

EVENING SITTING  
COMMITTEE OF FINANCE

General Revenue Fund  
Municipal Government  
Vote 24

**The Chair:** -- I will ask the minister to introduce her officials to the members of the committee.

**Hon. Ms. Carson:** -- Thank you, Mr. Chairman. To my right I have Bill Reader who is a deputy minister. To his right is Ron Davis who is assistant deputy minister of municipal services. To my right and behind me is Ron Styles, associate deputy minister of housing. Immediately behind me is Larry Chaykowski, executive director of administrative services; and to my left is Ken Alecxe, associate deputy minister of recreation and culture.

**Item 1**

**Mr. Swenson:** -- Thank you, Mr. Chairman. Thank you, Madam Minister, and welcome to your officials.

I'm going to start tonight, Madam Minister, with something that is a little bit different. As you know, during question period we've been asking questions on behalf of Saskatchewan citizens and are going to continue that process in estimates. So I will ask these questions of you individually and allow you to answer each one with the best of your ability because we'll be sending the verbatim to the individuals involved.

The first one I will pose to you, Madam Minister, deals with someone that you may know. This individual is from St. Brieux, Saskatchewan. His name is Mr. Steve Sabo. He says: Mr. Premier, I would like to know why on 210 acres of grain-producing land which I live on, I pay land taxes of almost \$1,000 yearly. This land is all rented and I do not farm. We raise a garden and sell the extra vegetables to people 30 miles away in Melfort, Saskatchewan. I deliver this to them using my own truck. SGI says that I need to have a private licence on my truck. That increases the cost by \$210 yearly. There are regulations around market gardens that mean you must have 2.5 hectares of land -- that's 5 acres. I have no machinery, no heated storage, and there is no market close by for all this produce. A used piece of machinery is over \$9,000. I am over 70 years of age and don't want to start farming again. Why do I pay so much in land tax on such a small base, given where I am in life?

That's from Mr. Steve Sabo, at St. Brieux, Saskatchewan.

**Hon. Ms. Carson:** -- Thank you for that question. The assessment of all property across Saskatchewan is based on a formula developed by SAMA (Saskatchewan Assessment Management Agency) and the local taxes are set by the mill rate of the local rural municipality. So it is beyond the jurisdiction of the provincial government to decide or intervene in

whether or not local property taxes are too high or inadequately applied.

Again it's up to SAMA to decide the assessment base and it's up to the local government -- the local rural municipality -- to apply their mill rate. And on that basis, the gentleman receives his tax notice.

**Mr. Swenson:** -- The next one, Madam Minister, is from a gentleman by the name of Brian Foley, from Quill Lake, Saskatchewan. And he writes: Mr. Premier, I want to know why as a farmer, a wealth producer, why my fuel is taxed at 200 per cent higher than it is in the United States. Our land taxes and transportation costs are unreal. Also, why 9 per cent PST on all our oil, batteries, tires, iron, building and shop supplies, utilities, etc. I'm taxed poor. Why is this, Mr. Premier?

**Hon. Ms. Carson:** -- Mr. Chairman, both in regard to this question and the one before it, they mention a number of other taxes that I won't deal with. I will deal specifically with the reference to property tax.

And again, I think the quote was: my land taxes are unreal. We have, as far as we can see through doing some comparisons both with the American states south of us and to our neighbours, our land taxes vary somewhat but they're roughly equivalent to what other jurisdictions are also charging as far as property tax. So again, it's the same issue that the local assessment base will be determined through SAMA and the mill rate will be applied to that, and from that you get your property tax. And for a lot of people, they find that the pressure is mounting because ... somewhat to their own economic circumstance. Whether it's unfair or not, I guess it depends on where you sit.

**Mr. Swenson:** -- Thank you, Madam Minister. The next question I believe is also your responsibility. It may not be the topic of conversation tonight, but perhaps I'll read it into the record and you can respond.

This one is from a Mr. Eldon Miller of 605 Idylwyld Crescent in Saskatoon. Mr. Miller's concern: Mr. Premier, I want to know why your department -- speaking about, I believe this would be culture and rec -- appears to have an unequal policy of funding of arts and park facilities between Regina and Saskatoon.

Mr. Miller's understanding is that Regina's Wascana Centre receives 382,000 in provincial funding while Wascana's ... Meewasin Valley Authority only receives 740. It's also his understanding that Regina's Centre of the Arts receives \$500,000 and the MacKenzie Art Gallery receives 400,000 while Saskatoon's Centennial Auditorium and Mendel Art Gallery both receive nothing from the provincial government, and he wonders if the minister could confirm and explain this?

**Hon. Ms. Carson:** -- Thank you for that question. I know it's been an issue that has been talked about

quite a lot lately.

What has been done over the past, and we try to continue now, is to look at global funding as it relates to all the facilities in Saskatoon and Regina and try to fairly distribute money according to an overall distribution of quite a few organizations and facilities.

When you compare, however, the Mendel specifically with the MacKenzie there are discrepancies, and because of that the people in Saskatoon feel that they have been unfairly dealt with. In 1993-94 the Mendel gallery received 175,000 from the Arts Board and 150,000 from the Saskatchewan Lotteries. But when you add into that mix, to Wanuskewin in Saskatoon \$250,000 and from the lotteries 142,000, the Western Development Museum in Saskatoon received \$1.1 million, and three theatre productions, Nightcap Productions, \$66,000 from the Arts Board; Persephone Theatre, \$145,000 from the Arts Board; and Twenty-Fifth Street Theatre, 103,000; and then to the Saskatoon symphony orchestra, \$154,000, the total arts and cultural funding to the city of Saskatoon for last year was \$2.285 million.

Comparing that with the MacKenzie Art Gallery which last year received 130,000 from the Arts Board; 400,000 from the Saskatchewan government; the Centre of the Arts which is a provincial government facility received 523,000; the Globe Theatre received 240,000 from the Arts Board; and Regina symphony orchestra received 154,000 from the Arts Board; and the science centre received 150,000 from the Saskatchewan government. So the total there was 1.597 million. So when you add all of those together actually Saskatoon does come out, in a global sense, ahead of the funding allocated to Regina.

**Mr. Swenson:** -- Mr. Chairman, thank you, Madam Minister. I'm sure the individuals will be interested in your answers, and they may wish to follow up. I think one thing that is becoming evident to me as I read these responses that are coming in from the public is the theme that is pretty consistent, and that is the question of taxes and the issue of downloading in particular. Tonight we're discussing municipal government.

Municipal government has been the basis and the foundation of democratic government in our province, in our country. It is restricted in that it cannot deficit budget. And that has been its history here, and I think it's one reason that it has been fairly successful in being a very low-cost deliverer of services to the people that elect it.

What we are seeing, Madam Minister, particularly in the last two years, are increasing tax loads in the offsetting of program monies that these people simply cannot duck. They have nowhere else to go than back to the property tax base. And as you're well aware, that issue of what should be paid for by property tax has become increasingly vocal in our province.

And I just look at the line-up, Madam Minister, for what reductions we're talking about over the coming

year. When you look at the funding reductions to municipal revenue sharing, SAMA and school division operating grants, the total is 25.478 million, over 25 -- nearly \$25.5 million -- that we're talking about here that has to end up some place else. When you break that down, you've got your urban revenue sharing, five million two; rural revenue sharing, two million five; SAMA funding, three million five; K-12 operating grants, fourteen two. This entire area, Madam Minister, is going to have to be picked up.

And then on top of that there is the health issues that you're well aware of, that were raised at SUMA and will be raised again at SARM I'm sure in the coming weeks, all issues surrounding the property tax base. Madam Minister, I'm wondering, given that you will not make a commitment, for instance on the hospital revenue-sharing Act, to follow the advice of municipal government and given that you won't make any projections for them beyond two years, what do you see in the future? Do you see further downloading coming? And how do you expect them -- given the parameters that they work under -- how do you expect them to make up the difference with a property tax base, quite frankly, Madam Minister, that is declining? Declining in value in so many of both our small urban and rural communities.

What do you say to them, Madam Minister, faced with that situation?

**Hon. Ms. Carson:** -- Well I want to thank you for the question, and you have raised some very interesting points.

I want to start by saying we are not unsympathetic to the provincial governments and their challenge to accommodate some of the changes that have been taking place over the last number of years. You are right when you say that by statute they cannot deficit budget. And you're right also when you say that's probably been to a large degree part of their success because they have learned to manage their budgets and their expenditures very well.

(1915)

And if the world were a little different I guess, in this year and last year, we would like to provide more money to municipal governments because we know that they are extremely important, and they provide not only a lot of valuable services but they are the backbone and the core of Saskatchewan.

So it's not that we are reducing our transfers and our support to municipal governments simply because we choose to, but it's a matter of necessity. And I don't want to go into all of that, that we do have a debt load, we are paying \$843 million this year for interest payments, and if that wasn't there we could do a lot of things.

But the world is as we have it today and we can't do much about that. So I want to go back to say that over the last number of years, as both SUMA and SARM saw deficit budgets becoming part of the landscape of

provincial governments, they passed several resolutions demanding that provincial governments get their fiscal house in order and start to balance their budget.

So I would like to say first, for the record and because I know it's true, municipal governments support provincial governments who have balanced budgets as well. And the process that we have been going through in the last two years has been one in which we think is a very fair process; everybody has been asked to take part of the hit, if you will, or part of the decrease in funding. And it has been a difficult situation for some municipal governments, not all but for some, because there has been of course a change in the economic climate in some small rural centres, and they have found that their assessment base, particularly as it pertains to commercial or business assessment, has been declining.

But that . . . I would differ with you when you say property tax base is declining. In agricultural Saskatchewan, the property tax remains constant. There may be arrears, but still the tax base is there; it hasn't disappeared. Where there is population shifts or where there are businesses that have been closing, then you will see of course some change in some urban assessments.

But it has been difficult, and I want to now go into some statistical analysis that we can provide that perhaps will put this into a little bit of a different light.

First of all, we have gone through some records for the last number of years, from 1989 to 1992, and we have found that within the RMs (rural municipality), their funded reserves have been going up in value, where their debt load has been going down. And in 1992, the funded reserves for RMs is forty-two million, three hundred and a bit million dollars while their debt load has been declining, and it rests now at \$3.2 million, so their debt to reserves is actually a pretty good indication of a good fiscal situation.

Similarly the villages across Saskatchewan have for their size, I think, a fairly substantial amount of revenue in their bank accounts. They have \$29.677 million in their bank accounts with a debt load of \$2.6 million. And again the debt load has been going down while their funded reserves have been going up.

And within the towns of Saskatchewan we have \$59.899 million worth of funded reserves, and their debt load again has been going down. It rests now at \$19 million. So when we look at the overall financial health of municipalities, it's not bad. I mean I think people would look at it and say they have a AAA credit rating compared to Saskatchewan which has a BBB credit rating.

I can give you some other analysis that we have, just to put this in perspective. This year, if you say the 10.3 per cent decrease in revenue-sharing pool is equivalent to 1.4 per cent decrease in the general municipal operating revenue . . . so relative to their whole operational budget, the decrease that we have

implemented this year represents 1.4 per cent.

So having said all that, and I know we'll be getting into it later, I guess what I want to say is municipal governments are having a tough time. They have to make tough decisions. They have to reduce their expenditures like everybody else. They can't be immune to what's happening across Saskatchewan. They're working very well. They're maintaining their mill rates, and they support a balanced budget, and they're in the process with us. And we're trying, with whatever means we can, to support them. And in the coming years we've already told them that we are not going to be reducing our transfers any further. So what they can look forward to from now on is a stabilization of the transfers from the provincial government to municipal governments, and hopefully as the economic climate improves, so will their situation.

**Mr. Swenson:** -- Mr. Chairman. Well thank you, Madam Minister, for that information. It will certainly engender some questions a little bit later.

I forgot to mention to you at the beginning that last year we worked off of a sheet which was supplied to all ministers. I think it helped speed the process up. We have no expectation that those need to be returned during the course of the session but I would ask you that -- and I believe I sent them around today by inter-office mail; that they are the same sheets as last year basically -- that we do receive them at some point in the future.

Madam Minister, I listened very carefully to your reasons why things have to be cut so drastically on the municipal side and yet I go through the budget projections, the revenue projections, which your Minister of Finance gave a few weeks ago, total revenues are projected to increase by \$152 million. That's revenues from general taxation increased by over 22; federal transfers by 116 million; transfers from Crown corporations, a projected increase by over 55 million including 50 million from gaming operations.

Obviously your government is receiving revenue over and beyond what it did last year, and I would say fairly significant revenues. At the same time you are continuing to download on other agencies. That tells me that there must be money being spent in fairly large amounts for other things. And one of the questions that I'm receiving as the critic for this area this year is: why, with expenditures going up by over \$150 million . . . or revenues rather going up that high, why some of this drastic downloading is occurring? Because the numbers aren't all in yet, even.

The school board stuff is sitting there waiting to happen. Most school boards are informing local councils that the hit is probably going to be more than what they thought. And as you and I both know, that's for a number of reasons, but some of those are going to go into the double-digit range, Madam Minister.

So could you explain why, with revenues going up that much, you're still expecting to do this download.

If all of the other things that you said you're doing are in place and you have so much control of how government operates, how we can have that much increase and yet still have to download it?

If you were at an even line, I could understand your argument, and it would be valid, maybe. But with getting more money, something's not jibing here and you need to explain that to local councils.

**Hon. Ms. Carson:** -- Well it's not that complicated to explain. When you're starting in a hole and you're trying to work your way out of it, you don't have excess revenue. What you have is you have revenue going first of all to pay \$843 million of interest payments.

And if we didn't have that, well that \$843 million represents, as far as I can recall, more than what we take in in total E&H (education and health) tax and what we take in in corporate income tax as well. Combine those two together and you still don't pay the interest payment.

But, other than that, if you start in the hole and you're trying to work yourself up to a level playing-field, and so the only two ways you can do it is by reducing expenditures and increasing revenues at the same time. And still after all we've done, we're still in the hole by \$189 million this year. We're trying to come back to a position where we have equal revenues to equal expenditures. And because we started so far in the hole and we had to work our way out of it, it will be at least two more years before we have an equilibrium established.

So when people say, when you're having all this revenue coming in, why can't you stop hitting on us, we have revenue coming in but it has to simply go to try to bring down the deficit and to pay off that interest payment which hasn't even touched the debt, which is about \$15 billion.

So I'm sure the member opposite realizes, having sat on the Treasury Board, that there is no magical way of equalizing your budget except through expenditure cuts and revenue increases. And when you start that, that doesn't mean when your revenue increases that all of a sudden you stop, because you go backwards and you go in the hole. And that's what happened for 10 years.

**Mr. Swenson:** -- Well, Madam Minister, I would suggest that most governments in Canada went in the hole in the 1980s, of all stripes, and they went in to varying depths. All of them are trying to crawl out of the hole now, of all stripes, and that process is taking many different forms as we see it across Canada, and I think people are judging.

But as I said to you earlier, I think it's always a question of priorities. There's always priorities in government and I think people today are probably very disappointed with the big party that Crop Insurance is going to throw for the folks. You know, there's 80,000 bucks that was probably still in the account at the end

of the budget year and somebody in their wisdom decided it would be better spent on a party than doing what it maybe should do. And there's always priority, Madam Minister, and you and I can probably stand here and argue back and forth about whose priorities have been messed up in the last while and we'll each score some points, but at the end of the day that isn't going to solve the problem that local governments face.

What I'm wondering is: of the numbers you quoted of the funded reserves and the debt, how much of those funded reserves would still be contingent upon government, senior government, coming through with . . . I know that when my RM builds a road, it's over so many years. There's always monies held back until the road is completed -- they maybe do 10 miles one year and 10 miles another year, and that type of thing. How much of those funded reserves would be contingent upon senior levels of government?

**Hon. Ms. Carson:** -- A couple of comments. We talk about priorities and you're right. We have tried to be as fair as we can across all of the agencies and all of the third parties as well as all the levels of government. So we have approached this from, I think, a fairly good attitude of being fair and equal.

And there are other models. And you're right, Alberta has chosen a model where they are speeding things up. It's not because they have a BBB credit rating, it's because they want to have a balanced budget and they've taken far more drastic actions than we have. And Alberta represents one model and we can tell you, if you like, what is happening with Alberta and their transfers to municipal governments.

We have other models. We have the model that's going on in New Brunswick where they've reduced this year and next year by \$8 million in transfers to municipal governments. So this is not an uncommon theme that runs across all levels of government, whether it's provincial or even the federal government, a need to reduce expenditures and transfers and establish priorities -- trying to protect those segments of our population and those agencies that need our help, at the same time trying to preserve a fairly good quality of life and level of service.

Now when you talk about contingency reserves, the numbers I gave you was cash in the bank. It had nothing to do with transfers from the federal government. This was money that they had in the bank, cash in the bank -- nothing to do with transfers from the provincial government.

**Mr. Swenson:** -- Thank you, Madam Minister. That is important to know. A lot of RM councillors and people on town councils, in my constituency anyway, take a great deal of pride in passing on larger accounts to the people that follow them up, and it's generally because people do without certain things. That's how they do that. But that is something that has always been in rural Saskatchewan and I suppose it comes from people growing up in the 1930s. And a lot of the people that have sat on councils in the last few years

are of that generation, and that's sort of their attitude, and I do think they appreciate government attempts to economize.

But the inconsistencies I guess, Madam Minister, are what really make them angry, and I take you to the area of health care which in this province has always held a very special place. I think we would consider in this province the concept of universal health care stronger than anywhere else in Canada probably, because of what has transpired here.

(1930)

That's why they find your approach to the hospital revenue-sharing Act to be very inconsistent. What they are seeing is the lessening of service all over rural Saskatchewan primarily. And in many cases you have facilities that were funded at the local level -- and that depended on whether it was an acute care facility or whether it was an old-age home or whatever -- where these people would go out, for instance, to a local government board, they would go out and raise, through a commitment of the property tax base, funds not only to build the facility, but because in many cases it was a union hospital district, to ensure that it's ongoing operating costs and the provision of equipment would be there.

Madam Minister, some of those facilities today, as we know, are no longer serving the same purpose as when those folks went out and either borrowed through a debenture system or whatever they happened to prefer as a tool to build that facility. They are still responsible for the building even though it today doesn't provide acute care services, and they still have this 2 mill levy on their back.

Even though the union hospital district no longer exists they are thrown into a much wider pool of health care funding which they in many cases feel alienated from, and yet the provincial government says no, we will not give you any idea what's going to happen in this regard. We're going to keep health care funding on the property tax base at least until 1996 and at that point we'll begin to reconsider.

Well what people are saying to me, Madam Minister, is that 1996 is probably going to be an election year and that your government's drive for a balanced budget will probably coincide with that, and that that might be an awful nice election promise at that time to remove it, and they don't find your reaction to what has been proposed to you by SUMA for instance to be altogether that reasonable. And the two, one, and zero option I think is considered by many to be very fair because they recognize that you wish to plan and you don't want to do anything precipitous, but they don't understand why this is sort of a non-discussable topic until 1996 even though the premiss in this province has always been basically that the property tax should not fund health care, that that should be something that you and I pay through other taxes: personal income tax or E&H.

The property tax base in this province is under too

much pressure today with low commodity prices and a very stagnant economy to handle yet another property-based tax which you refuse to talk about until 1996.

**Hon. Ms. Carson:** -- Well thank you for those comments and that question. They're very interesting.

I'm not going to stand here and debate the health care reform because I think you can do that when the Minister of Health comes in with her estimates. And you have mentioned school education taxes and I'm not going to mention that either.

But specifically to your reference about the 2 mill levy on the property tax. I'm just going to . . . I know you know the history and I'm just going to put it on the record because I think it's important.

Since we've had property taxation in Saskatchewan since the beginning of our province, revenues from property tax have gone to at least three major service areas, one being municipal services, the other two being education and health services. So historically property taxes have funded at least those three services and they do as well in other provinces of Canada. So there's never been, I think, any definitive resolution or statement saying that property taxes are exclusively for municipal purposes. That's simply historically not true, and it's not true either from a jurisdictional point of view across Canada.

With your reference to the change to the hospital revenue tax, when we eliminated the union hospitals and, through that the union hospital requisition and replaced it with the hospital revenue tax, there was a benefit to municipalities of \$4.6 million. In other words, a difference between the first requisition and the 2 mill hospital revenue tax benefited them \$4.6 million. And I think people like to forget that but 75 per cent of the municipalities across Saskatchewan saw that as a benefit, so we're not downloading; in fact we're going in the opposite direction.

I can recall when I was mayor and in municipal government, there were increases from the union hospital requisition going up all the time, and we have reversed that and we're going in the other direction. And you say, well why can't we give an indication about what's going to happen in 1996. And I think we have to stabilize the health care reform and make sure the district boards are operating before we start making any further moves. And we'll do this through discussion with the municipalities and the people in the district boards and the Department of Health and we have made a commitment to do that.

So we haven't said anything one way or the other. We're working towards that goal and we realize there is pressure on the property tax and we would like to remove it as well. But I think we cannot, in doing so, unnecessarily put in jeopardy the health care reform, and we have to at least give ourselves two years to stabilize that.

**Mr. Swenson:** -- Well, Madam Minister, you may not

think that health and education have anything to do with what we're talking about here tonight, but I can tell you that the people that you're charged with representing are going to be the ones that have to collect the taxes. They're the people that on my farm will say, member from Thunder Creek, I need more. I need more for the Thunder Creek School Division. I need more for the Thunder Creek Health District. And I want it out of your farm. I want it out of your hide. That's what those municipal councillors are going to have to do.

Now, Madam Minister, they see this as the thin edge of the wedge. Because over the last two years they have felt quite disappointed in the way that they've been treated. And they're also not stupid, Madam Minister, because they see the newly formed health districts as not quite being as efficient and progressive as what your Madam Minister of Health always tells us in here.

Matter of fact when they see them starting to backslide and say, maybe I don't want to get myself elected until 1997, people in municipal government start to quake at the knees. Because if you're going to leave these people unelected for a fairly long period of time dealing with the size of budgets and the size of challenges in front of them, and when they know that the provincial minister says, that's it, that's the cap, and they have launched off on something else, there's only one place that they're going to get it from.

Because they don't have the power of provincial income tax. They don't have the power of provincial PST (provincial sales tax). They've only got one power, Madam Minister, run a balanced budget and take it out of the taxpayer, take it out of the property base's hide.

There isn't a health district in this province, Madam Minister, that I suggest to you, is not over its projected budget today from what they thought it was going to be. And there was some recognition; the Minister of Health just threw another 10 million bucks in the pot in order to get the lawsuit off. She recognized what was going on out there and has thrown more money in.

Now that \$20 million projected saving from last year is pretty well eaten, I would guess by now. And that's why people in municipal government realistically are antsy at your reluctance to say two, one, and zero, or at least some plan. Just no, just hang on till '96 and we'll chat about it.

Because if things don't go right, there's only one place it's going to come from. Unless you can assure me tonight that there's another place, that your Minister of Health will have more money in the kitty, or somebody else will have more money, this thing is going to have to come from only one place. And quite frankly, Madam Minister, until my farm does a whole lot better than it's doing right now there's not a whole lot more to give. And there isn't a whole lot more in the business community to give.

Our tax-free day doesn't start till July 8 in this province, you know. We work longer than anyone else in Canada to get to a day where I actually keep the money that I earn. My property tax cannot stand any more. Why this reluctance to not work with them and set a deadline? Set a sunset date on this thing and say yes, provincial health care is a provincial responsibility; it has no business in our day and age being involved with the property tax base, given the fact that that tax base is under so much pressure. Why not do that?

**Hon. Ms. Carson:** -- Well I don't want to stand here and debate the reforms and the budget of the Department of Health, and I think you'll have lots of opportunity to do that later.

There are a couple of comments though that I think need to be once again stressed. We are removing health care off property tax. When your government was in there was \$4.6 million more on property tax than there is today. So we are moving towards a direction that municipal governments want. Maybe not as fast, but it is impossible when you are dealing with the debt load and the kind of demands that we have, to move as quickly as everybody would like us to move.

So I guess I would say again, we are doing what we think is the best possible under the scenario that we have been left. And we are trying to work ourselves in a position that benefits all people of Saskatchewan, including those people who have property taxes. So once again, we are moving in the direction that they want to go. We are talking with them; we have made a commitment to continue the talk. We have to watch what the health care reform process does and we want to stabilize the delivery of services for those districts, and we will monitor the situation.

You made an interesting comment about the attitude of municipal governments towards election of district boards. And again, I think it should be put on the record that from the beginning of time until last year, health district boards were appointed, except they were appointed by municipal governments. And now the problem with municipal governments is that they're not doing the appointing. It happens to be the provincial government. So I think it should be recognized that that seems to be a very hollow argument, that they support elections. They didn't support elections -- and I can tell, you I was there -- they did not support elections of any health care boards as long as they were doing the appointing. So I think those comments have to be placed in context with what you're saying.

**Mr. Swenson:** -- Well, Madam Minister, those people, by and large, at least in my Union Hospital Board, came from councils; they were elected councillors, councilwomen, by and large. And I just know in my own community, the board costs of the Union Hospital in Moose Jaw last year were under \$10,000 -- 9,600 I believe.

The projected board costs since we went to the new

structure are projected, given the way that they're going, to be over \$300,000. Now I'll take my folks from the municipal councils who could run that institution -- that's all costs in, by the way, that was travel, meals, whatever -- at less than \$10,000, compared to what is being projected there.

And that once again, Madam Minister, I find your comment a little strange that you would say that about the folks that you are charged with representing. The reason that they have these reserves and the reason they were able to do so efficient a job on Union Hospital Boards is because of their attitude, not because they were being authoritarian in the way that they did those things.

Another area, Madam Minister, I wish to explore before we get down to detail is the question of SAMA, and the increases that are projected for SAMA funding because provincial government is once more downloading its responsibilities.

To have percentages of over 200 -- I believe 250 is what they're projecting this year -- I find a little bit strange if you are being as cooperative as you claim, in your relationships. Even in difficult times, when one goes 100 per cent, that's an awful leap. Why you would attempt to go that far, Madam Minister, given once again the existing pressures out there and the fact that these people will have to make the difference up from only one place, and once again that's property tax, why such a large jump in one year?

(1945)

**Hon. Ms. Carson:** -- Well you're right, the issue of SAMA is very complex and there's a lot of history here that is interesting and it's an evolutionary state that we're in right now.

Why the large percentage increase? I guess when you're looking at percentage increases you have to understand where you are starting. If you're starting at \$10 and you go to 20, that's a 100 per cent increase. So I think it's important that you use numbers that have some real meaning and not simply look at percentage increases because often times, I think, it doesn't tell the whole story.

It is right now, I think, to say the least, an issue of great importance for municipalities and the delivery of assessment services has been something that we have been in discussion with them for at least two years. The very first meeting that I had in December 1991 was with the SAMA board, together with SUMA, SARM and SSTA (Saskatchewan School Trustees Association). At that point in time, I warned them that there were going to be some fairly dramatic changes and we should work toward a resolution of the issue.

And since that time I probably had dozens of meetings with all of the associations talking about how to resolve the problem, which really is: who should be paying for assessment services, and trying to establish a rationale or some principles upon which we can proceed.

So when you say it's been a dramatic or drastic cut, it didn't come unannounced. They were aware that it was coming for two years. We announced early last spring that there was going to be a decrease and we had to work towards a resolution of the problem.

I think, though, as you look across Canada, there are some interesting comparisons that we can make. Alberta right at this point in time is moving towards full cost recovery on assessment delivered services. In other words, they will be recovering from municipalities the total cost of assessment services that are provided on a provincial level. Manitoba has always recovered 75 per cent of the cost of assessment services from the municipalities. And B.C. has recovered 100 per cent of assessment services by a levy of the property tax.

Up until last year, Saskatchewan government paid 81 per cent of the total cost of SAMA. And this year, we're paying 44 per cent of the total cost of SAMA. Now yes, that has been a decrease. There's no argument about that. But I think it's based on a certain set of rationale and a certain set of principles that are defensible. And we can proceed to talk about that if you like.

I will point out to you, though, Mr. Member, that in the last year of your government you provided to SAMA \$7 million and in the first two budgets that we presented, we increased SAMA funding up to \$7.5 million. So the first two years of our government, we actually increased the allocation over what you had provided them. And it's only been due to the fiscal pressures of trying to get our deficit under control that we had to take the action.

**Mr. Swenson:** -- Well, Madam Minister, not only does the problem of the tremendous percentage change bother these people, but the fact that you chose to raid the revenue-sharing pool to come up with your portion this year is even more offensive.

And it would have been one thing, I guess, if you had said because of the existing reserves we want you to pay a greater percentage, but I mean that really is a backhanded way to do things, I think, to go into that pool to come up with your numbers this year.

And I mean SUMA clearly said to you, Madam Minister, that they were prepared to take a trade-off. They were prepared to take a trade-off, and that was them assuming those SAMA costs providing that you got rid of the hospital revenue tax. I mean they very clearly laid that out to you. And I don't know why that type of a trade-off isn't acceptable to you. I mean there's two points there that, quite frankly, people in municipal government find very offensive, and why those two things you would do and why you wouldn't even talk about that trade-off they find quite mystifying.

**Hon. Ms. Carson:** -- Interesting enough, there was a trade-off -- \$4.6 million for three and a half. We provided them with \$4.6 million by virtue of us taking off the union hospital requisition. They got a benefit

there of 4.6 last year. This year there was a trade-off, and they are assuming \$3.5 million on the field services portion of SAMA. So there was a trade-off. We've already provided them the benefit on the health care side, and this year we're asking them to pick up more of the cost on the assessment side. So the principle that you just talked about has already been put in place, and I'm glad you recognize it.

On the issue of . . . I think you said something like raiding the revenue-sharing pool. Again I think you have to go back to look at some data around SAMA and understand how we went about it so that it makes some sense to you.

Saskatoon and Regina and Prince Albert and Moose Jaw have never made a contribution to SAMA as an agency. Part of the reason for that was that they have their own field service staff, so in that regard they felt . . . and I gather your government when you set up SAMA felt that there was no reason or no obligation on them to make a contribution to SAMA although the rest of the municipalities did make a contribution to SAMA.

When we looked at the changes that we were going to initiate, we divided the function of SAMA into two categories: one being the central services which is research and policy development and confirmation of assessment and data base management and so on. We divided that and separated it from the field services, who are the people who work out in the field doing data collection and applying the manuals and developing the assessment rolls for the municipalities. So we divided those two functions, and then we looked at the cost of them, and then we tried to attribute a fair and equitable formula to each side.

So what we did was saying that Saskatoon, Regina and Prince Albert and Moose Jaw should make a contribution to SAMA. They should make a contribution to the central agency because that's where the manuals are developed, and that's the nerve centre and the data collection centre and the research and policy development centre of SAMA, and it's a very, very important central function.

So what we did in order to be fair to everybody was to transfer \$2 million from the revenue-sharing pool; 1.1 million coming from the urban revenue-sharing pool; 700,000 of which comes from the four largest cities; and 800,000 transferred from the rural revenue-sharing pool. So that was the rationale behind the transfer of funds from the revenue-sharing pools to SAMA. It funds a central core agency which is a very important central core, functions to maintain the integrity of the database and the research and policy development of SAMA.

The field services again are the issue of the requisitions at this point in time, and that's where you see the increase that the municipalities are talking about, and those are the services of the field staff who work on behalf of municipalities -- like they do in Regina, Saskatoon, Prince Albert -- collecting the data and developing their assessment rolls.

**Mr. Swenson:** -- Well I suppose, Madam Minister, if things were static, those arguments might make some sense. But you and I both know that they're not. I mean Saskatchewan Water Corporation estimates that over half of Saskatchewan communities have got quality or security-of-supply problems with water. A lot of the water in Saskatchewan is substandard and getting worse, not better. I've been in community after community where their discussions centre around trying to turn the urban jurisdiction over to the rural RM because they quite frankly can't handle the road, sidewalk and sewer infrastructures any more.

So the argument you make would be fine in a world, I guess, like it was in this province in the 1970s and the early 1980s when those things all were going up, not going down. But what we have is, quite frankly, deterioration, and we'll discuss some of that with the federal program which you folks also dipped into in a big way when urban government particularly was expecting more.

I mean and it's not restricted to the small communities. Saskatoon and Regina are talking about . . . I think Regina presently is talking about closing five of their community swimming pools. There are lots of hard choices being made across Saskatchewan because things aren't staying equal.

I mean we were asking your colleague, the Minister of Environment, the other night about what kind of numbers did he attach to his area alone when you look at underground storage tanks, landfills, burning regulations -- all sorts of things that impact on municipal government.

The rules and regulations have changed. They've added significant costs, Madam Minister, that once again have to be picked up by the business sector and the property tax base. It's not going up. I know in your fondest dreams that's what you want to happen; you want it to go up but it's going the other way. And it's not probably going to change itself in the near future, Madam Minister, not with the high tax policy that your government seems to believe is the way out of our problems.

So when you have all of these jurisdictions with all of these pressures on them, I find it unrealistic that you would have the approach that you have had with SAMA because that very tax base which you say they've got which should be supporting assessment and revision of assessment, that very tax base is under a tremendous amount of pressure.

My own community of Moose Jaw, I know people right now that cannot get a bank loan even though they have replaced the tankage in a piece of property and have all of the most modern monitoring devices available to them, and they still cannot get bank loans. That taxpayer, Madam Minister, that person who is going to be reassessed by SAMA, probably isn't going to have the ability to even pay his property tax under those conditions.

That's going on all over the place. The minister told us

that they've identified 7 or 8,000 tanks in the province of Saskatchewan. Each one of those pieces of property potentially is in difficulty, one way or the other. And that's the reality out there; I'm not making that up, Madam Minister. Go to any town. You know it. Many of the good corner lots in those jurisdictions are in difficulty. They are going to be reassessed.

The big question will be: is it going to be on the home-owner? Is it going to be on the business community? Everything I've seen says that it should come off of the business community and go onto the home-owner. Politically that's very difficult to do in any community because there's more home-owners than there are business people.

Madam Minister, the costs that you're downloading, I think are unreasonable because of what reality is in so many communities. They are no longer growing; they're shrinking. And that's why I think that you need to rethink this strategy. If there are inequities, if there are communities that haven't been paying their fair share, maybe there needs to be a re-talking of this situation. But a lot of places find this absolutely unreasonable given what they're staring at with reassessment and how to pay for their share of it. They find it simply unreasonable given all of the things that are changing on them. And it isn't going up, Madam Minister, it's going down. And I think that deserves some kind of a response to maybe all but maybe a dozen communities in the province of Saskatchewan.

**Hon. Ms. Carson:** -- Interesting comments and there's all sorts of debatable points coming from them. I'm going to restrict my remarks to not the issues on the environmental side but to a couple of comments you made.

One, on the cost of providing water services, and we recognize that's an increasing and a very critical cost. We are studying that and it's a concern to us for sure. I will say though that for many, many years most municipalities in Saskatchewan didn't treat water as a commodity. They felt that it was free and so they never really respected the idea of either water conservation or developing good water strategy.

And what we have now is many municipalities who are very reluctant to look at charging reasonable water rates, or sewer rates, in order to provide good quality service. And this is something that's not unique to Saskatchewan. It's something that's going probably all across North America, is a need to recognize a true value of water. And we haven't done it in Saskatchewan and it's one of those adjustments -- perhaps an attitudinal adjustment -- but certainly a financial adjustment that's coming.

I guess what we're talking about is the ability to pay for water through some user fee or some cost-recovery process. I think it's not only on the backs of property taxpayers, it's on the backs of whoever uses water in our society. And it should be appropriately applied so that there is fairness in it. It's not just property owners who use water, it's everybody who is a resident of some community in Saskatchewan.

(2000)

And we're working with communities to try to develop a good water strategy and try to help them analyse both their needs and their costs, and to develop a long-term water quality and supply strategy.

So you do talk about them making hard choices and it's right and they're difficult decisions. And we've gone through that here.

I can tell you, as much as I would like to, I cannot isolate municipalities from tough decisions. It's a fact of living in Canada today whether you're living in Toronto or Halifax or Melfort or Choiceland, the same thing applies. Every government budget is under stress. Everybody has to try to reduce their expenditures, make those tough decisions. And again, as much as I would like to say that we're going to put municipal governments in a cocoon and shelter them, it is impossible to do.

They do have other avenues to raise money. Their property tax is not their only avenue of raising funds. There are other ways that they can raise funds and many of them are doing it and it's on a user-fee or cost-recovery basis. And we have examples all over Canada on that and we can look to our neighbour to the west and they can certainly show us some ways for municipal governments to find appropriate methods for funding some of their services.

But you made one statement there that I would like to correct. Don't confuse reassessment with assessment because I think that will get us into all sorts of unknown territory. The Saskatchewan Assessment Management Agency is a core agency that manages the assessment functions of Saskatchewan. When you're talking about changes or shifts in taxes or changes in assessment values, that has not happened yet and I think it would be wrong and misleading to bring that into the discussion at this point in time.

**Mr. Swenson:** -- Well thank you, Madam Minister. I'm surprised that you wanted to talk about water projects tonight given the history of your home community and some of the things your government has done. If that's the criteria, I suspect most people in the province will say, no thank you, we'll look after our own water because, I mean, your Melfort pipeline, it's an absolute disaster.

And that's another example of what people are saying to you, Madam Minister, is that you talk about delivering potable water to Saskatchewan communities and then you come along with this nonsensical tendering policy of cherry-picking your way through a pipeline with union-only preferences, you know.

My colleague, Mr. Martens, was in your community yesterday. And he says you go out of town and there's a big pile of mud where all the leaks are from this piece of pipeline that you interfered with, quite

frankly. You didn't go to the lowest tender and now we've got a mess on our hands.

We've got business people all over your community that are out money. And that isn't the type of project, Madam Minister, that will make people feel good about getting involved with you doing water projects in their town. That's a very poor example. And as long as you're going to tie this union-only tendering policy to government projects, and you cherry-pick them at will -- for whatever reason; we're not quite sure but we have suspicions -- then, Madam Minister, nobody is going to want to play that game with you. It's simply unreasonable.

And I've received lots of letters in the last two or three weeks, as I'm sure your staff have, from both rural municipal councils and urban municipal councils, complaining about your tendering process specifically, and requesting that it be clarified, and that you allow low bid -- low bid -- to work in any projects that they're involved in.

So, Madam Minister, can you give the assurance, maybe tonight, that any future water projects done in Saskatchewan in conjunction with towns and villages and rural RMs will not be cherry-picked with this policy? That it will be a low bid policy. And that the provincial government will no longer become involved in that sort of thing. Could you give that assurance tonight?

**Hon. Ms. Carson:** -- Interesting comments again. I will say that I was mayor when the city of Melfort decided that they would go into the pipeline with the Water Corporation, and we developed an agreement on which the water rates of Melfort would increase over the three years. And that agreement is in place, and whatever problems the pipeline is having will not result in any change in the cost of water to Melfort residents. And whatever problem the pipeline is having is not a result of the tendering process anyway. But I'm not going to get into that debate because we're supposed to be here to discuss our estimates and that will be probably something that you will want ask the minister responsible for Water Corporation.

In regards to assuring municipalities on the process we'll go through, we sit down with the municipalities -- the Water Corporation and municipalities that have a project -- and we talk through whatever the tendering process is. And they will be comfortable when we go to tender any project that they are involved with, that it is done in a fair and reasonable manner.

And that is our approach to it -- that it's done through dialogue and discussion. And the point that the tenders are advertised, the municipalities will be aware of all the cost, and that they are fair and reasonable and they'll be comfortable with that.

**Mr. Swenson:** -- Madam Minister, if they were comfortable they wouldn't write all those letters. I mean they've been coming in in fairly large volumes. They don't like it. They don't like the process at all.

They want a very clear policy defined.

It's okay for you to say, well that's somebody else's responsibility, we're here to discuss my estimates. But, Madam Minister, you're involved in it, you represent these people. That's the oath you swore, is to represent these people at the cabinet table. That's your section, they're your responsibility, and just because they interact with someone else you can't shirk that responsibility. They very clearly in municipal government want to understand what the policy is, vis-a-vis tendering.

And as we get into infrastructure and other things there are implications of involvement with the provincial government, and if they don't clearly understand at least where their minister comes from, the person that represents them at the cabinet table, then I think they have a problem.

So as the Minister responsible for Municipal Government who I know has received dozens of representations from municipal government on this issue, I would like you to put your position on the table.

And it's a very simple question: in projects at least involving municipal government, is low bid the policy or is it not? That's what they would like to know, Madam Minister, whether it's union or non-union is inconsequential to them. They want to know that you will be accepting low bid, all things being equal, and they all understand how those provisions work in tendering, Madam Minister.

**Hon. Ms. Carson:** -- Well I'm glad you said that because I know municipal governments offer tenders all the time and it's not just the low bid that is always successful. There's all sorts of other criteria that enter into it so I am not going to stand up here and say that the provincial government is going to always accept the low bid because I think that would be inappropriate and municipal governments themselves do not do that.

I will say once again, on projects that are jointly sponsored or where there is a partnership between municipal governments and someone like the Water Corporation, we go through a lot of discussion and when we decide in the end that we will go to tender they are aware of all of the specifications that go into that tender call and they will have agreed to it.

**Mr. Swenson:** -- Well, Madam Minister, there's been a recent example. I believe my colleague who represents the Moosomin riding, there was just a court case, Saskatchewan Court of Appeal, involving a firm from Moose Jaw and another one from Esterhazy on a water pipeline contract. And the town was fined a very substantial amount of money for not taking a low bid. And they went to the Esterhazy firm because it was a firm that was closer and they thought they'd get better service. They were fined -- I believe it was over \$30,000 -- because they didn't take low bid.

Now, Madam Minister, that I think is fairly significant,

that if the judicial system, in dealing with municipal government, is that harsh with them, why you think that you're beyond that? And as I understand the Melfort situation, that tendering process was all done and through, and then stopped, and then re-tendered.

And people on city council there, I think, have expressed some concern to you about that process, Madam Minister. I mean they clearly thought they understood the tendering process, but then it was stopped after it was done, and redone again with very little explanation of what you were up to. And that isn't fair, Madam Minister. And I don't think you are any different than what has recently occurred in the courts of Saskatchewan on this issue.

I mean clearly the taxpayers in those communities are saying to their representatives: we want low bid, all things being equal. I don't know why you won't assure communities tonight, people you represent, why you won't emphatically say that the policy of the Department of Municipal Government is this or that, not this sort of nebulous, wishy-washy, well it might be, it might not be, got-to-see-who's-involved type of attitude, because they don't appreciate that, Madam Minister. This province can't afford that kind of tomfoolery.

So once again why don't you . . . And if it's some other kind of preference, just say it -- this is the preference -- because the minister responsible for SaskTel's having a tough time. He says one day that it's Regina and Saskatoon only and it's over a certain amount, and then all of a sudden a million-dollar contract shows up in Moose Jaw and he has to come back and apologize to the legislature because he didn't get it straight the first time.

What I'm asking you, as far as your department goes, is what is the policy? People out there expect it. Could you try it again, please, Madam Minister.

**Hon. Ms. Carson:** -- Well first of all, the Department of Municipal Government doesn't set the policy for the Government of Saskatchewan. So I think it would be unfair of you to ask me -- in the absence of I think a lot of discussion with a lot of the other Crowns and a lot of the other departments -- to stand here and say the Department of Municipal Government is going to have this policy.

The government has said they do have a policy. One is that we prefer local people to be hired. That was the case in Melfort. We stated a very definite preference that 50 per cent of the people who worked on that pipeline had to come from the Melfort area. And so one policy is for local people to find employment.

We have also said very clearly that we want our policies, or our tenders, to reflect both equal opportunity for people in unions and people who are not in unions. And our minister responsible for SaskTel has said that and many other ministers have said that. We would like to see a policy that provides opportunity for both union and non-union people to find work in Saskatchewan. And I don't see why you

find that offensive. I think it's a reasonable approach and it's fair. And it certainly benefits most people who are both in the skilled trades and the labourers in Saskatchewan to have such a policy.

In regard to the incident at Moosomin, again I would say that when a tender call goes out -- from my knowledge from being a mayor and being somewhat involved before -- you have to advertise specifically in that tender call what your parameters are. And unless you say upfront that not necessarily the lowest bidder will be approved, then I guess you leave yourself open.

But most municipal governments know very clearly how they should advertise and the specs are very clear in their own contracts. We do not impose any government policy on any municipal government, and when they are advertising for their own contracts they can advertise them in any way they want. And that includes whatever will be taking place under the municipal infrastructure program. These are their projects. The money is transferred to them. And through the process that they've always had in place, they will be responsible for the tender call and the approval of the projects.

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**Mr. Swenson:** -- Madam Minister, it is important. I don't think there's a community or an RM in this province that, if you went out there and sat down with them and asked that question, you wouldn't get the same response. They believe that in this day and age, given the amount of hurt that they are going through in particular, that they would not want low-bid tendering.

And I do find it offensive, Madam Minister, because your political party, in 1991 . . . and I remember it very clearly, my third election campaign -- listened to you go around this province condemning the tendering practices of the previous government. And maybe they weren't up to snuff.

But I'll tell you what. The political price was paid because your Premier, your member from Riversdale, clearly said that it has to change. We've got to go to low-bid tendering. The province has to change the way the tendering is done and there were a lot of commitments made.

Now, Madam Minister, maybe there is no truth in advertising at all. Maybe as far as you and your political party go those are something that you trot out every four years and you don't live up to it. But the fact is the member from Riversdale said it even in the leaders' debate, I believe, that there has to be low-bid tendering, open and honest. That's the only way that we're going to rectify the situation, put the confidence back in the business community. You're going to get people confident again that they can bid on government projects or government-related projects and there isn't going to be trouble.

And now we have the situation cropping up all over

the province, one that you are directly involved with. And I would guess if you asked the question today in the city of Melfort in the council that you used to sit on: what do you think the policy should be? My guess, the answer is low-bid tendering, all things being equal.

And they don't care, Madam Minister, if it's union or non-union. They just want to know that the bottom line means something, not that you can run a tender and then say: oops, don't like this; going to stop it; going to rewrite it; going to help my friends out a little; and then have the mess that you've got up there in your home community. I mean if that thing's pressure tested by next August it'll be a wonder. It really will be.

So, Madam Minister, it does matter. And you did promise that. You promised it very, very carefully, I would say, in the '91 election campaign. And that's why I think at some point you as the minister responsible for these people are going to have to interject on their behalf and say that this is wrong-headed and we're going to have to do things differently.

Madam Minister, of the municipal infrastructure program that has been significantly changed since its first announcement, your provincial government has committed some of the money that municipalities thought was going to go to them to capital projects. Madam Minister, can you identify those projects, and are they wholly in the provincial realm, or are some of those joint municipal-provincial projects on the capital side? And I believe you have moved -- is it? -- \$28 million of the federal funding to provincial projects? Can you give us an indication of how much of that will be solely provincial and how much will be joint provincial-municipal?

**Hon. Ms. Carson:** -- To your first question, we are still working with the federal government. As you know there's a partnership here, and there's a process where we will go through with our partners, and there are discussions going on on the criteria for eligible projects. And at the appropriate moment the minister responsible for the intergovernmental affairs will announce the projects as they are listed for what we would call provincial jurisdiction.

Specifically on the municipal side, which you see in our municipal budget a total expenditure for this year of \$21 million, I can tell you how that is broken down. I can't tell you at this point in time what projects will be funded through that because to a large extent the criteria for those projects will be determined by municipal governments themselves.

And as far as the rural municipal governments, I would expect that all of it, 99 per cent of it at least, will be applied to the grid road system. So we are still working with the federal government to finalize some details around the project allocation and designation.

In regard to the municipal side, municipalities will be receiving \$28 million for their own projects which are labour intensive and improve the municipal

infrastructure. Of that \$28 million, \$10 million comes from the provincial government and is applied to their share of the costs, and \$18 million comes from the federal government. The rural municipalities receive \$10 million, and there is a \$4 million intermunicipal allocation. That provides us with a total of \$42 million, half of which will be spent this year, which is \$21 million, and that's what's shown in our estimates.

**Mr. Swenson:** -- Madam Minister, could you explain to me once again that you have . . . you said \$21 million blocked out for municipal government under this. You're contributing 10 million to urban projects, as I understand it. There's 4 million for intermunicipal projects, and 3 million for northern water and sewer projects. Now those are all part of the \$21 million that you said you identified in budget. Could you explain it?

**Hon. Ms. Carson:** -- The projects that will be for northern municipalities will come out of the provincial side which are not part of the \$21 million that I talked about. The reason for that is northern municipalities have not the capacity to cost-share those projects, and so in that regard the provincial government will be the major partner with the federal government in that infrastructure project which is northern water and sewer. So that \$3 million is not part of what you see in our budget in Municipal Government.

**Mr. Swenson:** -- Madam Minister, when your Minister of Finance, amongst others, went to Ottawa and renegotiated this agreement differently than what most people . . . and I can only take the word of the folks that I listen to at SUMA who explained this program to their delegates, an explanation which I noticed you took great exception to in a written form a few days later. But as they explained this particular change that have occurred sometime in December, I believe, someone must have had an inclination of what they needed to go for when they wanted the program changed to commit it to certain projects.

Now that number that was arrived at here, where you got your extra share, has to be aimed at something, Madam Minister, and I'm very curious as to what it was because, you know, why wasn't it 29 million or 26 million? But somebody had a pretty good idea, I would think, on the capital side what they were aiming at. And I would just like to have an indication -- as would most people in municipal government -- exactly what those projects might be where you needed the extra money that should have gone to municipal government, but you needed more instead. What some of those things might be?

The number was arrived at and it wasn't arrived at foolishly. I know the deputy minister of Finance quite well. He's a very good civil servant and I'm sure he had his priorities and his needs well lined up when those negotiations took place. And a lot of people would like to have some indication of the type of thing that probably is either ongoing, or has been built, or is in the building process, that that money is going to be dedicated to. There must be some explanation that a

minister has to the amount that was cherry-picked out of that program.

**Hon. Ms. Carson:** -- Well again this program is under the jurisdiction of the Provincial Secretary, but I will provide you with what information I know. I think first of all you have an over-active imagination about some scheme that's been cooked up here. It was not like that at all.

When we first heard of the Liberal government's platform -- which was to create jobs through some infrastructure program -- we said at the very beginning, and we said after the election, that we were not contributing new money to whatever program was announced because we had no new money. This program was not part of our balanced budget plan and therefore there was no way that we could come up on short notice with new money to put in to match any program no matter how good, or how worthy, if that was a way we had to approach it.

First of all again I want to say that it took a fair amount of trying, and thinking, and rearranging to come up with \$10 million that we did come up with, because from the very beginning we said we could not match any funds, we had no money. And it was through a process of looking very carefully through a number of budgets that we finally said, well we can come up with what we think is fair, which is \$10 million.

I want to go back to their original FCM (Federation of Canadian Municipalities) program because this is where the problem starts. FCM and municipalities across Saskatchewan believe that this was a program -- and I am well aware of what the basis of this program was, what the model was -- which was: a third, a third, a third. But this is not the FCM program, this is a platform promise of the Liberal government that they delivered, and it has taken many changes along the way.

And from the very beginning it was apparent to anyone who listened to the Prime Minister or who was campaigning for the Liberal government that there was going to be something different than what the FCM model was, which is to say that there were other projects that could be included other than strictly municipal government projects.

So it is far beyond municipal in nature; it is community-based projects. Like you I'm sure have heard that Quebec has decided to build a convention centre. Every jurisdiction across Canada has approached this program in a different way, and Saskatchewan is not unique in what we are doing.

So there are two things. The program that came down from the Liberal government is not the FCM program. It is not limited to strictly municipal infrastructure. It's broadly based, includes many other type of projects besides water and sewer and streets and roads. And second, we have contributed more than we thought we could by virtue of making some changes internally and trying to come up with \$10 million over the course of two years, which was a very difficult process

for us to go through. But we did the best we can, and we did it in order to support and enhance delivery of those services at the municipal level.

**Mr. Swenson:** -- Well, Madam Minister, you can't have it both ways, and as much as you and I both would probably like to kick the federal Liberal government, the fact is that you got 116 million extra in transfers. Just the changes in the federal budget the other day are going to pad your wallet significantly. We don't know on that issue of senior citizens what the total impact is, but you had 30 million budgeted that you probably are going to shave all to heck. We've had changes to capital gain that's going to put some more money in your pocket, and there's been further changes that were identified yesterday on write-offs that banks and credit unions and others have done for small business and farmers that you'll probably benefit again from.

I mean on one hand you plead poverty and that, you know, you and the federal government work this out. But when you start getting windfall revenue, does the program change? No. Because I'm sure you've got other places that you're going to put that.

So you can't have it both ways, Madam Minister. When you get extra funds from the federal government, as you have done three times now -- three times since budget day, three identifiable items -- that there is extra revenue because the provincial government gets a portion. That's the way it works here -- gets a portion of federal tax payable.

You have not changed your attitude at all on the infrastructure program. And I think rightly so. Those people expected and believed your commitment to job creation, your commitments that you made to renewing particularly urban infrastructure in this province.

(2030)

And unfortunately I have a very good memory, Madam Minister, and I remember the '91 campaign almost like it was yesterday and all of the promises that were made about what you were going to do in urban Saskatchewan, you know. No more food banks, and welfare rolls would drop and there would be all of these jobs around and the tax base would be so vibrant with all of these changes, you know, and we were just simply going to do away with a little waste and management and it would all change around.

Madam Minister, you have directly benefited three times tax-wise from the federal government decisions of last week. Don't you think it would be appropriate maybe to sit down with the folks from municipal government and perhaps see if there aren't better ways now that we could provide some of those jobs in employment and education. Get those 78,000-plus people off of the welfare rolls, rebuild some of those 12,000 jobs that were lost since your government took office, fix some of the water and sewer and roads in some of our cities rather than sort of using this blunt-edged approach of "me first".

Now do you admit, Madam Minister, don't admit that you've benefited from the federal budget? If not, why wouldn't it be a good place to perhaps fulfil some of your promises to municipal government by making some changes?

**Hon. Ms. Carson:** -- Well I really don't want to get into any acrimonious debate here . . .

**An Hon. Member:** -- I wasn't acrimonious.

**Hon. Ms. Carson:** -- I know. Well you made some interesting comments that you have a very good memory starting in 1991. And it's really too bad that your memory doesn't go back further than 1991. I mean if it did then you would understand the dilemma that we face. You sort of have this wall that starts at 1991 forward and you wipe out everything that went on for nine years before that. And I wish we could. It would be wonderful if we could come in and say, whatever happened in the '80s doesn't matter; we'll wipe the slate clean and we'll go on from here. So I wish your memory was a little longer than starting in 1991. You wouldn't have the problem that you have.

I know you don't like to be reminded of this and I really am trying to be very gentle and kind about it, but if we decided that, oh, there might be windfall revenues and we've got to go out and spend them right now, then we'd be in the same position that you were in for nine years -- spending the money before you got it. We haven't seen any windfall revenues from the provincial government, from the federal budget, from the federal budget -- we don't think they're there.

We see, in fact we anticipate, some very tough measures that we're going to have to cope with, some being the changes in the UI, the Unemployment Insurance program, and a lot of other ones. So there is no windfall for anyone in Saskatchewan from the federal government and there's nothing that we can share and it would be very, very foolish and I understand your psychology because you did it for nine years. You run out and say, we think we're going to have money here so let's go out and spend it. Well we don't do that. We're very careful and we want to make sure that we have met our targets.

I know you're getting excited and you don't like to be reminded that there was life before 1991 and I don't blame you. If I were sitting over there, I would get annoyed every time somebody brought up that there was something happening in Saskatchewan between 1991 and 1982. It's really unfortunate, but again, there is no windfall revenue from the federal government that we can share with anyone and we don't have any money at this time that shows us that this budget gave us any benefit whatsoever.

**Mr. Swenson:** -- Madam Minister, the simple fact is that you have received more revenue and you fail to admit it. And I guess most people out there who read the newspaper, watch the news, find that as a very strange approach for a cabinet minister to not admit that there's been a changing picture and that you have

benefited from it.

Now, Madam Minister, you are expecting the property tax base in this province to pick up a tremendous load. You are also expecting that property tax base to create most of the employment and the jobs in this province; I heard your Minister of Economic Development say that. So you have a direct tie-in with what the Minister of Economic Development says because you're the person in charge of that tax base and the well-being of that tax base will determine a lot of things in this province.

Madam Minister, how in the world can you honestly say to municipal government we can unilaterally change this program to our benefit for our capital projects when we in turn have had our revenue picture totally changed from when we did this.

We've probably got -- I don't know -- 30, 40, \$50 million, and I remind you that kind of money was nothing to your party in 1986 when I had to campaign against 7-7-7. God knows what that would have cost. I mean 7 per cent mortgages for seven years on 70,000 bucks. I mean that's what we were up against -- unbelievable stuff.

So I mean, I don't think you want to get back into that. We could have quite a historical lesson in election promises. But anyway what we're talking about is 1994, 1994, a program of \$57 million with significant changes made from the provincial government to municipal government.

Now I just simply ask you the question: don't you think that municipal government and working with them would be a very efficient way of creating jobs and employment, and fixing some of the problems that we've got as to compare to probably some other areas that you could spend money in? Would you agree with me, at least on that?

**Hon. Ms. Carson:** -- Well there's a number of ways I can approach that. Again you talk about the provincial government all of a sudden receiving some bag of money, and it's in your dreams. You know you have to get into the real world here. And you go back and say, well you campaigned on something. Well the fact of the matter is you were the government, and we have \$843 million interest payment that we have to make because you were the government. And I can't ignore that even though you want to go back and talk about your politics, about campaign promises; I don't think they're relevant at all.

What is relevant is that we have a deficit and that we have a debt, and we're trying to work through that. And what is relevant and is the truth -- there is no windfall bag of money coming from the federal government, and we have provided you with information about that, time and time again, and you simply refuse to acknowledge it.

You ask me to agree with you that municipal governments are tremendously important to the economy and to the economy and to the life of the

province of Saskatchewan, and they are, and we've said it time and again. And we are working with them and we will continue to work with them.

But I want to say again that water and sewer and streets and sidewalks are not the only thing that makes municipal government alive. Communities have a lot of other community infrastructure that is equally important to water and sewer and streets and roads. And its a holistic approach to this infrastructure program that we've taken in order to expand services and the quality of services throughout a municipality, and not limit it to just some very narrow topic and exclude other things that are equal and very important as well.

So you want me to acknowledge that municipal governments are efficient. They provide tremendous economy for the province of Saskatchewan. I agree with you on all of those things but I disagree with you that there is money from the federal government that we haven't calculated on. It is not true and it's not there and I won't spend it until I see it.

Second of all, we believe that the infrastructure program can be many things and in order to make sure that the province, all communities of Saskatchewan, will receive the best benefits, we're making it as broadly-based as possible.

**Mr. Swenson:** -- Madam Minister, I believe one or two more questions and then one of my colleagues is going to ask you a few questions. There has also been a reduction, I believe, in the level of monies dedicated to fire protection this year. Would you explain to me what that percentage is and how much that is? Because this also is of significant concern to communities out there.

**Hon. Ms. Carson:** -- In our budget, there was a reduction in the part of the government, our department, that deals with public safety. Now public safety has a number of different divisions within it: fire safety, building standards, emergency measures, and inspection services are all part of this division that has seen a reduction in allocation this year.

Now first of all I want to make it clear, because some people sometimes don't always understand the relationship of these services to municipal governments, municipal governments are responsible for such things as protective services including fire services and building standards. What our department does is provide advisory services or organizational services or support services to the communities, but we are not responsible either for fire services or for building standards. They have their own municipal organizations that deal with that.

What we have done this year as we have reduced the size of government, and this has been one part of it, is we have made an effort to integrate parts of our public safety divisions to provide less duplication and more efficient service. So we have reduced the number of people that we have working in some divisions. We have reduced by one our fire inspectors, and we have

reduced by one someone working in our building standards division. But in doing so we have also tried to integrate those two so that there is no vacancy or there is no lack of service or lack of coverage, but what we have done is try to make better use of the personnel we have to cover a broader spectrum of the services.

So again I want to make it clear that we haven't vacated this field. Our responsibility is advisory and supervisory roles and not direct delivery of any service, and in an attempt to streamline government and make it more efficient, we have integrated and amalgamated some of these divisions within our department.

**Mr. Swenson:** -- Thank you for the explanation, Madam Minister, but I also asked for the percentage drop in commitment and the total numbers. From last year to this year I understand there is a drop in commitment of over 5 per cent. I think it's higher than that and I just wondered what those global numbers were.

**Hon. Ms. Carson:** -- The drop in dollars specifically is 7.5 per cent, but again it's because we have brought together various divisions of the public safety service so that it's more efficient, but yes, we have reduced our costs there. And I think the public has been asking us as government to find a more effective and efficient way of delivering all of our services and this is part of that approach.

**Mr. Boyd:** -- Thank you, Mr. Chairman. Madam Minister, I just wanted to go back to the low bid tendering for a moment and ask you a few questions about that.

Does your department have a distinct policy with respect to tendering, and could you tell us what it is please?

(2045)

**Hon. Ms. Carson:** -- We don't tender specifically from our department. Our department is very much an advisory and supportive service agency, and we don't tell municipalities when they decide to tender how they should tender. But internally, we do not tender because we do not have capital projects. We have minor advertising contracts and minor communication contracts, but they are contracted to the central agency and again it's done on a government-wide policy. So internally we do not control any tendering policy, and externally we do not tell municipal governments how they should tender either.

**Mr. Boyd:** -- You may not, but on the other hand, Madam Minister, you and your government definitely has a tendering policy or lack thereof. And I'm wondering whether your department subscribes to the tendering policy as set out by the provincial government?

**Hon. Ms. Carson:** -- I guess I overlooked one major division of our department which is housing. And we

have a partnership, CMHC (Canada Mortgage and Housing Corporation), and through very long-standing commitments between Sask Housing and CMHC, our policy in Sask Housing is low tender.

**Mr. Boyd:** -- Low tender whether it's non-union or union?

**Hon. Ms. Carson:** -- CMHC is our partner with Sask Housing, and it has always been a very simple low tender.

**Mr. Boyd:** -- So then it's your opinion that that should extend to other departments as well?

**Hon. Ms. Carson:** -- No, what I have said is that CMHC is the 75 per cent partner in delivery of social housing, and in construction of social housing. And through a long standing under . . . you know agreement that we have with the federal government, one component of that is that we are very simple and very direct -- low tender.

**Mr. Boyd:** -- So it's good enough for your department, but it's not good enough for the rest of the government departments.

**Hon. Ms. Carson:** -- I'm sorry. I don't know if I caught your question. I was going to refer you to the RM's tendering and where we cost-share with rural municipalities on construction. Again it's on low tender.

**Mr. Boyd:** -- Well I'm pleased to see at least one department of this government has that policy, Madam Minister, and I'm wondering whether you have any influence in cabinet as to whether that should be the policy broad-based throughout the government.

**Hon. Ms. Carson:** -- On that issue I have said -- and I repeat again -- we have an issue where we want to have all contracts fair and open to both non-union and union personnel, and we have not specifically said that there was any union preference at all. We have said that we want all workers in Saskatchewan to be able to compete on all projects, and we have not excluded anyone.

**Mr. Boyd:** -- You've not excluded them is true, Madam Minister, but what you have done is set out a number of contracts throughout Saskatchewan that have a union only tendering preference right into the tender call. It has that in it, and I'm wondering why in your department it's good enough to have a tendering policy that is low bid and not in other departments -- fairly simple question.

**Hon. Ms. Carson:** -- Again I can give you a very easy answer. We have a partner in Sask Housing who represents the federal government, and through agreement, we have always applied a low tender policy. When we provide money to municipal governments and they do the tendering, they exercise their prerogative, and they exercise the prerogative of low tender. So when we have partners, we are quite

agreeable to sitting down with them and discussing the issue, and this is the information that I gave you. Municipal Government, through partnerships, will provide money to municipal governments for whatever contracts they want, based on low tender. And through CMHC and Sask Housing, the tenders have always been accepted as low bidder.

**Mr. Boyd:** -- Madam Minister, so that's when you have a partner, you have to have a policy of low tender. I want to talk about when you don't have a partner. What do you do when you don't have a partner?

**Hon. Ms. Carson:** -- But our department doesn't tender on contracts by itself. We are not a department that has a lot of capital construction. When we are advertising for any advertising contracts or publishing contracts, it's done through the central agency of government and it's done under the policy set by that central agency. So as a department we don't have any tenders that are not done through partnerships. So as a department we have no specific policy that applies only to those projects that we fund.

**Mr. Boyd:** -- So are you saying that you're forced to, by these other partners, only allow tendering that is to the lowest bidder?

**Hon. Ms. Carson:** -- I don't think it's forced at all. I think that through agreement, we have established certain principles and we're willing to discuss those with them, and we've always done it this way. I don't see any issue here that is debatable. I guess I fail to see the point of your questioning.

**Mr. Boyd:** -- Well the point is really quite simple, Madam Minister; on one hand your department believes and agrees to tender on a policy that is of the lowest tender. And yet the government as a whole, which you're a member of cabinet, doesn't seem to subscribe to that same policy, Madam Minister. And I'm wondering how you jibe your department with the rest of the departments?

**Hon. Ms. Carson:** -- Again I will say, as I have about three times, the government policy has been to tender and make sure that contracts are open and the specifications are clearly laid out in those contracts. And as far as who can find employment in those contracts, we have said they're open both to union and non-union contractors. We have not specified one way or the other, but we do like to see a mix of union and non-union people working on contracts.

**Mr. Boyd:** -- Open, yes I'll grant you that, Madam Minister, it's open to anyone to tender. But in the tender calls it specifically says that there is a union preference to those tendering calls. And what I'd like you to address is the cost situation. Is there or is there not a policy that your government has undertaken that doesn't seem to take into account the cost side of it?

You look at it and you'll say it's union or non-union, it's open to anyone. And that's fine, I have no problem with that whatsoever. The official opposition has said

time and time again, we have absolutely no problem with that whatsoever. But if there's a cost associated with that, then we have a problem with it, and I'm wondering whether you have a problem with it?

**Hon. Ms. Carson:** -- Mr. Chairman, I have tried to answer this question relative to the Department of Municipal Government and the partners we have, and questions pertaining to union or non-union contracting as a government as a whole should be directed to the Minister of Labour and I would ask that this line of questioning be saved until the Minister of Labour is here.

When we're talking about the Department of Municipal Government I've been very clear with our partners how we have approached this subject and I will repeat it again, but I'm not going to get into the issue of trying to debate or provide information that is in another department and under another minister.

If you want to discuss this subject then I would ask that you wait until the Minister of Labour is here and discuss it with him. I'm quite willing to talk about contracts under the Department of Municipal Government and I've given you the information relative to that and I will not want to answer any further questions pertaining to the Department of Labour.

**Mr. Boyd:** -- Thank you, Mr. Chairman. Madam Minister, I'm afraid we're going to have to deal with it. You don't seem to want to talk about it but I would like to talk about it and I think the people of Saskatchewan would like to hear your views and your government's views on this, Madam Minister. When it costs more, there's a problem. The taxpayers of Saskatchewan believe there's a problem.

Is there or is there not no distinct policy and is there or is there not any place within your purview, within your ministry, where there is contracts that have a union only preference and you do not have partners? Is there any at all?

**Hon. Ms. Carson:** -- Contracts under the Municipal Government are those contracts that I've discussed that we have in a partnership with either the rural construction of rural roads or with CMHC on housing, and I've already told you the policy and I will not discuss government policy that is under the jurisdiction of the Minister of Labour.

**Mr. Boyd:** -- So, Madam Minister, you're saying that there isn't a single thing that's under your purview where there is an opportunity for there to be a contract that you don't have a partner that forces you to be the lowest cost bidder, to accept the lowest cost bidder?

**Hon. Ms. Carson:** -- No.

**Mr. Boyd:** -- Thank you, Madam Minister. It took quite a while for you to get to that but that's the point that we were trying to make. I wonder if you, Madam Minister, would provide us with a list of all of the revenue sharing for all of the communities that you

deal with.

**Hon. Ms. Carson:** -- At this point in time we haven't made the allocations to the urban governments because we're still discussing with SUMA the details of the formula, so we can't give you at this point in time the breakdown and the allocation municipal government by municipal government. The same applies to rural municipalities. We have done some preliminary work but we can't give you at this point in time specifically the allocation that they will be receiving in their revenue-sharing grants.

**Mr. Boyd:** -- Thank you, Mr. Chairman. Madam Minister, that I think disturbs me a little bit, that you're asking us as a legislature here to grant you a certain sum of money and yet you can't tell us where it's going to be spent specifically, community by community within your department. Is that the case?

**Hon. Ms. Carson:** -- Well I would say that I think the people that should know first would be the municipalities who are receiving it, and I understand that we're here to talk about the pools and the allocation and the formula from the pools, but we haven't finished talking with the SARM and with SUMA about the change in the formula, so I can't at this point in time give you a breakdown on how that looks specifically, municipality to municipality. We're still working on it.

**Mr. Boyd:** -- So you want us to give you essentially a blank cheque to decide what it's going to be after the fact. We'll grant you a certain amount of money and then you'll say to the good folks in Kindersley, for example, your revenue sharing is going to be cut back, I don't know, 50 per cent, 10 per cent, 100 per cent. And somehow or another, I suspect the good folks of Kindersley are going to be quite concerned if I come back to them and say I have no idea what revenue-sharing grant is available to you folks, but we gave her a global budget and she's going to do with it whatever she sees fit.

Madam Minister, I can't help but wonder about that process a little bit and I wonder if you could shed a little light on it. What can we tell the people in these communities? What would you suggest?

**Hon. Ms. Carson:** -- Well, a couple things. I would suggest that we're here to try to provide you with as much information that we have at this point in time.

Right now we're in discussions with SUMA and SARM about the formula. As soon as that formula has been defined and we're able to apply it to the pool, we'll provide this House with the breakdown on the allocation for every municipality. We're not trying to hide anything, but you're asking a question before we have developed the answer. And I think it is important that the municipalities be given a chance to know the allocation before we divulge it in the House. And we're more than happy to provide you with the information as soon as we have finished our discussions with the municipalities and they are made aware of those allocations.

(2100)

**Mr. Boyd:** -- Well what would you suggest we do this evening then, when we want to talk about this? Do you think we should move on and adjourn, or . . . Like I'm not all that thrilled about the idea of granting certain sums of money to you without knowing where the money is going to be spent. And I don't think the people in the communities that I represent, or other communities in Saskatchewan, would want us to grant you a global budget without knowing specifically what the revenue sharing is for those various communities.

So I guess I seek your guidance, Madam Minister. What would you like us to do this evening? Do you want us to continue on with something else, or shall we talk about this for the rest of the evening? What do you think?

**Hon. Ms. Carson:** -- Well I'm not sure what kind of guidance to give you. You probably wouldn't take it anyway.

But we have a pool in the budget, we have a formula. There are certain factors in the formula that change from year to year, and we are still working through those factors and we can't give you, at this point in time, the specific numbers.

Now there's lots, I guess, of other issues. You may be satisfied with them and I'm pleased about that.

I don't know what you want to do with the rest of this evening, but I will provide to you and to this House, as soon as we have finished the formula and the allocations and provided that information to the municipalities, I will give it to you, and that will take probably another couple weeks. So at that point in time you will have the information.

Right now I think we're voting on the estimates on the pool that you see under the book that you have in front of you. That is my understanding of how this process goes. You are provided with the estimates for 1994 and '95. You have before you the revenue-sharing pools.

I think there is a formula that has been in place for a number of years. When we have all the information in about the formula and the variations from the formula that happen from year to year, we will be able to sit down and provide the specific allocations. I can't do any more than that at this point in time. And as I said, I understand the subvote is on the pool; it's not on the specific allocations.

**Mr. Boyd:** -- Yes I understand that, Madam Minister. You're asking us to grant you a certain sum of money for the operations of your department, and yet you won't give us specifics about those expenditures. And you're saying to me that, well maybe it will be available in a couple of weeks, but grant us the money, the overall budget, and we'll decide after that.

I'm just wondering, Madam Minister, does it have anything to do with the concern that municipalities are expressing with SAMA, or what are the factors that are holding this up? What are the reasons that you haven't been able to come to us this evening and say, here's the formula; here's all of the information. Do it. You know, here's what our plans are; here's specific plans.

You're asking us quite a lot, I think, Madam Minister, as members of the legislature to grant you a certain sum of money without knowing the details of that money, which was available incidentally last year when we asked. I recall standing and asking -- you gave it to us, no problem, everything was fine and dandy, we went through it.

And now you're asking us, well that worked pretty good last year, but somehow or another it isn't good enough for this year. I don't know, Madam Minister. I wonder if there's any explanation further to this that you could provide the people of Saskatchewan with this evening to make them feel comfortable about the fact that you came here relatively unprepared.

**Hon. Ms. Carson:** -- Well you know, I can tell you that last year you voted to allocate \$101,027 under this subvote to municipalities. This year, it's a hundred and sixteen thousand, two hundred and ninety-seven thousand dollars.. So last year you voted that subvote. This year that's a number for this: subvote MG03.

Now you want specific formula allocations. We are working with SUMA and SARM to develop them, and you know, you want us to hurry the process along. The year end doesn't occur yet. The year end is March 31. We are ahead of where we were last year, and we will provide the information as quickly as possible. And I don't apologize for that. In fact I think your remarks are quite offensive.

**Mr. Boyd:** -- Well, Madam Minister, it offends us that you would come here this evening and not be able to tell us what the communities in our constituencies are going to get with respect to revenue sharing. That offends us, Madam Minister, and I think it would offend most mayors and town councils around the province when you're asking us to grant you a certain sum of money and you don't have the information.

So supposing, just supposing -- it isn't going to happen, Madam Minister -- but just supposing we granted you the full budget here this evening, went through it, granted you the full budget. We find out a couple of weeks from now that a community in my constituency or the member from Wilkie or the member from Morse is going to get zero. What recourse would we have at that point to come back to you and say that isn't good enough, on behalf of that community, Madam Minister?

We would have none, no recourse whatsoever, because it would already have been decided, we would have already granted you the money and away you go on your merry way. Madam Minister, that isn't good enough. You're going to have to come up with

some kind of a very, very good explanation I think, for the people of Saskatchewan as to why the reasons that this is being held up before we're going to grant you anything.

**Hon. Ms. Carson:** -- First of all, a minute ago I was talking about some numbers in the budget and I want to correct that because I think I said 101,000. I meant \$101 million last year and \$116 million, just so it goes in the record and it's clear. We haven't cut back.

Again there is a formula. The formula that we use both for the urban and the rural has many factors in it. We sit down with the two associations and go through it. And we are working as quickly as possible. We're ahead of where we were last year and I can assure you there is no community in Saskatchewan that gets zero.

There is a base grant and there's a per capita grant and there's conditional grants on the rural side. And we are working with them as quickly as we can. But I will say to you that the allocation should be made known to those municipalities before we make it known to you. We deal with the mayors and the reeves and the councils across this province and our obligation is to provide them with the information as quickly as we can.

And we are doing that and it takes the cooperation of the municipal organizations to allow us to come up with those final figures. So we're not holding anything up. We are working with them. We're coming down to the final allocation and maybe it's . . . the fact is that you don't have anything else to discuss tonight and maybe it's not us that are unprepared.

**Mr. Boyd:** -- Madam Minister, I assure you we have lots to discuss with you this evening and probably into subsequent days, Madam Minister.

I wondered if you could tell us and categorically . . . this evening tell us whether the problems that you're having with SAMA, and getting the municipalities to accept what you're planning on doing to SAMA, has any bearing on the reason why you don't have the information this evening.

**Hon. Ms. Carson:** -- Absolutely no bearing whatsoever. There are two distinct, different issues. And I will tell you that we have been in discussion with both SUMA and SARM, and SUMA has passed a resolution in support of the direction that we're taking with SAMA. And they are two distinct issues. One does not reflect on the other and it has no bearing whatsoever.

**Mr. Boyd:** -- Madam Minister, I wonder if you could then tell us . . . give us the formula that you're using and all of the factors associated with it. You said there's a number of factors associated with the formula. I wonder if you could just explain to the people of Saskatchewan this evening all of those kinds of things that go into your deliberations when you're making up your mind.

Is there things like one community seems to have a

better infrastructure and therefore they don't need that kind of money? Or is there political considerations? Your member in Rosetown's got a bit of a problem politically, maybe you can help fix it up a little? Or how exactly does that work? I wonder if you could explain that.

**Hon. Ms. Carson:** -- Okay, we will give you some basic factors in how the urban revenue-sharing pool is allocated. I want to, for the record, let you know though that we can't allocate any money until you vote in approval of this.

Now there is a basic grant under urban municipalities that goes like this: population of zero to 149 receives 2,700; population 150 to 290 receives an amount of 3,300; population 300 to 499 receives a basic grant of 3,700; a population of 500 to 3,999 receives a basic grant of 3,500; and population of 4,000 and over receives a basic grant of \$3,100.

On top of that there's a per capita grant that is provided after we have the numbers that are provided through the Saskatchewan health insurance registration program so that we can come down to find a very close approximation of the number of people living in each community. So that is one problem we're having, is trying to develop the census on which we provide the per capita grant.

There also is a foundation grant that is an equalization grant that assists communities with relatively smaller assessment bases to those that have average or larger assessment bases. And there has been, in years past, a safety net that has also been a factor in the urban revenue-sharing grant formula. At this point in time we haven't got all of those numbers in, and that's part of the reason that we can't give you today the allocations.

Under the rural revenue-sharing formula there are two grants. One is the unconditional grants, and the other is the conditional. Under the unconditional grant formula there is an equalization grant and one to organized hamlets.

The distribution formula is a basic grant, and it applies to the estimated cost of providing services such as roads compared to municipalities with the financial capacity to provide such services. There is a conditional grant which is specifically targeted to construction and maintenance for the designated road network. I guess in a general way that is the way the grant structure is formulated, and it's on that basis that we are working to allocate specific amounts to each municipality.

**Mr. Boyd:** -- Thank you, Mr. Chairman. Madam Minister, I wonder if you could tell us what the cost implications to the municipalities in Saskatchewan will be with respect to the SAMA changes that you're giving consideration to.

**Hon. Ms. Carson:** -- All right. Now there are a couple of numbers I can give you here. The increase that the municipalities will have to pick up over last year on

the SAMA requisition . . . on the field requisition, because you have to separate field requisition from the core services. The increase on the field requisition this year is \$1.5 million, which breaks down to .6 of a mill on a provincial scale. An average increase of .6 mills is the increase that is relative to that change, or that \$1.5 million that they will be responsible for. That's the increase.

A provincial increase on the requisition this year of \$1.5 million, equivalent to .6 mills.

(2115)

**Mr. Boyd:** -- Can you give us a breakdown of that municipality by municipality?

**Hon. Ms. Carson:** -- I can't give you that breakdown municipality by municipality because the formula is determined by SAMA. They have a formula that they use to send out their requisitions and we are not privy to it.

They develop it internally and SAMA is not a part of government. It's an agency that exists independent at an arm's-length of government, and they develop their formula and through that they send out their requisitions to municipalities. So we have no influence over that. All I can tell you is the global figures.

**Mr. Boyd:** -- Thank you, Madam Minister. So costs essentially to the municipalities as a result of the changes that you're proposing to SAMA are going up, revenue sharing is going down, and in fact we don't even know what the revenue sharing is going to be. Is it safe to say that then, Madam Minister?

**Hon. Ms. Carson:** -- Again I'll give you some figures overall. There was the 8 per cent reduction in the urban revenue-sharing pool amounts to \$5.1 million. The 8 per cent reduction in the rural revenue-sharing pool amounts to \$3.7 million. Our reduction to SAMA funding, which is the 1.5 that I just talked about, is added in. So the total reduction from provincial Consolidated Fund on the transfers to services from municipal governments is \$10.3 million. But what we do is subtract from that the benefit that they got by the change from the union hospital requisition to the 2 mill hospital revenue tax. So from that 10.3 deficit we now subtract 4.6; so the overall change in transfers in services, including SAMA and including the revenue-sharing pools, is \$5.7 million which equates to about 1.8 mills.

**Mr. Boyd:** -- And can you tell us what 1.8 mills average to the average taxpayer of Saskatchewan means?

**Hon. Ms. Carson:** -- Well 5.7 million is, translated to an average taxpayer, would be between 10 and \$15 on their property tax.

**Mr. Boyd:** -- Madam Minister, just one last question, and then I'm going to defer to one of my colleagues. I wonder if you can give us some kind of assurance or

some kind of commitment this evening as to when you will be bringing forward the revenue-sharing grants to the municipalities in the province. And I think until you can give us that assurance, Madam Minister, I see no reason why we would want to give you essentially a blank cheque.

I wonder if you could give us a time frame, a definite time frame as to when this will take place, so we can go back to the communities who are calling us about their revenue sharing and wondering what that's going to be. I wonder if you could be definitive and tell the people out there in Saskatchewan this evening when they will know what their revenue sharing is going to be. And then at that point, I'm sure there will be a great deal of discussion generated as to why it's fair for one community and not fair for another community or whatever.

**Hon. Ms. Carson:** -- Again when you vote on the subvote, that allows us to allocate the numbers, specifically from one municipality to another. We will have those numbers available to the municipalities before the end of the fiscal year. We will however provide those numbers to the municipal government councils before we provide them to you. Our obligation is to provide them with the information as quick and as early as possible, and we will do that at the earliest opportunity. If you have municipal councils calling you, refer them to us and we will allow them the information that we've provided you, that we're working with the associations finalizing the formula and we will provide for them as quickly as possible the final allocation.

**Mr. Boyd:** -- Thank you, Madam Minister. You have an obligation -- you're correct -- to those people but you also have an obligation to this legislature and to the members of this legislature to be held accountable, Madam Minister. And you don't seem to recognize that you do have that obligation. And I'm saying to you, Madam Minister, that we don't feel very good about the fact that you are willing and feel it's perfectly acceptable to ask for a global budget, Madam Minister. I just want for you to give us the commitment that you're going to provide to this legislature before you're going to ask us further to give you money.

**Hon. Ms. Carson:** -- The pool is fixed. You have before you, on the subvote, the allocation of the pool. There is a formula that has been in place for a number of years. There are some variances within the formula from year to year that we're working through, and again you cannot vote specifically on each allocation that we give to each RM or to each municipal government. You vote on the pool of money that we have here.

There is a formula that you can ask us about how it's developed, but we are not going to arbitrarily because you come to this Chamber and say, I want you to provide Kindersley with more money . . . I cannot do that. It is based on a formula that is equal and agreed to by all municipalities. And once that formula has kicked in there is no discussion here at the House

except to say, this is how the formula applied to Kindersley as opposed to somewhere else.

So you're not voting on the specific allocations to each municipal government. I will give you the factors as far as I have them on the formula and the criteria on the formula, on the factors that influence the formula, and I can tell you what the pool is going to be, but when it comes down to voting, you're not going to vote on the 560 different allocations that go across this province to the 560 municipal governments.

**Mr. Boyd:** -- That's true, Madam Minister, but what we can do is hold you accountable for what your actions are towards those communities. If you decide to exact political revenge on one of the communities in Saskatchewan that you don't particularly like, Madam Minister, we will hold you accountable. That's what this process is all about, Madam Minister, it's holding you accountable for the spending that you decide is going to go to each municipality in Saskatchewan. And until you can get it, I think you're asking us for something that we're not prepared to give.

**Hon. Ms. Carson:** -- Well I don't know whether to laugh or cry. There is no way that any . . .

**An Hon. Member:** -- Try both, see which works.

**Hon. Ms. Carson:** -- Yes, right it might. We are not about to penalize any community because they happen to be communities that have you as a representative. I mean that is irresponsible. We go on a formula every year, as you have done. We don't manipulate any formula.

It applies equally and fairly to everybody across Saskatchewan and it doesn't make any difference to me whether you represent Kindersley or whether one of our members represent Kindersley; the formula is the same and whatever the numbers come down to, the numbers come down to. And they're not influenced in any way by political thought so I don't know what it is that upsets you.

I can tell you that this is the earliest date -- the earliest date in 10 years that we have been providing information to municipalities. I can remember when I was a mayor, we waited past June before we knew what those municipal allocations would be.

This is the earliest date that these estimates have ever been brought forward and we are working as quickly as possible with municipal governments to provide them with their allocation. The pressure is not coming from them. The pressure is from you and it's for your own political reasons. It has nothing to do with the good or the quality of life of any municipality in Saskatchewan.

**Some Hon. Members:** Hear, hear!

**Mr. Boyd:** -- Madam Minister, you say that there isn't any political interference and when you were the mayor, you didn't get it for the long time and all that

kind of stuff. Well I also remember you howling from the highest building in Melfort that there was political interference and now you're saying to us, there isn't any political interference because I'm running the show now, folks. That's what you're saying to the people of Saskatchewan tonight, Madam Minister, and it isn't good enough.

And for that reason, we're not going to grant you the money you're asking for tonight, Madam Minister, until you do provide it so the the people in communities around Saskatchewan, if they think there is political interference, the way you thought there was political interference when you were a mayor, Madam Minister, will be able to stand on their high horse, the same way you did then and they will now hold you accountable.

**Hon. Ms. Carson:** -- Well that is absolutely untrue. There was never any comment made by me when I was mayor about any political fix on any revenue-sharing formula. You are, sir, making an incorrect statement and I am very offended by it. I did not do that when I was mayor and I do not intend to do it as a minister.

**Mr. Boyd:** -- So there's no political considerations whatsoever you're telling the people of Saskatchewan tonight. I don't think they believe you, Madam Minister. I most certainly don't believe you and I don't think the people of Saskatchewan will believe you either.

**Hon. Ms. Carson:** -- Well I can't work with your paranoia. I mean you see the world one way and I see it another. Maybe you'll be pleased to know that Saskatchewan will be the home of the next Grey Cup. Would that please you?

**Some Hon. Members:** Hear, hear!

**Mr. D'Autremont:** -- Thank you, Mr. Chairman. Madam Minister, perhaps you've never heard but even paranoid people have enemies. Madam Minister, when it comes to collecting taxes in the municipal system, it's my understanding that as a person pays their taxes, that is divided up equally based on the tax arrears both for the RM and for the school division, and it's proportioned out based on what the mill rates of each are. Is that correct?

**Hon. Ms. Carson:** -- Yes, that's right.

**Mr. D'Autremont:** -- Thank you, Madam Minister. If that tax goes into arrears, how is it then divided? If my taxes are due January 1 but I don't go in there until January 2 to pay them and I only pay 50 per cent of my tax owing, how is that divided?

**Hon. Ms. Carson:** -- The mill rate applies the same on arrears as it does on taxes owing in the current year.

**Mr. D'Autremont:** -- So, Madam Minister, it would then be divided . . . Let's say the RM had a 50 per cent mill rate and the school division had a 60 per cent, it would be divided up 60:50 then would it?

**Hon. Ms. Carson:** -- Again, the municipal mill rate and the board of education mill rate compose the total tax owing on a piece of property, and when it's in arrears that mill rate applies the same as the current tax owing. And there is no system that I know that deviates from that. And when it's collected as arrears, the appropriate portion is transferred over to the board of education.

**Mr. D'Autremont:** -- Thank you, Madam Minister. What if I walk in on January 2 and I owe a thousand dollars in taxes, and I pay \$500. How is that allocated?

**Hon. Ms. Carson:** -- It's allocated proportional to the mill rates that apply against it.

**Mr. D'Autremont:** -- Madam Minister, I go into my RM office on January 2. And my municipal taxes, I owe \$500. And my school taxes, I owe \$500. And I say to my RM administrator, I'm paying \$500 on my taxes, and I want that all allocated to my RM taxes. Can I do that, Madam Minister?

**Hon. Ms. Carson:** -- No, you cannot.

(2130)

**Mr. D'Autremont:** -- Well, Madam Minister, there seems to be some discrepancy in this then because my RM administrator informs me that I indeed can do that, that I can allocate my tax dollars when I'm in arrears to the municipality or to the school board or whatever portion I wish to allocate to each.

In discussions with Saskatchewan School Trustees Association, they tell me the same thing, that people can direct their taxes once they are in arrears. Is that the case, Madam Minister?

**Hon. Ms. Carson:** -- That certainly isn't the policy that urban governments work through, and I will check that out. It has been, as far as I know, in legislation that there has to be a proportional allocation, if the total taxes aren't paid, divided between the school taxes and the municipal share.

**Mr. D'Autremont:** -- Madam Minister, you have a large number of officials in here. I haven't counted them, but you must have at least 15 of them. Surely someone amongst all those highly paid help can supply you with the answer on this. It's not that difficult.

My rural administrator knows that you can allocate your funding once you're in arrears. The SSTA says that's the case. The SSTA says they have approached your government about this issue to get it changed. And you, Madam Minister responsible for the municipal Act, seem to know nothing about it. How about your highly paid help? Do they know anything about it?

**Hon. Ms. Carson:** -- I think there is a couple issues here. There was for many years a discussion with the SSTA about discounts, and whether discounts can be

applied specifically to the municipal portion or the education portion. And the SSTA is still uncomfortable with the legislation around discounts. I'm told that if you're paying your current tax bill in instalments you can designate where you want that instalment to go.

So if you come in and your taxes are due and payable on June 30, and you only have half or a quarter of what your total tax bill is, you can designate it, if you choose, to the municipal portion. But if that goes into arrears . . . By the end of the year you have to pay the total. If that goes into arrears and you have not paid the education portion, then when you pay your next bill, it immediately applies to the part that was in arrears from the year before.

**Mr. D'Autremont:** -- So, Madam Minister, if someone was continually in arrears on paying their taxes, they could then allocate whether they wanted their tax dollars, the limited amount that they're prepared to pay, to go either to the RM or to the school division. I asked the SSTA about this, Madam Minister, and I clearly asked them about arrears situation; was it possible to direct your tax dollars either to the RM or to the school division. And their response was, yes it is possible. They are having some concerns about that because on the rare occasion it is happening and they would like to see something done about it, Madam Minister.

**Hon. Ms. Carson:** -- Well I would like them to contact us because I think there is an inappropriate interpretation of the Act. If you do not pay your total taxes owing in one year and you pay taxes the following year, the amount that you pay has to be applied first to the arrears from the year before.

So there is no way that you can continue to pay only the municipal portion and not the school board portion because if you only pay the municipal portion this year, you go in to pay your taxes next year, what you are paying your taxes on is on the education portion that was left unpaid from the preceding year. So there's no way that you can escape not paying both the municipal and the education tax even if you are in arrears.

**Mr. D'Autremont:** -- Well, Madam Minister, let's drag this out a little longer. I'm not one year in arrears; I'm three years in arrears. This person can then turn around and take their tax dollars in a limited fashion, they're not paying the whole thing, they're going to pay a portion of that first year's arrears. Let's say they pay half of it and they say, I want that tax dollar to go to my municipality. They say, nothing for the school division, just the municipality. And I'm told from two different sources, Madam Minister, that they can indeed do that.

**Hon. Ms. Carson:** -- No, they cannot do that, and I think that those administrators should get in touch with our staff and be provided with the accurate information on the interpretation of the legislation.

It is very clear that when taxes either are current or in

arrears, that the year that they're in arrears must be paid off before you can apply anything to the current year, and you cannot go from year to year to year neglecting to pay the education portion of your property tax.

**Mr. D'Autremont:** -- Well, Madam Minister, in my discussions with the SSTA, they said they have approached your government about this very issue and as yet there has been no resolution to it. I don't know who they were talking to but obviously whoever it was has not talked to you, Madam Minister, about it or you would know the answers to this.

Madam Minister, it's your department that is in charge of the legislation that allows municipalities to collect the property tax both for the RMs and the urban municipalities and for the schools. It's your department, Madam Minister, that is responsible for this and you should be responsible to know what these concerns are.

When a large body such as the SSTA is having a tax problem dealing with the legislation of your department, Madam Minister, I would think it's incumbent upon you to have looked into that situation when they had approached the government and to have found out the answers. They told me that they had approached the government looking for legislation to plug this loophole, a loophole in the law that allowed people to escape paying the education tax by going into arrears and then directing their tax dollars.

Now if that is not the case, Madam Minister, then I think perhaps it would be incumbent upon you to make that law clear to all RMs and all RM administrators and to the school divisions that their tax dollars could be collected fairly.

**Hon. Ms. Carson:** -- With all due respect, sir, I think you are misinterpreting what you have been told. There has been a discussion for many years about abatements and discounts and exemptions. And there were some municipalities that were abating or discounting or exempting business tax -- now we're talking about business tax, we're not talking about property tax -- and the discussion I've had with the SSTA has been about that issue, is where a municipality chooses to exempt or abate the municipal portion of business assessment, thereby obliging or not obliging, wherever way you choose . . . (inaudible) . . . making them pay education.

Now that's the issue that we have discussed with the SSTA. I talked to the SSTA executive two weeks ago and it was around the issue of discounts, abatements and exemptions on business assessment. And no one that is in our staff has ever heard an interpretation the way that you have. And I believe, sir, that you are mixed up in what you are saying here as far as what the municipalities are doing or the advice that you've been given. It is not on property tax and it is on business assessment and it has to do with the issue of exemptions and abatements.

**Mr. D'Autremont:** -- Well, Madam Minister, in my discussions with the SSTA, never did they mention business taxes and never did they mention discounts to me on this issue. They clearly said arrears, Madam Minister, and I realize you were not there but that was the word they used, was arrears -- not business taxes, not discounts, but arrears where someone had not paid their taxes.

Madam Minister, will you look into this issue to find out whether or not that loophole exists and whether or not anyone is taking advantage of it?

**Hon. Ms. Carson:** -- Yes, we will look into it. I will tell you that neither me or my officials have had that discussion with anybody in SSTA or any school board, but I've had the discussion on the other issues and I know it very well. And there have been legal challenges in court on that issue. So if this is a circumstance that concerns people we'll be more than willing to clarify the legislation if it requires clarification. But what I think is happening is there is an inappropriate interpretation of the Act.

**Mr. D'Autremont:** -- Thank you, Madam Minister. How much arrears are there on the books for municipalities across this province?

**Hon. Ms. Carson:** -- We don't have the number on the total arrears in the province. It's somewhere, we think, below 10 per cent, but we're not . . . at this point we can't be accurate about that. It's been fairly stable over the last number of years. We'll get our officials to do some research and bring that correct information forward.

(2145)

**Mr. D'Autremont:** -- Thank you, Madam Minister. When you throw out a figure like 10 per cent, that's a rather innocuous number. It doesn't mean anything to most of the people in Saskatchewan. Could you give us an estimate within the nearest million of what a 10 per cent arrears on property taxes in this province would mean?

**Hon. Ms. Carson:** -- We'll provide you with that information after we've done our research.

The committee reported progress.

The Assembly adjourned at 9:48 p.m.