



STANDING COMMITTEE ON INTERGOVERNMENTAL AFFAIRS AND JUSTICE

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**STANDING COMMITTEE ON INTERGOVERNMENTAL
AFFAIRS AND JUSTICE**

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Mr. Wayne Elhard
Cypress Hills

Ms. Deb Higgins
Moose Jaw Wakamow

Mr. Delbert Kirsch
Batoche

[The committee met at 19:00.]

Bill No. 136 — *The Technical Safety Authority of Saskatchewan Act*

Clause 1

The Chair: — Well good afternoon, ladies and gentlemen. This is the Standing Committee on Intergovernmental Affairs and Justice. We are meeting tonight in consideration of Bill No. 136, *The Technical Safety Authority of Saskatchewan Act*.

I am Warren Michelson. I am the Chair of the committee and with me is . . . I'll introduce the other committee members. Sitting in for Wayne Elhard is Fred Bradshaw. Delbert Kirsch is here. Tim McMillan will be sitting in for Greg Brkich. Michael Chisholm is here. Kevin Yates will be sitting in for Kim Trew, and the other member of the committee is Deb Higgins.

Minister Huyghebaert is with us, and he's got some of his authorities with him. Mr. Huyghebaert, if you'd like to introduce your assistants and have an opening message, we'll let you do that now.

Hon. Mr. Huyghebaert: — Thank you, Mr. Chair, and welcome to the committee members. I'll introduce the officials with me this evening. To my immediate right is Al Hilton, the deputy minister. To my far right is Mae Boa, assistant deputy minister, corporate services and public safety. To my left is Brian Krasiun, executive director, licensing and inspection. Behind me to my right is Karen Lautsch, executive director of strategic policy. To the left is Jason Rumancik, policy analyst, and in the middle at the back is my chief of staff, Rob Nicolay.

And, Mr. Chair, I do not have any opening remarks. This is our second session with this Bill and I gave my opening remarks last time, so I don't believe there's any need to go over my opening remarks again, so we're open for questions.

The Chair: — Thank you, Mr. Minister. Welcome to the officials. And, Mr. Yates, you have some questions.

Mr. Yates: — Thank you very much, Mr. Chair. I have a number of questions. I'd like to start with clause 3 of the Bill where it says that "The Technical Safety Authority of Saskatchewan is established as a not-for-profit corporation." Could you explain to me why you chose to incorporate as a not-for-profit corporation?

Hon. Mr. Huyghebaert: — Mr. Chair, there's some technical reasons for putting it as a not-for-profit. Basically what the authority will do, it will receive revenues and it charges for services, but it's a non-profit organization. So looking at . . . I think I'm going to have Karen help answer this also because I think it's to do with GST [goods and services tax] and taxes as a not-for-profit rather than a non-profit.

Okay, I'll let the deputy speak to that.

Mr. Hilton: — Al Hilton. So currently the principle is that these services are provided on a break-even basis, that the services are provided on a cost-recovery basis, and there's

nothing in the establishment of this new entity that would change that. So the idea is that the authority will generate enough revenue to sustain itself and to provide the services that it has to provide, but it's not in the business of making profit.

Mr. Yates: — Thank you very much, Mr. Chairman and Mr. Minister. I'm familiar with the various methods in which a business can be established. So making a not-for-profit corporation would allow it to operate like a government entity. And what I'm trying to establish is was that a deliberate decision? And then what will occur if over a period of time the not-for-profit corporation starts to build up a substantial equity?

Mr. Hilton: — So the authority will require, it'll be required to establish a fund that enables it to sustain itself if the business cycle dips. And I stand to be corrected, but I think what's being contemplated is a fund of six months or more to ensure its operational feasibility. If it turns out that the revenues are such that they're showing profits beyond that which is stipulated in the reserve fund, then obviously the board would be in a position to reduce the fees.

Mr. Yates: — Thank you very much. That would be a logical step to do in a private sector initiative, but it's difficult to lower and increase fees based on an inconsistent, perhaps, volume of work. And so I'm just trying to get an understanding. If, say, surplus reaches \$1 million or some certain figure, at that point is there some other provision that will kick in to deal with it?

I understand clearly why you'd want to have a pool of funds that would allow for the ebbs and flows of business and, shall we say, seasonal variations and all the types of things that occur. But is there a point, will there be established the point where if the pool reaches certain dollars that, other than lowering the fees, is there any other option or alternative for the utilization of the money?

Hon. Mr. Huyghebaert: — Mr. Yates, no. The intent, as Mr. Hilton had mentioned, it's a not-for-profit, so there's to be a pool of money that will ride through the sawtooth of the waves of the ups and downs, and what that pool will be will be designated by the board. But I don't, I don't foresee the day when you'll say, oh gosh, today we've got an extra \$1 million. I mean there's going to be an increase, but if your pool of money is X, and you start going higher than X, then obviously you can start reducing your fee structure.

So I could never see it climbing to a point and somebody opening up one day and say, we're sitting at this huge level, because something should have happened before that.

You build your bases, your pool base, and if you reach that pool base, then the board as the board, you're doing something that needs to change. Either you lower your fees would be the . . . And I know where you're coming from. You say if your pool is X and you're at X plus 100,000, what do you do with the 100,000? Well there's no provision in there other than to lower the fees to make it more equitable, where you're balancing out the sine waves. And you want to do that if you're approaching your pool level. You want to start looking at lowering fees before you get up to the exponential money pool.

Mr. Yates: — Thank you very much, Mr. Chair. The authority is being established to basically take over the inspection operations for amusement rides, *The Boiler and Pressure Vessel Act*, and *The Passenger and Freight Elevator Act*. Three very different responsibilities, I would think very different workload volumes and profitability factors and so on and so forth. When looking at whether or not to establish the authority, was there any discussion about whether all three inspection services should be transferred or maybe just one or two? It's clear in the pressure vessel, the backlog problems. Do similar problems exist in the others?

Hon. Mr. Huyghebaert: — Mr. Chair, I remember I read these numbers off the last time we were up, but to give them again: the backlog in boilers is 1,205; the backlog in pressure vessels and refrigeration is 5,838; amusement rides there's none. So a total of 7,043 is the backlog.

Now for the rationale behind why the three, it was discussed that the three are under CPSP [Corrections, Public Safety and Policing], and I'm going to let Brian, who's really the expert on this, explain the rationale behind it. So Brian, if you'd like to go ahead and explain that.

Mr. Krasium: — Thank you. Mr. Chair, first of all I'd like to explain what a backlog really is when it comes to boilers and pressure vessels. A backlog by no means indicates that there is any kind of safety hazard or risk associated with the inspection of that program. A backlog, or what we sometimes refer to as an overdue, is simply a means of assessing the efficiency of our safety program in order to perform periodic inspections at the intervals that are demonstrated or determined through our safety program itself, through risk assessment methods.

Currently those intervals vary anywhere between one year for power boilers to five years for pressure vessels. And so what it means as a backlog or an overdue means that a period of six months or more has lapsed from the time a piece of equipment has been scheduled for an inspection.

And those servicing intervals or those periodic inspection intervals that we have established that we determined that phrase "backlog or overdue" against are significantly lower than the periodic intervals that are established through the regulations that may apply to quality management system holders or others.

When it comes to the backlog or the inspection frequency of elevating devices, those numbers, the numbers we have are simply based upon the last period of inspection. Through operational policy we try and inspect elevating devices at intervals anywhere between one year and a year and a half, obviously dependent upon the amount of resources we have at any given time and the amount of demand for those inspection resources and any other service program needs from our stakeholders will dictate whether or not we can make those targets. And currently we have approximately 418 elevating devices that have received an elevating inspection more than 18 months ago.

The other question that you had, Mr. Chair, was the one regarding why all three technologies are being transferred from licensing and inspection operations to the Technical Safety

Authority and what consideration we gave when choosing those three technologies. I have to say that there were a number of considerations given when choosing the technologies that were presented to go forward for this authority.

A lot of it was based on a number of things including other successfully operating authorities located across Canada, where we already have three authorities operating in British Columbia, Alberta, and Ontario. Now each of those authorities is somewhat distinct where they range in the level of technologies that they provide services for. Some authorities such as in Alberta operate on a single discipline such as boilers and where the authority stands alone, such as elevators where that authority stands alone. You do get variation in other jurisdictions where you go to Ontario or to BC [British Columbia] where the authority that's established is a single authority that may have six or eight different technologies included within it, ranging anywhere from not only the boilers, pressure vessels, elevators, and amusement rides, but also things like gas and fuel safety, and even stuffed animals in some other jurisdictions, so quite a variety.

What we did was we took the best of all of the existing authorities from the research we did and wanted to make a made-in-Saskatchewan version that suited our needs as a province of Saskatchewan with consideration of feedback received from industry and stakeholders alike.

Now there's also a natural grouping between these types of technologies that we've chosen, and that tradition has been long-standing since these technologies have been grouped together within licensing inspection for a number of years already. And a lot of it has to do with mechanical engineering principles and the way we do our inspections and the background and qualifications of our inspection staff.

[19:15]

There is also a consideration in regards to the stakeholders or the clients that we service. There are a lot of types of inspections that happen across the province, but the clientele or stakeholder group, it varies quite a bit. Some involve the construction industry. Some involve other sectors. What we have within our elements of boilers, pressure vessels, and boilers, pressure vessels, and elevators is what we call a cradle-to-grave interaction with the equipment's entire life cycle.

So our safety inspection program is involved not only in the design phase of the equipment but also in the fabrication, installation, operation, maintenance, repair, alteration, modification, and decommissioning. So you'll find in some other technologies that there are areas such as construction which is again very important in our cycle too, but it is only one of the milestones within the type of equipment that we regulate.

As well there is the client group that we service where we find that we deal mostly with the owners or users of the equipment. So we're not dealing on a regular basis with municipalities or any kinds of associations. It is in fact a usual interaction with the owner or the user of the equipment directly itself.

Mr. Yates: — Thank you very much. It may be helpful if I let

you know what I'm trying to establish and trying to determine is whether or not the decisions made are a good business case, whether or not the decision made is in the interest of the consumers and the interest of the government as well.

And taking that one step further, there are many inspection services in government far beyond these services. Is there any anticipation of expanding the inspection services through this agency in the future? You know, there's virtually 20 other types of inspection services in government, all of which are done, you know, by various agencies, and is there any business case in having a single inspection service agency?

Hon. Mr. Huyghebaert: — For CPSP this was the grouping that we thought would be the one that we could do and deal with the backlog or the overdues as quick as possible. I would think that other ministries may be looking. We'd have to ask other ministries directly. But from CPSP, we wanted to have this go forward and as an entity that we could get up and running soon. And I'm sure that there'd be other ministries or other agencies within government that would look to this as a model, and that's what we'll have to wait and see is how this is viewed by other inspection agencies within government.

Mr. Yates: — Thank you very much, Mr. Minister. So this was a stand-alone decision without a broader look at inspection services across government, even as to future implications and potential?

Hon. Mr. Huyghebaert: — I wouldn't say that there was a discussion around a broader issue. This was done on a business case from within the ministry with these three technologies as Brian has mentioned. An overall broader view — I really can't comment on other ministries with their inspection systems. I know I have received some verbal from other industries, but they don't fall under CPSP.

Mr. Yates: — Okay, thank you very much. One of the reasons I asked those questions is I too am getting contacts with all types of speculation that other inspection services will in the future be rolled into the agency. And it may be no more than speculation, but you know, there is speculation out there that there are other industries in other areas that people would like to see in such an agency.

Hon. Mr. Huyghebaert: — Well that's what I say. I've received some verbal from people from industry that will be looking at TSASK [Technical Safety Authority of Saskatchewan] and looking at how it goes forward and how effective it is, which I'm sure it's going to be.

That being said, I'm sure that there is other departments that would really want to look at what we're doing and how effective that TSASK is going to be. And I can't speak for them, but I'm sure there's others that would want to mirror what we're doing. I would not say piggyback on ours. But if there's another organization that was using ours as a model to build a larger one . . . I know of talk from industry there has been some talk about doing that.

Mr. Yates: — Thank you very much. It becomes very speculative to go any further, so I won't go down the road, but clearly there are those who see it as being the future.

And I'd like now to talk a little bit about why the choice of structure of the board and how you feel that that will give the government the level of control it needs in order to ensure appropriate safety and compliance.

Mr. Hilton: — The legislation contemplates, I guess, a number of important elements of accountability back to the ministry and back to the legislature. One of the principal ones would be the fact that the board will need to negotiate with the ministry a safety agreement that they would be responsible for administering. And within the context of that safety agreement, government will continue to be responsible for policy, regulations, and legislation, i.e., all those public policy instruments we currently have to set standards.

Other elements of the accountability provisions include the publication and tabling of a business plan and changes in bylaws and things like that. So the provisions of — without getting too technical — *The Public Disclosure Act* will be respected within this legislative framework.

Mr. Yates: — Thank you very much. Now I'd like to ask how that fits with the fact that the authority can operate both in and outside Saskatchewan and what complications that may pose if it's operating outside the province of Saskatchewan and potentially under different rules and regulations.

Mr. Hilton: — Yes, Mr. Chairman. I can make a couple of general observations with respect to that question and would ask Brian to speak to it if we want to pursue some of the more technical things.

There's equipment that comes and goes, so there's the equipment that might move into Saskatchewan from Alberta. And we wanted the authority to have the ability to work interprovincially and be able to negotiate and establish agreements with other technical safety authorities, be they outside of government or within government. And so within the legislation, we created words that ensured that the authority would have that capacity to do that.

Mr. Yates: — Thank you very much. Do those provisions exist today between Saskatchewan and other jurisdictions?

Mr. Krasniun: — Mr. Chairman, we do perform such similar activities today, albeit it is very limited. But as Mr. Hilton indicated, there are at times where we have found it to be of great benefit for our inspection staff to perform their periodic inspection activities outside of the province.

Take for example the amusement ride sector where we have a very tight timeline to inspect a significant number of rides before allowing them to operate. At times it would be much easier if we were to go to the other jurisdiction where they're operating the week before coming into our province and have our inspection staff inspect them in that jurisdiction, that that would give us a very strong level of confidence that Kiddieland is safe to operate on the opening day, rather than having our inspection staff starting the morning at 6 a.m. and not allowing certain rides to start until the completion of their inspection.

As well, as Mr. Hilton has added, there are a lot of client-driven requests for specific pieces of equipment, used equipment that

owners want to bring into our province. But before they want to make the commitment to purchase the equipment and bring it in, they would ask at times for us to perform our inspection on the equipment to determine whether or not it is acceptable for use within Saskatchewan. Again that would require us to go outside of the province.

Mr. Yates: — Thank you very much. I understand why before you purchase a piece of equipment you'd want it to be certified that it's operational. Potentially you could be at the loss of thousands of dollars, maybe tens of thousands of dollars, if you were to purchase a piece of equipment that had to either be significantly repaired or modified in order to be operational.

I am a little concerned though with the issue of amusement rides because so much of the safety of amusement rides is in the quality of the set-up, and every time you take it down and set it up, you could have potential deficiencies. So I could see, you know, perhaps some of the general frame and so on and so forth of amusement rides, but as you know, so much of it is dependent upon the individual set-up as it's moved. So I do have some concerns because I don't want my grandchildren or your grandchildren or your children falling off a ride inspected weeks before or days before it gets moved again. But if you could just update us why you or how you think that can be done?

Mr. Krasium: — Thank you. Mr. Chairman, when it comes to amusement ride inspections, the practice in Saskatchewan is no different than the practice in the majority of all other jurisdictions, not only in Canada but also in North America, in that the rides or the amusement rides themselves are inspected thoroughly at least once per season, or once per year is what I meant to say.

So in Saskatchewan our policy is at the first time the ride is set up in the province, we do a very thorough and detailed inspection on each and every ride. After that inspection has been deemed a successful inspection, then an operating licence is issued to the owner, and the owner of the ride does have the capacity to break down and reassemble that ride in the province at any other time throughout the year.

Now after we do our very first inspection of that ride, which again is very detailed and at times takes two inspectors up to four hours to complete, we do perform follow-up inspections at other sites when we have the capacity. And that would be just a general, overall assessment, visual, to make sure that things are in the same steady state as they were when we did our initial inspection.

Mr. Yates is quite correct to raise some concern on that, and in fact if we would go out of the province to do the inspections themselves, it would be the very detailed inspection of the rides — going through each and every weld, going through the non-destructive examination test results, going through the maintenance logs, items like that. Then when they would come back into the province for the first time of set up, the amount of time our inspection staff would have to spend on that ride before allowing it to operate would be minimized, therefore reducing the downtime for the owner so he can get the ride up and running and allow our lovely Saskatchewan citizens to enjoy themselves.

Mr. Yates: — Thank you very much, Mr. Minister. I now want to just move on a little further in the issue of the authority of the board. And it says to accept grants, donations, gifts and so on and so forth, bequests, which are normal in companies and organizations, but in this particular situation, I have some difficulties seeing what would be bequested or grants or donations. Could you explain what you saw or anticipated with that particular clause? Or is it simply a catch-all that you saw as, you know, dealing with any potential?

[19:30]

Hon. Mr. Huyghebaert: — What I understand is that Justice has advised that this is a normal clause within a delegated delegation such as this. And by gifts, as just pointed out to me, might mean software. We think of gifts as handing somebody a prize of some sort, that this is different. If you'd like to speak further to that, Brian.

Mr. Krasium: — Thank you. Mr. Chair, it could involve such things, as the minister has indicated, such as specialized software that's needed to evaluate very specific and technical designs that an owner may be bringing into the province to which we may not have that type of evaluation software at our accessibility. It may be things such as specialized safety equipment where our inspectors had performed an inspection on site and the owner had gifted the software to the authority for their use during future inspections. Things of that nature.

Mr. Yates: — Thank you very much. All right, my next question has to do with the restrictions on appointments. It says . . . There's a whole section on capacity and lack of ability as a minor. Why was it necessary to have clauses put in? Again, this is standard stuff that is in the non-profit corporations legislation as was the last clause, as was the answer I was actually looking for. These are standard clauses required in the legislation. But is that the only reason that these clauses are included as well?

Hon. Mr. Huyghebaert: — Mr. Chair, just going through section 14 in the explanation, and I'm not sure if Mr. Yates has seen the explanation, but again it's a standard type of a clause. And the explanation is, person being disqualified from being appointed and from acting as a member of the authority and as a member of the board if that person . . . and we're looking at minors, those lacking capacity, anyone convicted of an offense involving dishonesty and those that are undischarged bankrupt will not be permitted to be board members.

Mr. Yates: — Thank you very much, Mr. Chair. No, I haven't seen that specific spreadsheet, but seen many, many like it over the years on the legislative instruments committee.

All right, Mr. Chair, I want to ask a couple of questions about the general operations today. In the last couple of years, has the inspections branch been able to return revenue to the province while operating within the government? And I'm talking revenue above the cost of operation. I understand the revenue all goes to GRF [General Revenue Fund], but was it a net profit?

Ms. Boa: — Mae Boa. Yes, actually the licensing and inspection branch does continue to cover all of their direct operating costs, and they also contribute to some of their

indirect operating costs such as accommodations and things like that. And so there is a net contribution, a positive contribution to the General Revenue Fund.

Mr. Yates: — Thank you very much. With the fact that there is a net general revenue, a positive return to the General Revenue Fund, the decision then to look at a third party entity, as indicated I think on our first day, was about efficiency and timing. Would it not have been possible to obtain those efficiencies and the respective time frames within the government structure?

Hon. Mr. Huyghebaert: — No. We felt that that was a problem. And, Mr. Chair, just going back to my comments from the last time, looking at the overdues or the backlog — whichever wording we want to use — and how it has progressed or got larger, and so obviously there's something within the system that wasn't working. Now to put it into terms where a delegated authority has an awful lot more flexibility than working within the bureaucracy of the government, and that's where one of the efficiencies that we can see that will definitely happen. Plus also as I mentioned, the authority will have the opportunity if they deem necessary to hire more people, as I mentioned last time, to be able to deal with the backlog. But we're hoping the efficiencies would probably do it.

And to go back to your question, and I know where you'd be coming from if the authority now, if CPSP is in a positive, then we would be losing money. But I think the net amount, I don't know the exact figure, but I'm confident it's very, very small. And that's where the authority now will be able to have this pool of money to absorb the ups and downs of the sawtooth sine waves, or whatever you wish to call it, of inflow of money; where now if there's a small positive, there could also be a small negative. But our authority for doing that is within the ministry or General Revenue Fund. So that's why the authority, again being a not-for-profit organization, would be able to absorb those on its own.

Mr. Yates: — Thank you very much. But I guess two other points I'd like to make. Nothing would have prevented an increase in the fee structure or service charge within the current structure. And if it was a matter of not having adequate staffing or difficulty in recruiting, which has been a problem in the past, what is going to change with moving it outside a government department to an independent agency that could not have been done within the ministry?

Hon. Mr. Huyghebaert: — Well as I mentioned last time, the fee structure is one of the issues because right now we compete for inspectors with the private sector. And the fee structure we have, what I see is not as competitive. In fact what we see happening is we will have people be inspectors within the ministry, and they're attracted away. So we've spent time and resources on having people, and they are being pulled away to industry because of a fee structure.

And so where the board has a lot more flexibility in being able to determine fees that they could pay for people . . . But I'm sure you followed along and understand that as a non-profit, not-for-profit organization and the people that sit on the board are members of . . . or users of the technologies. And if they

want the inspections, they're willing to pay a higher premium or a premium for it. And I can't see that happening the way we're set up right now. That's one of the problems and that's one of the issues, and that's why I see over the years a backlog has been created. And I know the quality management system was brought into place to help that backlog, but the backlog is still there.

And the quality management system was set up, I would suggest, somewhat different than this is. But we really supported the quality management system because it was there to deal with the problem. And I'm suggesting that that's why this is brought in now, is to deal with the problem that's providing what we feel is going to be a solution for the problem, in addition to the quality management system.

Mr. Yates: — Thank you very much, Mr. Minister. Well I understand what's being proposed. I have some difficulty seeing where it necessarily moving outside government is an automatic fix. Because if you're establishing a fee structure, what you're going to charge for each service, it becomes very difficult to then say, well you can pay more and get something done faster, and what happens to the individuals then who can't, you know, because their margins of profit are less?

I can see that model creating difficulties for the users of the inspection services and for the agency over time. It's very difficult to run a business with multiple fee structures for perhaps doing the same thing and not have difficulties develop between users of the program questioning fairness. So I'm trying to understand where the net benefit will be in achieving the goal of providing faster service to the user.

Hon. Mr. Huyghebaert: — I'm trying to grasp of what your question really was because the board will establish the fee structure for services, so it's going to be industry that wants and needs this service done. And so as the people that sit on the board and industry is saying, I need an inspection done right away, and if they're willing to pay a fee for that . . . and so it's the board itself because they're looking at it as members of industry that are sitting on the board. And so they have the ability then to . . . and when he's talking about fee structure, if it's fees being charged or a fee that you're paying to your employers because you can . . . The board can sit and ascertain, for an example, that we're getting behind. We need to hire some more people to do inspections. If they do that, then they're going to have to charge a fee that's commensurate with the not-for-profit philosophy. So they have the flexibility more so than as is currently set up to be able to do that.

Mr. Yates: — Thank you very much. I follow that, that you could change the fee structure more quickly in a board environment. You don't have the same scrutiny. You don't have the same . . . and it can be somewhat more responsive. My concern is this. If you're inspecting a pressure vessel . . . if you have a plumber come to your home on a Friday, it's \$50 an hour or whatever it is. If he comes on a Saturday, it's \$100 an hour, right? A different structure.

But if I'm a company and I want to get a pressure vessel inspected, there should be a set fee for doing that, whether I'm company A or company B. What I'm trying to understand from some of your explanations is that, if I want to get it done faster

whether I'm company A or company B, I can do it for a premium on the fee. So it's really a two-fee structure based on time?

[19:45]

Hon. Mr. Huyghebaert: — I don't really see it's that way. When I say a fee structure is if the board can determine if this is what it's going to cost. But the way I see it . . . and again, the board is going to decide what a lot of this is going to be. But the way I would foresee this happening is we need inspections done at a more rapid pace. So in order to do that, we would charge a fee commensurate with what we require or to pay our expenses. I don't really see it as a, I want mine done tomorrow, you're going to charge more for it. Again I would have to say that that's going to be a decision within the board itself to be able to do that.

But I think there's an underlying issue here that it draws it away a little bit from what your question is, Mr. Yates. But I guess the reason I'd say that the whole concept here, and I'm sure that you're aware with it, the whole reason we're doing this is for public safety reasons because we know the backlog is there. And so that has what we consider the possible effect on public safety. And to me, it's trying a different system to maybe not cure the problem but to help out the problem, again keeping public safety in mind. And some nuances within what the board can do or might do or will do, we want to go out in the step that we're going and have the board up by 1 July, and so we can follow then what it's doing and how the progress can be made.

Looking at, looking at, again, I don't know if this is a follow-on question that you would have, but with reference to money, if some money goes into GRF or there's a draw from GRF, I think that's very incidental in comparison to what I consider that public safety is worth. And so again I want to emphasize that the reason, the reason that we're doing this is to address a concern of public safety, and we figure that this is a way to do it.

Mr. Yates: — Thank you very much, Mr. Minister. I may have misunderstood in your explanations. I believed that what you are saying is that if you paid more, you could get it done faster, which is a normal in a market environment, a very normal . . . because downtime for business is money. If I'm looking to get an operation up and running, and delay for inspection's three weeks to a month, I'm losing money every day I'm not up and operating.

So I thought you were talking about combining the two concepts which really is one of both the safety, but also a business and competitiveness issue and that if you got tens of thousands or hundreds of thousands of dollars of equipment sitting idle waiting for an inspection in order to get up and operating, those delays can cost you a significant amount of money. And I thought you were trying to deal with that issue as well.

But your last answer would tell me you're not trying deal with that issue. I'm trying to understand what we're trying to fix here. And it may be a multiple of problems, but I'd like to clearly understand it prior to passing the Bill.

Mr. Krasium: — Mr. Chair, just to add to what the minister was mentioning. The development of a Technical Safety Authority of Saskatchewan is not about introducing any kind of multiple tiers of service. The safety inspections will continue to be provided on the schedule that they are currently being provided now, at the same inspection intervals, and with the same risk assessment that's being undertaken.

What would be beneficial if the safety program was delivered through the Technical Safety Authority is additional services to be provided to stakeholders who request these services. And we already have within our regulations something called demand services, where in the event industry wants additional or preferential services to be provided, that there is an established fee for that. And that established fee is based on the additional overtime costs of our staff and things like that. So that is a cost-recovery mechanism to our safety program; however all the funds that we expend for these demand services, the revenues associated with it do go back into the General Revenue Fund themselves and are unable to be utilized back within our safety program.

Now this does set up a couple of difficulties. First of all, we do hire a significant number of additional staff over and above our FTE [full-time equivalent] count to accommodate industry. But again we can only hire so many, and we don't want to overwork our existing staff to the point where they become exhausted providing these additional services to industry. So we do limit these amount of additional demand services.

But it again is not about having a two-tiered system or a multi-tiered system. What is beneficial about the safety authority is that all the revenues that are generated then for normal inspections and for these demand inspections themselves actually go back into the authority to be reinvested so that we can hire more inspectors so that industry can have more services that they demand in a timelier fashion, far beyond what we are able to offer in a standard service to all equipment owners across the province itself.

Hon. Mr. Huyghebaert: — If I can just add a little bit to that also. Mr. Yates, you'd mentioned companies, if they want their inspections done. So I'm glad it was explained, the demand services, because industry that I have met with . . . and I've had industry leaders in my office that have talked about this, that are very supportive of this, this authority.

Just for what you had said, if a business is there and it's got piles of money tied up and has difficulty getting an inspection, you've got a lot of money tied up and you are losing money. And that's why industry people have sat and talked to me and say they really like this approach because they anticipate this as being able to get their inspections done. And I'm glad Brian explained the demand services, but they can get it done in a more timely fashion because time is money for a lot of these.

And I had this one individual that explained to me where, as you're progressing along a building block, you need an inspection done here, and you can't go beyond it until your inspection's done. And so you sit and you wait and wait and even with demand services, if you can't get it done, it's costing you time and money. And I know industry feels that with this technical authority that it will be far more responsive in a timely

manner to get the inspections done.

Mr. Yates: — Thank you very much, Mr. Chair. I have a number of other questions, but I'd like to for a minute or two just stay on the business case of it. In the past, a certain amount of money was returned to the government as a result of the inspection services. In the new system, was there any thought of there being an annual fee being returned to the government so that the government wouldn't lose revenue as a result of the transfer of the service to a third party agency?

Hon. Mr. Huyghebaert: — No. As Brian has just explained, because now if money is returned to general revenue, it does not go into the safety side of what we're doing in CPSP. With the authority, that money can be returned into the authority to enhance the safety inspection. Brian, is that the way you'd put it?

Mr. Yates: — Thank you very much, Mr. Minister. What I was talking about was over and above that in an annual fee paid by the agency back to the General Revenue Fund, more or less a licensing fee for providing the service so that the department would have no net loss of revenue.

Mr. Krasniun: — Thank you. Mr. Chair, I wanted to clarify where the revenues for the safety program come from, in that all the revenues that fund the safety program itself come from individuals or those who benefit from the use of the equipment we regulate and inspect. So in fact our program is what we call a revenue neutral program where there are really no allocated taxation dollars that are going towards the provision of our services.

Industry is very aware of this. Industry has been consulted with this philosophy in mind whenever we had contemplated any fee increases. And they are very comfortable with the fact that, if there are any future fee increases that are needed in order to support a safety program of this nature, that they know there will be a direct benefit directly to them and that the monies would not be going anywhere else other than into the safety program itself.

Mr. Yates: — Thank you very much, Mr. Chair. I fully understood and understand that. The question I was asking in essence, was it ever looked at a licensing fee to the new agency that in fact would go to the General Revenue Fund so that the new non-profit agency would be paying the licensing fee for doing this work on behalf of government that would return to the GRF?

Hon. Mr. Huyghebaert: — Mr. Chair, no, this was never contemplated as any sort of revenue generator for the GRF. It was strictly designed as a not-for-profit fee for service, and money stayed within the authority.

Mr. Yates: — Thank you very much. The reason I asked that particular question is in the event that there arise difficulties with the new agency, it's clear there are provisions to revert back to government running of the operation or looking at other potential service delivery models. And one of the things that generally is ... any third party agency that's delivering government services normally would pay some fee for doing that or pay some licence for doing that, a business licence or

some other fee to government. So I was just seeing if it was ever looked at, examined, talked about.

Hon. Mr. Huyghebaert: — We never really looked at a fee, a licensing fee for the delegated authority. But one of the safety valves within the legislation is that if there is a breakdown problem within the board that the government can take over the board. That's a safety valve within the legislation.

Mr. Yates: — Thank you very much, Mr. Minister. I would have to find the exact section, but I believe it could even go a step further to the government actually taking over the full operation, not just the board.

Hon. Mr. Huyghebaert: — The portion in the Bill is temporary administrator, section 5, section 23(1). It's appointment of temporary administrator, and that's where that's covered.

[20:00]

Mr. Yates: — Thank you very much, Mr. Minister. I found it at the same time you did. But it goes on — and thank you for pointing out where it was — under section 24(1) and 24(2) in particular, the winding down. It would anticipate the closure or the dissolution of the agency. So that's where I drew the conclusion that the possibility would be there of government actually taking it back over, within the rules.

All right. Thank you very much, Mr. Minister. I want to spend a few minutes dealing with a couple of issues regarding the transfer of or movement of ... transition period and the movement of people to the agency. If in fact the legislation passes and the anticipation is July 1, when would the actual transfer of employees take place?

Hon. Mr. Huyghebaert: — July 1 would be the transfer date, and that would be the first order of business for the new board, effective July 1.

Mr. Yates: — Thank you very much. Now correct me if I'm wrong, Mr. Minister, but my colleague, Mr. Trew, in the last session asked when the board would actually take responsibility for the funding and the operation, and they were told the July 1st date. In the setting up of a new, you know, operating a business venture, doesn't matter what the business is; you don't receive, the first day you open your doors, funding. Inspections done after that date, it takes some time to collect the fees. So what provisions are being made for the ongoing funding during the period of transition until which time the board has actually established and is getting an income return?

Ms. Boa: — Mae Boa. Yes, when the Act is actually proclaimed and assented to, there's a provision within the Act that gives us the ability to proclaim certain sections, and we're looking at certain sections that we would ask to have proclaimed prior to July 1. We're looking at a June date which would enable the authority to be able to establish their pieces of business that they need to put into place such as their banking, their board being in place, those sorts of things. So some of those pieces will move ahead, so we're able to, as you say, effect business July 1 with the new board and then have the transfer agreement signed.

Mr. Yates: — Thank you very much. Will there be any funding provided by government during the transition for items like salaries and benefits? As I indicated, once a business is up and running of course, you bill for services provided, but often you have 30 to 60 day payment frames.

Ms. Boa: — Thank you. To answer your question, with the ability for the authority to receive funding in their bank account prior to July 1, we do have licensing. Some of our licenses, as you would know that, are effective for a period of longer than one year, so we actually have some deferred revenue that would be owing for the new fiscal year for the operating authority, and so those revenues would be transferred over effective July 1. And then based on the cash flow in the budget that will be prepared for the new board, they'll be able to make their decisions with respect to the expenditures that need to be made and carried forward.

Mr. Yates: — Thank you very much. Do you have the figure that would be transferred or approximate figure that would transfer July 1?

Ms. Boa: — With respect to the deferred revenue? We're still working on those calculations, but it will be adequate funding to carry them for a month or two, keeping in mind that the licences actually operate on the same fiscal year as set up for the authority effective July 1. So the current invoicing for the new licences will be going out May, June. And so that revenue will also come in, which will be current.

Mr. Yates: — Thank you very much. That clarifies some of the concerns I have about transitional funding and ensuring that there's adequate funding to not set up an authority that's going to be a failure because there isn't sufficient cash flow to operate.

Are there going to be options presented? I know last session — I'm not sure what day it was — you'd indicated all of the employees anticipated transferring or looked forward to transferring to the new agency. Are there provisions if somebody chooses not to transfer to the new agency? Have you looked at what provisions would be available to that individual?

Hon. Mr. Huyghebaert: — Mr. Chair, I knew basically the answer to this, but I wanted to make sure I got it right. They may take a one-year definite leave to search for alternate employment. This is not a position abolishment. Therefore the employer is not obligated to secure alternate employment within the ministry or government.

Mr. Yates: — Thank you very much, Mr. Minister. I just would like to spend a couple minutes now talking about the immunity. The immunity clause seems to be very thorough and very complete. It saves harmless, basically, the government, the authority, any minister or individual from government from any legal proceeding. What then does a business have if, as a result of an inappropriate inspection, there's a loss, there's downtime, a loss of business revenue, damage to property? What recourse does a business have? That immunity clause would seem to leave it virtually impossible for the business to seek any recourse in the courts or through any manner.

Hon. Mr. Huyghebaert: — The explanation of 27(1) is

immunity from liabilities found in various pieces of legislation that establishes authority, agencies, or organization. This same immunity will be granted to the minister, board members, CEO [chief executive officer], and the employees of the authority. It will give the abovementioned people immunity if they are acting in their capacity as detailed in the Act.

And 27(2) provides immunity from liability for government and the authority with respect to the enactment of this Act.

Mr. Yates: — Thank you very much, Mr. Minister. That is basically a standard clause you would find in any government operation. Not normally in a delegated authority does that complete of an immunity go with it. My question is, is that same immunity afforded inspectors, building inspectors, construction inspectors in other industries that have been delegated in the past?

Hon. Mr. Huyghebaert: — As I mentioned in my first portion here, it's "and the employees of the authority" are granted that same immunity.

Mr. Yates: — I agree. I understand what this clause is. What I'm asking is, is this same immunity been afforded other inspection agencies that have been moved out of government in the past? My question is, has this same immunity been afforded to other inspection services that have been moved outside government in the past?

Mr. Hilton: — This section, we took guidance and advice from the Department of Justice. On their advice, this immunity clause is a general clause that would be used in any piece of legislation that would be similar to this in terms of establishing a delegated authority. I can't speak specifically to other examples of where government may have delegated authorities similar to this, in this legislation, because I'm not familiar with any other example. But the Department of Justice's advice is that in this kind of legislation this sort of immunity clause would be standard practice.

Mr. Yates: — Thank you very much. So then if the government was concerned about the quality of inspections, their recourse would be through using their safety standard agreement, pulling the agreement, or modifying the agreement or perhaps increasing standards within the agreement to enforce appropriate standards of inspection.

Hon. Mr. Huyghebaert: — Yes, the way this is structured, the answer is yes that the safety standards are retained within CPSP. We discussed this at our last sitting. But the safety standards and regulations are within CPSP. Also we will have two members appointed to the board, so there'll be ample opportunity for contact within the board, and of course through the board structure will have to, as we mentioned, report back to CPSP.

So I don't foresee a problem with standards. I mean, we're setting the standards. We maintain the regulations. We maintain the standards within government, and that is directed to the authority.

Just back to your previous question, I'd just like to point out within the Bill also when we're talking about immunity within

the Bill itself, there is a requirement that the authority has to carry adequate insurance.

Mr. Yates: — Thank you very much, Mr. Minister. My questions are of a concern to ensure that business owners and users of the system will have the same level of security that they would have had previous to the transfer to a third party. If I'm a business operator out there and I'm seeing a change, I would want to have a significant level of assurance that I have the same protections today that I had prior to the delegated authority.

And so those were my questions. Thank you very much. I have at the moment no further questions. I'd just like to ask my colleague if she has any . . . [inaudible interjection] . . . All right. We have no further questions at this time.

[20:15]

The Chair: — Seeing no more questions, we'll proceed with the voting on the clauses. This Bill contains 34 clauses. Is leave granted to review portions of the Bill by parts?

Some Hon. Members: — Agreed.

The Chair: — Part I, clause 1, short title, and clause 2, is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried.

[Clause 1 agreed to.]

[Clauses 2 to 34 inclusive agreed to.]

The Chair: — Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan enacts the following: Bill No. 136, *The Technical Safety Authority of Saskatchewan Act*. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. I would ask a member to move that we report Bill No. 136, *The Technical Safety Authority of Saskatchewan Act* without amendment.

Mr. Kirsch: — I so move.

The Chair: — Mr. Kirsch. Mr. Kirsch moves. Is that agreed?

Some Hon. Members: — Agreed.

The Chair: — Carried. Mr. Minister, thank you to you and your officials for being here tonight. And if you've got any closing remarks, you're welcome.

Hon. Mr. Huyghebaert: — Thank you, Mr. Chair. Firstly I'd like to thank my officials being here to help answer the questions. They've put an awful lot of work into this Bill over the last few months, and I'd really like to thank them for all of the dedicated work that they have put forward to getting this ready to be here this evening and seeing it come to the stage

that it's at right now.

And I'd also like to thank the members for the questions. I think the questions were very well put and thoughtful. And I'd like to thank the members of the committee for being here to pass this legislation.

The Chair: — Thank you, Mr. Minister. We need a motion to adjourn. I'll recognize Mr. Chisholm. Thank you, committee members. This committee now stands adjourned.

[The committee adjourned at 20:18.]