



Standing Committee on Private Members' Bills

Hansard Verbatim Report

No. 9 – April 22, 1999



Legislative Assembly of Saskatchewan

Twenty-third Legislature

**STANDING COMMITTEE ON PRIVATE MEMBERS' BILLS
1999**

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Shellbrook-Spiritwood

Bill Boyd, Vice-Chair
Kindersley

Arlene Julé
Humboldt

Jack Langford
Saskatchewan Rivers

Suzanne Murray
Regina Qu'Appelle Valley

Sharon Murrell
Battleford-Cut Knife

Ron Osika
Melville

Larry Ward
Estevan

Grant Whitmore
Saskatoon Northwest

April 22, 1999

The Chair: — I will call the meeting to order and I think the first item that we should cover on the agenda is if we want to place any different order to . . . or make an order for the Bills that we would look at.

I've been asked by Pat Lorje and Suzanne Murray to place their Bills at the top of the list and let the credit union one at the bottom. You never asked. You have to ask. And so if the committee is agreed to following that procedure, we'd go; if not, I'll take a motion from the committee.

Mr. Whitmore: — Motion to change the agenda?

The Chair: — The order that we look at the Bills. If there's no motion, we go by them on the thing.

Mr. Whitmore: — I move that we accept the agenda that you put forward, Mr. Chair.

The Chair: — Okay. There's a motion on the floor. Is there any comment or discussion on it? Seeing none, all those in favour, please indicate. Any opposed? Seeing none, it's carried.

That means that we will place The Credit Union Central of Saskatchewan Act, 1999 at the bottom of the . . . in reverse order of importance, I'm told.

Bill 302 — The Group Medical Services Act, 1999

The Chair: — Suzanne, would you introduce the . . . an Act respecting the Group Medical Services Act and ask Suzanne . . . Group Medical, yes.

Ms. Murray: — Yes, thank you, Mr. Chair. I'd be very pleased to do that. And I would ask that the people here representing Group Medical Services come and sit at the end of the table and we welcome you here.

Mr. Chair, I'm pleased to introduce to you and members of the committee, Shirley Raab, who is the president of Group Medical Services; Dr. Ted Alport, who's the Vice-Chair of the board of directors; Shawn Peters, who's the chief financial officer; and Scott Whitby, who is legal counsel. Thank you, Mr. Chair, and welcome.

The Chair: — Did you have any further comments on the . . .

Ms. Murray: — Well, Mr. Chair, just to say that the feeling of the Group Medical Services organization is that the current legislation is outdated, the terminology is outdated, and the objects and powers ambiguous due to the changes in health care service and delivery over the past 30 years. There's a need for Group Medical Services to have a broader scope in providing health benefits in order that they can sustain their core business. I think if there are questions on this Bill that I know the counsel from Group Medical Services will be very pleased to answer them. Thank you, Mr. Chair.

The Chair: — Okay, thank you. I would like to now ask the Law Clerk to comment on the Bill.

Mr. Holtzmann: — The Bill is a proposed re-enactment of the

present Act expanding its powers, modernizing the language in certain respects, as the hon. member has suggested.

It contains no unusual provisions. And further, I would defer to the counsel or the medical association to comment. The one important aspect of the Bill is that it grants to the corporation, which is continued, the right to seek to carry out its powers outside Saskatchewan.

Ms. Julé: — Mr. Chairman, can I make request please? Can I just request that the speakers bring the microphones a little closer or speak up a little bit more. I'm having a little difficulty.

Mr. Holtzmann: — Oh, I'm sorry.

Ms. Julé: — It's not your fault. It's mine. I just have some problems with hearing.

Mr. Holtzmann: — I'd better get closer to the microphone. The voice . . . this is as loud as it gets.

The Chair: — Okay. Is there any comments or questions?

Ms. Julé: — Okay. If I could just have you repeat the last part of what you mentioned.

Mr. Holtzmann: — The one important change in this proposed Bill, proposed Act, is that it will empower the corporation to carry on its activities outside Saskatchewan, of course, if it's allowed by the laws of the other jurisdiction to do so.

The Chair: — Okay. I would ask or give the privilege to the petitioners now to make a statement on the Bill as they see it. And I think that means we've given everybody a sort of a beginning . . . an opening, opening remarks on it.

Ms. Raab: — Thank you, Mr. Chair. I'll just make a very brief statement. And I'm sure many of you are familiar with Group Medical Services but we were incorporated in 1949 and continued in 1967 under a separate legislation.

Prior to medicare we offered the traditional health insurance. And since medicare in 1962 we have provided supplemental health coverage to individuals and to employee groups and basically everything that the government either does not cover or does not pay for. This would include a wide range of benefits such as ambulances, private wards, wheelchairs, chiropractors, dental, vision, prescription drugs, and of course out-of-Canada emergency health care. Those are just a few benefits.

I think that over the years we have changed very much in line with the health care system but our rationale and our mandate has been very much the same, which is to provide supplementary health benefits to individuals and employee groups. And we offer these benefits to all people in Saskatchewan regardless of their age or regardless of their health risk so that we in fact serve all members of the community, not simply those that are low risk or high volume. And obviously we wish to continue to do that in the future.

Suzanne Murray has spoken in terms of our purpose and I think that is pretty much a good summary. In looking at our

legislation and in looking at what it said, it was obviously somewhat outdated. In the early days we actually paid the physicians when medicare was introduced and that's one of our current objects and we haven't done that since the early '80s. So I think it is definitely . . . will give us the clarity and the objects and powers that we need.

The marketplace is changing and I think our industry is undergoing changes just like any other industry. The borders are becoming a lot less clear. Many businesses and associations that are clients of ours have members in other provinces and we do wish to be able to serve those clients as well.

So I think in summary, we believe the legislation will provide clarity, that the terminology and the powers and objects will enable us to move forward into the next millennium and continue to offer a service to people in the province.

The Chair: — Thank you. Is there anyone else to comment or will that be . . . that's it, okay. I guess it's open for questions from committee members or any comments?

Ms. Julé: — Thank you. I guess I'll just refer this question to whosoever wants to answer it. In your opening statements, or it may have been in Suzanne's, I'm not quite sure, but was there a statement that services would be broadened from the existing services right now? Are there going to be additional services that will be offered by Group Medical Services?

Ms. Raab: — The powers are broadened and clarified. The new terminology, as I understand it, is more of the powers of a natural person and it does provide specifically for extra-provincial activities. So in that sense it is broadened.

We have made changes over the years and will continue to do so. So, you know, in effect it's more of a changing with the marketplace as opposed to anything else.

Ms. Julé: — I understand that you, you know, what you're hoping for in here is to expand your powers to other jurisdictions. But what I'm asking is that, are the services that are being covered, are there extra services that you will be covering that people can buy into? Are you planning on expanding the services, the number of areas that can be covered for your clients?

Ms. Raab: — There may well be an expansion of the benefits over time in terms of what is actually covered. We have added a number of benefits recently such as mobility aids as people are living in their homes longer. We may be . . . certainly may look at additional benefits. We don't have any new lines of business proposed at the moment, more of an expansion of coverages within our programs.

Ms. Julé: — Okay, thank you.

The Chair: — Just to assist *Hansard* in assuring that the words that are spoken are credited to the correct individual, I'd ask the petitioners to indicate who they are when they speak. It helps things to be recorded correctly. Are there any other questions from the committee?

Mr. Boyd: — Thank you, Mr. Chair. Group Medical Services

has been around for a very long time and has a very reputable business and certainly provides service to the people of Saskatchewan that is very good — a good corporate citizen. This Bill — after reviewing it more or less — is just to update the Act and I certainly see no difficulty with it whatsoever and feel that it should be moved ahead quickly.

The Chair: — Okay.

Mr. Whitmore: — Yes, Mr. Chair. Simply a technical question on clause 14 and maybe the legal counsel could answer that for me. It's regarding the non-application of certain Acts and just in terms of The Saskatchewan Insurance Act, Business Corporations Act, and non-profit Act, '95, and why these Acts don't apply in this case. What would be the reason for that?

Mr. Whitby: — Scott Whitby for Group Medical Services. This is really just a continuation of the existing exemption from the 1967 Act. If you look at section 10 of the existing legislation, it simply says that The Saskatchewan Insurance Act and The Companies Act do not apply to the corporation. So what we simply wanted to do was bring that into the 1990s and update the references to the legislation. But historically, Group Medical Services has been exempt from the application of that legislation and we're just seeking to continue that.

Mr. Whitmore: — Okay, thank you.

The Chair: — Yes?

Ms. Murray: — If there are no further questions or comments from other committee members, I would just like to thank the petitioners and particularly Shirley Raab who has been very helpful to me in providing me with the information that I needed. Thank you, Mr. Chair.

The Chair: — Okay. Are there any other members who wish to ask questions? Okay, then we will need to go through the Bill on a clause by clause basis, and there are 17 clauses. So is the preamble agreed? Sorry, when I was getting my instructions here as to the exact . . . I missed on one. We need a mover for the preamble, so will someone please . . . Arlene moves.

Is the preamble agreed? Okay.

Clauses 1 to 17 inclusive agreed to.

The Chair: — I now need a motion to . . .

Therefore Her Majesty, by and with the advice and consent of the Legislative Assembly of Saskatchewan, enacts as follows: An Act respecting Group Medical Services.

And I need a mover for that as well.

Ms. Murray: — I so move.

The Chair: — Suzanne moves. All those in favour, please indicate. Down. Those opposed? It's carried.

The committee agreed to report the Bill.

Okay. On behalf of the committee, I would like to thank the

petitioners for their attendance and the information that they provided the committee members.

And I would also like to indicate to them that if the world continues to turn as we expect it to turn, some time on April 27 third reading should occur. If not, it'll be a week later. Thank you.

**Bill No. 303 — The Saskatchewan Foundation
for the Arts Act**

The Chair: — Okay. If we move on then to the next Bill that we have on the agenda to look at, it's Bill No. 303, The Saskatchewan Foundation for the Arts Act.

Pat, would you introduce the people that are going to be your support.

Ms. Lorje: — Thank you, Mr. Chair. I would ask Mr. Rupert James to join me at the table, please.

Mr. Chair, Rupert James of course is a well-known person around Regina, being a principal in the firm of Ernst & Young. He has often appeared before the Crown Corporations Committee as a witness and has a very high profile with the United Way in Regina. As well as all those other things, though, Mr. James is a very interested and is a patron of the arts and therefore is involved in the Bill before you.

The Bill basically, as committee members will know, Saskatchewan Arts Board is the oldest arm's-length independent arts board in probably the world, I think, though the one in Britain might predate it by a few months.

But they have recently been undergoing some organizational changes and have looked at their structure and have determined that having an independent foundation would be an excellent way to receive gifts from the people of Saskatchewan for the benefit of the arts and the people of Saskatchewan. Hence the Bill is before you today.

The Chair: — Okay, I would then like to ask the Law Clerk to comment on the Bill.

Mr. Holtzmann: — The Bill proposes the establishment of a corporation to do the things that Ms. Lorje just outlined — a charitable corporation to act with respect to the furtherance of the arts, to accept donations, use those donations for arts and artists generally in the province.

It is similar in many respects to other corporations which are private corporations which do charitable works. Nothing unusual insofar as legislation is concerned. I think the people involved would perhaps say it's quite unusual and exceptional but it's what Ms. Lorje purported the Bill to provide for.

The Chair: — Okay, do any of the members . . . first of all I should ask if there is any further comment from the petitioners on the Bill as it is being presented to the committee.

Mr. James: — Thank you, Mr. Chairman, I might make a few brief comments. I'm doing this in my capacity . . . I'm appearing in my capacity as the chair of a committee that was

asked to come together by the Saskatchewan Arts Board — really separate from the Arts Board.

And it consisted of myself as chair; Darlene Bessey, who had experience with the Saskatoon foundation; Vic Cicansky, a well-known Saskatchewan artist; Kate Daley, who has experience with the Crafts Council; Pat Johnston, with the National Gallery and a patron of the arts; David Male, who's a member of the faculty of engineering in Saskatoon; Brad Hunter, who is a lawyer and has volunteered in the visual arts area; and myself. In my primary area to do with the arts was the chair of the board of directors at the Globe Theatre.

Valerie Creighton, the former executive director of the Saskatchewan Arts Board was planning on being here this morning, sends her regrets. She had another engagement in Moose Jaw that she just could not get out of.

I'd like to also recognize the hard work of Jane Turnbull Evans, the late Jane Turnbull Evans, who did a lot of work in support of this committee in terms of research and so on. She passed away last fall.

What I would like to say about this Bill is, the committee met a number of occasions over a period of two years; researched other provinces, other structures for governance; looked at the new Saskatchewan Art Boards Act, 1997 as passed by this legislature, and after consultation with the arts community and consultation with patrons of the arts in the province, reached the conclusion that an Act separate and apart from The Arts Board Act, 1997 would be the most appropriate route to take from the perspective that, in the eyes of patrons we felt it was very important that a foundation like this that is going to seek endowment monies from people — and what I mean from by endowment money is legacy money that would be donated and held in perpetuity and only the earnings from that money would be used to fund the arts, okay — that such a vehicle be established very independently of government and be independent from government and be seen to be independent of government.

Now we know the Arts Board is independent. We thought it would be important in the eyes of the patrons for such monies to be established under a separate foundation. And hence the reason for the request for the private members' Bill.

The Chair: — All right, are there any committee members then that wish to ask questions on this Bill or make comments?

Mr. Whitmore: — What system was used before in terms of legacies that were provided to the Arts Board or what vehicles were used to continue on those legacies or those endowments, or was there any vehicle for that?

Mr. James: — There is no official vehicle. I beg your pardon. Until the change to The Arts Board Act, 1997, in 1998, there was no vehicle for that purpose. The Arts Board has received some monies from donors in the past, some land, and some cash donations. They've really held . . . they've held that money in trust until such time as something like this could be put in place.

It's interesting to note if you look at Manitoba and if you look at Calgary and Vancouver and various other places across the

country where these foundations have been established . . . Winnipeg for example, theirs has over a hundred million dollars in legacy money in it.

We know that there is a huge amount of money coming . . . or going to change hands in terms of generational change in the next number of years. We also know that there are Saskatchewan people who are living in the province and who have retired elsewhere who have a very, very strong connection to this province and a large number of them a very strong connection to the arts and of course to other philanthropic ends.

So the feeling was that by establishing a vehicle like this that it would be possible to establish private money — this is not . . . there is no intention of government money going into this at all — a vehicle for private money to come in to support the arts in the province.

Mr. Whitmore: — Thank you.

Ms. Julé: — No, the Bill is very clear to me, and I have certainly . . .

Mr. Boyd: — Yes, the Bill is also clear to me. I am very much in support of your efforts in this area. I think it is very laudable to set up a foundation of this type to support the arts in Saskatchewan — an important endeavour — and we wholeheartedly endorse it.

The Chair: — Is there any further comment from committee members?

Okay, then the next step is normally a motion to adopt the preamble, but since this Bill doesn't have a preamble . . . As I get my educational course here as we go along, as soon as I learn what I'm supposed to do, then the next Bill doesn't follow that respect, so . . . on a steep learning curve, I'm going.

So what we move to then is consideration of the Bill clause by clause in short title.

Clauses 1 to 21 inclusive agreed to.

The Chair: —

Her Majesty by and with the advice and consent of the Legislative Assembly of Saskatchewan enacts an Act as follows:

An Act respecting the Saskatchewan Foundation for the Arts.

And I would ask that someone move that without amendment.

Mr. Whitmore: — I so move, Mr. Chair.

The Chair: — Oh, sorry, I'm moving too fast on this one.

Mr. Whitmore: — Mr. Chair, I so move.

The Chair: — You will so move. Grant Whitmore moves. All those in favour please indicate. Down. Those opposed?

The committee agreed to report the Bill.

Of the three Bills that we have this is the only Bill that is not considered to be supporting of itself, and in that case we usually have a motion that the fees less the costs of printing be refunded. And if I would have someone move that motion, then we would refund the monies paid for this Bill No. 303.

Jack Langford moves. All those in favour please indicate. Down. Opposed? It's carried.

I will thank the witnesses for appearing and providing information to the committee. It is my understanding if the world unfolds as it expected to, that some time on April 27, third reading and Royal Assent will follow that . . . third reading will occur on April 27 and Royal Assent will follow at some future time. Otherwise it'll be a week later.

Bill No. 304 — The Saskatchewan Medical Association Act

The Chair: — The next item on the agenda is Bill No. 304, The Saskatchewan Medical Association Act. And I would ask Ms. Lorje to introduce the individuals that are here with that Bill.

Ms. Lorje: — Thank you, Mr. Chair. Before I do that I do want to thank the committee for agreeing to change the regular order of the agenda, and I do want to apologize to the credit union for the slight delay for their Bill. But I know that committee members will want to give careful attention to it since they are the guardians and custodians of my money and my loans.

Mr. Boyd: — Which number is higher?

Ms. Lorje: — Mr. Boyd, you know how much MLAs (Member of the Legislative Assembly) are paid. You can probably guess.

I would like to introduce the people that I have with me. Mr. Reynold Robertson is a very well-known Saskatoon lawyer; and Mr. Ed Hobday is usually better known in his role as the reeve of Corman Park, the largest municipality in the province and probably the most progressive, and certainly home to some of the finest people. But he also works for the Saskatchewan Medical Association.

Would you like me to give a brief overview of this Bill?

The Chair: — I'll ask you to do that a little later if you could. And at the present time I'd ask the Law Clerk to comment on the Bill.

Mr. Holtzmann: — The Bill poses that the Saskatchewan Medical Association which is now incorporated under The Non-profit Corporations Act, 1995 be continued as a corporation under this private Bill. It's a restatement of its powers. One notable feature is the provision in the Bill for a representative assembly for the association which will make recommendations to the board with respect to the governing of the association.

In other respects the proposed Bill is a restatement of the purposes and objects of the association.

The Chair: — Okay. Now would petitioners like to have their comments on the Bill that they're presenting?

Ms. Lorje: — Mr. Chair, the Saskatchewan Medical Association has been undergoing a review of its structure and purposes and in an attempt to ensure that they are thoroughly modern and very much of the coming century. They will still be a representative assembly. There will be no change to the structure per se of the SMA (Saskatchewan Medical Association). The general public will still see things exactly the same as they ever have.

But because of the provisions of the corporations Act, it was deemed that it would be prudent to establish the SMA as a separate corporation rather than try to slot it in under the either the corporations Act or The Non-profit Corporations Act, 1995. Hence there is this separate stand-alone Bill. But it is non-controversial. There will be no change in the aims, directions, and purposes of the SMA. Mr. Hobday?

Mr. Hobday: — Thank you, Mr. Chairman. By way of background just to explain why we want to keep doing business the way we are, which is the reason that we're here this morning and have this request for the Act to be introduced. The current version of the medical association dates back to the mid-'60s. And at that time when it was structured it was deemed to be prudent to have a parliamentary model which would encompass the physicians throughout the whole province.

You should be aware that membership in the medical association is voluntary. And at the moment there ... approximately 90 per cent of the practising physicians are members of the medical association. And we also have relationship with both the student medical society and the interns and residents, and virtually 100 per cent of the students and the residents are also members of the medical association.

The way we do our business is through a representative assembly which convenes twice a year. The spring session actually is next weekend in Saskatoon.

The delegates to the representative assembly are selected basically from three constituent groups. We have remade the SMA to mirror the district, the health districts that were formed in the early '90s so that we actually have 31 or 32 district medical associations. And depending on the number of physicians who reside in those districts they would get to send a certain number of physicians. So that obviously Saskatoon would have more delegates than Meadow Lake.

The second stream of delegates to the representative assembly come from all of our sections — we have approximately 20 sections. So we'd have, like, medical health officers, psychiatrists, family physicians. And the notion there is that in addition to getting geographic input in terms of what's happening in the health care sector, it's also important to get speciality perspective in terms of expertise and unique points of views.

The third stream of delegates, as I mentioned, come from our students and our residents. So they get to elect their spokespeople to attend this assembly which convenes twice a

year and receives the reports from all of the standing committees.

Our election process ... so in terms of ... the delegates are elected, either through their section, their speciality section, or through the ballots at the district level. This would amount to about 80 physicians or would be physicians, convening twice a year to receive all of the committee reports.

We have, as you might expect in terms of running on committees and volunteers, we have a lot of committees and they're obliged to report twice a year in terms of their deliberations, their perspectives, and then the assembly would pass policy decision. So there's a fall meeting and a spring meeting.

It's this 80 physicians who elect our board of directors. So this is in terms of why we're offside with The Non-profit Corporations Act, 1995 is so there's actually elections within the elections. And they'll be next week, and so our board of directors and our executive officers will be elected at that time.

So that's the essence of how we do business and that's how we want to continue to do business. And we think in terms of it's all-inclusive and does give the association the opportunity to have meaningful debate and have policies and positions that are sort of measured and tempered through a debating process, as opposed to some other medical association, other organizations, who run on more of a military type structure, and you have select few who dictate or put forward perspectives that may not be consistent with what the entire membership thinks is the appropriate position to take.

And so we're very comfortable with it. It's really the only governing model that we've been exposed to. But we look across the country; we think it's the superior model. And as a matter of fact, the Alberta Medical Association in the last year and a half reorganized themselves to pattern their governing process after the model that we have here. And there are one or two other medical associations who have asked for advice and comment from us in terms of coming to the conclusion that perhaps we've got a little secret here that they'd like to take advantage of. So that's why we're here this morning.

The Chair: — All right then, committee members for questions and comments?

Mr. Whitmore: — Just from a technical point of view, there's no change then in terms of powers or responsibilities from the previous Act to this one now ... is simply transferring these under one Act. There are no changes that way.

Mr. Robertson: — This Act recognizes the way the SMA actually governs itself. It's been governing itself that way for many years. The reason for this Act is basically that it makes it clear that their governing model is in conformity with Saskatchewan law. Currently under The Non-profit Corporations Act, 1995 it is vague, and this is the reason why the Saskatchewan Medical Association wish to have this clarified.

Mr. Whitmore: — Thank you.

The Chair: — Any further comments or questions?

Well seeing no further comments or questions on it, then I need a motion to adopt the preamble of the Act Respecting Saskatchewan Medical Association. Bill moves.

Those members in favour please indicate. Down. Those members opposed? Carried.

Clauses 1 to 17 inclusive agreed to.

The Chair: —

Therefore Her Majesty by and with the advice and consent of the Legislative Assembly of Saskatchewan enacts an Act as follows:

An Act respecting Saskatchewan Medical Association.

Do I have a motion to report the Bill without amendments?

Mr. Boyd: — I so move.

The Chair: — All those in favour please indicate. Those opposed? Carried.

The committee agreed to report the Bill.

The Chair: — I would like to then thank the petitioners for their appearance before the committee and answering the questions and presenting the Bill, and tell them that it is the understanding that this Bill will be before the House, Tuesday, April 27 for third reading. Committee of the Whole and Royal Assent will follow at some future date after that unless things do not unfold as they are expected to.

Thank you very much.

Bill No. 301 — The Credit Union Central of Saskatchewan Act, 1999

The Chair: — Okay. We will now move to Bill No. 301 — An Act respecting The Credit Union Central of Saskatchewan, Saskatchewan Co-operative Financial Services Limited and the Credit Union Services Corporation of Saskatchewan.

And I would first of all like to say that I thank you for your patience in allowing us to move through the shorter and simpler Bills to start with, and then ask John to introduce the members that are . . . or the petitioners that are appearing for the Bill.

Mr. Wall: — Thank you, Mr. Chairman. With us this morning from Credit Union Central we have Sid Bildfell who is the chief executive officer of the Credit Union Central. We have Keith Nixon to my immediate left, who is the director of government and public affairs. And to my extreme left is Joe Dierker who is the counsel for the Credit Union Central. May I make an opening statement now? That comes later, okay.

The Chair: — I'll let you do that later. I would ask now the Law Clerk for his report to the committee on the Bill.

Mr. Holtzmann: — Well, lastly but certainly not the least, this

is, as you can tell, a Bill proposing to provide certain amalgamations, extension of powers for Credit Union Central to accept certain powers provided by federal statutes. Other than that I will leave detailed explanations of how the Credit Union Central of Saskatchewan, how Saskatchewan Co-operative Financial Services Limited, how they are structured now, what their powers are, what they will be after this Bill hopefully is passed.

In other words, in other respects, the Bill is not dissimilar to other statutes which we have which had provided for amalgamation of corporations, both federal incorporated, to corporations, and corporations of other provincial jurisdictions.

Mr. Wall: — Thank you, Mr. Chair, for giving me this opportunity at this late hour to present this petition on behalf of the directors of the Credit Union Central, who are here this morning. I think the Law Clerk explained it very well that this Bill, in the true co-operative spirit of the Saskatchewan people, represents the . . . to provide for a modern restatement and expansion of the corporate powers of the Credit Union Central. I'll leave my opening statement at that and pass it on to these people who are much more expert at it than I am.

Thank you, Mr. Chair.

The Chair: — Okay, whichever petitioner is going to provide opening remarks, I'd ask you to state your name before, for *Hansard* to record whose statement it is.

Mr. Bildfell: — Well, thank you, Mr. Chairman, and good morning. My name is Sid Bildfell. I'm the chief executive officer for Credit Union Central and I certainly want to thank you for your time this morning, all members, and in particular, John Wall, our sponsoring MLA.

Most of you have heard from us on one occasion or another, over the past number of weeks and perhaps even the last number of days, to speak about this Bill and the importance of this Bill for the province of Saskatchewan, so I'll keep my opening remarks quite brief.

As you I'm sure are aware, Credit Union Central of Saskatchewan is a democratic financial co-operative. We supply a vast array of financial products and services to some 151 credit unions in this province, offering services in 339 locations. And over 130 communities in this province would not have basic financial services were it not for the credit union system.

Our democratic structure includes a board of directors that represents various regions around the province. We have 10 districts; we have 12 directors. Two of the larger districts in the cities of Saskatoon and Regina have two directors. These directors act as a liaison with local credit union leaders and their responsibility is to make policy decisions on behalf of the credit union system in this province and to direct the overall affairs of the corporation of Credit Union Central Saskatchewan.

And certainly to achieve the credit union system vision, working together to build better communities and to provide the best financial services, Central has entered a variety of subsidiaries, joint ventures, investments, and alliance relationships in order to support credit unions in their delivery

of full financial services to those communities.

I'm sure I need not mention to any of you that the financial services marketplace is experiencing rapid change and will continue. Credit unions are embracing these changes and we're building for the future here in our province and here in our communities.

The main purpose of this Bill is to ensure that we will continue to have an effective and efficient service organizations that can contribute to Saskatchewan credit unions and the relationship and services we provide, I might add, to over half of the population in this province. We're proud to say we have 550,000 members and we're proud to provide services to them.

In the final stages of the development of the new credit union Act . . . and I'm pleased to report to you the fine support we received from this government and all MLAs in terms of support for The Credit Union Act, 1998 recently approved. And in view of the MacKay task force report and the many changes we expect in the financial services industry, we concluded quickly the Credit Union Central's legislation too must be modernized so that we can compete effectively into the next millennium.

Our board of directors started to examine and discuss policy issues early last summer and it culminates in the Bill that's before you this morning.

This Bill addresses modern business powers to support credit unions, access to capital so we can invest even more in this province and build our province together, and the capacity to organize our own business functions in a more cost-effective way while preserving the democratic control that's built within this legislative Bill.

As a result, Saskatchewan communities can continue to benefit from the presence of credit unions as modern, full service financial providers offering a full range of products and services to their members and their communities.

And before responding to questions, I'd ask Keith Nixon to review our drafting activities so you'll be aware of all the activities we've had in this province. And then I'll ask Joe Dierker to review some of the key changes that are proposed in the Bill.

Thank you, Mr. Chairman.

Mr. Nixon: — Thank you, Mr. Chairman. In terms of our activities over the last several months, I just wanted to provide some brief comments.

We initiated the drafting of this Bill early last fall, following the system confirmation of our policy directions. And given the recent work on the new credit union Act, we initiated discussions with the legislative services of Saskatchewan Justice to be sure that the regulatory structure for credit unions remained intact.

From there we shared our work with the federal representatives of the Department of Finance, the Office of the Superintendent of Financial Institutions, and the Canada Deposit Insurance

Corporation in order to identify any concerns they might have. Their helpful advice has been incorporated into our drafting.

And following that, early in the new year we benefited from the discussions with the Law Clerk, again leading up to the formal filing of the Bill for your consideration.

Given past debates, to ensure there were no surprises, we shared a copy of the draft with the Insurance Brokers' Association of Saskatchewan, invited their comments, questions, or concerns. And no concerns have been brought to our attention.

In addition to the notice rules for private Bills, we issued press release and regular communications with the member credit unions and related organizations throughout this process.

And finally, we have made a number of presentations to various caucus committees, many of which you have attended, and kept those communications open.

And now I would ask Mr. Dierker to review some of the main changes incorporated into this legislation.

Mr. Dierker: — Mr. Chair, and members of the committee, what I propose to do is to highlight some of the principal changes and then to point out to members of the committee of the safeguards that are built into the legislation to ensure that the deposits of people in Saskatchewan in the credit union system and through the credit unions, with Credit Union Central, are protected. And just to outline for you the regulatory structure that applies to the credit union system through this Bill.

The first provision that I draw your attention to is section 5(1)(b), which provides that the federal prudential rules apply to this organization. These are the same prudential rules that will apply to a banking structure as to capital. It limits the activities of this entity to financial services activities. It prohibits it from getting into commercial activities, taking on commercial risks, like running grocery stores and matters of that end. That's the legal effect of that provision.

Section 6 is a substantial change to the legislative structure of Credit Union Central. It gives to Credit Union Central the power to carry on retail financial services. Presently the provincial legislation and the federal legislation applicable to Central give it the ability to carry on wholesale financial services. This will allow it to carry on services as a bank will be able to provide services. And that service is, as Mr. Bildfell has described, a service that is required to assist credit unions in their delivery of services.

Section 7 is a restriction on the ability of Central to ensure that it maintains regulatory controls and that it will not carry on businesses that are beyond the financial services market.

Let me just describe the regulatory controls generally. I've spoken about the federal regulatory controls, the prudential controls that are brought onto this corporation and are enforced by the Office of the Superintendent of Financial Institutions. And they do in fact do a regular audit of the operations of this organization to satisfy themselves and the public of Canada and the public of Saskatchewan that in fact the services are being

performed in accordance with these regulatory controls.

There is a provision in this Bill that safeguards the public of Saskatchewan, which is that to the extent that there should be any reason why the federal regulatory controls do not apply to this entity, then the ordinary regulatory controls of the public . . . of the law of Saskatchewan through the trust legislation will apply to this organization. And that will again assure protection to the public for their deposits and their investments.

I would then draw your attention to section 13 which is a substantial change. It will allow Credit Union Central to issue capital, both privately placed capital and public capital, in the market. This is a significant change for a co-operative financial institution. It will allow Credit Union Central to acquire incremental capital for expansion of its purposes.

Please note subsection 5 which limits the number of external directors that any public capital can acquire. And if Central should issue public capital, it may only allow any individual investor to have 10 per cent of that capital. There cannot be a concentration of capital which risks the takeover of this corporation. That's specifically prohibited under this Act.

I would then take you, Mr. Chair, and members of the committee to Part II which is section 21, which is the application of the general public law of the province to this corporation. The general provisions of The Business Corporations Act will apply to this corporation. Directors' liabilities, information to shareholders — those matters all apply to this corporation as they will apply to other corporations in this province.

Section 22 is the section that I refer to generally. And I draw your attention to subsection 1, particularly because one of the members of the committee asked questions on another Act this morning with respect to the non-application of statutes. If what this provides that The Securities Act and the loan . . . and The Trust and Loan Corporations Act and The Mortgage Brokers Act will not apply to this corporation. But you have to read the entire section correctly . . . rather, completely not correctly. I know you will read it correctly.

What it says is that these Saskatchewan statutes do not apply as long as this organization is regulated federally, and that the federal rules apply. And I can assure members of the committee that the federal rules are as stringent, and almost in all cases, more stringent than are provided for by the provincial regulatory rules. There is not a complete exemption from the statutes as existed in the other Act that you considered this morning which provided for an absolute exemption of that corporation from such things as the insurance Act and a few other Acts.

If this entity were to engage in such matters as insurance, the ordinary insurance Act that applies to all entities in Saskatchewan would apply to this corporation. And that has been reviewed of course with the insurance industry of the province.

Part III of the Bill provides for the ability of this corporation to reorganize entities and subsidiaries for its own efficiency. As members of the committee will know, the supply of financial

services is presently under review by the Department of Finance as a result of the MacKay committee.

As a result of that review, many of the things that are being done through subsidiaries will be able to be consolidated into the financial service corporation. And Part III will enable Credit Union Central to have the efficiencies that will be available to banking industries as if they were incorporated under federal legislation.

Part IV is essentially the same. It allows a specific subsidiary which carries on a very substantial commercial lending activity in this province, a small business banking activity really, to be amalgamated into this corporation once this Bill passes.

Part V of the Bill allows a reorganization of the services of Sask Central to allow a reorganization of the financial services and the support services, and allows those to be put into different entities if that is required for efficiency to allow Credit Union Central to provide services both on a national basis and on a provincial basis.

I would like to point out to members of the committee that that can only be brought into effect if the members of Central approve it. It's not something that can be effected by the directors or management of Central. It's not a top-driven activity. It has to be an activity activated by the members of the system.

And, Mr. Chair, that concludes my comments.

The Chair: — Do any of the members of the committee have questions or comments?

Ms. Julé: — Thank you, Mr. Chair. In reflecting over some of the comments about the Bill, I certainly understand, with changes going on, that amalgamations aren't taking place in many sectors.

However, my constituents over the past three and a half years have given me an indication that in spite of all the language, that they sometimes can't understand when changes are made. Their basic question is just very simply: we want to have our services close to home, especially in the small rural communities throughout Saskatchewan.

And there is definitely a general apprehension, I think on many people's part in rural Saskatchewan, that we are losing services at an alarming rate. And so I would just put it simply to you: does the section in this Bill pertaining to amalgamation mean for Saskatchewan people that some of those credit unions in our smaller locations will be assimilated into larger locations? And will their physical facility, their credit union in their smaller communities be threatened due to this Bill?

Mr. Bildfell: — Sid Bildfell. Thank you for that question. This particular Bill doesn't speak specifically to the legislated or governance environment under the local credit unions. So the decision in terms of credit unions in those communities that you speak of are those decisions that are made on behalf of members of those credit unions. So if there is an amalgamation between two credit unions for an example in this province, that is a decision and is required to have the approval of the

memberships of both of those local credit unions.

So this particular section of the Act speaks to the activities of corporate Central and is not influencing amalgamated activities at credit union level which is provincial legislation. I hope I've answered that question.

Ms. Julé: — That's fine, thank you.

Mr. Dierker: — Mr. Chair, might I supplement that response — not to say that the response wasn't correct because Mr. Bildfell as my employer is always correct. I just want to point out to the hon. member, Mr. Chair, that there is no provision in this Bill that would permit an amalgamation of a credit union with Credit Union Central. There's no provision in this Bill that allows Credit Union Central to take over the activities of a credit union. And perhaps that will provide some comfort in the response.

Ms. Julé: — Thank you.

Mr. Whitmore: — Thank you. I guess that maybe clears up some of my questions but you'd made reference in clause 6 about additional powers of Central and the change in sense from wholesale to retail, in terms of those activities. And I guess that that raises the question then — and I guess you've answered that in terms — can Central perform duties or some duties that the local credit union would be doing in terms of a competitive aspect? Is that possible there or am I just seeing things that aren't there?

Mr. Bildfell: — Mr. Chairman, you know, thank again for that question. It's a very good one, because it too is one that is raised with the credit unions as we move through this process. Clearly the role and responsibility of Sask Central is to support credit unions in their communities. That's the whole mission we have, that's our whole, our whole objective, that's the reason we exist is to support them.

Having said that, there are retail activities that require a certain size and scope in order for them to be economically competitive — competitive for those credit unions. I can give you just one example, but there are many. I'll use the example of credit card activities that are retail in their nature. If each local credit union had to create a credit card type of activity, the costs associated with that would simply not be competitive for their members and so they would lose that activity from their membership.

So by amalgamating retail activities together — in this instance in Sask Central — we're able then to support the credit unions by providing that retail product for them. And that is the intent of the Bill.

The second ... well there's two actually ... This is an important question — my view. The Bill clearly maintains the power of the representative body. Credit Union Central cannot do anything that is not agreed to by that representative body. And if we ever got thinking we could compete with credit unions, I can guarantee you the next resolution at the annual meeting body would be cease and desist. And that is very good. I agree with that. By the way I spent 25 years of my life in the retail business so I'm very familiar with that.

And third point, our existing legislation is very cumbersome for us to achieve that same objective. The costs associated with this are terrific compared to our competitors and this Bill really helps us achieve that objective.

Mr. Whitmore: — I guess the other step too, in terms of further questions, is in the area of retail in terms of serving larger clients by which the local credit unions, even though their size — be it Regina or Saskatoon, for example — are unable to absorb some of those.

And you've answered some of my other questions in terms of the democratic control and in terms of the member credit unions and things like that and the question of amalgamations doesn't threaten the credit union autonomy.

I guess the other question would be, though, and particularly in a share offering or a public offering that you've set up in a separate entity, the credit unions would argue you've maybe risked some of their capital in terms of doing that. But I also understand too you need to react quickly in terms of developing these partnerships and things like that.

Does the Act ... is it flexible enough for you to do those kind of things, to enter into partnerships or amalgamations quickly enough to take advantage of those in a changing marketplace do you believe?

Mr. Bildfell: — Mr. Chairman, as to your first question, the capital obviously is important. Like any commercial or business activity, capital is one of your primary requirements to expand your business activities. We were very clear within the Bill to maintain the ownership and control with the credit union system. That's clear and we have no ... there's no contemplation here, for example, of turning existing equity and capital structures that already exist within the corporation into the public domain. That remains and controls within the credit union system. We're very careful about that.

The capital structure that's being contemplated here gives us capacity to move into ... get access to capital to support new business enterprise in Saskatchewan. And so we have an opportunity to be a more active participant in growth and development in this province. That's why I'm very, obviously very supportive of that activity.

Although that's contained within the Saskatchewan credit union Act, recently approved, I think you've hit on the point. The relative size of credit unions is very difficult for them to go into the marketplace and be attractive from an investment point of view. So that's helpful within the Act.

As to your third observation, there is sufficient both controls here and opportunity for board and management to come forward to the delegate body to give us a capacity to move into the marketplace. And that also is considered and contemplated in the Bill.

From a management point of view, I'm comforted we've got those controls of ownership there and yet capacity for our organization to move forward and support the credit unions.

Mr. Whitmore: — My last question, Mr. Chair, regards the

question of consultation. And you spoke about the question of process that you went to in terms of the legislation and with stakeholders outside. What process was used in terms of talking to the member stakeholders of the credit union, to the credit union members, the local credit unions in terms of that communication process?

Mr. Bildfell: — Keith may be able to give me some more detail here, but we had quite an extensive communication process with our member credit unions.

They own and control Central and so that is obviously a very primary focus for us, both directly to every credit union in the province and then through our delegate democratic structure that ultimately controls the organization. So that was quite an extensive process.

In terms of the communication broadly, Keith spoke to it earlier, where we sent out press releases and communications to see about reaction to the member, to the general public which obviously would include the membership base, and provided speaking notes and opportunities for credit unions to speak to their members. The reason I make that distinction is, Central unless it's, say, a broad public policy question or something of that nature, we don't directly communicate with credit union members.

Mr. Whitmore: — And I'm being distinct here. When I talk members it's the local credit union. It's not the person with the shares, it is the credit union that is the member.

Mr. Bildfell: — So very extensive processes for every credit union and the delegate body to make sure we cover up both sides.

Mr. Whitmore: — Thank you.

Mr. Boyd: — Thank you, Mr. Chair. I don't really have questions, I just basically wanted to address the credit unions representatives, Mr. Bildfell.

This Bill represents very important steps, we believe, in updating your services and allowing the opportunity to access capital, etc. Obviously the credit unions have played a very large role in financial services to the people of Saskatchewan. Credit unions have provided, now provide, and will continue to provide well into the future, services, financial services for the people of Saskatchewan.

We appreciate and understand that your work does not just start and stop there however. Your work supporting communities and charitable work offering Saskatchewan people with good, high quality jobs, should not go without recognition and is indeed supported and appreciated.

With the ongoing changes in the worldwide financial services, I believe it makes necessary changes in your governance structure and an expansion in your powers to ensure that you can fairly compete in that ever-changing financial world.

Your presentation, I just wanted to add, to our caucus, we believe was first-rate and provided us with a good overview of your objectives and operations and plans for the futures. It was

certainly welcomed by all of our members and was very professional and formative. We as a result recognize the importance of updating your legislation and support it in its entirety. And we would offer our best wishes for your continued business activity and future expansion in the province of Saskatchewan.

Mr. Bildfell: — Mr. Chairman, I thank the member very much and I very much appreciate the comments and the support. Thank you.

The Chair: — Are there any comments from other members of the committee? All right. Then we have . . . need a motion to adopt the preamble but before we do that, the Bill consists of some 33 clauses but it's divided into seven parts, and with the leave of the committee we can go through by parts rather than by clauses. Agreed. Okay. I thank the committee for that. I have a cold that's starting to bother my voice.

Okay. I now need a motion to adopt the preamble. Okay. Arlene.

Those in favour of the motion please indicate. Down. Those opposed? The motion to adopt the preamble is carried.

Clauses 1 to 33 inclusive agreed to.

The Chair: —

Therefore Her Majesty by and with the advice and consent of the Legislative Assembly of Saskatchewan enacts an Act as follows:

An Act respecting the Credit Union Central of Saskatchewan, Saskatchewan Co-operative Financial Services Limited and the Credit Union Services Corporation of Saskatchewan.

I need a motion to report the Bill without amendments. Jack Langford moves.

All those in favour, please indicate. Down. Those opposed? It is carried.

The committee agreed to report the Bill.

First of all, I would like to again thank the presenters for this Bill for their patience as we went through the other Bills, and they should accept that as partly an understanding that this is the most important Bill of the ones going through in the sense that it has an impact on a very large number of people in the province of Saskatchewan.

And it is my understanding that on Tuesday, April 27, that this Bill will be in the House for Committee of the Whole third reading with Royal Assent to follow unless things do not unfold as we expect them to do so. And with that I give you the opportunity of making closing remarks if you're interested.

Mr. Bildfell: — Well thank you, Mr. Chairman. Certainly I know that you're busy, but I again appreciate the time and the effort obviously all members have put into this Bill.

It's very important for us and I firmly believe that with modern legislation we can make a significant difference in this province together. And I think that's what we're all about, all of us members and the credit union system. We're very, very interested in doing everything we can to make this province the best place in the world to live. Thank you, Mr. Chairman.

The Chair: — Unless there is some other items of business that committee members wish to bring forward, I would accept a motion to adjourn the committee. Arlene moves adjournment of the committee. Thank you very much for attending.

The committee adjourned at 10:34 a.m.