chair, to the minister, now that tax incentives have been in place for some time for enhanced oil recovery, I wonder, Mr. Minister, could you indicate how this has affected demand for enhanced oil recovery services from the PTRC?

Hon. Mr. Cline: — I know that it has had some impact on them because I know that there are private sector companies that are involved with vapex technology and are working with PTRC. I can't give you the detail right now, and it's actually not part of the SRC's portfolio. And I can't give you the detail right now of how much money is going to the PTRC from industry related to vapex.

But, you know, in my capacity as minister also responsible for PTRC in the sense of being Minister of Industry and Resources, I would be happy to seek more information, Mr. Chair, and provide that to Mr. Stewart. And I'll probably get that . . . I'll have to get that information I think either from the Department of Industry and Resources but more likely from the PTRC. So I'm asking that the officials ensure that I do that and provide specific information.

Mr. Stewart: — Appreciate it, Mr. Minister. Mr. Chair, to the minister, has the SRC received any additional business as a result of the synchrotron's presence in Saskatoon?

Hon. Mr. Cline: — Yes, Mr. Chair, to Mr. Stewart, there is some work that has come to SRC as a result of the synchrotron.

In particular the SRC is doing some work for SaskPower with respect to some of the emissions from SaskPower, and I understand that that work has come to us because of the synchrotron, that they also are involved in trying to do that. And there's approximately \$100,000 that may come to the SRC, assisting the synchrotron to analyze and obviously try to improve certain emissions from SaskPower.

Dr. Schramm also advises me that there are other opportunities which we are pursuing that are synchrotron related. But those have not yet come to fruition, and we wouldn't be in a position today to describe them in the sense that we are in discussions with other parties about those.

Mr. Stewart: — Thank you, Mr. Minister. Mr. Chair to the minister, how many projects is the SRC involved in outside of Saskatchewan?

Hon. Mr. Cline: — Mr. Chair, Dr. Schramm doesn't know the exact answer, but he suspects that it would be 20 or 30. And again, I'd be prepared to certainly get that number, and we'll include that in our undertakings to Mr. Stewart to provide him with that information. I'm guessing, by the way, that by out of province most of them would be private sector in other provinces that would be hiring SRC. And in some cases there would be other governments in Canada and sometimes in other parts of the world that would hire SRC as well.

And I think what we can do is get a list of those projects or at least the number of them. There may be some parties that contract with SRC about particular matters where there's matters of confidentiality in terms of their competitors. But I'll ask that, you know, information be prepared, and we'll provide that to Mr. Stewart.

Mr. Stewart: — Thank you very much, Mr. Minister. I see in the Estimates book under vote 35, appropriations for the research council have increased about I guess \$340,000 or \$345,000 dollars. Mr. Chair, to the minister, can we have a breakdown of how that money is being used?

Hon. Mr. Cline: — Mr. Chair, I'm advised that in '05-06 the budget of SRC increased by \$411,000 and it was used as follows: \$105,000, additional research capacity; \$50,000 . . . No. I'm sorry. I've been given information that is not, does not reflect what we're talking about here.

The SRC got an increase of about 250,000 this fiscal year over last year. And I'm just going to take a break while I ask the officials to give me a list of the areas that are going to spend that \$250,000 and I apologize for the slight delay.

Mr. Chair, Dr. Schramm advises me that that additional money for this year is going to some specific areas. But unfortunately we don't have a list of those today and I'm going to have to undertake to provide Mr. Stewart with that list.

Mr. Stewart: — That's perfectly satisfactory, Mr. Minister.

I see our time is running short so one last question. I wonder, Mr. Chair, to the minister, could the minister tell us what the administration costs are for SRC.

Hon. Mr. Cline: — Yes, Mr. Chair, to Mr. Stewart. The amount of money being spent on administration at SRC for the '05-06 year, the year just ended, was \$5.975 million. And that of course is on a budget of approximately \$30 million.

Mr. Stewart: — Thank you very much, Mr. Minister. That's all I have for now.

The Chair: — Thank you, Mr. Stewart, and thank you, Minister, and your officials. We'll briefly recess to prepare for the next round of estimates. But thanks to the minister and your officials and we'll see you again soon.

[The committee recessed for a period of time.]

**General Revenue Fund
Labour
Vote 20**

Subvote (LA01)

The Chair: — Thank you very much. We'll bring the committee back to order. We've got the Minister of Labour here for consideration of Labour estimates. Minister, if you could introduce your officials and make any introductory remarks that you'd care to make and we'll get under way.

Hon. Mr. Forbes: — Thank you very much, Mr. Chair. I'll start by introducing my officials. To my right is my deputy minister, Bill Craik; to my left, Jim Nicol, assistant deputy minister. And as well at the table is Peter Federko, chief executive officer, Workers' Compensation Board.

Also joining us today, Nadine Sisk, acting executive director, Status of Women office; John Boyd, executive director, planning and policy division; Eric Greene, director of labour standards; Glennis Bihun, acting executive director, occupational health and safety division; Kevin Kuntz, director, finance and administration; Margaret Halifax, the director of the Office of Worker's Advocate; Donna Kane, vice-president, human resources and team support, Workers' Compensation Board; and Melanie Baldwin, the board registrar, Labour Relations Board.

In terms of opening comments I prefer that we just go straight to questions. I made opening comments last time, and I believe that to expedite matters we'll go straight to questions.

The Chair: — Certainly, Minister, and welcome to you and your officials. Mr. Krawetz.

Mr. Krawetz: — Thank you very much, Mr. Chair. And good afternoon to you, Mr. Minister, and to your officials.

Mr. Minister, there's a couple of things I want to clear up from last time that we had Labour estimates. I didn't get a clear picture on the timeline that the Dorsey commission is going to follow in terms of their report, their investigations, and their undertakings. And when will you see a first draft? And when might the people of Saskatchewan see the finished product? I wasn't clear whether that information that you gave included all of those things.

Hon. Mr. Forbes: — I appreciate the question. And of course there's some latitude that Mr. Dorsey will have in that. But this is my thinking of the timeline: roughly that there will be hearings in the fall, most likely September. And from that time there will be a first draft. I anticipate seeing that either in December or January. And then it'll probably be a public document early next year.

Mr. Krawetz: — Thank you, Mr. Minister. When that report is received by you, what do you propose to be the undertakings of dealing with that report?

Hon. Mr. Forbes: — Well I think of course the nature of the recommendations will dictate that to a large extent. But I anticipate that there will be obviously some issues that we'll have to take in terms of costing.

We'll have to also take a look at the nature of the recommendations in terms of how did they arise and what caused them to come forward. I'm thinking if there's a certain type of complaint, you know, if the board, if the committee decides this is the way their recommendation, we'd have to see if it's something that's doable in Saskatchewan.

Of course we're very proud of the fact that the work that we do at the board — or the work that the board does — meets the needs of the workers. But also, we take into account the doable part as from the employer. And so this is the partnership that will be taken into account.

But other than that, I might ask Peter Federko from the board to have, you know, if there's a more formal, because I have not actually gone through the process of actually receiving reports as this before. So, Peter?

Mr. Federko: — The process, once the report is put in the minister's hands, is very much up to the minister at that particular time. I can only speak to what my experience has been in the past.

And the minister's correct in saying that, depending on the nature of the recommendations and extensiveness of those, historically further consultation has been sought. Additional costing and other options have also been asked to be considered by the committee and then have the stakeholders consider that as well. So it really will depend on the number of recommendations and the extensiveness of each of the recommendations. But historically, that has been the process.

Mr. Krawetz: — Thank you, Mr. Federko. When the press release was done on March 21, there was an article in the *Leader-Post* that indicated that the review was, you know, going to take place, there was a concern expressed by Mr. Hubich about injured workers. And I know I've heard this from injured workers, not just from Mr. Hubich, about, you know, their position about being forced to return to work early after an injury and they still felt that they were injured — and that, in fact, that they were going to be making a submission.

So when you, Mr. Federko, have indicated that, you know, stakeholders will have an opportunity to review those recommendations — whatever they may be and how many they may be, I would wonder if the injured workers . . . And I know,

Mr. Minister, you and I had this discussion last time about the request of the injured workers group to have someone on the appeals board, number one, and then someone to be dealing with, you know, sitting on the review commission and that is not there. Is there going to be opportunity for the stakeholder groups to have input to your decision as to what you're going to do with those recommendations?

Hon. Mr. Forbes: — Well I think again that the nature of the recommendations sort of dictate the response. You know, if it's a fundamental shift then, you know, how we consult on a change. But it's very important in terms of the nature of the Workers' Compensation Board, the philosophy behind it, the historic compromise where employers and employees have come to an agreement about how to proceed with injuries in the workplace. It's a pretty fundamental agreement and so I think if there's any fundamental change of course there will have to be consultation with the stakeholders.

And of course as our discussions before around the injured workers, clearly their voice will be heard and I hope that they come out and state their cases very well to the committee of review. And we listen to the concerns that they have raised and I think that one example that I think that has come a long way is the office of fair practice that I think has really shown here is a concern about processes within Workers' Compensation Board that was highlighted in the last committee of review. Now it wasn't a direct recommendation but it was a concern that was raised about processes and we found a way to meet that need.

Mr. Krawetz: — Mr. Minister, I have a copy of the last Dorsey report and I was wondering, the one that would be previous to this one, is it dated 1996 and is it available on . . . is it online at the WCB [Workers' Compensation Board] or available in any form? I wanted to check on previous recommendations that had been made before this report and then see if there was any correlation to the recommendations that Mr. Dorsey had put forward in 2000. And I wasn't able to find that report and I've been told it's a 1996 report. Is that accurate, Mr. Federko, or to you, Mr. Minister?

Hon. Mr. Forbes: — We'll just take a minute and see if we can find an answer here. We understand that it is dated 1996 and we do have copies of that and we could make that available for you.

Mr. Krawetz: — Thank you, Mr. Minister. I'd appreciate receiving that in due time.

Mr. Minister, one of the, I guess, commissions that has been doing a lot of work over the winter is the Commission on Improving Work Opportunities for Saskatchewan Residents, the report that was put forward in February 2006. The commission has tabled a number of recommendations that I think have been received differently by different groups.

And there has been a suggestion, Mr. Minister, by some business groups that when the Vicq commission made its recommendations to move forward, to move Saskatchewan ahead, that in fact that was a positive thing and we were taking a step forward, but that some of the recommendations that are contained in this commission's report may in fact take us two steps backwards.

Have you had a chance to determine what the government's position is on this report, and have you publicly stated what that is? Or is there a document that you have released regarding the final report of that commission?

Hon. Mr. Forbes: — In the news release . . . And I'm recalling from that in February when we received the report from Dr. Pearson that we said that we see a lot of potential, a lot of opportunity in this report in achieving what the government has stated their vision, that no one be left behind on the road to opportunity. And many of the recommendations speak to that.

We feel it's a very strong document in the work that has been done by a strong commission headed by the dean of Commerce here in Saskatchewan. Lynne Pearson is a very qualified Chair. And we had both representation from someone who is noted as a very good businesswoman in this province, and as well someone who is connected and has done work for labour.

There are 25 recommendations. The day that we received it we said that we would start the process of looking internally at the resources that we have within government in terms of non-wage benefits and pensions. We have done that and we also hope to be served by some external experts in this area. That group is at work right now.

We're also having interdepartmental group looking at the series of recommendations because many of these . . . well all the recommendations speak to different departments, whether it be training, First Nations and Métis Affairs, Community Resources, and of course the kind of work that Labour does.

We think that it speaks to the variety of challenges that vulnerable workers find themselves in Saskatchewan, and in the context of being without training or under trained, the wage issues, the non-wage and pension issues. Child care is a very important one. It speaks to the barriers that low-income workers find themselves in Saskatchewan. And I think that we can all agree that it's really important that we create a province here in Saskatchewan where everyone can participate.

And I think this is an exciting document that really . . . I recall the challenge that Dr. Pearson said that morning about we're really at a crossroads especially with First Nations and Métis youth, whether we engage them in this work in Saskatchewan. And we have the opportunity and the means to do that. So at this point we're putting together a response and that will be out, either . . . We were hoping in the next few months but it may be early fall at this point.

Mr. Krawetz: — Thank you, Mr. Minister. Mr. Minister, I was part of the opposition that made a presentation to this commission. And I know from speaking with other groups that made their position known to the commission that there were many other suggestions. And I'm wondering about how the report has been put together regarding sort of the priorities. I would concur with you, Mr. Minister, that training and employment are key.

People who are recognized to be vulnerable — and that's another discussion I want to have after this question — that education and training and the ability to obtain employment that will ensure that you move to a level of income that allows you

to have, you know, the things that everybody wants, okay, that was high on everyone's agenda. And I know that it's . . . I don't want to imply that the typing and the order that it has been placed in the book is the priority order. And I'm wondering if you feel that training and employment are indeed of high priority.

Hon. Mr. Forbes: — Well I would observe, and I don't want to put words into Dr. Pearson's mouth about priorities and what she thought, but I know and I actually am looking at the dedication in the book, and she dedicated this to the vulnerable workers who took the time to meet with her and the commission.

And I think that she was struck by the challenges that low-income workers find themselves in Saskatchewan. And I think that while different people see the recommendations with different perspectives, I would think that as a low-income worker looking at this, the first recommendation that deals with minimum wage is a critical piece. Because I believe that no one should do a day's work without getting a fair wage. And I don't believe anybody should be working in poverty.

Now unfortunately too many people find themselves in that circumstance even though they are working. And so are there ways that we can do to meet this? I am happy to say that we have had a series of minimum wage increases and they seem to be well-received, but I would think that may be why they chose the order.

But I would observe and I think that many would agree that here in Saskatchewan that training is hugely important, hugely important, and it's one that as a government we can do an awful lot of good work in the area and we can work with employers in terms of providing training opportunities. This is very, very critical.

Mr. Krawetz: — Thank you, Mr. Minister. Mr. Minister, the report or the commission in its report I think identifies characterizations of or criteria that they see as areas that would place someone into the category of vulnerable. And I guess, Mr. Minister, before we go too far is, how do you and your officials define the person that would fit into the category of being called a vulnerable worker? Who is that?

Hon. Mr. Forbes: — I would say this — and as I read the document over, several times actually — I think that the commission talks about the context and the circumstances that surround their lives, workers. And this is what we can do to help. We can help with circumstances that people find themselves in for a variety of reasons. To delay work because we are trying to find a certain person who would meet a certain definition, I'm not sure if that's serving the people who are at risk, who find themselves in those circumstances.

So they do have a series of characterizations — chronically low paid, experiencing precarious employment with few opportunities. And they talk about training, lacking access to safe, affordable housing, all of those things. So we can do some things about that.

But I do appreciate the questions around definition because then that really becomes a question of eligibility, if there are certain

programs, i.e., housing that we're doing an awful lot of work around, the benefits that we have through Health for people who find themselves you know in terms of needing drugs that are hugely expensive, that type of thing. So in terms of eligibility that's important. But I would like to say that, you know, I've been inspired by people who say, let's get to work and do it. And we know there are things we can do. We can do training; we can do that and we know the results of that.

Mr. Krawetz: — Thank you, Mr. Minister. And I would agree with you that there are things that can be done that would not put us in a position of being a province that investors and other entities are looking at, at us in an unfavourable manner. That's critical.

And I think it's very important that people who are currently students or currently at low-level paying jobs have opportunity. That's essential. And, you know, when I looked at the recommendations — and there was discussions about pension plans and ensuring that those kinds of things were, you know, in place, I mean this province did have a Saskatchewan Pension Plan that was funded by both the employee and the government and that has changed.

So the question then is around the direction that your department takes with this report. Whether or not, you know, you implement a quarter of the recommendations or 100 per cent of the recommendations is not my question because you know that's going to take you a while. I think that what needs to be clear to everyone — people that are here in this province, the businesses, the employees, the people across Canada, they're looking at us — is that we don't create a position in this province that makes us less competitive with other areas, and in that way create greater vulnerability. And you know the last thing that we need to have created in this province is to perpetuate vulnerability. And I think that's critical.

So as you move forward, you know, in your response to this report — and you've indicated that that final report might not be available until the fall — as you look forward I urge you to be aware of those kinds of concerns of the people that have made those recommendations, that maybe are not contained in this report because the commission felt that they were less important. But I'm hearing from many different groups that there needs to be caution in how we move forward with this report.

And I guess my final question about this . . . are you hearing the same thing from groups that you're meeting with that are less supportive of this report?

Hon. Mr. Forbes: — No, I've heard that, as I've met with different groups and, you know, groups that were very interested in the future of the province, that this is a very significant document as it focuses our discussion about the future of Saskatchewan. And I think that, generally speaking, people are very excited about the whole issue around training.

But as we more fully understand the circumstances that vulnerable workers find themselves in . . . And we've made some very strong progress in some of the social programs that have not created a group or a segment that is stigmatized or blocked in. And I'm thinking particularly of housing.

And as you know, I represent Saskatoon Centre and I live in one of the five core communities. And there's been a lot of good work around housing and stabilizing communities. And we know the benefits of stabilizing communities is huge, where the kids do better in school. We know kids who stay in neighbourhoods and families who grow up and their kids grow up in neighbourhoods do much better. And if that can be supportive of families and parents who can work, then that's a good thing. And we don't think that is locking low-income workers into a circumstance.

But we're doing more work in all sorts of areas. So what I like about this document, it focuses the work of the government. And will there be challenges and will it take some time to enact all of these recommendations? That may happen. But I think that it was a very helpful report for us to have.

Mr. Krawetz: — Thank you, Mr. Minister. Mr. Minister, you know in many of the recommendations that we see coming forward . . . And I recall from a teaching career that was a long, long time ago that we used to, you know, there was a lot of discussion about the Aboriginal community, about what was needed in terms of ensuring that there be proper education systems in place for the Aboriginal community, that there be employment situations. That was 25, 30 years ago, and you know, we still are dealing with that, you know. And that is essential.

I think everyone in this province recognizes the potential that we have with our Aboriginal community. And whether we put in place skills training programs or whatever, we will end up as a province better off as a result of the concern, you know, of those kinds of developments. So we won't be arguing with that in terms of moving forward.

However, you know, the final product that you, as the minister, take regarding this report has to be seen as not suddenly taking a step backwards and then have, you know, zero growth in the economy because we create situations where businesses and/or potential employers look at this province and say, well because of those new changes, we're not going to invest in Saskatchewan.

Hon. Mr. Forbes: — Yes, I would say that now I don't know if you're talking about a specific recommendation, but particularly in terms of First Nations and Métis employees that there has been huge, significant growth, particularly in the North around the mining. The uranium mine companies have done phenomenal work in terms of making sure that they hire local northerners, and that's an important, important work.

Also the Public Service Commission actually was quite interested in the amount of good work that's actually happening there where its target is . . . where it's hit about 10 per cent and it's grown, actually doubled or tripled, in last 10 years.

So it's a challenge. It's an opportunity and a challenge. And I think that's what Dean Pearson really was saying, that this is something that we have to really . . . We have an opportunity here. And I appreciate what you're saying; we don't want to take a step back. The workplace is a complex circumstance, but we think that if we have a great workforce here, we have a huge potential.

Mr. Krawetz: — Thank you, Mr. Minister, and I concur with you. You know, I was pleased to hear in the last few days is that we've met with different groups that . . . you know that the trades union groups are looking at partnership programs. And as they look at improving on the current apprenticeship program, they're also you know, looking at partnerships that will allow them to not have a training centre here in what I'll call southern Saskatchewan.

They're looking at in fact moving, you know, the structure and creating a one-building approach where all the trades sectors can get their training in one specific location in the North to ensure that there are adequately trained people, number one. Number two, that it's not a, you know, a burden on people to get that training and to move forward.

And you know when we start to look at those kinds of positive suggestions those are things that you know, government has to ensure that they're not an obstacle — that government doesn't become the obstacle. So I'm encouraged by your response that in fact you're not going to look at the report of . . . the final recommendations that you put forward are not going to be something that can be seen as an impediment to improving the position of Saskatchewan.

Mr. Chair, my colleague, the member from Kelvington-Wadena, would like to ask a few questions.

The Chair: — Very good, Mr. Krawetz. Ms. Draude.

Ms. Draude: — Thank you very much, Mr. Chair. And to the minister and to his officials, I just came in to hear you talking about some of the opportunities we have with First Nations and I am also very pleased with some of the potential.

Yesterday when the federal budget came down there was a number of issues surrounding the First Nations. Has your department had the opportunity to see if there will be any federal flow-through of funds or programs from the federal level that will affect the provincial level — in your department specifically?

Hon. Mr. Forbes: — Not at this point. And I'm not sure whether you're referring to training dollars?

Ms. Draude: — Everything.

Hon. Mr. Forbes: — Everything. No, not at this point. But I would say that we hope and you know, we think that with having MPs [Member of Parliament], and we recognize that there's a minister from Saskatchewan, that we have some unique opportunities here in Saskatchewan. So we'll be talking to them. But I can't speak to your specific comment about the budget yesterday. But so . . .

Ms. Draude: — Thank you, Mr. Minister. I know that with the training allowances that were suggested and through some of the provincial Aboriginal training programs, I was thinking there might have been something.

Hon. Mr. Forbes: — I would say the two points to that. One might be that whether it's through Advanced Education and that would be the tie-in, or through First Nations and Métis

Relations and as well through Community Resources and that type of thing, but . . .

Ms. Draude: — Thank you, Mr. Minister.

Hon. Mr. Forbes: — Okay.

Ms. Draude: — That's not the question that I had though. That was just a comment. Thank you. My question is regarding, it's a specific case for workers' compensation and so . . . And I'm not, it's not that I'm going to ask about this person in particular, I just need to know a little bit about the way the Act works.

I dealt with CPP [Canada Pension Plan] disability in the last 11 years since I've been elected and I know that you don't get total CPP disability very easily. It has to be determined that people really are not capable of working.

So this individual had the Workers' Compensation medical review panel find him not capable of work and then, after some time, CPP considered him totally disabled and he's paid a CPP disability. So based on this, my question is, how can the Workers' Compensation Board find him capable of working four days a week at minimum wage and deduct the estimated earnings off his independence allowance?

Hon. Mr. Forbes: — Yes. I would say that while you've done, you've protected the person's identity, it seems like you're asking a specific question about a specific person and I don't think we should answer that question.

Ms. Draude: — Okay then. Maybe in a broader, in a broader sense then. If somebody . . . If a medical review panel finds somebody not capable of working, can the Workers' Compensation Board find that person capable of working in a lesser amount of time and deduct it off of an independence allowance?

Hon. Mr. Forbes: — I'm going to ask Peter to give more of a fuller, specific answer to this in terms of that. But I do understand that if it goes before the medical review panel and they do deem that there is some earning capacity there, then that may happen. But they would still be eligible for their injury wage that had been determined earlier. But I'll get Peter to give you the specific . . . Is that helpful?

Ms. Draude: — Yes. I'm just going to clarify that the medical review panel did find him not capable of working, but the board themselves decided that he was capable of working four days a week at minimum wage. So I'm just wondering, when . . . does the Workers' Compensation Board have to listen to the findings of the medical review panel, or why bother having them?

Hon. Mr. Forbes: — This is an important question especially when you deal with this type of thing. So the medical review panel's decision is binding but there also . . . It's very important to understand that they have specific parameters around their decision. So this is problematic in the sense I can't comment on this . . . and again I can't comment on this specific thing. But I would suggest that if you have some specific questions, Peter would be happy to help you. He could talk with you afterwards about that particular case.

Ms. Draude: — I will be pleased to talk to Peter later. But I guess it has to be a black and white answer. Either they have to listen to the review panel or they don't. I mean, I guess it makes it difficult for someone who is fighting or trying to get disability to understand if they work their way up the process, and we know there is a process to get compensation, when can they feel like they actually are going to be able count on getting these payments? And it's something that . . . I will talk to him about this specific case but I do want to know. I believe it's section 99 of the Act, isn't it where this discussion . . . okay.

And the other thing that I do want to bring up, and I know that it's been brought up to a number of ministers, but I do know that when figuring out an independence allowance, the taxes are deducted on the gross earnings. And then when figuring out the capability of how much money that they could make, CPP, UI [unemployment insurance], and taxes are taken off and then it's times by the 90 per cent net earnings to come up with the figure, and then they subtract the estimated capable earnings to come up with the amount of money they're going to make.

So basically what happens is there's double taxation. They're taking the basic amount and take the taxes, and then again they deduct that from the amount of money that they are able to make. I am concerned that basically these people have the CPP, the income tax, and the EI [employment insurance] deducted twice. And I'm sure that Peter for sure has heard this a number of times.

Mr. Federko: — For clarity I believe you're referring to wage loss benefits as opposed to independence allowance. Independence allowance is a specific benefit that is tied to the degree of disability and relates to an individual's inability to provide for the daily necessities, like taking care of the home or cutting the lawn and that sort of thing.

But I believe what you're referring to is wage loss. The Act requires that we deduct what the probable deductions for income tax, employment insurance, and Canada pension are from the gross earnings — oversimplifying it perhaps, but from the gross earnings for purposes of discussion — in arriving at what the wage base would be in order to determine what you apply the 90 per cent to.

The same would happen if an individual is deemed to earn, let's say a minimum wage. So if the pre-injury wage . . . If the wage at the time of the injury was \$10 an hour and they were only capable of earning 10 . . . I'm sorry. If the pre-injury wage was \$20 an hour, they were only capable of earning \$10 after their injury, then we would basically take the \$10 and then subtract the probable . . . the net \$10 and subtract the probable deductions from that in determining their eligibility for a 90 per cent benefit.

The way the tables are set up is confusing, and I know it gives the impression that it is being taken off twice, but in both instances we're starting with the gross wages and taking probable deductions off to determine what the net loss of take-home pay is and then applying the 90 per cent to that.

Ms. Draude: — But the 90 per cent is the net earnings. I guess I do have a difficult time understanding how that comes about, but I know that it's been spoken about many times and it's

probably something that your board fights with or discusses many times.

The one other area that I do want to comment on is people who are disabled at an earlier age. Does Workers' Compensation pay into CPP for them and do they pay both sides, not only for the employee but the . . . Or do they pay the employer's share?

Mr. Federko: — No, we do not physically deduct or take withholdings of income tax, Canada pension, or employment insurance off of wages. The probable deductions for those benefits are only for purposes of the calculation of the benefit entitlement. So we're not actually stepping into the shoes of the employer and issuing a payroll cheque. We're providing for simply wage loss benefits. So we don't physically deduct Canada pension and match it and send it in.

What the calculation and the legislation is intended to do is to estimate what the individual's loss of net take-home pay would be as a result of the injury. And so for those purposes, we take off what the likely deductions for income tax, Canada pension, and employment insurance are, but we're not paying them a gross wage. We're only determining their wage loss benefit based on what their loss of net take-home pay is. And so because we're not physically deducting it off of a gross wage that they're entitled to, we are not remitting income tax nor Canada pension nor employment insurance on behalf of the injured worker.

Ms. Draude: — But, Mr. Minister, or to Peter, if you're taking that off, then they're not getting . . . they don't have the money to pay it in themselves either. And if I'm injured at the age of 55 and my wage is cut back because you're taking off this amount of money, by the time I do get my pension at the age of 65, there's 10 years where I've actually been . . . the money has been taken off my paycheque because it supposedly has been paid in, but it hasn't been. So not only do I not have the money to pay it in myself, I'm missing the employee and the employer share. I would wonder if this hasn't been taken to Revenue Canada.

Mr. Federko: — For what we would consider to be seriously injured workers — so in your example someone who is off for 10 years — any worker who's received 24 consecutive months of benefits from us in the 25th month receives an additional 10 per cent of the benefits paid to date plus all benefits paid in the future set aside into what we call an annuity fund which we hold at the board as part of our investments and accrue interest on.

At age 65, the individual is required to take that annuity, the amount that's in that annuity fund, and purchase a retirement annuity with it which can be combined with certain of their other investments. If they have retirement savings plans that qualify for example, they could be rolled together to purchase annuities, or the amount in the annuity fund would pay a pension that would serve to supplement what they would receive from Canada pension.

So while we are not making contributions for Canada pension, for those workers who have been with us for at least 24 months, we are setting an additional 10 per cent aside. So if someone is receiving \$1,000 a month, we are paying them the 1,000 plus

setting another \$100 a month aside — accumulating that, paying interest on it, and then paying that out to them at age 65.

Ms. Draude: — My colleague wants to take over because I know he's going to ask some questions on this too.

If this person pays in after 24 months for 2 or 3 or 10 years and then dies before 65, the amount of money that's left in that fund, does it go to somebody, first of all? And secondly, is the money that's in this fund, does it receive at least the same amount of money and interest on a yearly basis as the Canada pension fund builds up so that they get an equal amount of money? Thank you.

Mr. Federko: — Okay. So the first part of the question was, what if someone dies before they're 65 years old? It will depend on whether they have a surviving spouse because under our Act that surviving spouse is also entitled to a minimum of five years benefits and also entitled to continue with the annuity if they in fact receive 24 consecutive months of survivor benefits. So if there is a surviving spouse, then that spouse may be entitled to benefits under our Act, may be entitled to further annuities, and upon the spouse reaching age 65 would receive both the annuity of the deceased worker as well as the annuity that would have been accumulated by the surviving spouse.

If there is no surviving spouse then it would simply go into the estate of the worker and be distributed accordingly.

Mr. Krawetz: — Thank you, Mr. Chair. My colleague has identified an area of concern that I know you, Mr. Federko, and I have had discussions about and probably takes up most of my time as Labour critic. And I'm sure, Mr. Minister, that you also receive those calls. There is a lack of understanding, I think, very clearly by people who believe that they are being double charged and double deducted, and that in fact they are somehow . . . WCB is fraudulently taking away money. And I've tried to explain that and I think, Mr. Federko, and through you, Mr. Minister, to Mr. Federko, an explanation about probable deductions.

And I know you began, I mean, in your comments a few minutes ago to the member from Kelvington-Wadena, you stated that, you know, there's really no money that's suddenly taken away and put aside into a WCB bank account of CPP and EI and income tax. I mean that just isn't there. What is reality is that the amount of money that now is going to be allocated to an injured worker is based on the net earnings that they are losing from employment. What it does of course is that if you looked at the gross earnings, it's smaller than and therefore the cost of maintaining that amount of payment to that injured worker is less than the gross. That's the simple way of putting it.

I had the opportunity to meet with many of your officials, Mr. Federko, about getting a clearer picture about when someone is set on an amount of payment due to being completely off work to begin with, and then through rehabilitation after one year or two years or three years they now suddenly are able to work at some amount of work, whether that be halftime or whether that be at a job that's now deemed to be earning minimum wage.

The difficulty that workers that call my office is that they feel that they have, as my colleague said, double deduction. They

don't understand that the amount of money that was previously determined — and, you know, whatever that money is, if it's \$2,000 and the deductions — the probable deductions are applied to that amount, and now you are able to earn a sum of money at a lower paying amount of hours and a lower paying job and you're now eligible to earn \$500. That it is the difference between the net of 2,000 with the 90 per cent factor thrown in and the \$500 net with the factors thrown in and the 90 per cent factor as well. And that's the part that just . . .

And I know you know the names of the individuals who are concerned about this. They believe that this is not correct. And you know, I have tried to explain some of those things. But I listened to your answer today and that might be helpful in, you know, sharing that information with people that do have the concern as my colleague is . . .

And by the way, her case is different than the cases that have been brought to my attention even though that I know the gentleman has contacted me as well.

So I encourage your officials to develop a clear way of communicating with people. And whether that's through their case workers — I don't know whether that's the appropriate means of delivering that type of education — or whether it's through the fair practices office because I'm sure that they hear about them as well. But that is an area that I would suggest is something that your department needs to work on.

Hon. Mr. Forbes: — Well I would make a comment, and I would say I would make a comment also on the member's statement in the House today about North American Occupational Safety and Health Week. And I was at an event this morning about occupational health and safety. The local construction association had put on a pancake breakfast. And interestingly last year they had sold 500 tickets. This year there are 1,500 tickets sold.

And so I had a chance to take a walk around to the different booths, and it was very interesting. And I've been picking up some of the brochures that Sask Labour hands out and that Workers' Compensation Board hands out to people so they know the processes and that type of thing.

And I think that the point is well made so people can understand this. I mean, the goal of any organization is to be transparent and explain how do they come to different calculations. And so sometimes that can be challenging. But I think that they work very hard, and I was very impressed today at the Workers' Compensation Board booth because they're working very hard to explain to working men and women what might happen and how do they access, you know, the services.

Mr. Krawetz: — I appreciate those comments, Mr. Minister, and I'm sure that the WCB and the labour force group also, you know, is appreciative of those comments. Many times people are not complimented enough when they do good work.

Through you, Mr. Minister, to Mr. Federko: you raised one concern that has been brought to my attention. In fact it is a file that has to come to me all the way from Nova Scotia, and you might be familiar with that file. And it's regarding surviving spouses and apparently the difference between Saskatchewan

and other provinces. And I'd ask you, Mr. Federko, if you could comment. It was my understanding that Saskatchewan is either the only province or one of few provinces who still deduct the potential earnings that a surviving spouse might be entitled to from the payment that was due to a spouse that has either been killed or has passed on. Is that true?

Mr. Federko: — Well I believe your assessment of how our legislation works is correct. I cannot say with certainty however how that compares with other jurisdictions. We can certainly get that through our national association, and I would be happy to get that particular information for you.

Mr. Krawetz: — Thank you, Mr. Federko. Mr. Federko, one of the recommendations that I looked at, I think, of the last report, or maybe it was the '96 report that I was faxed a page that suggested that it's time for Saskatchewan to move. And I did check, and Alberta does have this, that they do not deduct the CPP benefits. And I note that in your answer to my colleague when you said that a surviving spouse would be eligible for at least five years of benefits and then that CPP annuity fund that was set aside would be theirs if they were a surviving spouse, or it would go to the estate. Are there deductions from that individual on the basis of probable earnings that that person might be eligible to earn?

Mr. Federko: — Are you referring to the wage loss benefits that the surviving spouse would continue to receive or the annuity?

Mr. Krawetz: — I'm referring to both instances. The situation that I will bring to your attention on an individual basis — I don't want to mention any names — is that there is concern that the person who has passed on or actually was killed on the job, that the surviving benefit now, the individual is having that amount of money that was due to that individual, the surviving spouse, there are deductions from that for probable earnings or potential earnings. Even though the person is now claiming . . . And I think that's the sort of disagreement with WCB is that person is not eligible to earn anything according to the doctor because they are totally disabled.

So now you have the situation where the person who was supposed to receive a spousal benefit because a worker has . . . there has been a fatality of a worker, and now the WCB has ruled that there still is going to be potential earnings that must be subtracted. Is that the position that Saskatchewan WCB takes?

Mr. Federko: — The legislation is quite specific on the spousal benefits. So essentially what the legislation says is the surviving spouse is entitled to what the worker would have continued to receive, had the worker continued to live and receive workers' compensation benefits.

So it is based on the earnings of the deceased worker and the probable deductions that the deceased worker would have faced. And 90 per cent of that net amount is then what the surviving spouse would have been entitled to receive. So it's quite specific in the legislation that it's based on the probable wage loss of the worker based on the earnings at time of death.

Mr. Krawetz: — Mr. Minister, through to Mr. Federko, are

you referring to the section, I believe it's section 83 of the Act, that indicates that from the . . . when the expiration of the entitlement is there, then the deductions that will be made . . . I think it reads that the difference between the amount of monthly allowance that would be payable if the dependent spouse were entitled to that allowance; and then (b) the earnings that the dependent spouse is earning from employment. Is that what you're referring to?

Mr. Federko: — No. What I was referring to is the basic spousal entitlement. And the minimum, the initial entitlement of a surviving spouse upon the death of a worker is simply based on the wage base of the worker at the date, on the date of death. And so in determining what the surviving spouse benefit would be, we take the probable deductions that the deceased worker would have had from the gross earnings of the worker at the date of death and 90 per cent of that net amount would be what the surviving spouse is entitled to.

Mr. Krawetz: — And then, Mr. Federko, what other deductions would now take place to that, you know, that amount of money that's left after dealing with the conditions that the worker had? And you know . . . and I understand that. Now if that money is . . . and there is a surviving spouse, what further deductions will be done to that net sum of money?

Mr. Federko: — Just having a quick look at the Act here. I won't say with 100 per cent certainty, but I would say just at a very quick read, that for that first five-year period I don't believe that any further deductions are taken off the net amount that would have been earned by the deceased worker except to the extent that . . . And I'll provide you with a clear response if that's all right, Minister, in writing. But the earnings of the surviving spouse do come into effect later on in determining what the wage, continuing wage loss payments would be.

So if there are surviving dependants, for example, there's eligibility for benefits that extend to as long as the youngest child is under the age of 16 and so on and so forth. Or if they go on to school there are continuing benefits. And it's when those other parameters start kicking in that we start looking at the earning capacity of the surviving spouse.

If the surviving spouse is not working, I can say with certainty, there are no further deductions taken off the benefits payable to the surviving spouse. So if the injured worker were earning X dollars on the date of death, we would simply take from that gross amount the probable deductions that the worker would have paid for income tax, Canada pension, employment insurance, determine the net earnings amount and pay the surviving spouse 90 per cent of that, subject to the rules in section 83. You'll see the 75 per cent and 4.33 per cent and so on and so forth.

But perhaps oversimplifying it, the spouse with no other earnings would receive what the worker would have received had they not died.

Mr. Krawetz: — The situation, and I understand that the concerns that you've just identified regarding children was true in this case, that there was a child who stayed in school until 18.

But at the moment that the child became 18, the spousal benefit

that was payable and was being paid, the individual now was deemed capable of earning a minimum wage job, even though she was not working. And in fact medically — if in fact the information I have is accurate and that's the situation — she is incapable of working. Yet WCB is now saying, you are deemed capable of earning a minimum wage job and we are going to subtract that money now that was paid on behalf of the deceased spouse.

Hon. Mr. Forbes: — I would say to the member that . . . I want to thank Peter for the general answers, but I think we're getting into specifics of a specific case. And so that . . . And as minister I have to be arm's length, but if you want to continue discussing with Peter this specific case, I think that would be best.

Mr. Krawetz: — Thank you, Mr. Minister. I will leave that case alone and Mr. Federko and I can . . . I can supply him the information and then see what advice can be given.

This is an individual case but it is broad in nature in that I want to get a clear interpretation of policy regarding permanent functional impairment. And the case is an older case where there's been at least two claims on a worker injured in the 1990s, when permanent functional impairment is determined at one stage, early 2001, and then two, three years later there is another review due to medical evidence and the permanent functional impairment is now changed to a higher level. And now the individual has been told that there will be deductions and in fact benefits have ceased in one instance because the person is deemed to be capable of full-time work. They have appealed it.

And I'm wondering what steps are there to follow to ensure that the proper appeal procedure is followed by this individual, who is now awaiting surgery, because the doctor has deemed her to be you know, 100 per cent unemployable. And yet WCB is now not continuing with her benefits because the permanent functional impairment . . . There isn't enough evidence I guess, Mr. Federko — is what she's been told — that in fact she's not capable of working.

Yet there are things like, her driver's licence has been suspended for 18 months by a physician because of the medication she's taking. She's not eligible to drive. Her doctor and a specialist are going to proceed with the next back surgery, yet she's been denied benefits.

And I'm wondering what appeal procedures should be there for those kinds of people who find themselves in that kind of a predicament where benefits have been cut and now they seem to be at the end of . . . exhausting all of their avenues of appeal.

Hon. Mr. Forbes: — To the member, again I appreciate the question and the . . . It concerns me still that there is some specifics to a specific case. But I think we can be helpful in terms of what are the steps and what might be and we'll keep it to a general discussion at that. And so I'll ask Peter to talk about what the steps are that are available when discussing permanent functional assessment, that type of thing. Thanks.

Mr. Federko: — Firstly perhaps just let me say that it's not unusual for an individual perhaps to receive a permanent functional impairment award and yet no wage loss payment. So

for example the permanent functional impairment award is there to recognize that there has been a permanent loss of ability in some way. So perhaps an oversimplified example, if I were to lose a thumb, I would receive a permanent functional impairment award — a lump sum award. But because of my job I could perhaps still earn the same wages that I earned prior to losing my thumb so there would be no wage loss.

It's also conceivable that a person's condition could deteriorate such that they would have a larger impairment award but still not have a wage loss award. So it's not totally inconceivable that that could happen. If there is no wage loss there could still be entitlement for permanent functional impairment.

With respect to the appeal procedure, though, I would, if the individual has done so already, I would strongly encourage that they ask the team leader or case . . . or director of the area to have a specific look at this. Talk to the fair practices officer as well to have a look.

Once entering the appeal process of course there are the services of the Worker's Advocate's office that can always help you through the appeal process. However what is available within our organization, if after having gone through the case manager, or and team leader, director, and/or talked to the fair practices officer, they can launch a formal appeal. They must do so in writing to the appeal committee who will consider the decision. If they are not pleased with that decision they can then appeal to the board and, as we discussed a little bit earlier, if they are not pleased with the board's decision and there is an underlying medical condition that needs to be addressed, then they can apply for a medical review panel and have that panel make a determination as well.

Mr. Krawetz: — Thank you, Mr. Federko. When you said director, team leader, is that one and the same person?

Mr. Federko: — No, they are different people. So the team leader . . . Our province is split into seven teams geographically, so we have four teams in the South and three in Saskatoon. So there will be a team leader for Northeast, North Central, Northwest, responsible for that team, and then there'll be a director for the entire North. So there's a director of case management north that you could speak to if it's a Saskatoon claim, or case management south if it's a Regina or southern . . . south of Davidson client.

Mr. Krawetz: — Would you be able to give me the names of those two directors?

Mr. Federko: — Certainly. The Saskatoon director is Darrell Bower, and the Regina director is Grant Van Eaton.

Mr. Krawetz: — Thank you very much, Mr. Federko. And my final question regarding cases like this, if a medical review panel has met and issued a report once, can it be reconvened for the same purpose? And what circumstances must come into play before an MRP [medical review panel] will occur again?

Mr. Federko: — I'm not certain, and I will get you the answer. However I do know that for every medical review panel, there must be medical certificate that is issued by either physician or chiropractor specifying what the underlying, unanswered, or

disputed medical question is.

So I suppose if there was additional evidence that the certifying caregiver could provide that was in addition to what the initial evidence was when the first medical certificate was issued, I suppose the board could consider reconvening another medical review panel to consider the same issue. But if the medical information is virtually identical, I would be surprised if another panel would be convened. But I will find out and pass that on to you, Minister.

Mr. Krawetz: — Thank you. Then, Mr. Minister, what I'm looking for is to be able to provide guidance to people because if someone has had a MRP in 2002 that indicated that this is, you know, this was the condition that the MRP has felt was in place in 2002 at 20 per cent PFI [permanent functional impairment], and now there is a further back surgery and specialist data that now comes into play. And I know you've said this before, Mr. Federko, that when new evidence, new medical evidence comes forth that there should be, there is the ability to appeal.

And I'm wondering who is that done through. Is that done through the case worker? Is that done through your office? Is that done through the minister's office? What should this person do when in fact surgery has been completed and now there's, you know, there's a need for a new MRP?

Hon. Mr. Forbes: — In terms of an MRP, a medical review panel, that is determined by the board. So the request would have to go to the board, yes.

Mr. Krawetz: — Thank you for clarifying that. I appreciate that. I know, Mr. Minister, we don't have a lot of time. Time has slipped by so quickly today, and there's so many other topics.

One of the things though that I would like to get clarification on is, within the Labour estimates there is money set aside for labour relations and mediation. And it indicates that, you know, the job is there to provide conciliation and mediation services. And as I drive down Albert street, I notice that there are still, you know, there still is a union that is on strike. I'm wondering, Mr. Minister, and I've been asked this by people in the city of Regina, has the Department of Labour been asked by either the employer or the union to provide assistance in conciliation or mediation or anything of that sort to deal with the current dispute at Sobeys.

Hon. Mr. Forbes: — I was just consulting with my deputy minister, and I had understood that they have been involved over the course of time. And we do provide services. Of course parties have to be wanting the services, and this is the case. But I'll ask Bill to give more specifics about this specific case that you're asking about.

Mr. Craik: — Yes, I spoke to our director of labour relations about this matter just last week. And as of last Friday, it was not a common position by the employer and the employee to have further mediation. But our office has provided assistance to both the employer and the employee going back into the fall when they first asked for assistance, and I believe the Labour Relations Board ordered a vote at one point in time in

November. So there has been assistance provided by our department. There has been a vote ordered by the Labour Relations Board, I believe, that was in around November. Most recently, a request only by one party, not by both and we need the consent of both parties.

Mr. Krawetz: — Mr. Minister, is your department involved in any other labour disputes that are currently in the province? Or has your department not asked, has not been asked to assist in any other disputes.

Hon. Mr. Forbes: — I'll ask Bill to give you the details on the ones that we're involved with right now.

Mr. Craik: — There is an outstanding dispute currently in Swift Current. It's been a long-standing dispute involving a motel, and the union is RWDSU [Retail, Wholesale and Department Store Union]. And our office has provided assistance to that group on several occasions.

There are other disputes that are not as public, and I'd prefer, you know, not to mention them by name. But there has been disputes in other towns where our labour relations director has gone to meet with the parties or with one side of the parties on many occasions. I'm thinking of Estevan and Moose Jaw most recently, a couple of areas that are outstanding.

So those are the most current ones. I think there's some others that they're often involved successfully in disputes that don't reach the public, you know, don't reach the papers. And there's currently at least one dispute in Swift Current where the director of labour relations spent three days of the last month working with both sides trying to get them to continue discussions.

Mr. Krawetz: — Thank you, Mr. Craik. Mr. Craik, based on what you have seen over whether it's the calendar year or the fiscal year of government, would you have any evaluation as to whether or not your department is less involved or more involved in all of those, even though they may be minor in nature? Are there less disputes that are occurring in the province, or are there more in this last year?

Mr. Craik: — My overall sense, without kind of . . . I don't have any statistical data to back that up at this moment, but I think my overall sense is that there's less overall disputes right now and that there was maybe two years ago.

I might want to add that there's some of the assistance we provide isn't just the mediation. Some of it's the conciliation variety, and so different skill sets from different individuals from the labour relations and mediation department. They provide conciliation. They provide mediation.

I know that they've been very busy, and my director wasn't able to take very many holidays last year. And I know that impacts our financial statement. So I'd say that overall, they've been very busy the last 12 months but have been able to manage the workload.

Hon. Mr. Forbes: — If I could highlight . . . I mean, I was just talking with the officials here. One of the highlights that the department in this particular branch does, it's interesting. One

area that I have a particular interest is interspace bargaining, and this is one that has been growing steadily. And I understand that as of March 20 that we were involved in some 45 different workplaces working on good solutions to these kind of issues.

Mr. Krawetz: — Mr. Minister, still connected to that and to Mr. Craik, in the labour relations and mediations (LA07), the request is for an additional \$23,000 and you have indicated that your official was unable to take holiday time because they were quite busy during the last year. Is that additional monies for additional people, or is it additional salary increases? Is this a straightforward increase for the staff that you already have in that department?

Hon. Mr. Forbes: — Yes, I understand that most of the 23,000 is salary adjustment.

Mr. Krawetz: — Mr. Minister, based on the salaries of '05-06 at 394,000 and being increased to 417,000 I see that as about a \$23,000 increase and that makes a fairly significant percentage. Would that be due to reclassification of some employees into new sectors because I don't think that that would be the increase that has been there.

Hon. Mr. Forbes: — I'll get Jim to speak to this specific question.

Mr. Nicol: — I think it's fair to say, sir, that the majority of that money is from either the standard salary increases that were awarded to staff. There also is a very large reclassification exercise across government this year, so that's primarily where those increases were.

And I think we also recognize that we also have some contractual services that the division undertakes, sometimes hiring a mediator or a conciliator just for a very short period of time. So I believe it's fair to say that some of the money is tied up in there. And the remainder would be just some general inflationary operating costs because a lot of the employees in this division do extensive travel, lots of overnights. They work some very irregular hours.

Mr. Krawetz: — Thank you, Mr. Nicol. In the category of salaries did I hear you correct in saying that if you contracted somebody for some short-term work on a contract basis, that that would be in the category of salaries or would that be in the category of supplier and other payments?

Mr. Nicol: — I think it's fair to say I perhaps was incorrectly stated. It is in other expenses, yes.

Mr. Krawetz: — And my final question, Mr. Minister. The staffing component, the full-time equivalent for all of the Department of Labour's 178.3, could you indicate to me how many people are actually in this category of providing labour relations and mediation that earn that \$417,000? Is there a breakdown of the staffing component of all divisions so that I could see where the 178.3 full-time equivalents are placed?

Hon. Mr. Forbes: — All right. Yes, we have those details, and we'll supply the answer to you. Thank you.

Mr. Krawetz: — Thank you, Mr. Minister, and Mr. Chair. I

just want to indicate that you know the last time we had estimates, Labour estimates, there were a number of . . . there was a lot of information that I had requested, and I want to thank you for supplying that information through the Chair to me. And I look forward to the completion of some material from WCB and from Mr. Nicol as well.

And I know that it is past the time allotted to us. So with that, Mr. Chair, I'll say that we'll conclude tonight and meet again.

The Chair: — Thank you very much, Mr. Krawetz. Thanks to the minister and his officials. If you have any closing comments.

Hon. Mr. Forbes: — Well yes. And I would just like to thank my officials for their support and answers and look forward to meeting again to talk more about labour issues. Thank you.

The Chair: — Thank you very much, Mr. Minister. Thank you to your officials. This committee stands adjourned.

[The committee adjourned at 18:32.]