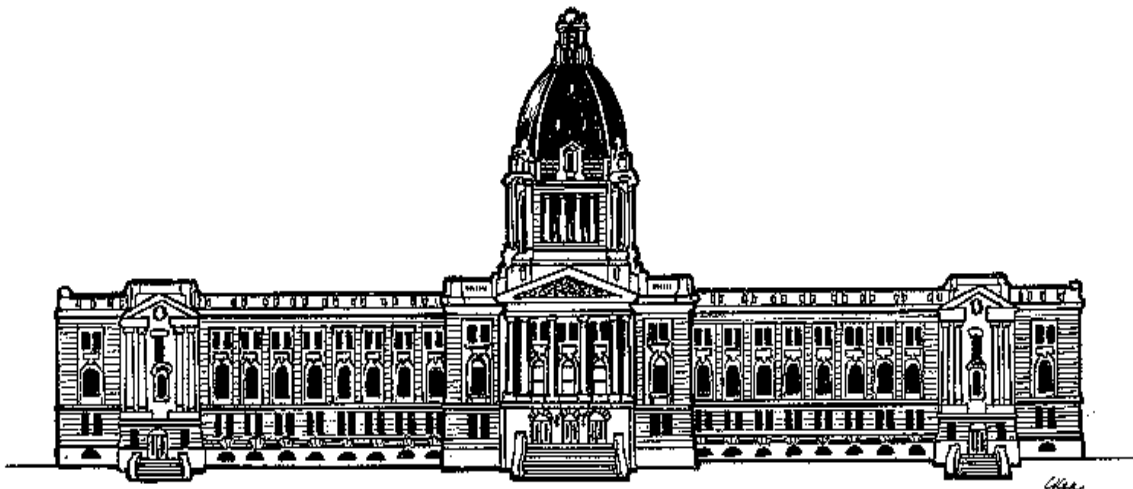




STANDING COMMITTEE ON THE ECONOMY

Hansard Verbatim Report

No. 11 – May 8, 2008



Legislative Assembly of Saskatchewan

Twenty-sixth Legislature

STANDING COMMITTEE ON THE ECONOMY

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Prince Albert Northcote

Mr. Jeremy Harrison
Meadow Lake

Mr. Warren Michelson
Moose Jaw North

Ms. Laura Ross
Regina Qu'Appelle Valley

Ms. Nadine Wilson
Saskatchewan Rivers

[The committee met at 14:58.]

Bill No. 2 — The Enterprise Saskatchewan Act

Clause 1

The Chair: — I'd like to call the meeting to order, please. We're here to continue consideration of Bill No. 2, The Enterprise Saskatchewan Act, and I see the minister has the same officials with Mr. Botting so I don't think any introductions are needed. And do you have any remarks, Mr. Minister, that you'd like to make before questioning?

Hon. Mr. Stewart: — No, thank you very much, Mr. Chair. We'll just go straight to questions.

The Chair: — Mr. Quennell.

Mr. Quennell: — Thank you, Mr. Chair, and I want to thank the Chair, members of the committee, and the minister and Mr. Botting for your indulgence. The misunderstanding about time was all mine and I will try to move as expeditiously as I can through the balance of the areas I want to cover.

So to section 7 — and we won't cover every section; we'll skip over a few after this. And we discussed this in respect, I think, to strategic issue councils or sector teams, I think strategic issue councils. And this term of two years and then I think no more than four years, as the section lays out, because not more than two consecutive terms can be served — and I asked the question in respect to strategic issue councils as to the brevity of this term. And the minister may have the same answer here, but I'll explain what my concern is. Maybe it's twofold. And the minister might address, if he wishes, those concerns.

One is that it is a very short time in which to become familiar with complex matters. I appreciate that all the members of the board bring expertise from the various parts of the economy and society that they're involved in but have I think much to learn from each other and much to learn about the economy as a whole, even at the level that these appointments have been made.

And I know, when talking to municipal leaders whose terms are three years that they think that's a fairly short term to become familiar with their responsibilities, particularly the first term, and these people are limited, really, to four years in total at best. And I don't know. Maybe the minister's never heard a mayor or a councillor suggest that maybe they should have the same four-year terms that MLAs [Member of the Legislative Assembly] traditionally have because three years is such a short period.

And I've also served three years on the board of governors of the University of Saskatchewan, so I have personal experience with the learning curve that comes when you are taking on the governing of a complex institution even of that size, and here we're talking about the provincial economy. So that's my first concern is just that it's, even the two consecutive terms add up to a fairly short period of time, and some of that's learning time.

My second concern is that we see an excellent board now, but

the government could have an entirely different board in place within two years. And I almost have the sense — I don't mean to be provocative again — but I almost have the sense that they sort of have everybody on a short probation period with the shortness of the terms, and that people who don't sort of fall in with the government philosophy, some of them may not be there a year from now and others may not be there two years from now. So there's not that security of tenure and there's not that time for the learning process before one can make a full contribution. Those are my two concerns about it.

And I assume the government gave this some thought as to the length of the term, have gone what is shorter than traditional. And I think it would be worthwhile getting on the record some response to those two criticisms I've made.

Hon. Mr. Stewart: — Thank you, Mr. Quennell, for the question. I think it's a reasonable question. We certainly grappled with that, and the balance that we think we achieved is one between asking these high . . . if I can refer to them as top-notch, high calibre type of people to serve for what may seem in their busy lives like an eternity, and balanced with the fact, as the member states, that there is a bit of a learning curve even for people at this level of ability and experience. And so that's how we came to this.

Plus we wanted to stagger the expiry times on the terms so that we wouldn't lose an entire board at the same time. So generally speaking, the members will expect either three- or four-year terms. Three, granted I have heard the criticism, and I have sat on school boards and municipal councils where three did seem, you know, on the short side. Four is what we serve here in the legislature. Those are the durations of term that we came up with.

And I think in a perfect world we would have liked to have chosen four-year terms for all members, but we wanted to deal with the issue of having too many members' terms expire at the same time and starting over with another board with no experience. So we split it between three- and four-year potential terms. And that's more or less the reasoning behind it, unless Mr. Botting has something to add to that.

Mr. Botting: — No, I think that is the answer, Minister. It is a challenge. We know for very high-profile people, as the minister said, two years by itself can be difficult to take people away from their other union or corporate or other responsibilities, and so . . . They've even said that, to express that to ourselves, but they're very keen on of course the valuable contribution of time they're giving us. And they can be for another two-year potentially renewable, and so they could go as far as four. That is a process we haven't come to yet, but that's deliberately why the Bill does allow for that added provision. They could go in some cases high as four.

Certainly there's, in terms of an evaluation, that's not the intent in any way. The board itself will conduct, as good governance, an evaluative process of their contributions, and they're going to do it through largely a self-evaluation process. That's just a normal governance policy we've been looking at through the Institute of Corporate Directors and things like that.

Mr. Quennell: — A supplementary to my question. Every year because of the staggered two-year terms, every year you're going to have six members' term end and then at some point people aren't going to be eligible again for reappointment anyways. So the day's going to be coming when you are every year appointing new members to the board because of these staggered, short two-year terms.

Is the government committed to going through the same nomination process with the points and evaluations? It was no small deal. Are you committed to doing that on an annual basis for three, four, five, up to six positions?

Hon. Mr. Stewart: — Yes, we are. A process that may be refined to some extent but a very similar process to what we did. We'll at least know when those expiry dates — if we can call them that — are approaching and be able to govern ourselves accordingly and start the process in plenty of time to have members to fill the slots left vacant by retiring members.

Mr. Quennell: — Okay. Briefly, another choice the government made in the drafting . . . In the legislature I had asked questions in question period back in the fall sitting when we didn't have the legislation yet and the opposition certainly didn't know what this was going to look like. We had a lot of discussions from the political party that formed the government, including the leader, and they weren't entirely consistent with each other. And I guess to put it in the best terms the minister might put it in, the thinking about Enterprise Saskatchewan was evolving as opposed to there being contradictory messages about what it would be.

But at that time when I raised the issue, the minister advised patience on my part. And the Premier and I think the minister as well held up as models of what we would see STEP [Saskatchewan Trade and Export Partnership] and the Tourism Authority.

Now I believe that in the Tourism Authority legislation, the board is made up not only of members selected from certain types of organizations, but members selected from and by those organizations. And the government said with Enterprise Saskatchewan they wanted to remove politics from these discussions. So why is the decision made that the government, by whatever selection process, would do the selection as opposed to the alternative the government seems to have rejected here — well it did reject here — to have the organizations select their representatives on the board?

Hon. Mr. Stewart: — Thank you, Mr. Quennell. With regard to organizations like Tourism and STEP, they are member-based organizations and so it's a different . . . Government is not a member-based organization unless you want to get very political, and that's not what we want to do. So we had to, since we're not member-based like Tourism and STEP are — and they choose from their members — we had to develop a process to choose the people to serve on the board.

And I believe we developed a good one, a scoring process where the members are rated on several different areas, and I think the results speak for themselves. We have a terrific board in place, and I think they're doing good work.

Mr. Quennell: — I don't want to get into a debate about the outcome. I know many of the board members, and I think the outcome is more than defensible. And I don't know if the minister would have anything to add, but there was a lot of talk about this being unique and drawing from the community and taking out politics.

But the government, when it came down to the crunch, opted for a somewhat conventional advisory council process where you choose advisers from different interest groups around. And it's, you know, a big wide selection because the interest here is the economy and not just oh, disabilities or some aspect of agriculture or whatever. So it's got to be a broadly based committee. But it's not so much a hybrid with community involvement, privates or community involvement separated from government, as it might have been if the communities had picked their representatives as opposed to the government picking their representatives.

And this is not to get into a debate about the point process or the actual appointments, but just about the decision — that I think was probably a conscious one — not to have business organizations pick their representative, post-secondary institutions pick their representative, and why that decision was made.

Hon. Mr. Stewart: — Yes. This is very different on really three fronts from committees and boards that have been chosen by government previously. This one, these board members were chosen under a specific set of criteria, and all nominees were rated against those criteria. And they were chosen on that basis rather than on their party allegiance or personalities or profile or any of those issues which have been so paramount in choosing boards in the past, I'm afraid.

Secondly, they were chosen, the ranking was done by a group of senior civil servants from the ministry.

And thirdly and, I think the major difference between previous boards that we have seen appointed by other governments, is the ability for the Vice-Chair — who is chosen by the senior civil servants under the criteria — that Vice-Chair from time to time will have the ability to report the government's progress in dealing with these economic issues that they put before cabinet.

And I think that is very unique. I don't think anything like it has been done really in the past. They get to actually mark the government in a way on our progress and keeping up with the recommendations that are put before cabinet. So I see this as unique.

Mr. Quennell: — Okay. Well I think that's probably as close as we'll get to an answer to my question.

But on the issue that was raised in the minister's response, it's still the minister's view that all the recommendations that the board makes to cabinet, whether accepted or not, should be reported to the public. I know the minister has said that before, but I just wanted to clarify that's . . .

Hon. Mr. Stewart: — Yes, that's the Deputy Chair of Enterprise Saskatchewan will have the discretion to do that from time to time, and I believe that they should be.

Mr. Quennell: — Yes. Well we both believe that they should be, and I was just trying to tie you down to with the will.

Hon. Mr. Stewart: — Well as I said, the Deputy Chair has the discretion, and I expect that being the kind of individual that this first Deputy Chair is, that he will exercise that discretion and be as open as possible about the recommendations that have been made to government and those that have been rejected.

Mr. Quennell: — Maybe it's in the legislation, and maybe it's not. Minister, I'll refresh my memory if I should already have known this. Is the Deputy Chair chosen by the board or by the government?

A Member: — No.

Mr. Quennell: — Okay. Section 8(2), “The Lieutenant Governor in Council may appoint another member of the board as vice-chairperson of the board.” So the discretion as to whether to report recommendations or not will be given to the person selected by cabinet, to be Vice-Chair of the board. It's in section 8 under officers.

Hon. Mr. Stewart: — I recognize that, member, but . . . Yes, it clearly says, “The Lieutenant Governor in Council may appoint another member of the board as Vice-Chair of the board” in 8(2), but in 4(d) it states that will “establish, measure, monitor and report on goals and targets for Saskatchewan's economy.” And so that person has the duty to report to the public.

Mr. Quennell: — I'm just trying to narrow down exactly what those reports must include, and maybe we've gone as far as we can go in that respect. If I can skip ahead, and this is really the last section I want to deal with, section 23, transfers to and from the agency. The minister may or may not recall that, when the legislation was introduced, I used the phrase, privatization by stealth. And I don't think the minister commented, but the acting deputy minister did and the acting CEO [chief executive officer] did. And so I want to get to those comments.

But first of all I'll quote from the parts of the section that particularly interest me starting at section 23(2):

(2) Notwithstanding any other Act or law or any provision of any contract:

(a) the Lieutenant Governor in Council may, by order, subject to any terms and conditions that may be set out in the order, transfer, or assign to, and vest in, the agency:

(i) any personal property, assets, liabilities, debts, interests, rights, obligations, and contracts of the Crown, a Crown corporation or agent of the Crown; and

(ii) any lands, interests in lands, mortgages, charges, encumbrances or [any] other real property interests of the Crown, a Crown corporation or agent of the Crown.

And later on the subsection also lists as what the agency . . . or no, what cabinet may do. No, excuse me, not cabinet — it's

actually in the subsection (c):

(c) the president, chief executive officer or other head of a Crown corporation or other agent of the Crown may, by agreement with the agency, transfer any employees or class of employees of the Crown corporation or agent of the Crown to and cause them to become employees of the agency.

Now first of all it struck me that we've got two Acts here kind of stuck together. One creates this super advisory council that we've been discussing for the most part. And then tacked on to the end of it is this ability for the government and the Crowns to transfer, essentially, an entire Crown, all its personal property, all its land, and all its employees into the agency which then section (5) allows the agency to dispose of.

And what's pretty common provision of course . . . but what's not so common in legislation is for an agency which is an advisory council, in large part, on the economy to have the power to have all the assets of a Crown and all the employees of a Crown transferred into that agency. So I guess the purpose of section 23 in the minds of the government is of interest to me.

Before we get there, I want to comment on Mr. Botting's response to my political characterization of what this section was about, which was that, well the agency may need equipment or furniture from Crown corporations.

Now I have somewhat facetiously . . . and I think in the second reading speech, my response to the second reading suggested that there might be a better place for the agency to get a desk than to pick up a used one from SGI [Saskatchewan Government Insurance] or SaskTel. But that's a serious comment.

The employees from the ministry are going over to Enterprise Saskatchewan. The office space the ministry uses is now going to become the office space of Enterprise Saskatchewan. The desks those employees sit at and the phones that they use and the file cabinets they use and all the equipment they use are not going to be in the ministry any more. They're going to be in Enterprise Saskatchewan. This is not . . . Really they stopped working for a ministry as of June 1 — I think it was sort of the timeline that was given in estimates — stopped working for a ministry and started working for an agency. But nobody's gone out and got them a new chair or anything else.

Secondly, my second reason for not accepting what the acting CEO said on face value as for the reason for the section is that that would hardly require cabinet to be able to transfer lands, interest in lands, mortgages, buildings belonging to a Crown corporation over to Enterprise Saskatchewan. You don't have to transfer the SGI building over to Enterprise Saskatchewan to get the desks over there. So can the reason for this whole part V and particularly section 23 being in this Act at all be explained to me, please?

Hon. Mr. Stewart: — Thank you, Mr. Quennell. Section 23(2)(i) which refers to personal property, assets, liabilities, debts, and so on provides a procedure for transfers of property that could be done in any event under other existing laws. I understand the reason for it being put in the Act specifically is

to at some time facilitate a transfer of some piece of real estate. There's certainly no privatization motive here, and it's not anticipated that Enterprise Saskatchewan would ever be involved in any such thing. There's no need to go that route if it was the desire of the government to do a privatization. There are plenty of avenues to proceed without transferring Crown assets through Enterprise Saskatchewan. It's enabling legislation that looks at the very long term and tries to cover off any potential asset trades that may come up in the distant future.

The transfer of employees, however, is somewhat more unusual; I'll grant you that. The corporation is at law a separate legal entity from a Crown or any other Crown employer. There can only be a termination of employment from one employer and commencement of employment with the other, which is not a transfer. How this is administered will be important and care will be taken.

This provision was intended to ensure that employees who choose to join the corporation from a Crown would enjoy access to all of their accrued seniority and benefits. This interpretation is, you know, what I understand to be the case, and I hope that answers the member's question.

Mr. Quennell: — Could the minister or his official provide a scenario for this asset transfer where Crown lands would end up first in Enterprise Saskatchewan and then going to somebody else and something else being transferred back, and why that wouldn't be done by the Crown directly, why it would be done through Enterprise Saskatchewan and how that potential business arrangement falls into any of the mandate areas that are at the beginning of the Bill?

I mean the mandates are all about identifying tax policies, labour policies, barriers to growth. They don't see Enterprise Saskatchewan being in business. Now Enterprise Saskatchewan becomes some kind of — I don't know — middleman for transactions between private business and Crown corporations. And it's quite different than the front part of the Act. And I don't really have an example of what you're trying to enable here.

Hon. Mr. Stewart: — Thank you, Mr. Quennell. I don't know that I have either. I mean this is, this is broad, sweeping, enabling legislation, and it's designed to cover any potential issue that may come up. And I can't think of a potential instance that's likely to occur anytime in the future.

I will say though that Innovation Saskatchewan will be developed out of Enterprise Saskatchewan, and there may be a need for some assets. And I certainly don't want the member to think that we're talking about privatizing assets, but there may be some requirement for assets under Innovation Saskatchewan. And that's a long shot, granted, but it's one possibility that occurs to me.

Mr. Quennell: — Well I guess the broad, sweeping admission is probably the best an opposition member asking questions can possibly hope for. Mr. Chair, that concludes my questions. And if there aren't any questions by my colleagues, then I think we might be done.

The Chair: — Seeing no further questions, I would like to

enter into the record the substitutions. We have Mr. Duncan substituting for Mr. Harrison on committee today and Ms. Heppner substituting for Ms. Ross today.

The Bill No. 2, An Act respecting Enterprise Saskatchewan, part 1, clause 1 and 2. Is that agreed?

Some Hon. Members: — Agreed.

[Clause 1 agreed to.]

[Clauses 2 to 25 inclusive agreed to.]

[Preamble agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: An Act Respecting Enterprise Saskatchewan.

Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — May I have a member move that we report the Bill without amendment?

Ms. Wilson: — I so move.

The Chair: — Ms. Wilson. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — That concludes the business of the committee today. I'd like to thank the minister and Mr. Botting for being here and answering the questions. And Mr. Harper has a comment.

Mr. Harper: — Yes, thank you, Mr. Chair. Mr. Minister and Mr. Botting, on behalf of the opposition members of the committee, I'd like to thank you for your attendance and your patience and your quality answers. Thank you.

Hon. Mr. Stewart: — I'd like to thank you, Mr. Chair, and Mr. Botting, for his help during this discussion and all members of the committee and particularly Mr. Quennell, for the high level of questioning and debates. It's appreciated.

The Chair: — I thank you, Mr. Minister, and I would entertain a motion of adjournment. Mr. Michelson. This committee is now adjourned.

[The committee adjourned at 15:31.]